No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or the securities laws of any state of the United States and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person unless registered under the U.S. Securities Act and applicable state securities laws or except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws in accordance with the Underwriting Agreement (as defined herein). This prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States. See “Plan of Distribution”.

PROSPECTUS

CT REAL ESTATE INVESTMENT TRUST

$263,500,000
26,350,000 Units

This prospectus qualifies the distribution to the public (the “Offering”) of 26,350,000 units (the “Units”) of CT Real Estate Investment Trust™ (the “REIT”), an unincorporated, closed-end real estate investment trust established under, and governed by, the laws of the Province of Ontario, at a price of $10.00 per Unit (the “Offering Price”).

Canadian Tire Corporation, Limited (together with its Subsidiaries, unless the context otherwise requires, “CTC”) has taken the initiative in establishing the REIT in order to create an investment grade public real estate entity that will benefit from its relationship with CTC to generate reliable, durable and growing monthly cash distributions on a tax-efficient basis. The REIT was formed to own income producing commercial properties primarily located in Canada. Concurrently with the completion of the Offering and related transactions (the “Closing”), the REIT will indirectly acquire, through CT REIT Limited Partnership (the “Partnership”), a portfolio of 256 properties totaling approximately 19 million square feet of gross leasable area (“GLA”), consisting of 255 retail properties across Canada and one distribution centre (collectively, the “Initial Properties”). The retail properties will be made up of 229 properties with a stand-alone retail store operating under the Canadian Tire® name and trademark (“Canadian Tire Retail”) and 26 properties anchored by a Canadian Tire Retail store and containing one or more stores operating under other CTC names and trademarks (each, including Canadian Tire Retail, a “CTC Banner”) and/or third-party tenants. All of the Initial Properties are currently directly or indirectly owned by CTC (including six long-term ground leases) and represent approximately 72% of its owned real estate portfolio (measured by square feet). CTC will be the REIT’s most significant tenant for the foreseeable future with Canadian Tire Retail stores and the distribution centre (which supports Canadian Tire Retail operations) representing approximately 95.7% of the REIT’s base minimum rent during the Forecast Period (as defined below), or approximately 97.4% of the REIT’s base minimum rent if all CTC Banner stores are included. On Closing, the REIT will enter into leases with CTC in respect of Canadian Tire Retail stores with staggered initial terms ranging from 10 to 21 years, with a weighted average initial term of approximately 16 years, and the REIT and CTC will enter into a lease in respect of the distribution centre with an initial term of 17 years. See “Acquisition of the Initial Properties” and “Assets of the REIT”.

CTC has been in business for over 90 years, now offering a range of products and services to Canadians through a family of businesses including: (i) Canadian Tire Retail, one of Canada’s most shopped general merchandise retailers, with stores that are easily identified by the Canadian Tire name and trade-mark, which has established a strong reputation and high recognition throughout the communities it serves; (ii) Canadian Tire Petroleum®, one of Canada’s largest independent retailers of gasoline; (iii) FGL Sports®, the largest sporting goods retailer in Canada, selling footwear, sports equipment and apparel through retail businesses that include Sport Chek® and Sports Experts®; (iv) Mark’s™, one of the largest specialty apparel retailers in Canada, offering casual and industrial clothing and footwear to men and women for work and leisure, operating under the name “L’Équipeur™” in Quebec; and (v) Canadian Tire Financial Services®, which markets financial and other products and services including credit cards, in-store financing, product warranties, retail deposits and home services. CTC licenses its Associate Dealers (as defined below) to operate 491 Canadian Tire Retail stores and a total of 1,184 stores are operated under various other CTC Banners. CTC’s outstanding Common Shares and Class A Non-Voting Shares are listed on the Toronto Stock Exchange (the “TSX”) and are traded under the symbols “CTC” and “CTC.a”, respectively. CTC had a market capitalization of approximately $7.6 billion as of the date of this prospectus and 2012 annual revenues of more than $11.4 billion. CTC has had an investment grade corporate debt credit rating from each of DBRS Limited (“DBRS”) and Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (“S&P”) for over 20 years.

(continued on next page)
IRREPLACEABLE NATIONAL PORTFOLIO

256 PROPERTIES

19 MILLION SQUARE FEET GLA

DIVERSIFIED BY MARKET SIZE
% OF FORECAST BASE MINIMUM RENT*

DIVERSIFIED BY GEOGRAPHY
% OF FORECAST BASE MINIMUM RENT*

Ontario
1 Property
1.0M SF GLA

Quebec
52 Properties
5.4M SF GLA

British Columbia
20 Properties
1.4M SF GLA

Alberta
32 Properties
2.0M SF GLA

Saskatchewan
8 Properties
0.5M SF GLA

Manitoba
6 Properties
0.4M SF GLA

Newfoundland
6 Properties
0.3M SF GLA

New Brunswick
14 Properties
0.8M SF GLA

Nova Scotia
12 Properties
0.6M SF GLA

Prince Edward Island
1 Property
0.1M SF GLA

Northwest Territories
1 Property
0.1M SF GLA

Yukon
1 Property
0.1M SF GLA

Diversified by market size:
- Large Urban: >100,000
- Medium: 20,000 – 99,000
- Small: <19,999

Diversified by geography:
- Ontario: 43%
- Quebec: 21%
- British Columbia: 28%
- Alberta: 8%
- Saskatchewan: 2%
- Manitoaba: 3%
- Newfoundland: 0.8%
- New Brunswick: 0.6%
- Nova Scotia: 0.6%
- Prince Edward Island: 0.1%

Includes same distribution over properties.
Exceptional Cash Flow Predictability & Reliable Monthly Distributions

Irreplaceable Canadian Real Estate Portfolio

Investment Grade Anchor Tenant

Well-Planned Solid Long-Term Growth

Durable Portfolio Features
On Closing, it is expected that CTC will hold an approximate 85.0% effective interest in the REIT through ownership of 59,711,094 Units and all of the Class B limited partnership units (“Class B LP Units”) of the Partnership that are economically equivalent to and exchangeable for Units (or an approximate 83.1% effective interest in the REIT if the Over-Allotment Option (as defined below) is exercised in full). In addition, CTC will hold all of the Class C limited partnership units (“Class C LP Units”) of the Partnership. See “Retained Interest — Retained Interest of CTC”. Over many decades, CTC has built and maintained a significant ownership interest in its Canadian Tire Retail store properties and views that ownership interest as being an important component of CTC’s long-term strategy. CTC views the creation of the REIT as a preferred structure by which it can continue to own a significant interest in its Canadian Tire Retail store properties and believes that continuing to own an effective majority ownership interest (comprised of Units and Class B LP Units) in the REIT is consistent with its long-term strategy.

The objectives of the REIT are to: (a) provide holders of Units (“Unitholders”) with reliable, durable and growing monthly cash distributions on a tax-efficient basis; (b) expand the REIT’s asset base while also increasing its adjusted funds from operations (“AFFO”) per Unit and net asset value per Unit, including through contractual rent escalations, accretive acquisitions of properties from CTC and third parties and further development (including intensification) of its properties; and (c) otherwise enhance the value of the REIT’s assets in order to maximize long-term Unitholder value. The REIT initially intends to make monthly cash distributions of $0.054167 per Unit to Unitholders, which are estimated to be approximately 90% of the REIT’s AFFO, on an annual basis, during the period from January 1, 2014 to December 31, 2014 (the “Forecast Period”). See “Additional GAAP and Non-GAAP Measures” and “Distribution Policy”.

On Closing, the REIT will employ an experienced internal senior executive team which will be supported, pursuant to the Property Management Agreement, by CTC’s team of focused real estate professionals who are intimately familiar with the Initial Properties and the commercial real estate industry and have significant experience in property development and redevelopment, property management and real estate acquisitions and dispositions. CTC will also provide the REIT with certain administrative, legal, financial, information technology, human resources and ancillary services pursuant to the Services Agreement. The services provided under the Property Management Agreement and Services Agreement will be provided on a cost-recovery basis with a fixed maximum fee for the first two calendar years and pro rata for the period from Closing until December 31, 2013. See “Arrangements with CTC — Property Management Agreement” and “Arrangements with CTC — Services Agreement”.

| Price: $10.00 per Unit |
|-------------------------|-------------------|------------------|
| Per Unit                | $10.00            | $0.525           |
| Total Offering          | $263,500,000      | $13,833,750      |
| Notes:                  |                   |                  |
| (1) The price of the Units was established by negotiation among the REIT, CTC and the Underwriters (as defined below). |
| (2) The Underwriters will receive a fee of $0.525 per Unit in connection with the 26,350,000 Units being purchased by the public. No fee will be payable to the Underwriters in respect of the Units to be issued to CTC on Closing. See “Acquisition of the Initial Properties” and “Plan of Distribution”. |
| (3) Before deducting the REIT’s expenses of the Offering, estimated at $8,494,189, which, together with the Underwriters’ fee, will be paid from the proceeds of the Offering. |
| (4) The REIT has granted the Underwriters an option (the “Over-Allotment Option”), exercisable in whole or in part at any one time up to 30 days after Closing, to purchase up to an additional 3,952,500 Units on the same terms as set forth above solely to cover over-allocations, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total “Price to the Public”, “Underwriters’ Fee” and “Net Proceeds to the REIT” before deducting the expenses of the Offering will be $303,025,000, $15,908,813 and $287,116,187, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the Units issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Underwriters’ over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”. |

The following table sets out the number of Units that may be issued by the REIT to the Underwriters pursuant to the Over-Allotment Option.

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<th>Maximum Size or Number of Securities Available</th>
<th>Exercise Period</th>
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<td>Over-Allotment Option</td>
<td>Option to acquire up to 3,952,500 Units</td>
<td>Exercisable at any time up to 30 days after Closing</td>
<td>$10.00 per Unit</td>
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The return on an investment in a fixed income security. The recovery of the initial investment in Units by an investor is at risk
afforded to the REIT is based on the conditions contained in the underwriting agreement between the REIT, CTC and the
provincial securities law. See “Risk Factors”.

In connection with this distribution, the Underwriters have been granted the Over-Allotment Option and may, subject to
applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Units at levels other
than those which otherwise might prevail on the open market. The Underwriters may offer the Units at a price lower than
that stated above. See “Plan of Distribution”.

Subscriptions will be received subject to rejection or allocation in whole or in part and the Underwriters reserve the right
to close the subscription books at any time without notice. Closing is expected to occur on October 23, 2013 or such other
date as the REIT and the Underwriters may agree, but in any event no later than November 5, 2013. Registrations and
transfers of Units will be effected electronically through the non-certificated inventory system administered by CDS Clearing
and Depository Services Inc. Beneficial owners of Units will not, except in certain limited circumstances, be entitled to receive
physical certificates evidencing their ownership of Units. See “Declaration of Trust and Description of REIT Units —
Non-Certificated Inventory System” and “Plan of Distribution”.

The TSX has conditionally approved the listing of the Units (including the Units issuable upon the exercise of the Over-
Allotment Option) under the symbol “CRT.UN”. Listing is subject to the REIT fulfilling all of the requirements of the TSX
on or before December 30, 2013. See “Plan of Distribution”.

There is no market through which the Units may be sold and purchasers may not be able to resell Units purchased under this
prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading
prices, the liquidity of the Units and the extent of issuer regulation. See “Risk Factors”.

The pricing of the Units has been determined, in part, based on the forecasted net earnings and the resulting calculation of
AFFO for the Forecast Period. See “Financial Forecast”. A return on a purchaser’s investment in Units is not comparable to
the return on an investment in a fixed income security. The recovery of the initial investment in Units by an investor is at risk
and the anticipated return on an investment is based on many performance assumptions. Although the REIT intends to
make distributions of available cash to Unitholders in accordance with its distribution policy, these cash distributions are not
guaranteed and may be reduced or suspended at the discretion of the Trustees of the REIT. The ability of the REIT to make
distributions and the actual amount distributed on Units will depend on numerous factors, including the financial
performance of the REIT’s properties, the financial health of CTC, debt covenants, terms of preferred securities, other
contractual obligations, working capital requirements and future capital requirements, all of which are subject to a number of
risks. In addition, the market value of Units may decline if the REIT is unable to meet its cash distribution and AFFO targets
in the future, and that decline may be significant. It is important for a person making an investment in Units to consider the
particular risk factors that may affect the REIT, its business and the real estate industry, and therefore the stability of
distributions to Unitholders. A prospective purchaser should therefore review this document in its entirety and carefully
consider the risk factors described under “Risk Factors” before purchasing Units.

The after-tax return from an investment in Units to an investor subject to Canadian federal income tax will depend, in part,
on the composition for income tax purposes of distributions made by the REIT, portions of which may be fully or partially
taxable or may constitute tax deferred returns of capital (i.e., returns that initially are non-taxable, but which reduce the
adjusted cost base of a holder’s Units). The REIT estimates that approximately 23% of the monthly cash distributions to be
made by the REIT to Unitholders will be tax-deferred in 2014. That composition may change over time, thus affecting the
after-tax return to Unitholders. See “Certain Canadian Federal Income Tax Considerations”.

RBC Dominion Securities Inc. (“RBCDS”), CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD
Genuity Corp., GMP Securities L.P., Macquarie Capital Markets Canada Ltd. and Raymond James Ltd. (together with
RBCDS, the “Underwriters”), as principals, conditionally offer the Units qualified under this prospectus (other than the
59,711,094 Units to be issued to CTC), subject to prior sale, if, as and when issued by the REIT and accepted by the
Underwriters in accordance with the conditions contained in the underwriting agreement between the REIT, CTC and the
Underwriters referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the
REIT by Stikeman Elliott LLP, on behalf of CTC by Cassels Brock & Blackwell LLP and on behalf of the Underwriters by
Osler, Hoskin & Harcourt LLP. See “Legal Matters”.

The REIT has been assigned a provisional issuer credit rating of “BBB (high)” by DBRS and “BBB+” by S&P. See “Credit
Ratings”.

The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not
carry on or intend to carry on the business of a trust company. The Units are not “deposits” within the meaning of the
Canada Deposit Insurance Corporation Act and are not insured under the provisions of that statute or any other legislation.
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ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this prospectus and is not entitled to rely on parts of the information contained in this prospectus to the exclusion of others. The REIT has not, and the Underwriters and CTC have not, authorized anyone to provide investors with additional or different information. The REIT is not, and the Underwriters are not, offering to sell the Units in any jurisdictions where the offer or sale of such Units is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the Units. The REIT’s business, financial condition, results of operations and prospects may have changed since the date of this prospectus.

For investors outside Canada, none of the REIT, CTC or any of the Underwriters has done anything that would permit the Offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about and to observe any restrictions relating to the Offering and the possession or distribution of this prospectus.

This prospectus includes a summary description of certain material agreements of the REIT. See “Material Contracts”. The summary description discloses all attributes material to an investor in Units, but is not complete and is qualified by reference to the terms of the material agreements which will be filed with the Canadian securities regulatory authorities and available on SEDAR. Investors are encouraged to read the full text of such material agreements.

This prospectus includes summary information in respect of CTC Banner stores generally, other than the CTC Banner stores located at the Initial Properties, and such information has been provided as at June 30, 2013.

Any graphs and tables demonstrating the historical performance of the Initial Properties contained in this prospectus are intended only to illustrate past performance and are not necessarily indicative of future performance.

All references in this prospectus to “AFFO per Unit” refer to AFFO per Unit on a fully-diluted basis.

This prospectus includes historical carve-out financial statements only in respect of the portion of 26 of the 256 Initial Properties leased by third party tenants, Mark’s and Sport Chek (collectively, the “Third Party Tenant Lease Portfolio”) to be acquired by the REIT on Closing. See “Index to Financial Statements”. The remainder of the Initial Properties (the “Canadian Tire Tenant Portfolio”) have historically been used by CTC in conjunction with its Canadian Tire Retail business. Under applicable securities laws, only the Third Party Tenant Lease Portfolio is considered a business to be acquired by the REIT on Closing, whereas the portion of properties comprising the Canadian Tire Tenant Portfolio are instead considered assets that the REIT will acquire on Closing. In accordance with applicable securities laws, the REIT is required to include only historical financial statements in this prospectus that relate to the proposed acquisition of a business provided that this prospectus otherwise contains full, true and plain disclosure of all material facts relating to the Units. In any event, no financial statements exist for the Canadian Tire Tenant Portfolio. Accordingly, this prospectus contains historical audited carve-out financial statements only in respect of the Third Party Tenant Lease Portfolio but does not include historical audited carve-out financial statements in respect of the Canadian Tire Tenant Portfolio.

Applicable securities laws require the REIT to include pro forma financial statements in this prospectus in respect of the Third Party Tenant Lease Portfolio giving effect to, among other things, the Offering and the Acquisition, only if such pro forma financial statements are necessary for this prospectus to contain full, true and plain disclosure of all material facts relating to the Units. As evidenced by their execution of the certificates attached to this prospectus, the REIT, CTC and the Underwriters do not believe that such pro forma financial statements are necessary for this purpose, and, accordingly, no such statements are included. The REIT, CTC and the Underwriters made their determination on the basis that: (i) the Third Party Tenant Lease Portfolio is expected to generate approximately 4.3% of the REIT’s base minimum rent during the Forecast Period; and (ii) the Financial Forecast included in this prospectus, together with the other information in this prospectus related to the Initial Properties, provides investors with meaningful material information about the REIT and its business following Closing.
MEANING OF CERTAIN REFERENCES

Unless otherwise indicated, the disclosure in this prospectus assumes that: (i) the transactions described under “Acquisition of the Initial Properties” have been completed; and (ii) the Over-Allotment Option is not exercised. All references to dollars or “$” are to Canadian dollars and all amounts in this prospectus are stated in Canadian dollars unless otherwise indicated.

Unless the context otherwise requires, all references to the “REIT” in this prospectus refer to the REIT and its Subsidiaries, including the Partnership, on a consolidated basis.

References to “management” in this prospectus means the persons acting in the capacities of the REIT’s Chief Executive Officer and Chief Financial Officer. Any statements in this prospectus made by or on behalf of management are made in such persons’ capacities as officers of the REIT and not in their personal capacities.

Numerous terms used in this prospectus are defined under “Glossary”.

MARKETING MATERIALS

The following marketing materials (as such term is defined in National Instrument 41-101 — General Prospectus Requirements) filed with the securities commission or similar authority in each of the provinces and territories of Canada are specifically incorporated by reference into this prospectus:

1. template version of the roadshow presentation dated September 24, 2013 (the “Roadshow Presentation”); and

2. template version of an indicative term sheet dated September 24, 2013 (the “Indicative Term Sheet”).

The Roadshow Presentation and the Indicative Term Sheet are not part of this prospectus to the extent that the contents of the template versions of such marketing materials have been modified or superseded by a statement contained in this prospectus.

The Roadshow Presentation and Indicative Term Sheet are available under the REIT’s profile on www.sedar.com. Investors are encouraged to read the full text of the foregoing marketing materials.

In addition, any template version of any other marketing materials filed with the securities commission or similar authority in each of the provinces and territories of Canada in connection with this Offering, after the date hereof, but prior to the termination of the distribution of the securities under this prospectus, is deemed to be incorporated by reference herein.

MARKET AND INDUSTRY DATA

This prospectus includes market and industry data and forecasts that were obtained from third party sources, industry publications and publicly available information as well as industry data prepared by management on the basis of its knowledge of the commercial real estate markets in which the REIT will operate (including management’s estimates and assumptions relating to the industry based on that knowledge). Management’s knowledge of the commercial real estate industry in Canada has been developed through its experience and participation in the industry. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third party sources, which include CBRE Canada, Boston Consulting Group, Conference Board of Canada, Cushman & Wakefield Ltd. and Statistics Canada, generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes it to be reliable, none of the REIT, CTC nor the Underwriters has independently verified any of the data from management or third party sources referred to in this prospectus, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.
FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to the REIT’s future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes, plans and objectives of or involving CTC and the REIT. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for the REIT or the real estate industry are forward-looking statements. In some cases, forward-looking information can be identified by such terms such as “may”, “might”, “will”, “could”, “should”, “would”, “occur”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue”, “likely”, “schedule”, or the negative thereof or other similar expressions concerning matters that are not historical facts. Some of the specific forward-looking statements in this prospectus include, but are not limited to, statements with respect to the following:

- the REIT’s relationship with CTC, including in respect of (i) CTC’s retained interest in the REIT and its current intention with respect thereto, (ii) the services to be provided to the REIT (whether directly or indirectly) by CTC pursuant to the Services Agreement and the Property Management Agreement, (iii) expected transactions to be entered into between CTC and the REIT (including the REIT’s future acquisition of certain interests in properties held by CTC), (iv) the ROFO Agreement, and (v) the Development Agreement;
- the REIT’s intention with respect to, and ability to execute, its growth strategies;
- the forecasted financial results of the REIT, including the assumptions contained in such forecast, for the periods set out in the “Financial Forecast” section of this prospectus;
- the REIT’s capital expenditure requirements and capital expenditures to be made by the REIT and CTC;
- the REIT’s distribution policy and the distributions to be paid to Unitholders;
- the distributions to be paid to holders of Partnership units;
- use of the net proceeds to be received by the REIT upon the exercise of the Over-Allotment Option, if exercised;
- the REIT’s capital structure strategy, including the REIT entering into the Credit Facility and the Class C LP Units to be issued to CTC, and its impact on the financial performance of the REIT and distributions to be paid to Unitholders;
- the REIT’s access to available sources of debt and/or equity financing;
- future compensation and governance practices by the REIT;
- future legislative and regulatory developments which may affect the REIT;
- the expected tax treatment of the REIT and its distributions to Unitholders;
- the REIT’s ability to meet its stated obligations;
- the REIT’s ability to expand its asset base, make accretive acquisitions, develop or intensify its property and participate with CTC in the development or intensification of the properties;
- the percentage of cash distributions to be paid to Unitholders that will be tax deferred in 2014;
- the ability of the REIT to qualify as a “mutual fund trust”, as defined in the Tax Act, and as a “real estate investment trust”, as defined in the SIFT Rules; and
- interest rates and the future interest rate environment.

The 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 the REIT with access to equity and/or debt at reasonable rates when required and that CTC will continue its involvement with the REIT on the basis described in this prospectus.

Although the forward-looking statements contained in this prospectus are based upon assumptions that management of the 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 the 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 “Risk Factors”.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, the REIT and CTC undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

**ADDITIONAL GAAP AND NON-GAAP MEASURES**

**Additional GAAP Measures**

Net operating income (“NOI”) is an additional GAAP measure used by management in the statements of net income and comprehensive income. The REIT defines NOI as property revenue less property expenses (including property management fees) as presented in the statement of income prepared in accordance with GAAP. Accordingly, NOI excludes certain expenses included in the determination of net income such as general and administrative expenses, financing costs and fair value adjustments. The REIT believes that NOI is an important measure of operating performance. The REIT’s method of calculating NOI may differ from other issuers’ calculations and, accordingly, may not be comparable to measures used by other issuers.

**Non-GAAP Measures**

Cash net operating income (“Cash NOI”), funds from operations (“FFO”), adjusted funds from operations (“AFFO”) and AFFO per Unit are key measures of performance used by the REIT to discuss its operating performance. However, Cash NOI, FFO, AFFO and AFFO per Unit are measures not defined by GAAP and do not have standardized meanings prescribed by GAAP. The REIT believes that each of AFFO and AFFO per Unit is an important measure as it is indicative of the REIT’s ability to pay distributions, while FFO is a widely used measure to assess the performance of real estate entities. Cash NOI provides a useful data point in evaluating the valuation of the REIT’s directly held investment properties.

The REIT defines “Cash NOI” as NOI prior to the effects of straight-line rent and recoveries of capital expenditures. The GAAP measurement most directly comparable to Cash NOI is NOI.

The REIT defines “FFO” consistently with the definition presented in the white paper on funds from operations prepared by the Real Property Association of Canada (“REALpac”). FFO is calculated as net income in accordance with GAAP, adjusted by removing the impact of (i) fair value adjustments on investment properties; (ii) other fair value adjustments; (iii) gains and losses on the sale of investment properties; and (iv) amortization of tenant incentives. The GAAP measurement most directly comparable to FFO is net income.

The REIT defines “AFFO” as FFO subject to certain adjustments to (a) remove the impact of: (i) amortization of fair value mark-to-market adjustments on debt; (ii) adjusting for any differences resulting from recognizing property rental revenues or expenses on a straight-line basis; (iii) initial one-time costs to establish the REIT; and (iv) change in fair value of non-cash compensation incentive plans; and (b) deduct a reserve for normalized maintenance capital expenditures, tenant inducements and leasing commissions. The GAAP measurement most directly comparable to AFFO is net income.
“AFFO per Unit” is defined as AFFO divided by the number of Units outstanding assuming that all of the Class B LP Units of the Partnership were converted at the beginning of the period, but does not consider the effects of settling all of the outstanding Class C LP Units through the issuance of Class B LP Units, which would be required in calculating per Unit measures on a diluted basis under GAAP, as the REIT has not yet determined the manner in which the Class C LP Units will be settled.

Cash NOI, FFO, AFFO and AFFO per Unit should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with GAAP as indicators of the REIT’s performance. The REIT’s method of calculating Cash NOI, FFO, AFFO and AFFO per Unit may differ from other issuers’ methods and, accordingly, may not be comparable to measures used by other issuers. For reconciliations of the preceding non-GAAP measures to the most directly comparable GAAP measure, see “Forecast Non-GAAP Reconciliation”.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to the REIT, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, based on the current provisions of the Tax Act, provided that on the Closing Date (i) the REIT qualifies as a “mutual fund trust” within the meaning of the Tax Act or (ii) the Units are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX), the Units will be, on the date of Closing, qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“RRSP”), registered retirement income funds (“RRIF”), registered disability savings plans, deferred profit sharing plans, tax-free savings accounts (“TFSA”) and registered education savings plans (collectively, “Registered Plans”).

Notwithstanding that the Units may be qualified investments for a TFSA, RRSP and RRIF, the holder of a TFSA or annuitant of a RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Units are a “prohibited investment” for the TFSA, RRSP or RRIF. A Unit will generally be a “prohibited investment” if the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, (i) does not deal at arm’s length with the REIT for purposes of the Tax Act, (ii) has a “significant interest” (within the meaning of the Tax Act) in the REIT or (iii) has a “significant interest” (within the meaning of the Tax Act) in a corporation, partnership or trust with which the REIT does not deal at arm’s length for purposes of the Tax Act. Proposed amendments to the Tax Act released on December 21, 2012 (the “December 2012 Proposals”) propose to delete the condition in (iii) above. In addition, pursuant to the December 2012 Proposals, the Units will generally not be a “prohibited investment” if the Units are “excluded property” (as defined in the December 2012 Proposals). Holders of a TFSA and annuitants of a RRSP or RRIF should consult their own tax advisors in regards to the application of these rules in their particular circumstances.
PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information, financial data and statements contained elsewhere in this prospectus. Numerous terms used in this prospectus are defined in the Glossary.

THE REIT

Establishment and Overview

The REIT is an unincorporated, closed-end real estate investment trust established pursuant to the Declaration of Trust under, and governed by, the laws of the Province of Ontario. The REIT has been formed to own income producing commercial properties located primarily in Canada. All of the Initial Properties will be acquired, indirectly through the Partnership, from CTC and approximately 97.4% of the REIT’s base minimum rent during the Forecast Period will come from CTC Banner stores and one distribution centre (which supports Canadian Tire Retail operations).

CTC has been in business for over 90 years, now offering a range of products and services to Canadians through a family of businesses including: (i) Canadian Tire Retail, one of Canada’s most shopped general merchandise retailers, with stores that are easily identified by the Canadian Tire name and trade-mark, which has established a strong reputation and high recognition throughout the communities it serves; (ii) Canadian Tire Petroleum, one of Canada’s largest independent retailers of gasoline; (iii) FGL Sports, the largest sporting goods retailer in Canada, selling footwear, sports equipment and apparel through retail businesses that include Sport Chek and Sports Experts; (iv) Mark’s, one of the largest specialty apparel retailers in Canada, offering casual and industrial clothing and footwear to men and women for work and leisure, operating under the name “L’Équipeur” in Quebec; and (v) Canadian Tire Financial Services, which markets financial and other products and services including credit cards, in-store financing, product warranties, retail deposits and home services. CTC licenses its Associate Dealers to operate 491 Canadian Tire Retail stores and a total of 1,184 stores are operated under various other CTC Banners.

CTC’s outstanding Common Shares and Class A Non-Voting Shares are listed on the TSX and are traded under the symbols “CTC” and “CTC.a”, respectively. CTC had a market capitalization of approximately $7.6 billion as of the date of this prospectus and 2012 annual revenues of more than $11.4 billion. CTC’s issuer credit rating from DBRS is “BBB (high) stable” and from S&P is “BBB+ stable”. CTC has advised the REIT that both DBRS and S&P, after considering the REIT transaction, have confirmed CTC’s existing credit ratings. CTC has had an investment grade corporate debt credit rating from each of DBRS and S&P for more than 20 years.

The Canadian Tire business was founded in 1922 by two Toronto brothers, John W. Billes and Alfred J. Billes, and in 1927 Canadian Tire Corporation, Limited was officially incorporated. In 1934, the Associate Dealer relationship was established by CTC’s founding Billes brothers and a store in Hamilton became the first officially designated Associate Dealer store. In 1958, CTC opened its first gas bar at Yonge and Church Streets in Toronto and gas bar customers received discount coupons later known as Canadian Tire ‘Money’. In 1968, CTC integrated a financial services subsidiary into its business model. For over 90 years Canadian Tire has become one of Canada’s most recognized and highly-valued brands. Supported by nearly 1,700 retail locations across Canada, CTC offers a broad range of retail products, home services and financial services. Through the CTC Banners, CTC offers a unique assortment of tires, automotive parts and service, hardware, housewares, sporting goods, footwear, petroleum, industrial apparel and casual clothing — all supported by a highly-successful financial services division. CTC also boasts an impressive web presence and a new, leading-edge digital technology strategy. Across the CTC Banners, CTC has invested in innovative store formats to compete in the full spectrum of markets in Canada, including multi-level formats to compete in dense, urban locations. The combination of its unique mix of product offerings, extensive reach and scale, innovative store formats, technology strategy and strong financial foundation have positioned CTC as one of Canada’s most shopped retailers.

On Closing, the REIT will indirectly acquire, through the Partnership, the Initial Properties, being a portfolio of 256 properties totaling approximately 19 million square feet of GLA, consisting of 255 retail properties across Canada and one distribution centre (which supports Canadian Tire Retail operations). The retail properties will be made up of 229 stand-alone Canadian Tire Retail stores and 26 properties anchored by Canadian Tire Retail stores and containing one or more stores operating under other CTC Banners and/or third party tenants. All of the Initial Properties are currently directly or indirectly owned by CTC and represent approximately 72% of CTC’s owned real estate portfolio (measured by square feet). CTC will be the REIT’s
most significant tenant for the foreseeable future with the Canadian Tire Retail stores and the distribution centre that form part of the Initial Properties representing approximately 95.7% of the REIT’s base minimum rent during the Forecast Period, or approximately 97.4% of the REIT’s base minimum rent if all CTC Banner stores are included. On Closing, the REIT will enter into leases with CTC in respect of Canadian Tire Retail store locations with staggered initial terms ranging from 10 to 21 years, with a weighted average initial term of approximately 16 years, and the REIT and CTC will enter into a lease in respect of the distribution centre with an initial term of 17 years. See “Acquisition of the Initial Properties” and “Assets of the REIT”.

On Closing, it is expected that CTC will hold an approximate 85.0% effective interest in the REIT through ownership of 59,711,094 Units and all of the Class B LP Units of the Partnership, which are economically equivalent to and exchangeable for Units (or an approximate 83.1% effective interest in the REIT if the Over-Allotment Option is exercised in full). In addition, CTC will hold all of the Class C LP Units of the Partnership. See “Retained Interest — Retained Interest of CTC”. Over many decades, CTC has built and maintained a significant ownership interest in its Canadian Tire Retail store properties and views that ownership interest as being an important component of CTC’s long-term strategy. CTC views the creation of the REIT as a preferred structure by which it can continue to own a significant interest in its Canadian Tire Retail store properties and believes that continuing to own an effective majority ownership interest in the REIT is consistent with its long-term strategy.

On Closing, the REIT will employ an experienced internal senior executive team who will be supported, pursuant to the Property Management Agreement, by CTC’s team of focused real estate professionals who are intimately familiar with the Initial Properties and the commercial real estate industry and have significant experience in property development and redevelopment, property management and real estate acquisitions and dispositions. CTC will also provide the REIT with certain administrative, legal, financial, information technology, human resources and ancillary services pursuant to the Services Agreement. The services provided under the Property Management Agreement and Services Agreement will be provided on a cost-recovery basis with a fixed maximum fee for the first two calendar years and pro rata for the period from Closing until December 31, 2013. See “Arrangements with CTC — Property Management Agreement” and “Arrangements with CTC — Services Agreement”.

Business Objective and Strategies of the REIT

The principal objective of the REIT is to create Unitholder value over the long-term by benefiting from its relationship with CTC and generating reliable, durable and growing monthly cash distributions on a tax-efficient basis. To achieve this objective, management will seek to expand the REIT’s asset base while also increasing its AFFO per Unit and net asset value per Unit, including by capitalizing on contractual rent escalations, pursuing accretive acquisitions of properties from CTC and third parties and through further development (including intensification) of its properties. The REIT will also proactively manage its property portfolio to increase cash flow from the Initial Properties. Management intends to be disciplined in acquiring properties, with a primary focus on well located retail properties that management believes present the best opportunity to contribute to the REIT’s ability to generate reliable, durable and growing monthly cash distributions on a tax-efficient basis. The REIT will maintain a strong balance sheet and practise prudent financial management to minimize financial risk for Unitholders and achieve an optimal cost of capital.

Strengths and Investment Highlights

Management believes that the following describes the key strengths and investment highlights of the REIT and the Initial Properties:

Attractive Yield

- **Attractive Yield and Payout Ratio**: The REIT intends to pay reliable, durable and growing monthly cash distributions, initially expected to provide Unitholders with an annual yield of approximately 6.5% based on an AFFO payout ratio of approximately 90%.
- **Tax-Efficient**: The REIT estimates that approximately 23% of the monthly cash distributions during the Forecast Period will be tax-deferred returns of capital, which are non-taxable when received.
Exceptional Cash Flow Predictability and Durable Monthly Distributions

- **High Quality Revenue Stream:** CTC is a nationally recognized company and an investment grade tenant. Canadian Tire Retail stores and the distribution centre, that form part of the Initial Properties, will represent 95.7% of the REIT’s base minimum rent during the Forecast Period, providing the REIT with a reliable and durable revenue stream.

- **Reliable AFFO:** The REIT’s AFFO is expected to be reliable as a result of: (i) the REIT’s escalating triple net leases with CTC and other tenants, whereby the REIT’s operating costs will be minimized as substantially all of the REIT’s property operating costs and capital expenditures will be payable by or recoverable from CTC and other tenants; (ii) the fixed nature of the distribution rates on each series of the Class C LP Units during their respective Initial Fixed Rate Periods, the weighted average of which is 13.4 years for all Class C LP Units outstanding on Closing; and (iii) the general and administrative costs and property management costs charged pursuant to the Services Agreement and Property Management Agreement, which are charged on a cost-recovery basis with a fixed maximum fee for the first two calendar years and pro rata for the period from Closing until December 31, 2013. On Closing, the REIT will enter into leases with CTC in respect of Canadian Tire Retail stores and gas bars with staggered initial terms ranging from 10 to 21 years, with a weighted average initial term of approximately 16 years and the REIT and CTC will enter into a lease in respect of the distribution centre with an initial term of 17 years.

Well-Planned, Solid Long-Term Growth

- **Solid Growth Opportunities:** The REIT will seek to further improve the REIT’s AFFO per Unit and net asset value per Unit through a number of external and organic growth strategies, including contractual rent escalations, acquisitions and development (including intensification). See “Growth Strategies of the REIT”.

- **Multiple Sources of AFFO Growth:** The size of the portfolio of Initial Properties will enable the REIT to benefit from economies of scale and represents an attractive platform for growth. Management will seek to capitalize on: (i) annual rent escalations; (ii) accretive acquisitions of properties from CTC and from third parties; and (iii) further development (including intensification) of its properties. Management intends to be disciplined in acquiring properties, with a primary focus on well located retail properties in Canada that management believes present the best opportunity to contribute to the REIT’s ability to generate reliable, durable and growing monthly cash distributions. CTC has advised the REIT that it anticipates that approximately three quarters of the retail Retained Properties will ultimately be suitable to be offered to the REIT at some time in the future. The offering of Retained Properties by CTC to the REIT, from time to time, will in each case be in CTC’s discretion and dependent on market conditions and the timing and degree of any expansion, renovation and/or redevelopment activities being undertaken by CTC at such properties.

- **Investment Grade Rating Provides Opportunity for Financial Flexibility:** In acquiring new properties, the REIT expects to compete against both public and private purchasers. As a public real estate investment trust of significant scale, with a provisional issuer investment grade credit rating, the REIT believes that its access to public capital will provide it with an advantage over many competing property purchasers. In addition, the REIT will not have any secured financing on Closing. The REIT will also have a committed $200 million unsecured operating credit facility at Closing, together with a $100 million accordion provision, to facilitate acquisitions.

- **Capital Expenditure Recoveries:** Consistent with the findings of the BCA Reports, the REIT expects to spend approximately $14.6 million per year on capital expenditures relating to the Initial Properties. This amount is expected to be substantially recoverable from tenants over time. While annual capital expenditures are expected to remain steady over the 15 year period following Closing, the REIT will benefit from increased recovery of amortized capital improvements on a year-over-year basis. For example, in 2014 the Forecast contains $0.22 million of recoveries for amortized capital improvements from CTC, based on the REIT’s forecasted actual capital expenditures for 2014 of $13.6 million. CTC will be required in each subsequent year to pay further additional rent for amortized capital improvements resulting in the difference between amortized capital expenditures recoverable from CTC, and the REIT’s capital expenditure, net of recoverables, declining over time.
Irreplaceable Canadian Real Estate Portfolio Provides Attractive Value

- **Investment Grade Anchor Tenant of Exceptional Quality and Creditworthiness:** CTC has had an investment grade corporate debt credit rating from each of DBRS and S&P for more than 20 years. CTC has advised the REIT that both DBRS and S&P, after considering the REIT transaction, have confirmed CTC’s existing credit ratings. CTC has a market capitalization of approximately $7.6 billion as of the date of this prospectus and 2012 annual revenues of more than $11.4 billion. See “Assets of the REIT — Description of the REIT’s Key Tenant”. CTC owns some of the most highly visible and respected retail businesses in Canada including: (i) Canadian Tire Retail, one of Canada’s most shopped general merchandise retailers, with stores that are easily identified by the Canadian Tire name and trade-mark, which has established a strong reputation and high recognition throughout the communities it serves; (ii) Canadian Tire Petroleum, one of Canada’s largest independent retailers of gasoline; (iii) Mark’s, one of the largest specialty apparel retailers in Canada, offering casual and industrial clothing and footwear to men and women for work and leisure, operating under the name “L’Équipeur” in Quebec; (iv) FGL Sports, the largest sporting goods retailer in Canada, selling footwear, sports equipment and apparel through retail businesses that include Sport Chek and Sports Experts; and (v) Canadian Tire Financial Services, which markets financial and other products and services including credit cards, in-store financing, product warranties, retail deposits and home services. More than 80% of Canadians shop at Canadian Tire Retail stores each year.

- **Large Portfolio of High Quality Properties in Desirable and Geographically Diversified Retailing Locations:** The Initial Properties will provide the REIT with immediate scale and presence in strong retailing locations across Canada and will consist of 256 properties totaling approximately 19 million square feet of GLA. Canadian Tire Retail stores will represent approximately 91.8% of the REIT’s base minimum rent during the Forecast Period. The Initial Properties (excluding the distribution centre) are geographically diversified with 43.3% of the REIT’s base minimum rent being derived from properties located in Ontario, 28.1% in Western Canada, 20.5% in Quebec and 8.1% in Atlantic Canada. The Initial Properties (excluding the distribution centre) are also diversified between large urban, medium and small markets, representing 67.6%, 14.3% and 18.1% of the REIT’s base minimum rent, respectively. Additionally, 44% of the Initial Properties (excluding the distribution centre), measured by base minimum rent at Closing, are located in and around the metropolitan locations of Toronto, Montreal, Vancouver, Calgary, Ottawa and Edmonton.

- **Attractive Retail Attributes of Initial Properties:** The Initial Properties have characteristics and amenities that are in high demand among retail tenants. The design, configuration and dimensions of the buildings located on the Initial Properties provide the REIT and its tenants with flexible retail space that can generally support a variety of retail platforms. The Initial Properties are characterized by strong retail attributes, including location, traffic, visibility, frontage and parking. Management believes that, in the long-term, these characteristics will permit the REIT to benefit from development (including intensification) opportunities. Additionally, all of the Initial Properties are located in commercial areas and co-located with, or located in close proximity to, supermarkets and other large-scale retailers, attracting a high volume of customers to the Initial Properties. The attractive attributes of the Initial Properties are a product of CTC’s site selection strategy, which focuses on providing customers with a convenient retail experience.

- **Attractive Value:** According to the independent appraiser, the Initial Properties have an estimated value, as at August 1, 2013, of between $3.745 billion and $3.818 billion, for the improved buildings and land, including a 1% to 3% portfolio premium, representing a capitalization rate between 6.20% and 6.08%, which compares favourably to the implied purchase price of $3.534 billion. At Closing, the weighted average base minimum rent for Canadian Tire Retail stores is $12.73 per square foot, which is equal to the weighted average market rental rate determined by the Appraiser. Based on the results of the BCA Reports, which indicate that only $3.7 million of capital expenditure is currently required on the Initial Properties, the Initial Properties are very well maintained. Management believes that the Initial Properties’ conditions have benefited from CTC’s property management and preventative maintenance program. The REIT will have limited exposure to operating and maintenance capital expenditures due to the high percentage of such costs which are recoverable from CTC pursuant to the Canadian Tire Leases.
Irreplaceable Portfolio: Management believes that it would be exceedingly difficult to replicate the portfolio of Initial Properties, and that the magnitude of the portfolio will enable the REIT to benefit from economies of scale and serve as an attractive platform for value creation and preservation.

Long-Term Investment Grade Tenant: Intrinsic Alignment of Interests with CTC

- Anchor Tenant is Long-Term Majority Shareholder: The interests of the REIT and CTC will be intrinsically aligned as the REIT will enable CTC to continue its long standing investment in real estate through a real estate investment trust, which CTC views as a preferred structure that offers reliable, durable and growing distributions to investors while allowing real estate to remain an integral part of CTC’s success and growth plans. CTC’s interests will be aligned with the interests of the other Unitholders through its approximate 85.0% effective interest in the REIT through ownership of 59,711,094 Units and all of the Class B LP Units (or an approximate 83.1% effective interest in the REIT if the Over-Allotment Option is exercised in full). In addition, CTC will hold all of the Class C LP Units of the Partnership. CTC believes that continuing to own an effective majority ownership interest in the REIT is consistent with its long-term strategy. See “Retained Interest” and “Plan of Distribution”.

- Mutual Strategic and Long-Term View of Canadian Commercial Real Estate: Over many decades, CTC has built and maintained a significant ownership interest in its Canadian Tire Retail store properties and views that ownership interest as being an important component of CTC’s long-term strategy. CTC views the creation of the REIT as a preferred structure by which it can continue to own a significant interest in its Canadian Tire Retail store properties. The creation of the REIT, and CTC’s approximate 85.0% effective ownership interest in it, is expected to have a minimal impact on CTC’s consolidated net earnings, cash flow and debt metrics as a result of the REIT’s financial statements being consolidated with CTC’s financial statements. In addition, the creation of the REIT is expected to facilitate CTC more effectively pursuing its continuous process of growth and rejuvenation.

- Benefits of the REIT’s Relationship with CTC: In addition to the growth opportunities expected to result from the ROFO Agreement and Development Agreement, the REIT expects that its relationship with CTC will provide it with insights into potential retail real estate acquisition and development opportunities across Canada that are superior to those of many real estate investors because of CTC’s direct knowledge of consumer behaviors and their impact on retailers’ space needs. Additionally, CTC is uniquely suited to serve as a co-anchor in retail properties with many types of big box retailers, such as supermarkets and/or department stores, by virtue of its unique product offering mix, which contributes to the attractiveness of the Initial Properties and is expected to increase the opportunities available to the REIT to combine its largest tenant, CTC, with other tenants.

- Tenant’s Intention is to Anchor New Developments and Grow the REIT’s Asset Base: CTC’s intention is to continue to acquire and/or develop properties for the conduct of its business that may also be suitable for the REIT’s portfolio. In addition, CTC has fully committed to the REIT by transferring 256 of the 365 commercial properties currently owned by CTC, which represents approximately 70% of CTC’s commercial properties and 72% of the square footage at such properties. The retail Retained Properties are predominantly ones which are currently being considered by CTC for relocation, replacement or redevelopment, sale, expansion, renovation or closure. CTC has advised the REIT that it anticipates that approximately three quarters of the retail Retained Properties will ultimately be suitable to be offered to the REIT at some time in the future. CTC has further advised the REIT that it currently estimates that, of these retail Retained Properties: (i) approximately a quarter are likely to be suitable to offer to the REIT at various times over the first five years following Closing; (ii) approximately half are likely to be suitable to be offered to the REIT following renovation, expansion, replacement and/or redevelopment activities at such properties; and (iii) approximately a quarter are not likely to be suitable acquisition candidates for the REIT. The offering of Retained Properties by CTC to the REIT, from time to time, will in each case be in CTC’s discretion and dependent on market conditions and the timing and degree of any expansion, renovation and/or redevelopment activities being undertaken by CTC at such properties. On Closing, the REIT and CTC will enter into the ROFO Agreement and the Development Agreement to facilitate a preferential and mutually beneficial business and operating relationship between the parties. Under the ROFO Agreement, the REIT will have, subject to certain existing prior rights, the right of first offer to purchase any property that meets the REIT’s investment criteria, including the Retained Properties and
other properties subsequently acquired by CTC, that CTC seeks to sell in the future. In addition, under the Development Agreement, CTC has agreed that the REIT will have a preferential right, subject to certain exceptions, to participate in the development of, and acquire, certain new retail properties. Management expects that its relationship with CTC will meaningfully contribute to the REIT’s strong and sustainable acquisition growth pipeline. See “Arrangements with CTC — ROFO Agreement”, “Arrangements with CTC — Development Agreement”, “Assets of the REIT — Description of Material Lease Terms with CTC” and “Risk Factors”.

Durable Portfolio Features

- **Continuity of Industry Leading Property Management:** The Initial Properties have been acquired, developed or upgraded and managed by CTC over several decades. The REIT’s senior executive team will be supported, pursuant to the Property Management Agreement, by CTC’s team of focused real estate professionals, who are intimately familiar with the Initial Properties and the commercial real estate industry and have significant experience in property development and redevelopment, property management and real estate acquisitions and dispositions. CTC’s strong in-house real estate management team oversees CTC’s entire network of owned and leased properties, one of the largest retail networks in Canada, comprising nearly 1,700 locations and almost 52 million square feet of GLA, including the Initial Properties. CTC has a proven track record of developing and redeveloping properties that it owns and has a disciplined and focused site selection strategy. CTC’s expertise in real estate has allowed it to expand strategically and efficiently, securing high-traffic, sought-after locations for its retail outlets.

- **More Than 95% of Total Base Minimum Rent Leased to Investment Grade Tenants:** CTC, an investment grade issuer, is the REIT’s largest tenant with the Canadian Tire Retail stores and distribution centre, that form part of the Initial Properties, representing approximately 95.7% of the REIT’s total base minimum rent during the Forecast Period. In addition, certain of the Third Party Leases are with investment grade rated tenants. On Closing, management expects that the Initial Properties will have an occupancy level of 99.9%, with substantially all tenants paying market rents as determined by the Appraiser.

- **Low Risk Real Estate:** The Initial Properties are geographically diversified and no single retail property is of a material size to the REIT. The configuration and location of the retail stores are expected to be attractive to multiple users and investors. Initial rental rates under the Canadian Tire Leases are at market rates consistent with those determined by the Appraiser.

- **Maturities of Long-Term Staggered Leases Match Class C LP Unit Redemption Dates:** The maturity profile of the REIT’s lease portfolio will be well distributed, with initial lease terms ranging from 10 to 21 years from the Closing Date. The REIT has ensured that the Canadian Tire Leases have staggered maturities beginning in 2023. Additionally, no more than 2.3% of the REIT’s initial base minimum rent will mature prior to 2024 and 18 months’ notice of renewal is required, thereby mitigating lease maturity risk for the REIT. The weighted average remaining lease term for the REIT’s entire portfolio is approximately 16 years, which is a similar term to the 13.4 years weighted average term of the Initial Fixed Rate Periods of the Class C LP Units. No more than 11% of the Class C LP Units reach their first redemption date in any one year.

- **Investment Grade REIT:** The REIT has been assigned a provisional issuer credit rating of “BBB (high)” by DBRS and “BBB+” by S&P. See “Credit Ratings”.

Experienced Internal Executive Management and Independent Board

- **Extensive First-Hand Knowledge and Expertise of Internal Management:** The REIT will be managed and operated by an experienced internal senior executive team comprised of the REIT’s Chief Executive Officer and Chief Financial Officer. The REIT’s Chief Executive Officer, Kenneth Silver, has over 20 years of experience in the retail and commercial real estate industry, including 17 years as the President of CTREL, a wholly-owned real estate Subsidiary of CTC, and is intimately familiar with the Initial Properties. The REIT’s Chief Financial Officer, Louis Forbes, is a chartered accountant and has over 20 years of experience in the real estate industry, including 10 years as Executive Vice President and Chief Financial Officer of Primaris Retail REIT. Together, they bring a strong understanding of, and vast
operating experience in, the Canadian real estate and public markets. See “Trustees and Management of the REIT” and “Interests of Management and Others in Material Transactions”.

- **Majority Independent Board and Independent Chairman:** On Closing, a majority of the REIT’s Trustees on the Board will be independent and unaffiliated with CTC, including the Chairman of the Board. The Trustees collectively have extensive experience in corporate governance, capital markets and real estate. See “Trustees and Management of the REIT” and “Interests of Management and Others in Material Transactions”.

**Growth Strategies of the REIT**

The REIT has a well planned, solid long-term growth strategy, which includes multiple sources of AFFO growth, including (i) contractual rent escalations, (ii) acquisitions (including from CTC and third parties), and (iii) development (including intensification):

- **Contractual Rent Escalations and the Potential for AFFO Growth.** On Closing, the REIT will enter into leases with CTC in respect of Canadian Tire Retail store locations with staggered initial terms ranging from 10 to 21 years, with a weighted average initial term of approximately 16 years. Annual base minimum rent under the Canadian Tire Leases will have weighted average annual rent escalations of approximately 1.5% per year, commencing January 1, 2015. In addition, AFFO growth will be amplified by the REIT’s ratio of Indebtedness plus the aggregate par value of the Class C LP Units to Gross Book Value, which is expected to be approximately 51% at Closing.

- **Disciplined Acquisition and Development Program.** The REIT intends to acquire new and redeveloped properties primarily in Canada both from CTC and from third party vendors. The REIT also intends to participate in further development (including intensification) opportunities including with CTC pursuant to the Development Agreement. The REIT intends to finance its acquisitions and developments from the proceeds (if any) of the Over-Allotment Option, the Credit Facility, retained cash, and issuances of equity and/or debt to CTC or the public. The REIT’s ability to make acquisitions or undertake developments and raise capital from further issuances of debt and equity, or to grant security for financing over its assets, will be subject to the consent of CTC until CTC ceases to hold, directly or indirectly, a majority of the Voting Units, as set out in the Declaration of Trust. See “Investment Guidelines and Operating Policies — Operating Policies”. Details of the REIT’s acquisition and development program are as follows:

  - **Right of First Offer to Acquire and Develop Additional Properties from and with CTC.**
    - CTC has advised the REIT that it anticipates that approximately three quarters of the retail Retained Properties will ultimately be suitable to be offered to the REIT at some time in the future. The offering of Retained Properties by CTC to the REIT, from time to time, will in each case be in CTC’s discretion and dependent on market conditions and the timing and degree of any expansion, renovation and/or redevelopment activities being undertaken by CTC at such properties. Management is also aware of CTC’s intention, subject to the restrictions set out in the Non-Competition and Non-Solicitation Agreement, to continue to acquire properties for the conduct of its business that may also be suitable for the REIT’s portfolio. Under the terms of the ROFO Agreement, the REIT will have, subject to certain prior rights, the right of first offer to purchase any property in Canada, including the Retained Properties and other properties subsequently acquired by CTC (including pursuant to CTC’s ongoing development of its network of Canadian Tire Retail stores through the addition of new stores and redevelopment and/or re-tenanting of existing stores), that CTC seeks to sell in the future that meet the REIT’s investment criteria. The ROFO Agreement shall continue in force for a term expiring on the later of: (i) 10 years from the Closing Date; and (ii) the time when CTC ceases to hold, directly or indirectly, a majority of the Voting Units. See “Arrangements with CTC — ROFO Agreement” and “Risk Factors”.
    - Management is aware of CTC’s ongoing strategy to actively manage its remaining real estate portfolio by redeveloping and expanding properties for new or enhanced CTC uses. This strategy also applies to properties currently used by CTC that have or will become redundant and can be redeveloped for use by tenants other than CTC. In each case, the REIT will have a right of first offer, subject to certain prior rights, to acquire any such properties should CTC decide to sell such properties. Under the Development Agreement, CTC has also agreed that the REIT will have a
preferential right, subject to certain prior rights, to participate in planning such developments of, and where the REIT has participated in the development, to acquire at appraised value, certain new retail properties. In addition, subject to the right of CTC to develop and expand the Initial Properties that it has leased from the REIT, management believes that, in the long-term, the REIT will benefit from intensification opportunities on its properties. Subject to the restrictions set out in the Declaration of Trust, the Non-Competition and Non-Solicitation Agreement and the REIT’s risk management policies, the REIT may develop any property, including properties for use by CTC or third parties. In connection with its development activities, the REIT may employ internal resources or engage CTC (subject to the terms of the Property Management Agreement and the Services Agreement) or third party consultants. See “Arrangements with CTC — Development Agreement” and “Risk Factors”.

- **Acquisitions from Third Party Vendors.** In addition to commercial properties likely to be acquired from CTC, the REIT intends to acquire properties from third party vendors. The REIT intends to focus its acquisition efforts primarily on commercial retail properties with characteristics and amenities that are in high demand by potential tenants, including CTC and non-CTC tenants. The REIT will evaluate potential acquisition opportunities based on a number of factors, including sustainability of cash flows, price, expected financial performance, physical features, existing leases, functionality of design, geographic market, location and opportunity for future value enhancement. The ability of the REIT to acquire new assets is subject to the consent of CTC until CTC ceases to hold, directly or indirectly, a majority of the Voting Units. See “Arrangements with CTC — Development Agreement” and “Risk Factors”.

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**CANADIAN RETAIL AND REAL ESTATE MARKET CHARACTERISTICS**

**Canadian Retail Market Characteristics**

According to The Conference Board of Canada, the Canadian retail sector reported sales of $467.8 billion in 2012. With the exception of 2009, the Canadian retail sector has experienced positive sales growth in each year between 2004 and 2012, in aggregate implying an industry sales CAGR of 3.8%. In addition, key growth drivers for the Canadian retail sector include overall population growth and changes in GDP per capita, consumer confidence and demographic trends.

![Canadian Retail Sales, 2004-2014](image1)

![Canadian Population Growth, 2004-2014](image2)

Source: The Conference Board of Canada

The Canadian retail sector is competitive, with industry participants typically competing based on a combination of price, product quality, merchandising and presentation, convenience, customer service and location. This market is served by a variety of retail formats, including mass merchants, home improvement warehouses, discount formats and specialty retailers. The largest CTC retail business, Canadian Tire Retail, operates in the mass merchant channel. Other CTC Banners include the businesses of specialty retailers such as Sport Chek, Sports Experts, Mark’s and PartSource.
**Canadian Retail Real Estate Market Characteristics**

Despite changing consumer dynamics, leasing market fundamentals in the Canadian retail real estate sector continue to show strength with 2012 being another solid year of demand coupled with a suitable amount of new supply. Retail sales increased 2.5% in 2012 and are expected to grow by 2.0% in 2013. According to CBRE, the national retail vacancy rate, which was 4.9% in 2012, is expected to trend even lower and end 2013 at 4.7%, a decrease of 20 basis points.

With many markets in short supply of space, rents for retail properties continued to move higher in 2012, at or near CPI levels. Completion of new retail space reached approximately 3.4 million square feet in 2012 and will increase to an estimated 4.3 million square feet in 2013. Going forward, robust demand and moderate supply are expected to keep retail real estate leasing fundamentals strong.

Investor demand remains strong for retail properties, reflected by a record number of retail properties sold in 2012 (1,215), with a total aggregate transaction value of $4.9 billion, compared to 2011’s record total of $5.7 billion. According to CBRE, private investors were the dominant buyer group, accounting for 58% of retail purchases ($2.8 billion), followed by real estate investment trusts and real estate operating companies (27% or $1.3 billion) and institutional investors (9%, or $441 million).

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**ASSETS OF THE REIT**

CTC will be the REIT’s most significant tenant for the foreseeable future with Canadian Tire Retail stores and the distribution centre, that form part of the Initial Properties, representing approximately 95.7% of the REIT’s base minimum rent during the Forecast Period, or approximately 97.4% of the REIT’s base minimum rent if all CTC Banner stores are included.

The Initial Properties consist of 256 properties containing approximately 19 million square feet of GLA across Canada. The Initial Properties are located in every province in Canada and have a weighted average age of 9 years. The attributes and characteristics of each Initial Property are described in “Appendix A — Initial Properties”.

There is 9,900 square feet of vacant space currently available for third party tenants.

The following chart outlines the GLA and base minimum rent by tenant type.

<table>
<thead>
<tr>
<th>Tenant Type</th>
<th>Gross Leasable Area (2)</th>
<th>Base Minimum Rent During the Forecast Period (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Tire Retail</td>
<td>88.9%</td>
<td>91.8%</td>
</tr>
<tr>
<td>Canadian Tire Distribution Centre</td>
<td>8.8%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Sub Total/Average</td>
<td>97.7%</td>
<td>95.7%</td>
</tr>
<tr>
<td>Other CTC Banner Stores</td>
<td>0.9%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Sub Total/Average</td>
<td>98.6%</td>
<td>97.4%</td>
</tr>
<tr>
<td>Third Party</td>
<td>1.4%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Notes:

1. Weighted average age based on year built or year of major renovation.
2. Canadian Tire Retail’s GLA does not include the approximately 30,000 to 40,000 square feet of land attributable to each of the gas bars located on the Initial Properties for which the REIT will receive rental payments under the applicable Canadian Tire Lease. For a list of the Initial Properties with gas bars, see “Appendix A — Initial Properties”. See also “Assets of the REIT — Description of Material Lease Terms with CTC” and “Assets of the REIT — Description of Gas Bar Leases”.
3. Forecast assumes that actual current vacancy of 9,900 square feet remains until August 2014.
**Geographic Breakdown**

Approximately 43.3%, 28.1%, 20.5% and 8.1% of the base minimum rent during the Forecast Period is anticipated to be derived from Initial Properties (excluding the distribution centre) located in Ontario, Western Canada, Quebec and Atlantic Canada, respectively. The following charts illustrate the geographic distribution of the Initial Properties, measured by base minimum rent during the Forecast Period and total GLA on Closing.

The Initial Properties (excluding the distribution centre) are geographically diversified between large urban, medium and small markets across Canada, with 67.6% of the base minimum rent during the Forecast Period from Initial Properties being from properties located in large urban markets, often in close proximity to major retail areas and commercial arteries with high visibility. The following chart provides a breakdown of the Initial Properties by large urban, medium and small markets, measured by total GLA and base minimum rent during the Forecast Period. In addition, approximately 44% of base minimum rent during the Forecast Period will be generated from Initial Properties (excluding the distribution centre) located in and around Toronto, Montreal, Vancouver, Calgary, Ottawa and Edmonton.

**Property Type Breakdown**

The base minimum rent during the Forecast Period for the Initial Properties is divided among properties with a stand-alone Canadian Tire Retail store (78.4%), properties anchored by a Canadian Tire Retail store and containing one or more stores operating under another CTC Banner and/or third party tenants (17.7%), and a property with a distribution centre supporting Canadian Tire Retail operations (3.9%). Each of the Initial
Properties has CTC as a tenant. The following charts illustrate the composition of the Initial Properties, measured by base minimum rent during the Forecast Period and total GLA on Closing.

**Occupancy and Leasing**

The following graph sets out the GLA of the Initial Properties subject to expiration of the initial term of the Canadian Tire Leases in each year. The initial terms of the Canadian Tire Leases to be entered into on Closing range from 10 to 21 years from the Closing Date. The weighted average remaining lease term for all space occupied by Canadian Tire Retail stores, from the Closing Date, is approximately 16 years. Only 2.3% of the initial base minimum rent of the Initial Properties are subject to leases that expire prior to 2024.

At Closing, the weighted average base minimum rent for Canadian Tire Retail stores is $12.73 per square foot, which is consistent with the weighted average market rental rates determined by the Appraiser in the Appraisals. See “Assessments and Valuation of the Initial Properties — Independent Valuations”. Base
minimum rent is generally lower in smaller markets than in medium sized markets and large urban markets, and varies by geographic region within Canada.

**Description of Material Lease Terms with CTC**

On Closing, the REIT will enter Canadian Tire Leases with CTREL, a wholly owned subsidiary of CTC, for each Canadian Tire Retail store located on the Initial Properties and the REIT will enter into Canadian Tire Leases with CTC for the distribution centre and the gas bars located at the Initial Properties. The obligations of CTREL, in its capacity as tenant, under the Canadian Tire Leases will be guaranteed by Canadian Tire Corporation, Limited. CTC has not guaranteed the leases of any other CTC Banner stores, which stores account for approximately 0.9% and 1.7% of the REIT’s GLA and base minimum rent during the Forecast Period, respectively. The initial term of the Canadian Tire Leases will range from 10 to 21 years from the Closing Date with a weighted average initial term of approximately 16 years. The year of expiry of each Canadian Tire Lease is set forth in Appendix A. Except as otherwise set out in the Canadian Tire Leases, each Canadian Tire Lease will be triple net to the REIT without abatement, set-off or deductions of any kind subject to certain limited exceptions. See “Assets of the REIT — Description of Material Lease Terms with CTC”.

**CAPITAL STRUCTURE STRATEGY**

The Declaration of Trust will provide that the REIT not incur or assume any Indebtedness if, after giving effect to the incurring or assumption of the Indebtedness, the total Indebtedness of the REIT plus the aggregate par value of the Class C LP Units would be more than 60% of Gross Book Value (or 65% of Gross Book Value including convertible Indebtedness). See “Investment Guidelines and Operating Policies — Operating Policies”. At Closing, the REIT’s Indebtedness plus the aggregate par value of the Class C LP Units to Gross Book Value ratio is expected to be approximately 51%. The weighted average distribution rate on the Class C LP Units during the Initial Fixed Rate Period is expected to be approximately 4.50% per annum. See “Capital Structure Strategy”.

**Class C LP Units**

The Class C LP Units will entitle holders to a cumulative, preferential monthly distribution in priority to distributions made to holders of the Class A LP Units, Class B LP Units and the GP Unit, subject to certain exceptions.

During the Initial Fixed Rate Period, the distribution rate is fixed at an annual distribution rate for each series as set out in the following table:

<table>
<thead>
<tr>
<th>Series</th>
<th>Initial Subscription Price</th>
<th>Annual Distribution Rate During Initial Fixed Rate Period</th>
<th>Expiry of Initial Fixed Rate Period</th>
<th>% of Total Class C LP Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$200,000,000</td>
<td>3.50%</td>
<td>May 31, 2015 (1.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>2</td>
<td>$200,000,000</td>
<td>3.50%</td>
<td>May 31, 2016 (2.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>3</td>
<td>$200,000,000</td>
<td>4.50%</td>
<td>May 31, 2020 (6.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>4</td>
<td>$200,000,000</td>
<td>4.50%</td>
<td>May 31, 2024 (10.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>5</td>
<td>$200,000,000</td>
<td>4.50%</td>
<td>May 31, 2028 (14.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>6</td>
<td>$200,000,000</td>
<td>5.00%</td>
<td>May 31, 2031 (17.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>7</td>
<td>$200,000,000</td>
<td>5.00%</td>
<td>May 31, 2034 (20.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>8</td>
<td>$200,000,000</td>
<td>5.00%</td>
<td>May 31, 2035 (21.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>9</td>
<td>$200,000,000</td>
<td>5.00%</td>
<td>May 31, 2038 (24.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>Total / Weighted Average</td>
<td>$1,800,000,000</td>
<td>4.50%</td>
<td>13.4 years</td>
<td>100%(1)</td>
</tr>
</tbody>
</table>

**Note:**

(1) This column adds to 100%, the percentages of individual series have been rounded.
Prior to the completion of the Initial Fixed Rate Period for each series and every five-year period thereafter, holders of such series may elect either a fixed rate or floating rate option for such five-year period, provided that a holder may not elect a floating rate option if such election would result in the REIT exceeding the limit on floating rate instruments set out in the Declaration of Trust. If a holder of Class C LP Units elects a fixed rate option for a particular series, then the annual distribution rate on such series for such five-year period will be the Annual Fixed Distribution Rate, being the five-year Government of Canada bond yield plus the Spread. If a holder elects a floating rate option for a particular series, then the monthly distribution rate on such series for such five-year period will be the Monthly Floating Distribution Rate, being the T-Bill Rate plus one twelfth of the Spread.

On the expiry of the Initial Fixed Rate Period for each series, and every five-year period thereafter, the Partnership may redeem, and a holder of such series may require the Partnership to redeem, outstanding Class C LP Units of that series at the Redemption Price, being the amount equal to par value together with all accrued and unpaid distributions.

The Partnership may redeem the Class C LP Units at any time after January 1, 2019, provided that such redemption is related to the sale of properties, at the Canada Call Price and no Series of Class C LP Units may be redeemed at the election of the Partnership, prior to the Partnership having first redeemed all of the Series 1 Class C LP Units (except with the prior consent of the holders of all of such Series 1 Class C LP Units).

The Partnership may redeem the then outstanding Class C LP Units, at the Canada Call Price, if a person, or group of persons acting jointly or in concert, directly or indirectly, other than CTC or any of its Subsidiaries, acquire more than 66\% of the aggregate voting rights attached to the Units and Special Voting Units.

In each of the above circumstances, the Partnership may elect to settle the Redemption Price or the Canada Call Price, in whole or in part, in cash or by issuing Class B LP Units.

The Partnership will be required to make an offer to the holders of Class C LP Units to redeem for cash all of the outstanding Class C LP Units following a Change of Control of the REIT, for par value. See “The Partnership — Partnership Units — Class C LP Units” and “Declaration of Trust and Description of REIT Units”.

**TRUSTEES AND MANAGEMENT OF THE REIT**

The following table sets forth information regarding the Trustees and executive officers of the REIT at Closing.

<table>
<thead>
<tr>
<th>Name, Province or State and Country of Residence</th>
<th>Independent</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Laidley ...................................</td>
<td>Yes(1)(2)</td>
<td>Corporate Director</td>
</tr>
<tr>
<td>Brent Hollister ..................................</td>
<td>Yes(1)</td>
<td>Corporate Director</td>
</tr>
<tr>
<td>Anna Martini .....................................</td>
<td>Yes(1)</td>
<td>President of Groupe Dynamite Inc.</td>
</tr>
<tr>
<td>John O'Byran ....................................</td>
<td>Yes(1)</td>
<td>Chairman, CBRE Limited</td>
</tr>
<tr>
<td>Dean McCann ......................................</td>
<td>No(3)</td>
<td>Chief Financial Officer and Executive Vice-President of Finance of CTC</td>
</tr>
<tr>
<td>Kenneth Silver ...................................</td>
<td>No(3)</td>
<td>President and Chief Executive Officer of the REIT</td>
</tr>
<tr>
<td>Stephen Wetmore ..................................</td>
<td>No(3)</td>
<td>President and Chief Executive Officer of CTC</td>
</tr>
<tr>
<td>Louis Forbes .....................................</td>
<td>N/A</td>
<td>Senior Vice President and Chief Financial Officer of the REIT</td>
</tr>
</tbody>
</table>

Notes:
(1) Trustee is an Independent Trustee who is not affiliated with CTC.
(2) Board Chairman of the REIT.
(3) Trustee is a nominee of CTC.

See “Trustees and Management of the REIT”.
The Declaration of Trust provides CTC with the exclusive right to nominate to the Board between one and four Trustees depending on the size of the board and CTC’s effective interest in the REIT, on a fully-diluted basis. As of Closing, the REIT will have seven Trustees and CTC will have the right to nominate three Trustees. Subject to certain conditions and restrictions, CTC will be granted tag-along and drag-along rights as well as pre-emptive rights to maintain its effective pro rata ownership interest in the REIT and demand and “piggy-back” registration rights with respect to public offerings by the REIT. The Declaration of Trust will also provide that for so long as CTC directly or indirectly holds a majority of the Voting Units, the REIT may not undertake, without the prior written consent of CTC (in its sole and absolute discretion): (i) any material acquisition, disposition or development; (ii) subject to the CT Re-Financing Obligations, any financings (debt or equity), re-financings or similar transactions; (iii) any direct or indirect granting of security over any assets of the REIT or any related entity; or (iv) the replacement of the Chief Executive Officer of the REIT. See “Declaration of Trust and Description of REIT Units”.

Arrangements with CTC

On Closing, the REIT, the Partnership and CTC will enter into certain agreements governing the relationships among such parties following Closing, including the Services Agreement, Property Management Agreement, ROFO Agreement, Development Agreement and Non-Competition and Non-Solicitation Agreement. In addition, CTC also has certain rights pursuant to the terms of the Declaration of Trust, including nomination rights and consent rights. See “Declaration of Trust and Description of REIT Units”, “Retained Interest” and “Arrangements with CTC”.
The following financial forecast was prepared by CTC on behalf of the REIT, using assumptions with an effective date of October 1, 2013.

The assumptions used in the preparation of a forecast, although considered reasonable by management at the time of preparation, may not materialize as forecasted and unanticipated events and circumstances may occur subsequent to the date of the forecast. Accordingly, there is a significant risk that actual results achieved for the Forecast Period will vary from the forecasted results and that such variations may be material. There is no representation that actual results achieved during the Forecast Period will be the same in whole or in part as those forecasted. Important factors that could cause actual results to vary materially from the forecast include those disclosed under “Risk Factors”. See also “Forward-looking Statements”.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property revenue</td>
<td>83,165</td>
<td>83,273</td>
<td>83,962</td>
<td>83,110</td>
<td>333,510</td>
</tr>
<tr>
<td>Property expenses</td>
<td>18,763</td>
<td>18,657</td>
<td>18,705</td>
<td>18,224</td>
<td>74,349</td>
</tr>
<tr>
<td>Net operating income</td>
<td>64,402</td>
<td>64,616</td>
<td>65,257</td>
<td>64,886</td>
<td>259,161</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>2,046</td>
<td>2,009</td>
<td>2,009</td>
<td>2,009</td>
<td>8,073</td>
</tr>
<tr>
<td>Class C LP Unit Distributions</td>
<td>19,973</td>
<td>20,195</td>
<td>20,416</td>
<td>20,416</td>
<td>81,000</td>
</tr>
<tr>
<td>Other interest and financing charges</td>
<td>165</td>
<td>166</td>
<td>166</td>
<td>166</td>
<td>663</td>
</tr>
<tr>
<td>Net income and comprehensive income</td>
<td>42,218</td>
<td>42,246</td>
<td>42,666</td>
<td>42,295</td>
<td>169,425</td>
</tr>
</tbody>
</table>

Net income and comprehensive income attributable to:

<table>
<thead>
<tr>
<th></th>
<th>Unitholders</th>
<th>Non-controlling interest(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20,688</td>
<td>21,530</td>
</tr>
<tr>
<td></td>
<td>20,700</td>
<td>21,546</td>
</tr>
<tr>
<td></td>
<td>20,905</td>
<td>21,761</td>
</tr>
<tr>
<td></td>
<td>20,725</td>
<td>21,570</td>
</tr>
<tr>
<td></td>
<td>83,018</td>
<td>86,407</td>
</tr>
</tbody>
</table>

42,218 | 42,246 | 42,666 | 42,295 | 169,425

Note:

(1) Represents Class B LP Units owned by CTC.

See “Financial Forecast”.
The reconciliations of Cash NOI, FFO, AFFO and AFFO per Unit do not form part of the consolidated statements of forecasted net income and comprehensive income.

Set out below is a detailed calculation of NOI and a reconciliation of Cash NOI, FFO, AFFO and AFFO per Unit (in thousands of dollars except for per share amounts). Cash NOI, FFO, AFFO and AFFO per Unit are not measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. Cash NOI, FFO, AFFO and AFFO per Unit as computed by the REIT may differ from similar computations as reported by other real estate companies and accordingly, may not be comparable to Cash NOI, FFO, AFFO and AFFO per Unit as reported by other issuers. See “Additional GAAP and Non-GAAP Measures”. See “Financial Forecast”.

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<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Base Rent</td>
<td>65,898</td>
<td>65,899</td>
<td>65,919</td>
<td>65,929</td>
<td>263,645</td>
</tr>
<tr>
<td>Sub-Total Minimum Base Rent Recovery</td>
<td>17,267</td>
<td>17,374</td>
<td>18,043</td>
<td>17,181</td>
<td>69,865</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>83,165</td>
<td>83,273</td>
<td>83,962</td>
<td>83,110</td>
<td>333,510</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>18,763</td>
<td>18,657</td>
<td>18,705</td>
<td>18,224</td>
<td>74,349</td>
</tr>
<tr>
<td>NOI (Including Properties Straight Line Rent Adjustment)</td>
<td>64,402</td>
<td>64,616</td>
<td>65,257</td>
<td>64,886</td>
<td>259,161</td>
</tr>
<tr>
<td>General and Administrative/Trust Expenses</td>
<td>2,046</td>
<td>2,009</td>
<td>2,009</td>
<td>2,009</td>
<td>8,073</td>
</tr>
<tr>
<td>Total Interest Expense (Including Class C LP Unit Distributions)</td>
<td>20,138</td>
<td>20,361</td>
<td>20,582</td>
<td>20,582</td>
<td>81,663</td>
</tr>
<tr>
<td>Net Income and Comprehensive Income</td>
<td>42,218</td>
<td>42,246</td>
<td>42,666</td>
<td>42,295</td>
<td>169,425</td>
</tr>
<tr>
<td>Reconciliation of Forecasted Net Income to FFO</td>
<td>42,218</td>
<td>42,246</td>
<td>42,666</td>
<td>42,295</td>
<td>169,425</td>
</tr>
<tr>
<td>FFO</td>
<td>42,218</td>
<td>42,246</td>
<td>42,666</td>
<td>42,295</td>
<td>169,425</td>
</tr>
<tr>
<td>Reconciliation of FFO to AFFO</td>
<td>31,564</td>
<td>31,590</td>
<td>32,027</td>
<td>31,656</td>
<td>126,837</td>
</tr>
<tr>
<td>AFFO per Unit</td>
<td>0.18</td>
<td>0.18</td>
<td>0.18</td>
<td>0.18</td>
<td>0.72</td>
</tr>
<tr>
<td>NOI (per above)</td>
<td>64,402</td>
<td>64,616</td>
<td>65,257</td>
<td>64,886</td>
<td>259,161</td>
</tr>
<tr>
<td>Less: Properties Straight Line Rent Adjustment</td>
<td>7,031</td>
<td>7,032</td>
<td>7,015</td>
<td>7,015</td>
<td>28,093</td>
</tr>
<tr>
<td>Add: Land Lease Straight Line Expense Adjustment</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>128</td>
</tr>
<tr>
<td>Cash NOI</td>
<td>57,403</td>
<td>57,616</td>
<td>58,274</td>
<td>57,903</td>
<td>231,196</td>
</tr>
</tbody>
</table>

Notes:

(1) Forecast rent is based on market rents pursuant to the Appraisal.
(2) Forecasted capital expenditures is based on 15 year average pursuant to the BCA Reports.
(3) Assumes 95% of the forecasted capital expenditures identified in the BCA Reports are recoverable from tenants.
(4) Assumes no leasing cost.
(5) Calculated assuming all Class B LP Units were converted into Units at the beginning of the Forecast Period.

Sources and Uses

The following are the expected sources and uses of consideration for the purchase of the Initial Properties and their expected uses on Closing, together with the related cash components thereof:

<table>
<thead>
<tr>
<th>Sources</th>
<th>(in thousands of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Offering of Units</td>
<td>$ 263,500</td>
</tr>
<tr>
<td>Units Issued to CTC</td>
<td>$ 597,111</td>
</tr>
<tr>
<td>Class B LP Units</td>
<td>$ 895,598</td>
</tr>
<tr>
<td>Class C LP Units</td>
<td>$1,800,000</td>
</tr>
<tr>
<td></td>
<td><strong>$3,556,209</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consideration to the vendors of the Initial Properties</td>
<td>$3,533,881</td>
</tr>
<tr>
<td>Offering Costs</td>
<td>$ 21,651</td>
</tr>
<tr>
<td>Acquisition Costs of the Initial Properties</td>
<td>$ 677</td>
</tr>
<tr>
<td></td>
<td><strong>$3,556,209</strong></td>
</tr>
</tbody>
</table>
POST-CLOSING STRUCTURE

Public Unitholders

Units(2)

REIT (Ontario)

Common Shares

Class A LP Units

Special Voting Units(3)

Units(2)

General Partner (Ontario)

GP Unit

Class B LP Units(2)

CTC(1)

Class C LP Units

Partnership (Ontario)

100% Beneficial Interest

Initial Properties

Notes:

(1) CTREL (a wholly-owned Subsidiary of CTC) and two limited partnerships that are wholly-owned Subsidiaries of CTC will initially be the limited partners of the Partnership and will receive all of the Class B LP Units and Class C LP Units upon the sale of the Initial Properties to the Partnership on Closing.

(2) CTC will hold an approximate 85.0% effective interest in the REIT through ownership of 59,711,094 Units and all of the Class B LP Units that are economically equivalent to and exchangeable for Units (or an approximate 83.1% effective interest in the REIT if the Over-Allotment Option is exercised in full).

(3) Each Class B LP Unit will be accompanied by one Special Voting Unit which will provide the holder thereof with a right to vote on matters respecting the REIT equal to the number of Units that may be obtained upon the exchange of the Class B LP Units for which each Special Voting Unit is attached.

(4) All ownership interests in the above Post-Closing Structure diagram are 100% unless otherwise indicated.
THE OFFERING

Offering: 26,350,000 Units. See “Plan of Distribution”.

Amount: $263,500,000

Price: $10.00 per Unit.

Over-Allotment Option:
The REIT has granted to the Underwriters an option exercisable in whole or in part and at any time up to 30 days after Closing to purchase up to an additional 3,952,500 Units at a price of $10.00 per Unit solely to cover over allocations, if any, and for market stabilization purposes. See “Plan of Distribution”.

Use of Proceeds:
The net proceeds of the Offering will be approximately $241.2 million, after deducting the REIT’s estimated expenses of the Offering and the Underwriters’ fee. The REIT will use the net proceeds as partial consideration for the Acquisition. In particular, the REIT will use approximately $241.2 million and will issue 59,711,094 Units to CTC to repay a promissory note that was issued to CTC in exchange for all of the Class A LP Units. In addition, in connection with the Acquisition the Partnership will issue 89,559,771 Class B LP Units and 1,800,000 Class C LP Units to CTC. See “Acquisition of the Initial Properties”.

The net proceeds received by the REIT on the exercise of the Over-Allotment Option, to the extent exercised, will be used by the REIT for future acquisitions, investments in properties and general trust purposes. See “Plan of Distribution”.

Unit Attributes:
The REIT is authorized to issue an unlimited number of Units and Special Voting Units. Each Unit represents an undivided beneficial interest in the REIT. Each Unit is transferable and entitles the holder thereof to an equal participation in distributions of the REIT and one vote at meetings of Voting Unitholders. Special Voting Units do not have any entitlement in the REIT with respect to distributions but do entitle the holder to one vote per Special Voting Unit at any meeting of Voting Unitholders. Special Voting Units may be issued only in connection with or in relation to Class B LP Units (or in limited circumstances, Class C LP Units) for the purpose of providing voting rights with respect to the REIT to the holders of such securities. Special Voting Units will not be transferable separately from the Class B LP Units or the Class C LP Units, as the case may be, to which they are attached and will be automatically transferred upon the valid transfer of such Class B LP Units or Class C LP Units, as the case may be.

In addition to the Units and Special Voting Units, the REIT is also authorized to create and issue in the future an unlimited number of Preferred Units, in series, having terms and conditions as may be determined by the Board from time to time.

See “Declaration of Trust and Description of REIT Units”.

Retained Interest:
On Closing, it is expected that CTC will hold an approximate 85.0% effective interest in the REIT through ownership of 59,711,094 Units and all of the Class B LP Units (or an approximate 83.1% effective interest in the REIT if the Over-Allotment Option is exercised in full). In addition, CTC will hold all of the outstanding Class C LP Units of the Partnership. See “Retained Interest — Retained Interest of CTC” and “Plan of Distribution”. Each Class B LP Unit will be exchangeable at the option of the holder for one Unit of the REIT (subject to certain anti-dilution adjustments), will be
accompanied by one Special Voting Unit and will receive distributions of cash from the Partnership equivalent, pro rata, to distributions on the Units. See “Distribution Policy”. The transfer of Class B LP Units is subject to a number of restrictions. See “The Partnership — Transfer of LP Units”.

The Class C LP Units have been designed to provide CTC with an interest in the Partnership that will, subject to certain exceptions, entitle CTC to cumulative monthly distributions in priority to distributions to holders of the Class A LP Units, Class B LP Units and GP Units, subject to certain exceptions. The weighted average annual distribution rate on the Class C LP Units during the Initial Fixed Rate Period will be 4.50%, distributed on a monthly basis.

In addition, CTC has agreed with the Underwriters not to directly or indirectly, or to cause any of its affiliates to directly or indirectly, offer, sell or otherwise dispose of, or agree to, or announce, any such offer, sale or disposition without the prior written consent of the Underwriters, which consent may not be unreasonably withheld or delayed: (i) any Class B LP Units (or Units into which the Class B LP Units are exchangeable) acquired by CTC pursuant to the Acquisition, and (ii) any Units acquired by CTC in connection with Closing, in each case for a period of 18 months following Closing. See “Plan of Distribution”. Over many decades, CTC has built and maintained a significant ownership interest in its Canadian Tire Retail store properties and views that ownership interest as being an important component of CTC’s long-term strategy. CTC views the creation of the REIT as a preferred structure by which it can continue to own a significant interest in its Canadian Tire Retail store properties and believes that continuing to own an effective majority ownership interest in the REIT is consistent with its long-term strategy.

**Distribution Policy:**

The REIT initially intends to make monthly cash distributions of $0.054167 per Unit to Unitholders, which are estimated to be approximately 90% of the REIT’s AFFO on an annual basis during the Forecast Period. The Partnership will make corresponding monthly cash distributions on each Class B LP Unit that are equal to the distributions that the holder of the Class B LP Unit would have received if it was holding a Unit instead of a Class B LP Unit. Declared distributions will be paid to Unitholders and holders of Class B LP Units of record at the close of business on the last business day of a month on or about the 15th day of the following month. The first distribution will be for the period from Closing to November 30, 2013 and will be made on December 13, 2013 in the amount of $0.070194 per Unit (assuming that Closing occurs on October 23, 2013). The REIT intends to make subsequent monthly distributions in the estimated amount of $0.054167 per Unit, commencing January 15, 2014. See “Distribution Policy” and “The Partnership — Distributions”. Despite the distribution policy, the Trustees retain full discretion with respect to the timing and quantum of distributions.

**DRIP:**

Following Closing and subject to regulatory approvals, the REIT intends to adopt the DRIP. Eligible Unitholders who elect to have all or a portion of the cash distributions of the REIT automatically reinvested in additional Units (at price per Unit calculated by reference to the five-day volume weighted average for the Units on the TSX) will receive a further distribution of Units equal to 3% of each distribution that was reinvested by them. Upon the conversion by CTC of Class B LP Units into Units, CTC will be eligible to participate in the DRIP with respect to those Units in the same manner as all
other eligible Unitholders. See “Distribution Policy — Distribution Reinvestment Plan”. CTC does not currently intend to participate in the DRIP.

Upon the request of a holder of Class B LP Units, the Partnership shall adopt a similar distribution reinvestment plan for the holders of Class B LP Units such that they may elect to have all or some of the cash distributions on the Class B LP Units automatically reinvested in additional Class B LP Units on the same basis as a Unitholder pursuant to the DRIP. Moreover, pursuant to the Exchange Agreement, holders of Class B LP Units may also elect to receive distributions on Class B LP Units in the form of Units on a basis equivalent to the rights of Unitholders participating in the DRIP. See “Retained Interest — Exchange Rights”.

**Risk Factors:**

An investment in Units is subject to a number of risk factors that should be carefully considered by a prospective purchaser. Cash distributions by the REIT are not guaranteed and will be based, in part, upon the financial performance of the REIT’s properties, which is susceptible to a number of risks. These risks, and other risks associated with an investment in Units, include but are not limited to those related to capital markets and interest rate movements, the real estate industry, the REIT and its business, the REIT’s relationship with CTC and the Offering. See “Risk Factors” and the other information included in this prospectus for a discussion of the risks that an investor should carefully consider before deciding to invest in Units.
THE REIT

Establishment and Overview

The REIT is an unincorporated, closed-end real estate investment trust established pursuant to the Declaration of Trust under, and governed by, the laws of the Province of Ontario. The principal, registered and head office of the REIT is located at 2180 Yonge Street, P.O. Box 770, Station K, Toronto, Ontario, M4P 2V8. The REIT has been formed to own income producing commercial properties located primarily in Canada. All of the Initial Properties will be acquired, indirectly through the Partnership, from CTC and approximately 97.4% of the REIT’s base minimum rent during the Forecast Period will come from CTC Banner stores and one distribution centre (which supports Canadian Tire Retail operations).

CTC has been in business for over 90 years, now offering a range of products and services to Canadians through a family of businesses including: (i) Canadian Tire Retail, one of Canada’s most shopped general merchandise retailers, with stores that are easily identified by the Canadian Tire name and trade-mark, which has established a strong reputation and high recognition throughout the communities it serves; (ii) Canadian Tire Petroleum, one of Canada’s largest independent retailers of gasoline; (iii) FGL Sports, the largest sporting goods retailer in Canada, selling footwear, sports equipment and apparel through retail businesses that include Sport Chek and Sports Experts; (iv) Mark’s, one of the largest specialty apparel retailers in Canada, offering casual and industrial clothing and footwear to men and women for work and leisure, operating under the name “L’Équipeur” in Quebec; and (v) Canadian Tire Financial Services, which markets financial and other products and services including credit cards, in-store financing, product warranties, retail deposits and home services. CTC licenses its Associate Dealers to operate 491 Canadian Tire Retail stores and a total of 1,184 stores are operated under various other CTC Banners. CTC’s outstanding Common Shares and Class A Non-Voting Shares are listed on the TSX and are traded under the symbols “CTC” and “CTC.a”, respectively. CTC had a market capitalization of approximately $7.6 billion as of the date of this prospectus and 2012 annual revenues of more than $11.4 billion. CTC’s issuer credit rating from DBRS is “BBB (high) stable” and from S&P is “BBB+ stable”. CTC has advised the REIT that both DBRS and S&P, after considering the REIT transaction, have confirmed CTC’s existing credit ratings. CTC has had an investment grade corporate debt credit rating from each of DBRS and S&P for more than 20 years.

CTC believes that the Initial Properties will provide the REIT with a stable base upon which to grow, including through contractual rent escalations, accretive acquisitions of properties from CTC and third parties and further development (including intensification) of its properties. A primary objective of the REIT is to increase the REIT’s AFFO per Unit and net asset value per Unit, and expand its asset base.

On Closing, the REIT will indirectly acquire, through the Partnership, the Initial Properties, being a portfolio of 256 properties totaling approximately 19 million square feet of GLA, consisting of 255 retail properties across Canada and one distribution centre (which supports Canadian Tire Retail operations). The retail properties will be made up of 229 stand-alone Canadian Tire Retail stores and 26 properties anchored by Canadian Tire Retail stores and containing one or more stores operating under other CTC Banners and/or third party tenants. All of the Initial Properties are currently directly or indirectly owned by CTC and represent approximately 72% of CTC’s owned real estate portfolio (measured by square feet). CTC will be the REIT’s most significant tenant for the foreseeable future with the Canadian Tire Retail stores and the distribution centre that form part of the Initial Properties representing approximately 95.7% of the REIT’s base minimum rent during the Forecast Period, or approximately 97.4% of the REIT’s base minimum rent if all CTC Banner stores are included. On Closing, the REIT will enter into leases with CTC in respect of Canadian Tire Retail store locations with staggered initial terms ranging from 10 to 21 years, with a weighted average initial term of approximately 16 years, and the REIT and CTC will enter into a lease in respect of the distribution centre with an initial term of 17 years. See “Acquisition of the Initial Properties” and “Assets of the REIT”.

On Closing, it is expected that CTC will hold an approximate 85.0% effective interest in the REIT through ownership of 59,711,094 Units and all of the Class B LP Units of the Partnership, which are economically equivalent to and exchangeable for Units (or an approximate 83.1% effective interest in the REIT if the Over-Allotment Option is exercised in full). In addition, CTC will hold all of the Class C LP Units of the Partnership. See “Retained Interest — Retained Interest of CTC”. Over many decades, CTC has built and maintained a significant ownership interest in its Canadian Tire Retail store properties and views that ownership
interest as being an important component of CTC’s long-term strategy. CTC views the creation of the REIT as a preferred structure by which it can continue to own a significant interest in its Canadian Tire Retail store properties and believes that continuing to own an effective majority ownership interest (comprised of Units and Class B LP Units) in the REIT is consistent with its long-term strategy. CTC is also entering into the ROFO Agreement to provide the REIT with the REIT ROFO for a term expiring the later of: (i) 10 years from the Closing Date; and (ii) the time when CTC ceases to hold, directly or indirectly, a majority of the Voting Units. In addition, CTC will enter into the Development Agreement with the REIT for a term expiring the later of: (i) 10 years from the Closing Date; and (ii) the time when CTC ceases to hold, directly or indirectly, a majority of the Voting Units. See “Arrangements with CTC — ROFO Agreement” and Arrangements with CTC — Development Agreement”.

On Closing, the REIT will employ an experienced internal senior executive team who will be supported, pursuant to the Property Management Agreement, by CTC’s team of focused real estate professionals who are intimately familiar with the Initial Properties and the commercial real estate industry and have significant experience in property development and redevelopment, property management and real estate acquisitions and dispositions. CTC will also provide the REIT with certain administrative, legal, financial, information technology, human resources and ancillary services pursuant to the Services Agreement. The services provided under the Property Management Agreement and Services Agreement will be provided on a cost-recovery basis with a fixed maximum fee for the first two calendar years and pro rata for the period from Closing until December 31, 2013. See “Arrangements with CTC — Property Management Agreement” and “Arrangements with CTC — Services Agreement”.

Properties Retained By CTC

The REIT is acquiring 256 of the 365 commercial properties currently owned by CTC, which represents approximately 70% of CTC’s commercial properties and 72% of the square footage at such properties. The Initial Properties represent an attractive and diverse cross section of CTC’s overall portfolio of owned properties across all market sizes and geographical regions. The Retained Properties, which are primarily comprised of retail properties, are similarly distributed across all market sizes and geographical regions. These retail Retained Properties are predominantly ones which are currently being considered by CTC for relocation, replacement or redevelopment, sale, expansion, renovation or closure. CTC has advised the REIT that it anticipates that approximately three quarters of the retail Retained Properties will ultimately be suitable to be offered to the REIT at some time in the future. CTC has further advised the REIT that it currently estimates that, of these retail Retained Properties: (i) approximately a quarter are likely to be suitable to offer to the REIT at various times over the first five years following Closing; (ii) approximately half are likely to be suitable to be offered to the REIT following renovation, expansion, replacement and/or redevelopment activities at such properties; and (iii) approximately a quarter are not likely to be suitable acquisition candidates for the REIT. The offering of Retained Properties by CTC to the REIT, from time to time, will in each case be in CTC’s discretion and dependent on market conditions and the timing and degree of any expansion, renovation and/or redevelopment activities being undertaken by CTC at such properties. The Retained Properties are subject to the terms and conditions of the ROFO Agreement and the Development Agreement. Under the terms of the ROFO Agreement, the REIT will have, subject to prior rights, the right of first offer to purchase any property in Canada that CTC seeks to sell in the future that meets the REIT’s investment criteria for the longer of 10 years and until CTC ceases to hold, directly or indirectly, a majority of the Voting Units. See “Arrangements with CTC — ROFO Agreement”. CTC will continue to be allowed to develop or acquire properties in furtherance of its retail business subject to the Non-Competition and Non-Solicitation Agreement.

Business Objective and Strategies of the REIT

The principal objective of the REIT is to create Unitholder value over the long-term by benefiting from its relationship with CTC and generating reliable, durable and growing monthly cash distributions on a tax-efficient basis. To achieve this objective, management will seek to expand the REIT’s asset base while also increasing its AFFO per Unit and net asset value per Unit, including by capitalizing on contractual rent escalations, pursuing accretive acquisitions of properties from CTC and third parties and through further development (including intensification) of its properties. The REIT will also proactively manage its property portfolio to increase cash
flow from the Initial Properties. Management intends to be disciplined in acquiring properties, with a primary focus on well located retail properties that management believes present the best opportunity to contribute to the REIT’s ability to generate reliable, durable and growing monthly cash distributions on a tax-efficient basis. The REIT will maintain a strong balance sheet and practise prudent financial management to minimize financial risk for Unitholders and achieve an optimal cost of capital.

**Strengths and Investment Highlights**

Management believes that the following describes the key strengths and investment highlights of the REIT and the Initial Properties:

**Attractive Yield**

- **Attractive Yield and Payout Ratio:** The REIT intends to pay reliable, durable and growing monthly cash distributions, initially expected to provide Unitholders with an annual yield of approximately 6.5% based on an AFFO payout ratio of approximately 90%.

- **Tax-Efficient:** The REIT estimates that approximately 23% of the monthly cash distributions during the Forecast Period will be tax-deferred returns of capital, which are non-taxable when received.

**Exceptional Cash Flow Predictability and Durable Monthly Distributions**

- **High Quality Revenue Stream:** CTC is a nationally recognized company and an investment grade tenant. Canadian Tire Retail stores and the distribution centre, that form part of the Initial Properties, will represent 95.7% of the REIT’s base minimum rent during the Forecast Period, providing the REIT with a reliable and durable revenue stream.

- **Reliable AFFO:** The REIT’s AFFO is expected to be reliable as a result of: (i) the REIT’s escalating triple net leases with CTC and other tenants, whereby the REIT’s operating costs will be minimized as substantially all of the REIT’s property operating costs and capital expenditures will be payable by or recoverable from CTC and other tenants; (ii) the fixed nature of the distribution rates on each series of the Class C LP Units during their respective Initial Fixed Rate Periods, the weighted average of which is 13.4 years for all Class C LP Units outstanding on Closing; and (iii) the general and administrative costs and property management costs charged pursuant to the Services Agreement and Property Management Agreement, which are charged on a cost-recovery basis with a fixed maximum fee for the first two calendar years and pro rata for the period from Closing until December 31, 2013. On Closing, the REIT will enter into leases with CTC in respect of Canadian Tire Retail stores and gas bars with staggered initial terms ranging from 10 to 21 years, with a weighted average initial term of approximately 16 years and the REIT and CTC will enter into a lease in respect of the distribution centre with an initial term of 17 years.

**Well-Planned, Solid Long-Term Growth**

- **Solid Growth Opportunities:** The REIT will seek to further improve the REIT’s AFFO per Unit and net asset value per Unit through a number of external and organic growth strategies, including contractual rent escalations, acquisitions and development (including intensification). See “Growth Strategies of the REIT”.

- **Multiple Sources of AFFO Growth:** The size of the portfolio of Initial Properties will enable the REIT to benefit from economies of scale and represents an attractive platform for growth. Management will seek to capitalize on: (i) annual rent escalations; (ii) accretive acquisitions of properties from CTC and from third parties; and (iii) further development (including intensification) of its properties. Management intends to be disciplined in acquiring properties, with a primary focus on well located retail properties in Canada that management believes present the best opportunity to contribute to the REIT’s ability to generate reliable, durable and growing monthly cash distributions. CTC has advised the REIT that it anticipates that approximately three quarters of the retail Retained Properties will ultimately be suitable to be offered to the REIT at some time in the future. The offering of Retained Properties by CTC to the REIT, from time to time, will in each case be in CTC’s discretion and dependent on market conditions
and the timing and degree of any expansion, renovation and/or redevelopment activities being undertaken by CTC at such properties.

- **Investment Grade Rating Provides Opportunity for Financial Flexibility:** In acquiring new properties, the REIT expects to compete against both public and private purchasers. As a public real estate investment trust of significant scale, with a provisional issuer investment grade credit rating, the REIT believes that its access to public capital will provide it with an advantage over many competing property purchasers. In addition, the REIT will not have any secured financing on Closing. The REIT will also have a committed $200 million unsecured operating credit facility at Closing, together with a $100 million accordion provision, to facilitate acquisitions.

- **Capital Expenditure Recoveries:** Consistent with the findings of the BCA Reports, the REIT expects to spend approximately $14.6 million per year on capital expenditures relating to the Initial Properties. This amount is expected to be substantially recoverable from tenants over time. While annual capital expenditures are expected to remain steady over the 15 year period following Closing, the REIT will benefit from increased recovery of amortized capital improvements on a year-over-year basis. For example, in 2014 the Forecast contains $0.22 million of recoveries for amortized capital improvements from CTC, based on the REIT’s forecasted actual capital expenditures for 2014 of $13.6 million. CTC will be required in each subsequent year to pay further additional rent for amortized capital improvements resulting in the difference between amortized capital expenditures recoverable from CTC, and the REIT’s capital expenditure, net of recoverables, declining over time.

**Irreplaceable Canadian Real Estate Portfolio Provides Attractive Value**

- **Investment Grade Anchor Tenant of Exceptional Quality and Creditworthiness:** CTC has had an investment grade corporate debt credit rating from each of DBRS and S&P for more than 20 years. CTC has advised the REIT that both DBRS and S&P, after considering the REIT transaction, have confirmed CTC’s existing credit ratings. CTC has a market capitalization of approximately $7.6 billion as of the date of this prospectus and 2012 annual revenues of more than $11.4 billion. See “Assets of the REIT — Description of the REIT’s Key Tenant”. CTC owns some of the most highly visible and respected retail businesses in Canada including: (i) Canadian Tire Retail, one of Canada’s most shopped general merchandise retailers, with stores that are easily identified by the Canadian Tire name and trade-mark, which has established a strong reputation and high recognition throughout the communities it serves; (ii) Canadian Tire Petroleum, one of Canada’s largest independent retailers of gasoline; (iii) Mark’s, one of the largest specialty apparel retailers in Canada, offering casual and industrial clothing and footwear to men and women for work and leisure, operating under the name “L’Équipeur” in Quebec; (iv) FGL Sports, the largest sporting goods retailer in Canada, selling footwear, sports equipment and apparel through retail businesses that include Sport Chek and Sports Experts; and (v) Canadian Tire Financial Services, which markets financial and other products and services including credit cards, in-store financing, product warranties, retail deposits and home services. More than 80% of Canadians shop at Canadian Tire Retail stores each year.

- **Large Portfolio of High Quality Properties in Desirable and Geographically Diversified Retailing Locations:** The Initial Properties will provide the REIT with immediate scale and presence in strong retailing locations across Canada and will consist of 256 properties totaling approximately 19 million square feet of GLA. Canadian Tire Retail stores will represent approximately 91.8% of the REIT’s base minimum rent during the Forecast Period. The Initial Properties (excluding the distribution centre) are geographically diversified with 43.3% of the REIT’s base minimum rent being derived from properties located in Ontario, 28.1% in Western Canada, 20.5% in Quebec and 8.1% in Atlantic Canada. The Initial Properties (excluding the distribution centre) are also diversified between large urban, medium and small markets, representing 67.6%, 14.3% and 18.1% of the REIT’s base minimum rent, respectively. Additionally, 44% of the Initial Properties (excluding the distribution centre), measured by base minimum rent at Closing, are located in and around the metropolitan locations of Toronto, Montreal, Vancouver, Calgary, Ottawa and Edmonton.
Attractive Retail Attributes of Initial Properties: The Initial Properties have characteristics and amenities that are in high demand among retail tenants. The design, configuration and dimensions of the buildings located on the Initial Properties provide the REIT and its tenants with flexible retail space that can generally support a variety of retail platforms. The Initial Properties are characterized by strong retail attributes, including location, traffic, visibility, frontage and parking. Management believes that, in the long-term, these characteristics will permit the REIT to benefit from development (including intensification) opportunities. Additionally, all of the Initial Properties are located in commercial areas and co-located with, or located in close proximity to, supermarkets and other large-scale retailers, attracting a high volume of customers to the Initial Properties. The attractive attributes of the Initial Properties are a product of CTC’s site selection strategy, which focuses on providing customers with a convenient retail experience.

Attractive Value: According to the independent appraiser, the Initial Properties have an estimated value, as at August 1, 2013, of between $3.745 billion and $3.818 billion, for the improved buildings and land, including a 1% to 3% portfolio premium, representing a capitalization rate between 6.20% and 6.08%, which compares favourably to the implied purchase price of $3.534 billion. At Closing, the weighted average base minimum rent for Canadian Tire Retail stores is $12.73 per square foot, which is equal to the weighted average market rental rate determined by the Appraiser. Based on the results of the BCA Reports, which indicate that only $3.7 million of capital expenditure is currently required on the Initial Properties, the Initial Properties are very well maintained. Management believes that the Initial Properties’ conditions have benefited from CTC’s property management and preventative maintenance program. The REIT will have limited exposure to operating and maintenance capital expenditures due to the high percentage of such costs which are recoverable from CTC pursuant to the Canadian Tire Leases.

Irreplaceable Portfolio: Management believes that it would be exceedingly difficult to replicate the portfolio of Initial Properties, and that the magnitude of the portfolio will enable the REIT to benefit from economies of scale and serve as an attractive platform for value creation and preservation.

Long-Term Investment Grade Tenant: Intrinsic Alignment of Interests with CTC

Anchor Tenant is Long-Term Majority Shareholder: The interests of the REIT and CTC will be intrinsically aligned as the REIT will enable CTC to continue its long standing investment in real estate through a real estate investment trust, which CTC views as a preferred structure that offers reliable, durable and growing distributions to investors while allowing real estate to remain an integral part of CTC’s success and growth plans. CTC’s interests will be aligned with the interests of the other Unitholders through its approximate 85.0% effective interest in the REIT through ownership of 59,711,094 Units and all of the Class B LP Units (or an approximate 83.1% effective interest in the REIT if the Over-Allotment Option is exercised in full). In addition, CTC will hold all of the Class C LP Units of the Partnership. CTC believes that continuing to own an effective majority ownership interest in the REIT is consistent with its long-term strategy. See “Retained Interest” and “Plan of Distribution”.

Mutual Strategic and Long-Term View of Canadian Commercial Real Estate: Over many decades, CTC has built and maintained a significant ownership interest in its Canadian Tire Retail store properties and views that ownership interest as being an important component of CTC’s long-term strategy. CTC views the creation of the REIT as a preferred structure by which it can continue to own a significant interest in its Canadian Tire Retail store properties. The creation of the REIT, and CTC’s approximate 85.0% effective ownership interest in it, is expected to have a minimal impact on CTC’s consolidated net earnings, cash flow and debt metrics as a result of the REIT’s financial statements being consolidated with CTC’s financial statements. In addition, the creation of the REIT is expected to facilitate CTC more effectively pursuing its continuous process of growth and rejuvenation.

Benefits of the REIT’s Relationship with CTC: In addition to the growth opportunities expected to result from the ROFO Agreement and Development Agreement, the REIT expects that its relationship with CTC will provide it with insights into potential retail real estate acquisition and development opportunities across Canada that are superior to those of many real estate investors because of CTC’s direct knowledge of consumer behaviors and their impact on retailers’ space needs. Additionally, CTC is
uniquely suited to serve as a co-anchor in retail properties with many types of big box retailers, such as supermarkets and/or department stores, by virtue of its unique product offering mix, which contributes to the attractiveness of the Initial Properties and is expected to increase the opportunities available to the REIT to combine its largest tenant, CTC, with other tenants.

- **Tenant’s Intention is to Anchor New Developments and Grow the REIT’s Asset Base:** CTC’s intention is to continue to acquire and/or develop properties for the conduct of its business that may also be suitable for the REIT’s portfolio. In addition, CTC has fully committed to the REIT by transferring 256 of the 365 commercial properties currently owned by CTC, which represents approximately 70% of CTC’s commercial properties and 72% of the square footage at such properties. The retail Retained Properties are predominantly ones which are currently being considered by CTC for relocation, replacement or redevelopment, sale, expansion, renovation or closure. CTC has advised the REIT that it anticipates that approximately three quarters of the retail Retained Properties will ultimately be suitable to be offered to the REIT at some time in the future. CTC has further advised the REIT that it currently estimates that, of these retail Retained Properties: (i) approximately a quarter are likely to be suitable to offer to the REIT at various times over the first five years following Closing; (ii) approximately half are likely to be suitable to be offered to the REIT following renovation, expansion, replacement and/or redevelopment activities at such properties; and (iii) approximately a quarter are not likely to be suitable acquisition candidates for the REIT. The offering of Retained Properties by CTC to the REIT, from time to time, will in each case be in CTC’s discretion and dependent on market conditions and the timing and degree of any expansion, renovation and/or redevelopment activities being undertaken by CTC at such properties. On Closing, the REIT and CTC will enter into the ROFO Agreement and the Development Agreement to facilitate a preferential and mutually beneficial business and operating relationship between the parties. Under the ROFO Agreement, the REIT will have, subject to certain existing prior rights, the right of first offer to purchase any property that meets the REIT’s investment criteria, including the Retained Properties and other properties subsequently acquired by CTC, that CTC seeks to sell in the future. In addition, under the Development Agreement, CTC has agreed that the REIT will have a preferential right, subject to certain exceptions, to participate in the development of, and acquire, certain new retail properties. Management expects that its relationship with CTC will meaningfully contribute to the REIT’s strong and sustainable acquisition growth pipeline. See “Arrangements with CTC — ROFO Agreement”, “Arrangements with CTC — Development Agreement”, “Assets of the REIT — Description of Material Lease Terms with CTC” and “Risk Factors”.

**Durable Portfolio Features**

- **Continuity of Industry Leading Property Management:** The Initial Properties have been acquired, developed or upgraded and managed by CTC over several decades. The REIT’s senior executive team will be supported, pursuant to the Property Management Agreement, by CTC’s team of focused real estate professionals, who are intimately familiar with the Initial Properties and the commercial real estate industry and have significant experience in property development and redevelopment, property management and real estate acquisitions and dispositions. CTC’s strong in-house real estate management team oversees CTC’s entire network of owned and leased properties, one of the largest retail networks in Canada, comprising nearly 1,700 locations and almost 52 million square feet of GLA, including the Initial Properties. CTC has a proven track record of developing and redeveloping properties that it owns and has a disciplined and focused site selection strategy. CTC’s expertise in real estate has allowed it to expand strategically and efficiently, securing high-traffic, sought-after locations for its retail outlets.

- **More Than 95% of Total Base Minimum Rent Leased to Investment Grade Tenants:** CTC, an investment grade issuer, is the REIT’s largest tenant with the Canadian Tire Retail stores and a distribution centre, that form part of the Initial Properties, representing approximately 95.7% of the REIT’s total base minimum rent during the Forecast Period. In addition, certain of the Third Party Leases are with investment grade rated tenants. On Closing, management expects that the Initial Properties will have an occupancy level of 99.9%, with substantially all tenants paying market rents as determined by the Appraiser.
• **Low Risk Real Estate:** The Initial Properties are geographically diversified and no single retail property is of a material size to the REIT. The configuration and location of the retail stores are expected to be attractive to multiple users and investors. Initial rental rates under the Canadian Tire Leases are at market rates consistent with those determined by the Appraiser.

• **Maturities of Long-Term Staggered Leases Match Class C LP Unit Redemption Dates:** The maturity profile of the REIT’s lease portfolio will be well distributed, with initial lease terms ranging from 10 to 21 years from the Closing Date. The REIT has ensured that the Canadian Tire Leases have staggered maturities beginning in 2023. Additionally, no more than 2.3% of the REIT’s initial base minimum rent will mature prior to 2024 and 18 months’ notice of renewal is required, thereby mitigating lease maturity risk for the REIT. The weighted average remaining lease term for the REIT’s entire portfolio is approximately 16 years, which is a similar term to the 13.4 years weighted average term of the Initial Fixed Rate Periods of the Class C LP Units. No more than 11% of the Class C LP Units reach their first redemption date in any one year.

• **Investment Grade REIT:** The REIT has been assigned a provisional issuer credit rating of “BBB (high)” by DBRS and “BBB+” by S&P. See “Credit Ratings”.

**Experienced Internal Executive Management and Independent Board**

• **Extensive First-Hand Knowledge and Expertise of Internal Management:** The REIT will be managed and operated by an experienced internal senior executive team comprised of the REIT’s Chief Executive Officer and Chief Financial Officer. The REIT’s Chief Executive Officer, Kenneth Silver, has over 20 years of experience in the retail and commercial real estate industry, including 17 years as the President of CTREL, a wholly-owned real estate Subsidiary of CTC, and is intimately familiar with the Initial Properties. The REIT’s Chief Financial Officer, Louis Forbes, is a chartered accountant and has over 20 years of experience in the real estate industry, including 10 years as Executive Vice President and Chief Financial Officer of Primaris Retail REIT. Together, they bring a strong understanding of, and vast operating experience in, the Canadian real estate and public markets. See “Trustees and Management of the REIT” and “Interests of Management and Others in Material Transactions”.

• **Majority Independent Board and Independent Chairman:** On Closing, a majority of the REIT’s Trustees on the Board will be independent and unaffiliated with CTC, including the Chairman of the Board. The Trustees collectively have extensive experience in corporate governance, capital markets and real estate. See “Trustees and Management of the REIT” and “Interests of Management and Others in Material Transactions”.

**GROWTH STRATEGIES OF THE REIT**

The REIT has a well-planned solid long-term growth strategy, which includes multiple sources of AFFO growth, including (i) contractual rent escalations, (ii) acquisitions (including from CTC and third parties), and (iii) development (including intensification):

• **Contractual Rent Escalations and the Potential for AFFO Growth.** On Closing, the REIT will enter into leases with CTC in respect of Canadian Tire Retail store locations with staggered initial terms ranging from 10 to 21 years, with a weighted average initial term of approximately 16 years. Annual base minimum rent under the Canadian Tire Leases will have weighted average annual rent escalations of approximately 1.5% per year, commencing January 1, 2015. In addition, AFFO growth will be amplified by the REIT’s ratio of Indebtedness plus the aggregate par value of the Class C LP Units to Gross Book Value, which is expected to be approximately 51% at Closing.

• **Disciplined Acquisition and Development Program.** The REIT intends to acquire new and redeveloped properties primarily in Canada both from CTC and from third party vendors. The REIT also intends to participate in further development (including intensification) opportunities including with CTC pursuant to the Development Agreement. The REIT intends to finance its acquisitions and developments from the proceeds (if any) of the Over-Allotment Option, the Credit Facility, retained cash, and issuances of equity and/or debt to CTC or the public. The REIT’s ability to make acquisitions or undertake developments
and raise capital from further issuances of debt and equity, or to grant security for financing over its assets, will be subject to the consent of CTC until CTC ceases to hold, directly or indirectly, a majority of the Voting Units, as set out in the Declaration of Trust. See “Investment Guidelines and Operating Policies — Operating Policies”. Details of the REIT’s acquisition and development program are as follows:

**Right of First Offer to Acquire and Develop Additional Properties from and with CTC.**

- CTC has advised the REIT that it anticipates that approximately three quarters of the retail Retained Properties will ultimately be suitable to be offered to the REIT at some time in the future. The offering of Retained Properties by CTC to the REIT, from time to time, will in each case be in CTC’s discretion and dependent on market conditions and the timing and degree of any expansion, renovation and/or redevelopment activities being undertaken by CTC at such properties. Management is also aware of CTC’s intention, subject to the restrictions set out in the Non-Competition and Non-Solicitation Agreement, to continue to acquire properties for the conduct of its business that may also be suitable for the REIT’s portfolio. Under the terms of the ROFO Agreement, the REIT will have, subject to certain prior rights, the right of first offer to purchase any property in Canada, including the Retained Properties and other properties subsequently acquired by CTC (including pursuant to CTC’s ongoing development of its network of Canadian Tire Retail stores through the addition of new stores and redevelopment and/or re-tenanting of existing stores) that CTC seeks to sell in the future that meet the REIT’s investment criteria. The ROFO Agreement shall continue in force for a term expiring on the later of: (i) 10 years from the Closing Date; and (ii) the time when CTC ceases to hold, directly or indirectly, a majority of the Voting Units. See “Arrangements with CTC — ROFO Agreement” and “Risk Factors”.

- Management is aware of CTC’s ongoing strategy to actively manage its remaining real estate portfolio by redeveloping and expanding properties for new or enhanced CTC uses. This strategy also applies to properties currently used by CTC that have or will become redundant and can be redeveloped for use by tenants other than CTC. In each case, the REIT will have a right of first offer, subject to certain prior rights, to acquire any such properties should CTC decide to sell such properties. Under the Development Agreement, CTC has also agreed that the REIT will have a preferential right, subject to certain prior rights, to participate in planning such developments of, and where the REIT has participated in the development, to acquire at appraised value, certain new retail properties. In addition, subject to the right of CTC to develop and expand the Initial Properties that it has leased from the REIT, management believes that, in the long term, the REIT will benefit from intensification opportunities on its properties. Subject to the restrictions set out in the Declaration of Trust, the Non-Competition and Non-Solicitation Agreement and the REIT’s risk management policies, the REIT may develop any property, including properties for use by CTC or third parties. In connection with its development activities, the REIT may employ internal resources or engage CTC (subject to the terms of the Property Management Agreement and the Services Agreement) or third party consultants. See “Arrangements with CTC — Development Agreement” and “Risk Factors”.

**Acquisitions from Third Party Vendors.** In addition to commercial properties likely to be acquired from CTC, the REIT intends to acquire properties from third party vendors. The REIT intends to focus its acquisition efforts primarily on commercial retail properties with characteristics and amenities that are in high demand by potential tenants, including CTC and non-CTC tenants. The REIT will evaluate potential acquisition opportunities based on a number of factors, including sustainability of cash flows, price, expected financial performance, physical features, existing leases, functionality of design, geographic market, location and opportunity for future value enhancement. The ability of the REIT to acquire new assets is subject to the consent of CTC until CTC ceases to hold, directly or indirectly, a majority of the Voting Units. See “Arrangements with CTC — Development Agreement” and “Risk Factors”.
CANADIAN RETAIL AND REAL ESTATE MARKET CHARACTERISTICS

Canadian Retail Market Characteristics

According to The Conference Board of Canada, the Canadian retail sector reported sales of $467.8 billion in 2012. With the exception of 2009, the Canadian retail sector has experienced positive sales growth in each year between 2004 and 2012, in aggregate implying an industry sales CAGR of 3.8%. In addition, key growth drivers for the Canadian retail sector include overall population growth and changes in GDP per capita, consumer confidence and demographic trends.

The Canadian retail sector is competitive, with industry participants typically competing based on a combination of price, product quality, merchandising and presentation, convenience, customer service and location. This market is served by a variety of retail formats, including mass merchants, home improvement warehouses, discount formats and specialty retailers. The largest CTC retail business, Canadian Tire Retail, operates in the mass merchant channel. Other CTC Banners include the businesses of specialty retailers such as Sport Chek, Sports Experts, Mark’s and PartSource.

In recent years, both existing competitors and new market entrants have expanded their store networks. In addition to these physical store developments, mobile and social technologies continue to change how and where consumers choose to shop. Retailers are adapting by investing in new store concepts and formats, innovative exclusive brands, enhanced levels of customer service and multi-channel retailing capabilities that complement their physical store networks. While some retail categories (such as books, music, and office supplies) have been heavily impacted by the emergence of eCommerce, online sales have not significantly impacted CTC’s core categories of Automotive, Fixing and Sporting Goods. CTC believes that a strong, well located ‘bricks and mortar’ retail network with integrated digital capabilities will be critical to success in these hard goods categories. The importance of combined physical and digital retail assets has not been overlooked by pureplay digital retailers who are increasingly in search of physical assets to extend, enhance or accelerate the customer experience.

Canadian consumers have historically had a stronger preference for traditional ‘bricks and mortar’ retail versus online retail when compared to other G-20 countries. Despite Canada having a higher internet usage rate when compared to other developed countries\(^1\), online retail in Canada accounted for only 3.4% of total retail sales in 2010, compared to 5.0% in the United States during the same period.\(^2\) Similarly, the internet economy accounted for only 3.0% of Canada’s GDP in 2010, compared to an average of 4.3% of GDP for developed markets and 4.7% of United States GDP.\(^3\) According to Boston Consulting Group, when considering making a purchase, Canadian consumers have been shown to conduct research online and then make actual purchases offline more frequently than consumers in the U.S. and the U.K. In 2010, Boston Consulting Group estimated...
that this behaviour accounted for U.S.$58 billion in sales in Canada, which was 3.2 times higher than online retail sales, compared to a multiple of 1.9 times in the United States and 0.9 times in the U.K. (2) Retail GLA per capita is lower in Canada than in the U.S. resulting in higher retail sales per square foot on average in Canada as compared to the U.S. As growth in retail GLA in Canada has trailed population growth, management expects this differential is to be maintained. These factors have proven attractive to U.S. retailers seeking to enter Canada, creating demand for Canadian retail real estate.

**Canadian Retail Real Estate Market Characteristics**

Despite changing consumer dynamics, leasing market fundamentals in the Canadian retail real estate sector continue to show strength with 2012 being another solid year of demand coupled with a suitable amount of new supply. Retail sales increased 2.5% in 2012 and are expected to grow by 2.0% in 2013. (3) According to CBRE, the national retail vacancy rate, which was 4.9% in 2012, is expected to trend even lower and end 2013 at 4.7%, a decrease of 20 basis points. (4)

With many markets in short supply of space, rents for retail properties continued to move higher in 2012, at or near CPI levels. (3) Completion of new retail space reached approximately 3.4 million square feet in 2012 and will increase to an estimated 4.3 million square feet in 2013. (4) Going forward, robust demand and moderate supply are expected to keep retail real estate leasing fundamentals strong.

Investor demand remains strong for retail properties, reflected by a record number of retail properties sold in 2012 (1,215), with a total aggregate transaction value of $4.9 billion, compared to 2011’s record total of $5.7 billion. According to CBRE, private investors were the dominant buyer group, accounting for 58% of retail purchases ($2.8 billion), followed by real estate investment trusts and real estate operating companies (27% or $1.3 billion) and institutional investors (9%, or $441 million). (5)

**Notes:**

(1) comScore Canada Digital Future in Focus 2012.


(3) CBRE Canada Retail MarketView Q4 2012.

(4) CBRE Canada Commercial Real Estate Market Outlook 2013.
ASSETS OF THE REIT

General

On Closing, the REIT will indirectly acquire, through the Partnership, the Initial Properties, being a portfolio of 256 properties consisting of 255 retail properties across Canada and one distribution centre (which supports Canadian Tire Retail operations). The retail properties will be made up of 229 properties with a stand-alone Canadian Tire Retail store and 26 properties anchored by a Canadian Tire Retail store and containing one or more stores operating under other CTC Banners and/or third party tenants. On Closing, 97.7% of GLA will be attributable to Canadian Tire Retail stores and the distribution centre, with a weighted average initial term of approximately 16 years. The Initial Properties comprise an aggregate of approximately 19 million square feet of GLA across Canada.

The net book value of the Initial Properties, as recorded by CTC in accordance with the cost model under GAAP, was approximately $1.58 billion as at June 29, 2013.

The Initial Properties are well located within their respective markets and will provide an attractive platform from which to grow given their stable characteristics, which include high occupancy, staggered lease maturities and strong retailing attributes, including, location, traffic, visibility, frontage and parking. Additionally, all of the Initial Properties are located in commercial areas and co-located with, or located in close proximity to, supermarkets and other large-scale retailers, attracting a high volume of customers to the Initial Properties.

A list of the Initial Properties, including details of location, year built, GLA and lease expiry for each of the properties, is set out in Appendix A — Initial Properties.

Description of the REIT’s Key Tenant

CTC will be the REIT’s most significant tenant for the foreseeable future with Canadian Tire Retail stores and the distribution centre, that form part of the Initial Properties, representing approximately 95.7% of the REIT’s base minimum rent during the Forecast Period, or approximately 97.4% of the REIT’s base minimum rent if all CTC Banner stores are included.

CTC has been in business for over 90 years, now offering a range of products and services to Canadians through a family of businesses including: (i) Canadian Tire Retail, one of Canada’s most shopped general merchandise retailers, with stores that are easily identified by the Canadian Tire name and trade-mark, which has established a strong reputation and high recognition throughout the communities it serves; (ii) Canadian Tire Petroleum, one of Canada’s largest independent retailers of gasoline; (iii) FGL Sports, the largest sporting goods retailer in Canada, selling footwear, sports equipment and apparel through retail businesses that include Sport Chek and Sports Experts; (iv) Mark’s, one of the largest specialty apparel retailers in Canada, offering casual and industrial clothing and footwear to men and women for work and leisure, operating under the name “L’´Equipeur” in Quebec; and (v) Canadian Tire Financial Services, which markets financial and other products and services including credit cards, in-store financing, product warranties, retail deposits and home services. The CTC brand is consistently rated one of the most trusted brands in Canada and has almost universal brand recognition in Canada. CTC has a tremendous presence in Canada through its network of nearly 1,700 locations across its CTC Banners. CTC has a strong track record of growing its business and creating new growth platforms through the introduction of new products, services, store concepts and digital platforms.

The Canadian Tire business was founded in 1922 by two Toronto brothers, John W. Billes and Alfred J. Billes, and in 1927 Canadian Tire Corporation, Limited was officially incorporated. In 1934, the Associate Dealer relationship was established by CTC’s founding Billes brothers and a store in Hamilton became the first officially designated Associate Dealer store. In 1958, CTC opened its first gas bar at Yonge and Church Streets in Toronto and gas bar customers received discount coupons later known as Canadian Tire ‘Money’. In 1968, CTC integrated a financial services subsidiary into its business model. For over 90 years Canadian Tire has become one of Canada’s most recognized and highly-valued brands. Supported by nearly 1,700 retail locations across Canada, CTC offers a broad range of retail products, home services and financial services. Through the CTC Banners, CTC offers a unique assortment of tires, automotive parts and service, hardware, housewares, sporting goods, footwear, petroleum, industrial apparel and casual clothing — all supported by a highly-successful financial services division. CTC also boasts an impressive web presence and a new, leading-edge digital technology strategy. Across the CTC Banners, CTC has invested in innovative store formats to compete in the full spectrum of markets in Canada, including multi-level formats to compete in dense, urban locations. The combination of its unique mix of product offerings, extensive reach and scale, innovative store formats, technology strategy and strong financial foundation have positioned CTC as one of Canada’s most shopped retailers.
CTC, through its Associate Dealers, currently operates 491 Canadian Tire Retail stores with a total GLA of 31 million square feet of which 73%, representing a total GLA of almost 22 million square feet, are located on 358 properties owned by CTC. A total of 1,184 stores are operated under various other CTC Banners.

CTC, together with its Associate Dealers, franchisees and agents, is one of the largest private sector employers in Canada with more than 85,000 full-time and part-time employees. CTC estimates that it currently serves nearly 3.5 million customers per week, representing approximately 13% of the total Canadian population. More than 80% of Canadians shop at Canadian Tire Retail stores each year. CTC’s customers represent a wide cross section of consumers located across Canada. CTC flyers and catalogues reach over 11 million households each week and CTC’s website, www.canadiantire.ca, received more than 100 million views in 2012 making it the most visited retail site in Canada. In addition, approximately one in five Canadians holds a Canadian Tire Options MasterCard.

CTC is one of Canada’s oldest retailers, Canada’s leading retailer in key heritage categories, including sports, automotive, living and fixing, and is an industry leader in innovation and sustainability. CTC has served generations of Canadians and continues to engender a strong emotional connection with its large customer base. Canadian Tire Retail is one of Canada’s most shopped general merchandise retailers. Its stores are easily identified by the Canadian Tire name and trade-mark and it has established a strong reputation and high recognition throughout the communities it serves. CTC is enhancing its iconic brand and underscoring its long history as a supporter of sports and athletes with its commitment as a premier national partner of the Canadian Olympic Committee and the Canadian Paralympic Committee, and a host of other new and expanded sports marketing partnerships, including a new long-term strategic partnership that has seen Ottawa’s premier sports and entertainment venue renamed to Canadian Tire Centre. CTC’s commitment to the power of sport is embodied in its support of Canadian Tire Jumpstart Charities®, which is dedicated to enriching the lives of children in need through sports and physical activity. In 2012, Jumpstart distributed $12 million back into Canadian communities to help children who otherwise could not have participated in sports and recreation. Since Jumpstart’s inception in 2005, more than half a million children have received financial assistance to help them participate in sports and recreation. Through its sponsorships in Canada’s major sport categories, the CTC family of businesses has taken its rightful place in supporting healthy and active living for Canadians.

Canadian Tire Retail stores are located in each of the provinces and territories in Canada (except Nunavut). CTC licenses the premises on which the Canadian Tire Retail stores are located to individual Associate Dealers who operate each Canadian Tire Retail store and have local knowledge of customers and the community. The entirety of the retail business relationship between CTC and each of its Associate Dealers is being retained by CTC as part of its core retail business and will not be carried on in any way by the REIT. See “Assets of the REIT — Relationship between CTC and its Associate Dealers”.

Both Sport Chek (an FGL Sports retailer) and Mark’s will have retail operations located in the Initial Properties. FGL Sports is the largest sporting goods retailer in Canada, selling footwear, sports equipment and apparel through a network of corporately owned and franchised retail stores. FGL Sports also operates a wholesale business pursuant to which it sells such products through other retail customers. Mark’s is one of the
largest specialty apparel retailers in Canada, operating 385 stores across Canada, offering casual and industrial clothing and footwear to men and women for work and leisure. Mark’s operates under the name “L’Équipeur” in Quebec and also conducts a business to business operation under the name “Imagewear, A Division of Mark’s®”.

Further information about CTC is available through its publicly available continuous disclosure filings made with Canadian securities regulators.

CTC’s outstanding Common Shares and Class A Non-Voting Shares are listed on the TSX and are traded under the symbols “CTC” and “CTC.a”, respectively. CTC had a market capitalization of approximately $7.6 billion as of the date of this prospectus and generated 2012 annual revenues in excess of $11.4 billion. CTC has had an investment grade corporate debt credit rating from each of DBRS and S&P for more than 20 years.

As at October 10, 2013, CTC’s issuer credit rating from DBRS is “BBB (high) stable” and from S&P is “BBB+ stable”, and its corporate credit ratings for various classes of its securities are as follows:

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<th>Rating</th>
<th>Trend</th>
<th>DBRS</th>
<th>Rating</th>
<th>S&amp;P</th>
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CTC has advised the REIT that both DBRS and S&P, after considering the REIT transaction, have confirmed CTC’s existing credit ratings.

Composition of the Initial Properties

General Description

The Initial Properties consist of 256 properties containing approximately 19 million square feet of GLA across Canada. The Initial Properties are located in every province in Canada and have a weighted average age of 9(1) years. The attributes and characteristics of each Initial Property are described in “Appendix A — Initial Properties”.

There is 9,900 square feet of vacant space currently available for third party tenants.

The following chart outlines the GLA and base minimum rent by tenant type.

<table>
<thead>
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<th>Tenant Type</th>
<th>Gross Leasable Area(2)</th>
<th>Base Minimum Rent During the Forecast Period(3)</th>
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<tr>
<td>Canadian Tire Retail</td>
<td>88.9%</td>
<td>91.8%</td>
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<tr>
<td>Canadian Tire Distribution Centre</td>
<td>8.8%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Sub Total/Average</td>
<td>97.7%</td>
<td>95.7%</td>
</tr>
<tr>
<td>Other CTC Banner Stores</td>
<td>0.9%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Sub Total/Average</td>
<td>98.6%</td>
<td>97.4%</td>
</tr>
<tr>
<td>Third Party</td>
<td>1.4%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Notes:
(1) Weighted average age based on year built or year of major renovation.
(2) Canadian Tire Retail’s GLA does not include the approximately 30,000 to 40,000 square feet of land attributable to each of the gas bars located on the Initial Properties for which the REIT will receive rental payments under the applicable Canadian Tire Lease. For a list of the Initial Properties with gas bars, see “Appendix A — Initial Properties”. See also “Assets of the REIT — Description of Material Lease Terms with CTC” and “Assets of the REIT — Description of Gas Bar Leases”.
(3) Forecast assumes that actual current vacancy of 9,900 square feet remains until August 2014.
**Geographic Breakdown**

Approximately 43.3%, 28.1%, 20.5% and 8.1% of the base minimum rent during the Forecast Period is anticipated to be derived from Initial Properties (excluding the distribution centre) located in Ontario, Western Canada, Quebec and Atlantic Canada, respectively. The following charts illustrate the geographic distribution of the Initial Properties, measured by base minimum rent during the Forecast Period and total GLA on Closing.

The Initial Properties (excluding the distribution centre) are geographically diversified between large urban, medium and small markets across Canada, with 67.6% of the base minimum rent during the Forecast Period from Initial Properties being from properties located in large urban markets, often in close proximity to major retail areas and commercial arteries with high visibility. The following chart provides a breakdown of the Initial Properties by large urban, medium and small markets, measured by total GLA and base minimum rent during the Forecast Period. In addition, approximately 44% of base minimum rent during the Forecast Period will be generated from Initial Properties (excluding the distribution centre) located in and around Toronto, Montreal, Vancouver, Calgary, Ottawa and Edmonton.

The 255 Canadian Tire Retail stores located on the Initial Properties range in size from 12,000 square feet of GLA to 140,000 square feet of GLA. The size of a particular Canadian Tire Retail store is determined based on consumer demand in its local market.

<table>
<thead>
<tr>
<th>Initial Properties by Region</th>
<th>(as a % of forecast Base Minimum Rent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic Canada, 8.1%</td>
<td></td>
</tr>
<tr>
<td>Quebec, 20.5%</td>
<td></td>
</tr>
<tr>
<td>Western Canada, 28.1%</td>
<td></td>
</tr>
<tr>
<td>Ontario, 43.3%</td>
<td></td>
</tr>
</tbody>
</table>

(1) Excludes one Initial Property in Quebec containing a distribution centre

<table>
<thead>
<tr>
<th>Initial Properties by Region</th>
<th>(as a % of Total GLA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic Canada, 10.2%</td>
<td></td>
</tr>
<tr>
<td>Quebec, 21.8%</td>
<td></td>
</tr>
<tr>
<td>Western Canada, 25.3%</td>
<td></td>
</tr>
<tr>
<td>Ontario, 42.7%</td>
<td></td>
</tr>
</tbody>
</table>

(1) Excludes one Initial Property in Quebec containing a distribution centre

<table>
<thead>
<tr>
<th>Initial Properties by Geographic Location</th>
<th>(as a % of forecast Base Minimum Rent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Urban Market(1), 67.6%</td>
<td></td>
</tr>
<tr>
<td>Medium Market(2), 14.3%</td>
<td></td>
</tr>
<tr>
<td>Small Market(3), 18.1%</td>
<td></td>
</tr>
</tbody>
</table>

(1) Population of greater than 100,000
(2) Population between 20,000 and 100,000
(3) Population of less than 20,000
(4) Excludes one Initial Property in Quebec containing a distribution centre.

<table>
<thead>
<tr>
<th>Initial Properties by Geographic Location</th>
<th>(as a % of Total GLA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Urban Market(1), 62.2%</td>
<td></td>
</tr>
<tr>
<td>Medium Market(2), 15.8%</td>
<td></td>
</tr>
<tr>
<td>Small Market(3), 22.0%</td>
<td></td>
</tr>
</tbody>
</table>

(1) Population of greater than 100,000
(2) Population between 20,000 and 100,000
(3) Population of less than 20,000
(4) Excludes one Initial Property in Quebec containing a distribution centre.

The 255 Canadian Tire Retail stores located on the Initial Properties range in size from 12,000 square feet of GLA to 140,000 square feet of GLA. The size of a particular Canadian Tire Retail store is determined based on consumer demand in its local market.
Property Size Breakdown

Approximately 45% of the Canadian Tire Retail stores range in size from 60,000 to 100,000 square feet of
GLA, representing approximately 57.3% of base minimum rent during the Forecast Period from the
Canadian Tire Retail stores located on the Initial Properties. Approximately 9% of the Canadian Tire Retail
stores have greater than 100,000 square feet of GLA, representing approximately 19.0% of base minimum rent
during the Forecast Period, and these are primarily located in large urban markets. Less than 5% of the
Canadian Tire Retail stores’ base minimum rent during the Forecast Period is from stores with less than 30,000
square feet, representing approximately 11% of the Initial Properties, and these are located primarily in small
markets.

Initial Properties: Retail Properties Diversification by Store Size and Type of Market

<table>
<thead>
<tr>
<th>Canadian Tire Retail Store Size</th>
<th>Large Urban</th>
<th>Medium</th>
<th>Small</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 100,000 sf.</td>
<td>20</td>
<td>4</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td>60,000 - 100,000 sf.</td>
<td>83</td>
<td>24</td>
<td>8</td>
<td>115</td>
</tr>
<tr>
<td>30,000 - 59,999 sf.</td>
<td>22</td>
<td>6</td>
<td>61</td>
<td>89</td>
</tr>
<tr>
<td>Under 30,000 sf.</td>
<td>4</td>
<td>1</td>
<td>22</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>35</td>
<td>91</td>
<td>255</td>
</tr>
<tr>
<td>% of Total</td>
<td>50%</td>
<td>14%</td>
<td>36%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Property Type Breakdown

The base minimum rent during the Forecast Period for the Initial Properties is divided among properties
with a stand-alone Canadian Tire Retail store (78.4%), properties anchored by a Canadian Tire Retail store and
containing one or more stores operating under another CTC Banner and/or third party tenants (17.7%), and a
property with a distribution centre supporting Canadian Tire Retail operations (3.9%). Each of the Initial
Properties has CTC as a tenant. The following charts illustrate the composition of the Initial Properties,
measured by base minimum rent during the Forecast Period and total GLA and on Closing.

The distribution centre is a state-of-the-art facility built on a 7.3 million square foot lot. The distribution
centre has 855 car parking spaces, 1,635 trailer parking spaces, 45 tractor parking spaces and 203 loading
positions, as well as an over 850,000 square foot roller compacted concrete tarmac capable of accommodating
almost 2,300 shipping containers.
**Occupancy and Leasing**

The following graph sets out the GLA of the Initial Properties subject to expiration of the initial term of the Canadian Tire Leases in each year. The initial terms of the Canadian Tire Leases to be entered into on Closing range from 10 to 21 years from the Closing Date. The weighted average remaining lease term for all space occupied by Canadian Tire Retail stores, from the Closing Date, is approximately 16 years. Only 2.3% of the initial base minimum rent of the Initial Properties are subject to leases that expire prior to 2024.

![Graph showing Initial Term Lease Expiry by % of Initial Base Minimum Rent and GLA](image)

**Notes:**
1. Excludes vacant properties
2. Initial base minimum rent excludes contractual escalation, which have a weighted average rate of 1.5% per annum

At Closing, the weighted average base minimum rent for Canadian Tire Retail stores is $12.73 per square foot, which is consistent with the weighted average market rental rates determined by the Appraiser in the Appraisals. See “Assessments and Valuation of the Initial Properties — Independent Valuations”. Base minimum rent is generally lower in smaller markets than in medium sized markets and large urban markets, and varies by geographic region within Canada.
**Top 10 Third Party Tenants**

Third party tenants (including CTC Banners other than Canadian Tire Retail) comprise 2.3% of the REIT’s GLA and the top 10 third party tenants comprise 1.88% of the REIT’s GLA, where Mark’s accounts for 146,438 square feet and Sport Chek accounts for 27,889 square feet, together comprising 0.92% of the REIT’s GLA. The following table provides a breakdown of the top 10 third party tenants of the REIT, measured by base minimum rent during the Forecast Period.

<table>
<thead>
<tr>
<th>Third Party Tenant</th>
<th>% of Total Base Minimum Rent of Initial Properties</th>
<th>Total GLA (Sq. Ft.)</th>
<th>% of Total GLA</th>
<th>No. of Locations Within Initial Properties</th>
<th>Average Remaining Lease Term (yrs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark’s(1)</td>
<td>1.35%</td>
<td>146,438</td>
<td>0.77%</td>
<td>15</td>
<td>11.5</td>
</tr>
<tr>
<td>Overwaitea Food Group</td>
<td>0.39%</td>
<td>39,213</td>
<td>0.20%</td>
<td>1</td>
<td>15.2</td>
</tr>
<tr>
<td>Best Buy / Future Shop</td>
<td>0.33%</td>
<td>31,272</td>
<td>0.17%</td>
<td>1</td>
<td>14.2</td>
</tr>
<tr>
<td>Winners / Home Sense / Marshalls</td>
<td>0.28%</td>
<td>30,048</td>
<td>0.16%</td>
<td>1</td>
<td>9.5</td>
</tr>
<tr>
<td>Sport Chek(1)</td>
<td>0.30%</td>
<td>27,889</td>
<td>0.15%</td>
<td>1</td>
<td>14.0</td>
</tr>
<tr>
<td>Royal Bank of Canada</td>
<td>0.21%</td>
<td>22,238</td>
<td>0.12%</td>
<td>4</td>
<td>2.7</td>
</tr>
<tr>
<td>Petsmart</td>
<td>0.20%</td>
<td>17,676</td>
<td>0.09%</td>
<td>1</td>
<td>10.6</td>
</tr>
<tr>
<td>Shoppers Drug Mart</td>
<td>0.21%</td>
<td>16,835</td>
<td>0.09%</td>
<td>1</td>
<td>8.8</td>
</tr>
<tr>
<td>Boston Pizza</td>
<td>0.16%</td>
<td>12,478</td>
<td>0.07%</td>
<td>2</td>
<td>6.4</td>
</tr>
<tr>
<td>Tim Hortons</td>
<td>0.09%</td>
<td>11,173</td>
<td>0.06%</td>
<td>5</td>
<td>13.1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3.52%</strong></td>
<td><strong>355,260</strong></td>
<td><strong>1.88%</strong></td>
<td><strong>10.6</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note:
(1) CTC Banner store.

**Description of Material Lease Terms with CTC**

On Closing, the REIT will enter into lease agreements with CTREL, a wholly owned subsidiary of CTC, for each Canadian Tire Retail store located on the Initial Properties (excluding gas bars located at such properties) and the REIT will enter into a lease agreement with CTC for the distribution centre and the gas bars located at the Initial Properties (each a “Canadian Tire Lease” or collectively, the “Canadian Tire Leases”). For the purposes of this section only (and except when referring to the leases for the distribution centre and gas bars where CTC will be the tenant), all references to “CTC” shall mean CTREL, in its capacity as tenant under the Canadian Tire Leases. The obligations of CTREL, in its capacity as tenant, under the Canadian Tire Leases will be guaranteed by Canadian Tire Corporation, Limited. CTC has not guaranteed the leases of any other CTC Banner stores, which stores account for approximately 0.9% and 1.7% of the REIT’s GLA and base minimum rent during the Forecast Period, respectively.

The following is a summary of the material terms of the Canadian Tire Leases. Although the Canadian Tire Leases are substantially similar, the terms of individual Canadian Tire Leases may vary from property to property depending on the nature and location of the premises being leased.

**Use**

The leased premises may be used for any lawful use, subject to customary limitations and existing title restrictions. CTC shall not be required to either commence business in the leased premises or continue to operate a business in the leased premises, provided that CTC shall continue to pay gross rent and comply with all laws in connection with closing operations including, for example, decommissioning fuel handling and storage equipment. With respect to properties anchored by a Canadian Tire Retail store and containing one or more stores operating under another CTC Banner and/or third party tenant, if CTC ceases business operations at the premises for a period of more than 180 days (subject to certain exceptions, including in connection with major
repairs, renovations, store rebranding, labour disruptions or force majeure), the REIT may terminate the Canadian Tire Lease by notice unless CTC responds within 30 days of such notice, electing to resume carrying on business operations at the leased premises within 120 days and does so within such period. In addition, the Canadian Tire Leases relating to the properties anchored by a Canadian Tire Retail store and containing one or more stores operating under another CTC Banner and/or third party tenant will include customary landlord rights to deal with those portions of such properties which are not leased to CTC.

In the case of the Initial Properties where the sole tenant is a Canadian Tire Retail store, the leased premises cover the entire property save and except for the gas bar area. Such entire leased premises shall at all times be subject to the exclusive control, management and operation of CTC, subject to the maintenance and repair rights and obligations of the REIT.

Term

The initial term of the Canadian Tire Leases will range from 10 to 21 years from the Closing Date with a weighted average initial term of approximately 16 years. The year of expiry of each Canadian Tire Lease is set forth in Appendix A.

Options to Extend

CTC will have multiple consecutive options to extend each Canadian Tire Lease for a total term of 40 to 100 years. Each extension term will be for up to five years, or one extension term of zero to six months in the event that CTC elects not to exercise any of its five year extension term options. Subject to certain exceptions, the Canadian Tire Leases provide such extensions are subject to CTC having given the REIT at least 18 months’ prior notice and there being no event of default under the applicable Canadian Tire Lease when the extension option is exercised. See “Assignment and Subletting”. The annual base minimum rent payable during each extension term under the Canadian Tire Leases will be set at a fair market rent, provided that (i) annual base minimum rent shall not be less than 100% of the base minimum rent during the last year of the preceding term, and (ii) if fair market rent exceeds 108% of the base minimum rent for the last year of the preceding term, then the base minimum rent for such extension term will be equal to (A) 108% of the base minimum rent for the last year of the preceding term, plus (B) 50% of the difference between (1) fair market rent and (2) 108% of the base minimum rent for the last year of the preceding term, provided the extension term rent shall not exceed 112% of base minimum rent for the last year of the preceding term. The definition of “fair market rent” in the Canadian Tire Leases will take into account, among other things, the triple net nature of the lease and the age, size, use and location of the leased premises. If the REIT and CTC are unable to agree on fair market rent for purposes of an extension term, then fair market rent shall be determined pursuant to arbitration procedures set forth in the Canadian Tire Leases.

Annual Base Minimum Rent

CTC will be required to pay annual base minimum rent in equal monthly installments in advance on the first day of each month without abatement, set off or deductions of any kind except in connection with the payment of municipal taxes or tax refunds attributable to CTC. Annual base minimum rent under the Canadian Tire Leases will have weighted average annual rent escalations of approximately 1.5% per year, commencing January 1, 2015.

Triple Net Lease / Additional Rent

Except as otherwise set out in the Canadian Tire Leases, each Canadian Tire Lease will be triple net to the REIT without abatement, set-off or deductions of any kind except in connection with the payment of municipal taxes or tax refunds attributable to CTC. CTC will be solely responsible for all costs and charges for supplying electricity, gas, water, fuel, telephone and other utilities to or in connection with the leased premises.

CTC will be responsible for paying, as additional rent, standard commercial charges such as property maintenance, the REIT’s insurance with respect to the leased premises and all realty taxes levied, charged, rated or assessed against the leased premises, whether paid directly by CTC or reimbursed by CTC to the REIT, provided that CTC will (i) not be responsible for such taxes that result from zoning changes initiated or permitted by the REIT and (ii) have the right to appeal the validity or amount of any realty taxes imposed in respect of the leased premises or CTC’s business at the leased premises.
CTC will pay all realty taxes at properties with a stand-alone Canadian Tire Retail store. At properties anchored by a Canadian Tire Retail store and containing one or more stores operating under another CTC Banner and/or third party tenant, CTC will pay a portion of the realty taxes, based on (i) the separately assessed value of the leased premises, and (ii) its pro rata share of the realty taxes attributed to the property’s common areas. At such properties anchored by a Canadian Tire Retail store, stores operating under a CTC Banner and/or third party tenants will pay their portion of the realty taxes calculated in accordance with the applicable leases.

**Maintenance and Repair**

Except for structural components and certain other obligations, including those set forth below, CTC will be responsible for all maintenance, repairs and replacements of the leased premises (including all windows, doors, HVAC (maintenance and repairs only), non-structural roof repair, electrical and plumbing systems, building cladding and life safety systems) and will keep the leased premises in a state of repair meeting a prescribed standard that provides for reasonable wear and tear.

The REIT will be responsible for maintenance, repairs and replacement of the structural components of the leased premises (the “Structural Repairs”) and the replacement, at CTC’s reasonable request, but not for maintenance or repairs, of the HVAC units, the roof membrane, parking areas and driveway areas (the “Landlord Replacements”), provided that the REIT: (i) will amortize the costs of Structural Repairs and Landlord Replacements over their useful life, and charge the annual amortized portion of such costs back to CTC, with interest at the prime lending rate plus 1.5%, as additional rent to the extent the lease is outstanding; and (ii) will not be required to undertake any Landlord Replacements within the last two years of the initial term or then existing extension term, unless CTC has exercised its next five year extension option, if any. The Canadian Tire Leases will not allow the REIT to charge any property management fees, payable by it under the Property Management Agreement, to CTC.

**Alterations**

CTC may alter, expand and develop the leased premises at its own expense with prior notice to the REIT, provided that: (i) there is no continuing event of default under the applicable Canadian Tire Lease; (ii) the completion of such alteration does not reduce the GLA of the leased premises and complies with all applicable laws, title encumbrances and third party leases; (iii) any plans for structural changes to the leased premises shall be provided to the REIT for its approval in advance, provided that the REIT shall not withhold approval of plans consistent with one of Canadian Tire Retail’s prototype stores at the relevant time; and (iv) CTC shall not be permitted to build a separate permanent building at the property without the REIT’s consent unless such building is to be occupied exclusively by one or more stores operating under a CTC Banner. The REIT shall, following receipt of a notice of a proposed alteration or expansion, have the right to advise CTC of the terms upon which it would be prepared to fund the alteration or expansion and the additional base minimum rent it would charge to CTC in consideration of providing such funding. If CTC proceeds with an alteration or expansion, but chooses to do so at its expense, additional base minimum rent shall not be payable by CTC. CTC shall be responsible for all expense increases resulting from or attributable to the alteration or expansion. The alteration and expansion clause described above will be exclusive to CTC and will have priority over the REIT’s development rights, if any, to the extent of any conflict between such rights.

CTC may, in its sole discretion, install, remove and maintain trade fixtures in the leased premises at all times during the initial term or then existing extension term, provided that CTC shall be required at the expiry or termination of the Canadian Tire Lease to: (i) remove equipment (including fuel handling and storage equipment) relating to service bays and gas bars, and to decommission such equipment and the property, and to remediate the property in accordance with all applicable laws or remediation plans previously approved by the REIT; (ii) remove, to the extent required by the REIT, all trade fixtures and leasehold improvements (but excluding demising walls, office, washroom and staff improvements, HVAC and electrical systems, distribution systems and certain other mechanical systems) and other alterations (including expansions) to the leased premises; (iii) repair all damage or injury caused to the leased premises resulting from such removal; and (iv) transfer to the REIT ownership of any equipment, trade fixtures, leasehold improvements and alterations not required to be removed (the “Restoration Obligations”).
Subject to CTC’s consent, in its sole discretion, and its rights under the alteration and expansion clause described above, the REIT will be entitled to develop any excess space or density on the leased premises for its own benefit provided that its obligations to CTC under the Canadian Tire Lease continue to be met.

**Environmental Covenants**

CTC will provide covenants with respect to compliance in all material respects with all environmental laws from and after Closing. CTC will also be liable for all orders, fines, proceedings, losses, liabilities, damages, costs, expenses and claims of any and every kind with respect to environmental issues caused by CTC or any other person for whom CTC is responsible (or regarding a property under the care and control of CTC pursuant to its lease). CTC will also indemnify the REIT for all environmental issues existing at Closing and for any failure by CTC or any other person for whom CTC is responsible (or regarding a property under the care and control of CTC pursuant to its lease) to comply with environmental laws. At the expiry of a Canadian Tire Lease, if required by law or if the REIT so requests, CTC will be required to remediate any contamination of the property which is CTC’s responsibility under the lease to the standard then applicable to commercial properties, provided that where a site specific risk assessment (or its equivalent) approved by the applicable governmental authority (“SSRA”) is in place at Closing, CTC will not be obliged to remediate that property in respect of the environmental issues identified in such SSRA to the extent of the level of contamination identified therein (subject to any order to do so from an appropriate authority or a change in conditions that warrants remediation), but CTC shall nonetheless continue to indemnify the REIT as described above. The environmental indemnity provided for in the applicable lease will survive until: (i) for a property where CTC has decommissioned the fuel handling and storage equipment (if any) and remediated the associated land, if required, 12 months after the end of the applicable lease term; (ii) for properties with fuel handling and storage equipment, 12 months after the later of the date upon which CTC completes decommissioning of such equipment and remediates the associated land, if required, and the end of the applicable lease term; and (iii) for all other properties, 12 months after the end of the term of the lease associated with the property.

The REIT will be liable for all remediation relating to any contaminants which migrate onto or under a property or are brought onto or located at the property, following Closing, by a person other than CTC or any other person for whom CTC is responsible (or which property is under the care and control of CTC pursuant to its lease).

**Assignment and Subletting**

Without the consent of the REIT but subject to the restrictions below, CTC may: (i) assign a Canadian Tire Lease, including extension rights pursuant thereto; (ii) sublet, part with or share possession of all or any part of the leased premises; and (iii) grant concessions, franchises, licenses or other rights to others to use any portion of the leased premises; in each case provided that: (i) CTC gives advance written notice to the REIT (subject to certain limited exceptions); (ii) there is no continuing event of default under the applicable Canadian Tire Lease; (iii) a transferee who is an assignee must enter into an assumption agreement with the REIT; and (iv) a transferee who is a subtenant must waive any rights to the leased premises if there is a default under such lease and agree, in favour of the REIT, to comply with the terms thereof.

CTC will not be released from its obligations under the initial term or any existing extension term of any Canadian Tire Lease in connection with an assignment of such lease, except where such assignee has a reasonably similar or better financial covenant as CTC at Closing (a “Qualified Assignee”). If CTC wishes to assign a Canadian Tire Lease to a tenant that is not a Qualified Assignee, CTC shall either (i) not be released from its obligations under such lease, or (ii) be released during any extension term (the “First Post Assignment Extension Term”) after the then current term, provided the assignee has forfeited all extension options other than the First Post Assignment Extension Term and provided further that CTC shall not be released from covenants relating to (i) environmental matters, including its environmental covenants, as well as obligations, under the Canadian Tire Leases to remove equipment (including fuel handling and storage equipment) relating to service bays and gas bars, and to decommission such equipment and the property, and to remediate the property in accordance with all applicable laws or remediation plans previously approved by the REIT and (ii) otherwise fulfil its Restoration Obligations. Notwithstanding the foregoing, and to the extent not otherwise released, CTC shall be released from its obligations under a Canadian Tire Lease immediately upon any amendment of an assigned Canadian Tire Lease made after the date of the assignment.
The REIT may sell, lease, convey, mortgage or otherwise dispose of the leased premises and assign any Canadian Tire Lease and any interest of the REIT pursuant to a Canadian Tire Lease without the consent of CTC, subject to CTC’s Right of First Offer and Right of First Refusal described below, provided that CTC’s rights under such lease are not affected. The REIT shall be released from its obligations under any Canadian Tire Lease in the event of such an assignment, provided the transferee assumes the REIT’s obligations.

Under the terms of the lease, the REIT shall not be entitled to mortgage or otherwise encumber the leased premises and or assign the Canadian Tire Leases as security except pursuant to a bona fide financing with an institutional lender. The REIT shall not mortgage or otherwise encumber the leased premises without having obtained from the mortgagee, lender or other secured party an undertaking and agreement to observe and perform any and all of the obligations of the REIT pursuant to the terms of the applicable Canadian Tire Lease when and if such party takes possession of, or otherwise realizes on its security or otherwise encumbers any leased premises, any such mortgagee, lender or other secured party, provided that any such mortgagee, lender or other secured party: (i) shall not be bound by any prepayments of rent (except as expressly provided in the Canadian Tire Lease) or any material amendments, early termination or surrender of the lease unless provided for in the lease or the mortgagee, lender or other secured party consents thereto; (ii) shall not be liable for any default of the REIT under the lease arising prior to the mortgagee, lender or other secured party becoming a mortgagee in possession of the premises or succeeding to the REIT’s interest in the lease except for defaults of a continuous nature; (iii) shall be responsible for the REIT’s obligations only so long as the mortgagee, lender or other secured party realizes on its security by entering into ownership, possession or control of the premises; and (iv) shall be provided, simultaneously with delivery to the REIT, a copy of any notice to the REIT alleging default by the REIT of its obligations under the lease. See “Investment Guidelines and Operating Policies — Operating Policies”.

**Damage and Destruction**

If damage or destruction occurs to the leased premises, CTC shall be responsible to reconstruct, rebuild or repair the leased premises (including all basic mechanical equipment and distribution equipment) to the same standards and extent to which it is responsible to maintain the leased premises under the Canadian Tire Lease. This condition applies whether or not the applicable insurance proceeds, if any, are sufficient to pay the expense thereof. If damage to or of the leased premises occurs during the last three years of the initial term or any extension term such that more than 25% of the building, access to the property or to the loading docks are not available for normal use within 120 days and such damage is not the result of the negligence or willful misconduct of CTC, CTC shall have the right to terminate the Canadian Tire Lease.

CTC will be required to keep in place and pay for insurance in such amounts and on such terms as would be prudent of an owner of a comparable property retail development, provided that CTC will have the right to self-insure for so long as it maintains a credit rating from either DBRS of BBB(low) or BBB— from S&P.

**Restrictive Covenants**

Consistent with CTC’s corporate strategy, past practice and industry norms, the Canadian Tire Leases will include certain restrictions pursuant to which the REIT will not lease to third parties for certain specified competitive or other uses. Such restrictions shall apply until the end of the lease term (including any exercised extension) and thereafter until the tenth anniversary of the end of the lease term (provided that in the case of an assignment to an assignee that is not a Qualified Assignee, where CTC is released from its obligations under such lease, the end of the lease term shall be deemed to be the expiry of the First Post Assignment Extension Term). However, the Canadian Tire Leases will not contain any restrictions that would prohibit the REIT, as landlord, from leasing premises in other properties within a specified radius of the leased premises.

**Right of First Offer**

Subject to any existing rights of first offer or refusal, the REIT will grant CTC a right of first offer (the “Lease ROFO”) until the end of the lease term (including any exercised extension) and thereafter. Such Lease ROFO shall only apply until the later of (i) the tenth anniversary of the end of the lease term (provided that in
the case of an assignment to an assignee that is not a Qualified Assignee and where CTC is released from its obligations under such lease, the end of the lease term shall be deemed to be the expiry of the First Post Assignment Extension Term), and (ii) such time that CTC ceases to hold, directly or indirectly, a majority of the Voting Units. The Lease ROFO will provide that if the REIT wishes to sell or otherwise dispose of a property or any interest therein, that was acquired from CTC or all or part of which is leased by CTC pursuant to a Canadian Tire Lease, the REIT shall first provide an offer to CTC setting out the price and material terms and conditions of the proposed sale or other disposition. CTC will have up to 30 days to either (i) notify the REIT of its acceptance, in the form of an executed non-binding letter of intent (“LOI”) or (ii) provide the REIT with a minimum reserve price, which must be equal to or less than the REIT’s offer price, below which price the REIT will be unable to complete the proposed transaction. If such LOI is accepted, the REIT and CTC shall negotiate an agreement consistent with the terms of such offer within 10 business days, and with such agreement to have a due diligence period of at least 30 days and closing to be no less than 50 days thereafter. If not accepted, the REIT may sell or otherwise dispose of the property, subject to the Lease ROFR, and on the same terms and conditions, provided that such transaction closes within 180 days of the original offer. The Lease ROFO will be reinstated if the proposed transaction is not completed within 180 days of the receipt of the original notice by the REIT. For greater certainty, the Lease ROFO shall be personal to CTC and may not be assigned by CTC. However, the Lease ROFO will continue to apply to premises where CTC has assigned the lease to a Qualified Assignee, and also where CTC has assigned the lease but has not been released from its obligations under such lease through the end of the term of such lease (including renewals).

**Right of First Refusal**

Subject to any existing rights of first offer or refusal, the REIT will grant CTC, a right of first refusal (the “Lease ROFR”) until the end of the lease term (including any exercised extension). Thereafter, such Lease ROFR shall only apply until the later of (i) the tenth anniversary of the end of the lease term (provided that in the case of an assignment to an assignee that is not a Qualified Assignee, and where CTC is released from its obligations under such lease, the end of the lease term shall be deemed to be the expiry of the First Post Assignment Extension Term), and (ii) such time that CTC ceases to hold, directly or indirectly, a majority of the Voting Units. The Lease ROFR will provide that: if the REIT has received a bona fide offer from a Competitor to purchase or otherwise acquire one or more properties or any interest therein, all or part of which is leased or was leased to CTC pursuant to a Canadian Tire Lease, the REIT shall provide such offer to CTC and CTC shall have 10 business days to agree to match such offer by notice to the REIT. If CTC does not provide the REIT with such notice, the REIT may sell or otherwise dispose of such property or properties on the same terms and conditions, provided that such transaction closes within 180 days of the original offer. The Lease ROFR will be exclusive to CTC. For greater certainty, the Lease ROFR shall be personal to CTC and may not be assigned by CTC. However, the Lease ROFR will continue to apply to premises where CTC has assigned the lease to a Qualified Assignee, and also where CTC has assigned the lease but has not been released from its obligations under such lease through the end of the term of such lease (including renewals).

**Description of Gas Bar Leases**

The REIT will lease to CTC the lands relating to Canadian Tire Retail gas bars located on the Initial Properties, each of which will occupy approximately 30,000 to 40,000 square feet of land. Such Canadian Tire Retail gas bars will be operated by third parties pursuant to contractual arrangements between CTC and such third party. Base minimum rent payable by CTC for such gas bar leases will be $30,000 per annum, with an annual rent escalation of 1.5% per year commencing January 1, 2015. The Canadian Tire Leases applicable to Canadian Tire Retail gas bars will be in the form of a ground lease, containing substantially the same provisions, as applicable, pursuant to which CTC will pay directly for any capital expenditures required to be made during the term of the leases (or any extension). The gas bar leases will provide that CTC shall be required at the expiry or termination of the Canadian Tire Lease to remove equipment (including fuel handling and storage equipment) relating to gas bars, and to decommission such equipment and the property, and to remediate the property in accordance with all applicable laws or remediation plans previously approved by the REIT.
Description of Distribution Centre Lease

The REIT will lease the lands and the buildings relating to the distribution centre, that form part of the Initial Properties, to CTC on terms substantially the same as the leases for Canadian Tire Retail stores, save and except that the distribution centre will not be subject to restrictions on use applicable to Canadian Tire Retail stores under such leases, and upon expiration or termination of the term of the lease, CTC will be entitled to remove its equipment, trade fixtures and certain leasehold improvements.

Description of Ground Leases

On Closing, as part of the Initial Properties, the REIT will acquire six properties that are leasehold interests pursuant to long term ground leases. These properties represent approximately 440,793 square feet of GLA, of which two properties and 172,614 square feet of GLA are located in Ontario, two properties and 131,415 square feet of GLA are located in Alberta, one property of 82,989 square feet of GLA is located in Saskatchewan and one property of 53,775 square feet of GLA is located in New Brunswick. The remaining terms of each of these leases, assuming all extension periods are exercised, range from 29 to 43 years, with an average remaining term (including extensions) of approximately 34 years. Rent for such ground leases, following renewals, will be determined based on a range of factors, including, as applicable, market rates, the Consumer Price Index and contractually pre-determined amounts. The Saskatoon property ground lease has the earliest expiration date including renewal options, which occurs in 2042.

Description of Leases with Third Party Tenants (including Mark’s and Sport Chek)

On Closing, the REIT will assume the existing leases between CTC and each of Mark’s, Sport Chek and the third party tenants of the Initial Properties. Each of the leases with third party tenants were negotiated between arm’s length parties and the leases with each of Mark’s and Sport Chek were negotiated among Subsidiaries of CTC on terms which CTC believes are typical for arm’s length parties. Although the specific terms of each such lease differ, these leases are generally triple net leases and management believes that they reflect customary terms for leases of commercial premises. For a list of the top 10 third party tenants of the REIT at Closing, please see “Assets of the REIT — Composition of the Initial Properties — Top 10 Third Party Tenants”. In addition, for further details of the Initial Properties that are subject to one or more Sport Chek, Mark’s or third party leases, please see “Appendix A — Initial Properties — Properties Anchored by CTC with Additional Third Party Tenants”.

Relationship between CTC and its Associate Dealers

Pursuant to the contractual arrangement between each Associate Dealer and CTC (each, a “Dealer Agreement”), and included within a broader fee arrangement, CTC charges its Associate Dealers a licence fee associated with the use of the Canadian Tire Retail store premises. This licence fee is only one component of the larger Dealer Agreement which permits Associate Dealers to operate one or more Canadian Tire Retail stores under the Canadian Tire name. This licence fee is not a rental payment and is not representative of a rate that is consistent with, dependent on or related to third party market rental rates. This licence fee has no correlation with the rent under the Canadian Tire Leases that the REIT will enter into with CTC in respect of the Initial Properties, which initial rent management believes reflects market terms for rental of large scale retail properties from an investment grade tenant. The obligations of the Associate Dealer and CTC pursuant to the Dealer Agreements with respect to this licence fee and other real property matters will remain unaffected following Closing.

Certain Associate Dealers have credit arrangements in place relating to their operations in Canadian Tire Retail store premises which require the Partnership, CTC and CTREL to acknowledge certain rights of the lender under such Associate Dealer credit arrangements. The Partnership, CTC and CTREL will enter into a landlord consent and agreement in respect of those properties where an Associate Dealer has such credit arrangements in place. The landlord consent and agreement includes provisions typical of those included in landlord agreements in favour of a tenant or occupant’s lender, including suspension of the right to terminate the lease for a specified period of time following a default under the credit arrangements with the Associate Dealers, granting occupation rights to the lender in certain circumstances and subordination of any claims of the landlord in the Associate Dealer’s property in favour of its lender’s claims. In certain circumstances, the REIT is required to obtain an agreement in substantially the same form in favour of the Associate Dealer’s lender from any purchaser of such properties subject to the landlord consent and agreement.
ACQUISITION OF THE INITIAL PROPERTIES

The REIT will indirectly acquire interests in the Initial Properties from CTC for an aggregate purchase price of approximately $3.534 billion substantially in the manner summarized below:

Principal Transaction Steps

* Acquisition by the Partnership of the Initial Properties

1. The Limited Partnership Agreement will be amended in a manner to reflect the terms described under “The Partnership”.

2. CTC will transfer its beneficial ownership interests in the Initial Properties to the Partnership in exchange for the issuance of (a) $263,500,000 aggregate principal amount of Class A LP Notes, (b) $597,110,941 aggregate principal amount of Class B1 LP Notes, (c) $409,389,058 aggregate principal amount of Class B2 LP Notes, (d) 48,620,865 Class B LP Units (accompanied by an equivalent number of Special Voting Units), (e) $200,000,000 aggregate principal amount of Class C LP Notes; and (f) 1,600,000 Class C LP Units.

* Repayment of all outstanding Class C LP Notes and issuance of Class C LP Units to CTC

3. The Partnership will then repay all of the issued and outstanding Class C LP Notes issued to CTC in step two by issuing 200,000 Class C LP Units to CTC.

* Repayment of all outstanding Class B2 LP Notes and issuance of Class B LP Units to CTC

4. The Partnership will then repay all of the issued and outstanding Class B2 LP Notes issued to CTC in step two by issuing 40,938,906 Class B LP Units (accompanied by an equivalent number of Special Voting Units) to CTC.

* Repayment of all outstanding Class B1 LP Notes and issuance of Class A LP Units

5. The Partnership will then repay all of the Class A LP Notes and Class B1 LP Notes issued in step two by issuing to CTC 86,061,094 Class A LP Units.

* Transfer of Class A LP Units in Exchange for Promissory Note

6. CTC will then transfer to the REIT 86,061,094 Class A LP Units in exchange for a promissory note.

* Offering of Units by the REIT

7. The REIT will issue 26,350,000 Units pursuant to the Offering, for aggregate gross proceeds of approximately $263.5 million (or net proceeds of $241.2 million, net of estimated costs of $22.3 million).

* Repayment of Promissory Note

8. The REIT will use net proceeds of the Offering from step seven ($241.2 million) and issue 59,711,094 Units to CTC to repay the promissory note issued in step six. This prospectus also qualifies the issuance by the REIT of the 59,711,094 Units issued to CTC under this step.

The purchase and sale transactions described above will be completed pursuant to the Acquisition Agreement and will be conditional upon the completion of the Offering and the receipt of all necessary consents and waivers from all third parties relating to the transactions contemplated herein, including the satisfaction of certain other customary closing conditions. For an illustration of the structure of the REIT upon completion of the Offering and the above transactions, see “Post-Closing Structure” and “Capital Structure Strategy”.

Registered Title and Nominee Arrangements

Following Closing, the Partnership will own all of the outstanding shares of three nominee companies holding registered title to all of the Initial Properties, except that the Partnership will not own the shares of the
four nominee companies that will be holding registered title to the Initial Properties located in Quebec, and there are 66 Initial Properties where registered title will remain with CTC following Closing. The REIT may at any time request the transfer of registered title in respect of any of such 66 Initial Properties.

**Acquisition Agreement and Indemnity Agreement**

The REIT will indirectly acquire interests in the Initial Properties from CTC pursuant to an Acquisition Agreement for an aggregate purchase price of approximately $3.534 billion. The Acquisition Agreement will contain representations and warranties typical of those contained in acquisition agreements negotiated between sophisticated purchasers and vendors acting at arm’s length, certain of which will be qualified as to knowledge and materiality and subject to reasonable exceptions, relating to CTC (as vendor) and the Initial Properties (including, among other things, representations and warranties as to organization and status, power and authorization, compliance with laws, title to the Initial Properties, condition of the Initial Properties, certain property related financial information, outstanding liens, status of the existing leases with third party tenants and in respect of CTC Banner stores (other than the Canadian Tire Retail stores), accuracy of rent rolls, tax matters, environmental matters and litigation matters). CTC will also provide a representation and warranty that this prospectus contains full, true and plain disclosure of all material facts, subject to an exception for portions of this prospectus purporting to be made on authority of an expert or purporting to be an extract from a report, opinion or statement of an expert. Such representations and warranties will survive for a period of 18 months from Closing; provided, however, that representations regarding organization and status, and power and authorization shall survive indefinitely, representations regarding tax matters and environmental matters shall survive for the applicable limitation periods, and the prospectus representation shall survive for a period of three years from Closing.

Pursuant to the Indemnity Agreement, CTC will indemnify the REIT for any breach of the representations and warranties in the Acquisition Agreement. The maximum liability of CTC under such indemnity will be limited to an amount equal to the net proceeds of the Offering and no claim under this indemnity may be made until the aggregate losses exceed $1 million and the threshold dollar amount for each claim to be included for purposes of a breach of representation claim is $50,000.

There can be no assurance of recovery by the REIT from CTC for any breach of the representations and warranties to be made by it under the Acquisition Agreement, as there can be no assurance that CTC’s assets will be sufficient to satisfy such obligations and that the aggregate amount of any claims will not exceed the limits of liability identified above. Only the REIT will be entitled to bring a claim or action for misrepresentation or breach of contract under the Acquisition Agreement and purchasers of Units under this prospectus will not have any contractual rights under the Acquisition Agreement or the Indemnity Agreement. Purchasers will, however, have certain statutory rights of action against the REIT, CTC and the Underwriters under applicable securities laws. See “Purchasers’ Statutory Rights”.

The Acquisition Agreement and the Indemnity Agreement will be contracts of the REIT and will be available electronically on SEDAR under the REIT’s issuer profile following Closing. A purchaser of Units should refer to the terms of the Acquisition Agreement and the Indemnity Agreement for a complete description of the representations, warranties and indemnities being provided in favour of the REIT, and related limitations under the Acquisition Agreement and the Indemnity Agreement.

The Independent ESA Consultant has identified environmental issues at certain of the Initial Properties, and estimated that near-term expenditures for remediation and management of the environmental issues identified could cost approximately $1.1 million. Pursuant to the Acquisition Agreement, CTC will be liable to remediate such identified issues to a standard agreed to by CTC and the REIT.

In addition, pursuant to the Canadian Tire Leases, CTC will provide covenants with respect to compliance in all material respects with all environmental laws from and after Closing. CTC will also be liable for all orders, fines, proceedings, losses, liabilities, damages, costs, expenses and claims of any and every kind with respect to environmental issues caused by CTC or any other person for whom CTC is responsible (or regarding a property under the care and control of CTC pursuant to its lease). CTC will also indemnify the REIT for all environmental issues existing at Closing and for any failure by CTC or any other person for whom CTC is responsible (or regarding a property under the care and control of CTC pursuant to its lease) to comply with
environmental laws, provided that where a record of site condition or equivalent filed with the applicable governmental authority is in place at Closing, CTC will not be obliged to remediate that property in respect of the environmental issues identified in such record of site condition or equivalent to the extent of the level of contamination identified therein (subject to any order to do so from an appropriate authority or a change in conditions that warrants remediation), but CTC shall nonetheless continue to indemnify the REIT as described above. The environmental indemnity provided for in the applicable lease will survive until: (i) for a property where CTC has decommissioned the fuel handling and storage equipment (if any) and remediated the associated land, if required, 12 months after the end of the applicable lease term; (ii) for properties with fuel handling and storage equipment, 12 months after the later of the date upon which CTC completes decommissioning of such equipment and remediates the associated land, if required, and the end of the applicable lease term; and (iii) for all other properties, 12 months after the end of the term of the lease associated with the property.

The REIT will be liable for all remediation relating to any contaminants which migrate onto or under a property or are brought onto or located at the property, following Closing, by a person other than CTC or any other person for whom CTC is responsible (or which property is under the care and control of CTC pursuant to its lease). At the expiry of a Canadian Tire Lease, if required by law or if the REIT so requests, CTC will be required to remediate any contamination of the property which is CTC’s responsibility under the Lease to the standard then applicable to commercial properties. See “Assets of the REIT — Description of Material Lease Terms with CTC”.

ASSESSMENTS AND VALUATION OF THE INITIAL PROPERTIES

Independent Valuations

CTC retained the Appraiser to provide an independent estimate of the fair market value of each of the Initial Properties. The Appraisals for the Initial Properties were prepared in conformity with the Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada. The Appraisal Institute of Canada has adopted a definition of market value, which is “the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus”. According to the Appraisal Institute of Canada, implicit in the definition of market value is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (i) buyer and seller are typically motivated; (ii) both parties are well informed or well-advised and acting in what they consider their best interests; (iii) a reasonable time is allowed for exposure in the open market; and (iv) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

According to the independent Appraiser, the Initial Properties have an estimated value, as at August 1, 2013, of between $3.745 billion and $3.818 billion for the improved buildings and land, including a 1% to 3% portfolio premium that recognizes the infrequency with which portfolios of this size and creditworthiness are offered to potential investors. This estimated value range includes the aggregated current value, before portfolio premium, of the individual leased fee or leasehold estate properties of $3.657 billion plus estimated value of excess land included in the Initial Properties of $51 million. The resulting capitalization rate, including the portfolio premium, implied by the above value range is 6.20% to 6.08%.

In estimating value, the Appraiser used several assumptions, including: a weighted average base minimum rent of $12.73 per square foot for Canadian Tire Retail Stores, a property management fee of 2% of base rent, a structural reserve of 0.5% of effective gross rent, renewal tenant inducement costs ranging from $0 to $10 per square foot, new tenant inducement costs ranging from $10–$30 per square foot, renewal probabilities ranging from 75%–80%, leasing commissions ranging from $4 to $8 per square foot for new tenants and $0 to $2 per square foot for renewals, and a vacancy allowance of 0% on Canadian Tire Retail stores and 5% on third-party tenants (where vacant or upon first expiry). The Appraiser confirmed that the initial base minimum rent on each of the Canadian Tire Retail stores is equal to the Appraiser’s estimate of market rent for such stores.

The Appraiser also identified excess land value of approximately $51 million using a direct comparison approach. In estimating this value, the Appraiser assembled land sales comparables from across Canada and
The estimated market value of the Initial Properties was determined by the Appraiser using an income valuation approach (which utilized both the direct capitalization and discounted cash flow methods). These valuation methods are methods traditionally used by investors when acquiring properties of this nature. The Appraiser gave consideration to a forecast of income for each property based on contractual lease terms, market rental rates, growth levels, ground lease payments, vacancy rates, tenant roll-overs and operating expenses. The Appraiser visited each of the Initial Properties to assess the location and general physical characteristics and estimated the highest and best use for each property. Valuation parameters were used, having due regard to the income characteristics, current market conditions and prevailing economic and industry information, including the impact of recent interest rates increases on property valuation. In appraising the Initial Properties, the Appraiser assumed, among other things, that title to the Initial Properties was good and marketable and did not take into account issues such as, but not limited to, engineering, environmental, zoning, planning or related issues. The Appraiser noted in the Appraisals that they had not reviewed capital expenditure budgets or the BCA Reports for the properties, and that any outstanding expenditures of a capital nature will affect value conclusions.

In determining the approximate market value of the Initial Properties, the Appraiser relied on operating and financial data provided by CTC including (i) the primary CTC lease agreement and (ii) information with respect to sales, listings, leases, at or about the valuation date, of properties considered similar to the subjects. Based on this review, and other relevant facts, the Appraiser considered such data to be reasonable and supportable.

Caution should be exercised in the evaluation and use of appraisal results, such as the Appraisals. An appraisal is an estimate of market value. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The Appraisals are based on various assumptions of future expectations and, while the Appraiser’s internal forecasts of NOI for the Initial Properties is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. See “Risk Factors — Risk Factors Related to the Real Estate Industry and the Business of the REIT”.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the Appraisals.

Building Condition Assessments

Building condition assessment reports (“BCA Reports”) were prepared for each of the Initial Properties by an independent engineering firm for the purpose of assessing and documenting the existing condition of each building and major building operating components and systems. The assessments of the Initial Properties also quantify any major defects in construction, materials or systems identified by such engineering firm, which might significantly affect the value of any of the Initial Properties or the continued operation thereof. The BCA Reports were completed in June, July and August 2013. In addition to required regular maintenance on the various components of the buildings, each of the BCA Reports assessed both work required to be completed immediately (i.e., within 90 days of the assessment) and work recommended to be completed during the subsequent 15 years in order to maintain the building in an appropriate condition.

Based on the BCA Reports, management believes that the Initial Properties are generally well-maintained, in accordance with their use.
The table below summarizes the capital expenditures recommended in the BCA Reports and the amounts that are recoverable from tenants.

<table>
<thead>
<tr>
<th>Capital Expenses Allocated to the REIT</th>
<th>Year 1</th>
<th>Years 2-3</th>
<th>Years 4-6</th>
<th>Years 7-10</th>
<th>Years 11-15</th>
<th>Total</th>
<th>15 Year Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recoverable Expense..................</td>
<td>$12.9</td>
<td>$30.1</td>
<td>$43.2</td>
<td>$58.5</td>
<td>$63.5</td>
<td>$208.2</td>
<td>$13.9</td>
</tr>
<tr>
<td>Non recoverable Expense ...............</td>
<td>$0.7</td>
<td>$1.6</td>
<td>$2.3</td>
<td>$3.1</td>
<td>$3.3</td>
<td>$11.0</td>
<td>$0.7</td>
</tr>
<tr>
<td>Forecast Capital Expenditure ..........</td>
<td>$13.6</td>
<td>$31.7</td>
<td>$45.5</td>
<td>$61.6</td>
<td>$66.8</td>
<td>$219.2</td>
<td>$14.6</td>
</tr>
</tbody>
</table>

The REIT expects to spend approximately $219.2 million over the next 15 years, or approximately $14.6 million per year, on capital expenditures relating to the Initial Properties, substantially all of which is expected to be recoverable from tenants. While annual capital expenditures are expected to remain steady over the 15 year period following Closing, the REIT expects to benefit from increased recoverables of amortized capital improvements on a year-over-year basis. For example, in 2014 the Forecast contains $0.22 million of additional rent in respect of amortized capital expenditures recoverable from CTC, based on the REIT’s forecasted actual capital expenditures for 2014 of $13.6 million. CTC will be required in each subsequent year to pay further additional rent for amortized capital improvements resulting in the shortfall between amortized capital expenditures recoverable from CTC, and the REIT’s capital expenditure, declining over time.

In addition to the forecast capital expenditures presented in the table above, and in accordance with the terms of the Acquisition Agreement, CTC has agreed to complete approximately $3.7 million of repairs, which were identified in the BCA Reports, on certain of the Initial Properties prior to December 31, 2013.

Environmental Site Assessments

Each of the Initial Properties is the subject of a Phase I environmental site assessment report (collectively, “Phase I ESA Reports”) prepared by independent environmental consultants in June, July and August 2013. The purpose of the Phase I ESA Reports was to assess whether evidence of potential or actual significant environmental contamination exists at the Initial Properties. The Phase I ESA investigations were conducted in general accordance with industry practice for such assessments except the Phase I ESA Reports do not contain recommendations as to conducting any further environmental investigations given the process described below. Intrusive sampling and analysis were not part of the Phase I ESA Reports.

A separate independent environmental consultant (the “Independent ESA Consultant”), that did not participate in the preparation of the Phase I ESA Reports, then considered and analyzed the findings of the Phase I ESA Reports and categorized the Initial Properties based on an initial set of risk criteria developed by it and CTC. Based on its categorization of the Initial Properties, the Independent ESA Consultant further evaluated the factual circumstances at certain of the Initial Properties identified by it as potentially warranting further review using a second set of risk criteria, that were developed by it and CTC, designed to assess the potential implications to the REIT of the Phase I ESA Reports’ findings. The second set of risk criteria, and subsequent analysis, focused on the likelihood of: (i) material adverse effects due to off-site migration; (ii) material adverse effects due to on-site human exposure; (iii) regulatory intervention due to an actual or perceived material adverse environmental effects or material regulatory non-compliance; and (iv) material detrimental impact on the REIT’s ability to sell, lease or finance the Initial Property and recommended further investigations in certain instances. Further environmental site assessments involving intrusive soil and/or groundwater sampling and analysis (“Phase II ESA Reports”) were carried out at 14 of the Initial Properties based on the recommendations of the Independent ESA Consultant following its analysis of such properties against the second set of risk criteria. The Independent ESA Consultant has estimated that near-term expenditures for remediation and management of the environmental issues identified could cost approximately $1.1 million and that longer term expenditures could cost approximately $11.5 million.
CTC has advised the REIT that it is not aware of any non-compliance with environmental laws at any of the Initial Properties that CTC expects would have a material adverse effect on the REIT and the value of any of the Initial Properties. Further, CTC has also advised the REIT that it is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the Initial Properties that would materially adversely affect the REIT or the values of the Initial Properties, taken as a whole, as determined by the Appraiser. The REIT will implement policies and procedures to assess, manage and monitor environmental conditions at the Initial Properties, and to manage exposure to potential liability. See “Risk Factors — Risks Related to the Real Estate Industry and the Business of the REIT — Environmental Matters”.

**POST-CLOSING STRUCTURE**

![Diagram of post-closing structure]

**Notes:**

1. CREL (a wholly-owned Subsidiary of CTC) and two limited partnerships that are wholly-owned Subsidiaries of CTC will initially be the limited partners of the Partnership and will receive all of the Class B LP Units and Class C LP Units upon the sale of the Initial Properties to the Partnership on Closing.

2. CTC will hold an approximate 85.0% effective interest in the REIT through ownership of 59,711,094 Units and all of the Class B LP Units that are economically equivalent to and exchangeable for Units (or an approximate 83.1% effective interest in the REIT if the Over-Allotment Option is exercised in full).

3. Each Class B LP Unit will be accompanied by one Special Voting Unit which will provide the holder thereof with a right to vote on matters respecting the REIT equal to the number of Units that may be obtained upon the exchange of the Class B LP Units for which each Special Voting Unit is attached.

4. All ownership interests in the above Post-Closing Structure diagram are 100% unless otherwise indicated.
RETAINED INTEREST

Retained Interest of CTC

On Closing, it is expected that CTC will hold an approximate 85.0% effective interest in the REIT on a fully-diluted basis through ownership of 59,711,094 Units and all of the issued and outstanding Class B LP Units (or an approximate 83.1% effective interest in the REIT on a fully-diluted basis if the Over-Allotment Option is exercised in full). In addition, CTC will hold all of the outstanding Class C LP Units of the Partnership.

Each Class B LP Unit will be exchangeable at the option of the holder for one Unit of the REIT (subject to certain anti-dilution adjustments), will be accompanied by one Special Voting Unit of the REIT (which provides for the same voting rights in the REIT as a Unit) and will receive distributions of cash from the Partnership equal to the distributions made by the REIT on a Unit.

The transfer of Class B LP Units will be subject to a number of restrictions. The Class C LP Units have been designed to provide CTC with an interest in the Partnership that will entitle CTC to cumulative monthly distributions in priority to distributions to holders of Class A LP Units, Class B LP Units and the GP Unit, subject to certain exceptions. The weighted average annual distribution rate on the Class C LP Units during the Initial Fixed Rate Period is expected to be approximately 4.50%, distributed on a monthly basis.

Over many decades, CTC has built and maintained a significant ownership interest in its Canadian Tire Retail store properties and views that ownership interest as being an important component of CTC’s long-term strategy. CTC views the creation of the REIT as a preferred structure by which it can continue to own a significant interest in its Canadian Tire Retail store properties and CTC believes that continuing to own an effective majority ownership interest in the REIT is consistent with its long-term strategy.

Right to Nominate Trustees of the REIT

The Declaration of Trust provides CTC with the exclusive right to nominate to the Board a maximum number of Trustees based, at the time of nomination, on CTC’s effective ownership interest in the REIT (calculated on a fully diluted basis) and the size of the Board. The Declaration of Trust provides CTC with the exclusive right to nominate to the Board: (i) three Trustees, provided that CTC’s effective interest in the REIT is greater than 20% (on a fully-diluted basis); (ii) two Trustees, provided that CTC’s effective interest in the REIT is greater than 10% and equal to or less than 20% (on a fully-diluted basis); or (iii) one Trustee, provided that CTC’s effective interest in the REIT is greater than 5% and equal to or less than 10% (on a fully-diluted basis), provided that if the Board consists of nine Trustees and CTC’s effective interest in the REIT is greater than 50% (on a fully-diluted basis), CTC will have the exclusive right to nominate four Trustees to the Board. See “Declaration of Trust and Description of REIT Units — Nomination of Trustees”.

As of Closing, the REIT will have seven Trustees and CTC will have the right to nominate three Trustees. See “Declaration of Trust and Description of REIT Units — Nomination of Trustees”.

Provided that CTC owns at least a 5% effective interest in the REIT (on a fully-diluted basis), any amendment to the Declaration of Trust that affects the right of CTC to nominate such Trustees will require the prior written approval of CTC.

Exchange Rights

On Closing, the REIT, the Partnership, CTC and any of its Subsidiaries that hold Class B LP Units or Class C LP Units will enter into the Exchange Agreement, pursuant to which the REIT will agree with the Partnership and the holders of the Class B LP Units and Class C LP Units, as applicable, to, among other things, issue Units upon the exchange of Class B LP Units in accordance with their terms or upon the election of a holder of Class B LP Units to receive distributions on Class B LP Units in the form of Units on a basis equivalent to the rights of Unitholders participating in the DRIP, and to issue Special Voting Units to holders of Class C LP Units in certain limited circumstances. See “Declaration of Trust — Special Voting Units”. Upon an exchange, the corresponding number of Special Voting Units will be cancelled. Collectively, the rights granted by the REIT that require the REIT to issue Units are referred to as the “exchange right”. This prospectus also qualifies the grant of the exchange right by the REIT in respect of the Class B LP Units.
A holder of a Class B LP Unit will have the right to initiate the exchange procedure pursuant to the “exchange right” at any time so long as each of the following conditions has been satisfied:

(a) the exchange would not cause the REIT to cease to qualify as, or cause a significant risk to the REIT’s status as, a “mutual fund trust” or “real estate investment trust” under the Tax Act or cause or create a significant risk that would cause the REIT to be subject to tax under paragraph 122(1)(b) of the Tax Act;

(b) the REIT is legally entitled to issue the Units in connection with the exercise of the exchange right; and

(c) the person receiving the Units upon the exercise of the exchange right complies with all applicable securities laws and stock exchange requirements at the time of the exchange.

The Exchange Agreement will also provide for the right of the REIT to require the holders of all but not less than all of the Class B LP Units to exchange their Class B LP Units for Units if:

(a) the total number of Units for which all outstanding Class B LP Units are exchangeable is less than 1% of the number of Class B LP Units issued on Closing; or

(b) there occurs or is about to occur any amalgamation, merger, arrangement, take-over bid, material transfer or sale of Units or rights or other securities of the REIT or interests therein or thereto, or sale of all or substantially all of the assets of the REIT, or similar transaction involving the REIT or a Subsidiary of the REIT or any proposal to do any of the foregoing (other than in connection with a transaction involving one or more of such entities pursuant to which all of the assets of such entity or entities are transferred to the REIT or another wholly owned direct or indirect Subsidiary of the REIT) and the Board determines that it is not reasonably practicable to substantially replicate the terms and conditions of the Class B LP Units in connection with such transaction and that the exchange of all but not less than all of the outstanding Class B LP Units is necessary to enable the completion of such transaction in accordance with its terms, provided, however, that in the case of a take-over bid, not less than 662⁄3 percent of the Units (calculated on a fully diluted, converted and exchanged basis) have been validly deposited and tendered under such take-over bid and not withdrawn at the expiry of such take-over bid.

The Exchange Agreement will also provide for the automatic exchange of Class B LP Units for Units in the event of a liquidation, dissolution or winding-up of the REIT.

Pre-Emptive Rights

In the event that the REIT or the Partnership decides to issue equity securities of the REIT or the Partnership or securities convertible into or exchangeable for equity securities of the REIT or the Partnership or an option or other right to acquire any such securities other than to an Affiliate thereof (“Issued Securities”), the Exchange Agreement will provide CTC, for so long as it owns at least a 10% effective interest in the REIT (on a fully-diluted basis), with pre-emptive rights to purchase Units, Class B LP Units or Issued Securities, to maintain CTC’s effective pro rata ownership interest (on a fully-diluted basis). The pre-emptive right will not apply to the issuance of Issued Securities in certain circumstances, including the following: (i) to participants in the DRIP or a similar plan of the Partnership, including any “bonus” distribution; (ii) in respect of the exercise of options, warrants, rights or other securities issued under the REIT’s or the Partnership’s security based compensation arrangements, if any; (iii) the issuance of Units in lieu of cash distributions; (iv) the issuance is full or partial consideration for the purchase of real property by the REIT from CTC or a third party vendor of property to the REIT; (v) the exercise by a holder of a conversion, exchange or other similar privilege pursuant to the terms of a security in respect of which CTC did not exercise, failed to exercise, or waived, its pre-emptive right or in respect of which the pre-emptive right did not apply; (vi) pursuant to a unitholder rights plan of the REIT, if any; (vii) to the REIT, the Partnership or any Subsidiary of the REIT or the Partnership or an Affiliate of any of them; and (viii) any issuance of Units pursuant to the Over-Allotment Option.
**Registration Rights**

The Exchange Agreement will provide CTC (on behalf of itself and its Subsidiaries that hold Class B LP Units) with the right (the “Piggy-Back Registration Right”) to require the REIT to include Units held by such securityholders, including Units issuable upon exchange of Class B LP Units, in any future offering undertaken by the REIT by way of prospectus that it may file with applicable Canadian securities regulatory authorities (a “Piggy-Back Distribution”). The REIT will be required to use reasonable commercial efforts to cause to be included in the Piggy-Back Distribution all of the Units that CTC requests to be sold, provided that if the Piggy-Back Distribution involves an underwriting and the lead underwriter determines that the total number of Units to be included in such Piggy-Back Distribution should be limited for certain prescribed reasons, the Units to be included in the Piggy-Back Distribution will be first allocated to the REIT.

In addition, the Exchange Agreement will provide CTC (on behalf of itself and its Subsidiaries that hold Class B LP Units) with the right (the “Demand Registration Right”) to require the REIT to use reasonable commercial efforts to file one or more prospectuses with applicable Canadian securities regulatory authorities, qualifying Units held by such securityholders, including Units issuable upon the exchange of Class B LP Units, for distribution (a “Demand Distribution”). CTC (on behalf of itself and its Subsidiaries that hold Class B LP Units) will be entitled to request not more than two Demand Distributions per calendar year, and each Demand Distribution must be comprised of such number of Units that would reasonably be expected to result in gross proceeds of at least $20 million. The REIT may distribute Units in connection with a Demand Distribution provided that if the Demand Distribution involves an underwriting and the lead underwriter determines that the total number of Units to be included in such Demand Distribution should be limited for certain prescribed reasons, the Units to be included in the Demand Distribution will be first allocated to the selling securityholders.

Each of the Piggy-Back Registration Right and the Demand Registration Right will be exercisable at any time from 18 months following Closing, provided that CTC owns at least a 10% effective interest in the REIT (on a fully-diluted basis) at the time of exercise. The Piggy-Back Registration Right and the Demand Registration Right will be subject to various conditions and limitations, and the REIT will be entitled to defer any Demand Distribution in certain circumstances for a period not exceeding 90 days. The expenses in respect of a Piggy-Back Distribution, subject to certain exceptions, will be borne by the REIT, except that any underwriting fee on the sale of Units by CTC, and the fees of CTC’s external legal counsel, will be borne by CTC. The expenses in respect of a Demand Distribution, subject to certain exceptions, will be borne by the REIT and CTC on a proportionate basis according to the number of Units distributed by each. Pursuant to the Exchange Agreement, the REIT will indemnify CTC for any misrepresentation in a prospectus under which CTC’s Units are distributed (other than in respect of any information provided by CTC, in respect of CTC, for inclusion in the prospectus) and CTC will indemnify the REIT for any information provided by CTC, in respect of CTC, for inclusion in the prospectus.

**Tag/Drag Rights**

The Exchange Agreement will provide that if CTC owns at least a 10% effective interest in the REIT (on a fully-diluted basis), and CTC so requests, the REIT will cause a purchaser (other than the REIT or an Affiliate of the REIT or a third party vendor of properties in exchange for securities of the Partnership) of securities of the Partnership owned by the REIT (or any permitted assignee) to purchase a pro rata portion of the securities of the Partnership held by CTC, other than Class C LP Units, on substantially the same terms and subject to the same conditions as are applicable to the purchase by the purchaser of securities of the Partnership held by the REIT. If CTC or any permitted assignee holds in the aggregate less than a 10% effective interest in the REIT (on a fully-diluted basis), the REIT will be entitled, in connection with the direct or indirect sale of all of its securities of the Partnership, to require CTC or any permitted assignee to sell its securities in the Partnership on the same terms and subject to the same conditions as are applicable to the REIT’s direct or indirect sale of all other interests in the Partnership, and upon the REIT making such request and completing such sale, CTC or any permitted assignee will have no further interest in the Partnership.
Assignment

The Exchange Agreement will not be assignable by CTC without the REIT’s prior written consent other than to one or more Affiliates of CTC, provided that such entity remains an Affiliate of CTC. The Class B LP Units are subject to a number of restrictions. See “The Partnership — Transfer of LP Units”.

CAPITAL STRUCTURE STRATEGY

The Declaration of Trust will provide that the REIT not incur or assume any Indebtedness if, after giving effect to the incurring or assumption of the Indebtedness, the total Indebtedness of the REIT plus the aggregate par value of the Class C LP Units would be more than 60% of Gross Book Value (or 65% of Gross Book Value including convertible Indebtedness). See “Investment Guidelines and Operating Policies — Operating Policies”. At Closing, the REIT’s Indebtedness plus the aggregate par value of the Class C LP Units to Gross Book Value ratio is expected to be approximately 51%. The weighted average distribution rate on the Class C LP Units during the Initial Fixed Rate Period is expected to be approximately 4.50% per annum.

Credit Facility

On Closing, the Partnership will enter into the Credit Facility which will consist of a $200 million senior unsecured revolving facility available for general business purposes, including property acquisitions, development, capital expenditures and the refinancing of other indebtedness of the Partnership and its Subsidiaries. The Partnership will also have the ability to increase the amount of the Credit Facility by up to $100 million upon request, subject to obtaining lender commitments and other customary provisions, and will have access to same day borrowings under the Credit Facility. CTC has consented to draws by the Partnership under the Credit Facility.

The Partnership will pay a facility fee on the $200 million portion of the Credit Facility. In addition, if the Partnership draws upon the Credit Facility, interest will be calculated either at the Canadian prime lending rate or at the bankers’ acceptance (“BA”) rate plus, in each case, a spread based on the expected external credit rating of the REIT, anticipated at Closing to be nil with respect to prime rate and 0.96% with respect to the BA rate. The Partnership will have the right to choose between Canadian prime rate and BA rate advances. The Partnership does not intend to draw under the Credit Facility at Closing. Amounts owing under the Credit Facility will be unsecured, and would effectively rank pari passu with any future senior unsecured indebtedness of the REIT, assuming the Partnership provided an upstream guarantee of such REIT level indebtedness. The Credit Facility will have an initial term of four years from Closing. Amounts owing under the Credit Facility will generally be subject to customary terms and conditions for issuers of this nature, including limits on granting liens, limitation on additional indebtedness, limitation on investments, limitation on asset sales and limitation on transactions with affiliates.

The Credit Facility will provide that, for so long as the rent paid by CTC or any of its Subsidiaries accounts for 30% of the consolidated revenue of the REIT, it will be an event of default under the Credit Facility if, among other things, there is any event of default under any indebtedness of CTC or its Subsidiaries individually or in the aggregate in excess of a specified amount.

Class C LP Units

The Class C LP Units to be issued to CTC on Closing will be issued in series and will have a fixed, cumulative, preferential cash distribution, if, as and when declared by the board of directors of the General Partner, for the initial period beginning on the Closing Date and ending for each series on the date set out in the
Initial Fixed Rate Period for such series, payable monthly at an annual distribution rate for each series as set out in the following table:

<table>
<thead>
<tr>
<th>Series</th>
<th>Initial Subscription Price</th>
<th>Annual Distribution Rate</th>
<th>Expiry of Initial Fixed Rate Period</th>
<th>% of Total Class C LP Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$200,000,000</td>
<td>3.50%</td>
<td>May 31, 2015 (1.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>2</td>
<td>$200,000,000</td>
<td>3.50%</td>
<td>May 31, 2016 (2.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>3</td>
<td>$200,000,000</td>
<td>4.50%</td>
<td>May 31, 2020 (6.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>4</td>
<td>$200,000,000</td>
<td>4.50%</td>
<td>May 31, 2024 (10.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>5</td>
<td>$200,000,000</td>
<td>5.00%</td>
<td>May 31, 2031 (17.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>6</td>
<td>$200,000,000</td>
<td>5.00%</td>
<td>May 31, 2034 (20.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>7</td>
<td>$200,000,000</td>
<td>5.00%</td>
<td>May 31, 2035 (21.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>8</td>
<td>$200,000,000</td>
<td>5.00%</td>
<td>May 31, 2038 (24.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>9</td>
<td>$200,000,000</td>
<td>5.00%</td>
<td>May 31, 2038 (24.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>Total / Weighted Average</td>
<td>$1,800,000,000</td>
<td>4.50%</td>
<td>13.4 years</td>
<td>100%(1)</td>
</tr>
</tbody>
</table>

Note:
(1) This column adds to 100%, the percentages of individual series have been rounded.

In all cases, the Class C LP Units will provide holders with a cumulative, preferential cash distribution, if, as and when declared by the board of directors of the General Partner; provided that, for greater certainty, the amount of any such distribution shall be determined in accordance with the terms of each series of Class C LP Units.

Subject to redemption rights, immediately following the completion of each of the Initial Fixed Rate Period for such series and each five-year period thereafter, holders of the Class C LP Units of that series may elect either a fixed rate or floating rate option for such five-year period, provided that a holder of Class C LP Units may not elect a floating rate option if such election would result in the REIT exceeding the limit on floating rate instruments set out in the Declaration of Trust. See “The Partnership — Partnership Units — Class C LP Units” and “Declaration of Trust and Description of REIT Units”.

Additional LP Units

Additional LP Units may from time to time be created and issued in one or more classes (each of which may be made up of unlimited series). The Partnership may fix from time to time before such issue the number of Additional LP Units which is to comprise each class and series and the designation, rights, privileges, restrictions and conditions attaching to each class and series of Additional LP Units including any voting rights, the rate or amount of distributions (which may be cumulative or non-cumulative and variable or fixed) or the method of calculating distributions, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion, if any, any rights on the liquidation, dissolution or winding-up of the Partnership, and any sinking fund or other provisions. Without limiting the foregoing, such Additional LP Units may rank in priority to, pari passu with or junior to both the Class A LP Units and Class B LP Units equally or any other limited partnership units, but will not rank in priority to the Class C LP Units or any other limited partnership units ranking pari passu with or in priority to the Class C LP Units without prior approval of the holders of the majority of such limited partnership units.

For greater certainty, the Partnership has no present intention of issuing Additional LP Units, but wishes to have the flexibility to do so in the future as a means of seeking an alternate source of financing.

CREDIT RATINGS

S&P and DBRS 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”).

S&P has provided the REIT with a provisional issuer credit rating of “BBB+” with a Stable outlook. A credit rating of “BBB+” by S&P is the fourth highest of 10 categories and indicates that the obligation exhibits adequate capacity to meet financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. A credit rating of “BBB−” or higher is an investment grade rating. The addition of a rating outlook modifier, such as “Positive”, “Negative”, “Stable” or “Developing” assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). An outlook is not necessarily a precursor of a rating change. The addition of a plus (+) or minus (−) designation after a rating indicates the relative standing within a particular rating category.

DBRS has provided the REIT with a provisional issuer credit rating of “BBB (high)” with a Stable trend. A credit rating of “BBB (high)” by DBRS is the fourth highest of 10 categories and is assigned to debt that is considered to be of adequate credit quality, where payment of financial obligations is considered acceptable but the issuing entity may be vulnerable to future events. The assignment of a “(high)” or “(low)” modifier within each rating category indicates relative standing within such category. The assignment of a “Positive”, “Stable” or “Negative” trend modifier provides guidance in respect of DBRS’s opinion regarding the outlook for the rating in question. The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue.

There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by either or both of DBRS or S&P if, in its judgment, circumstances so warrant. A rating is not a recommendation to buy, sell or hold any securities of the REIT; inasmuch as such ratings do not comment as to market price or suitability for a particular investor. See “Risk Factors”.

The REIT has paid customary rating fees to DBRS and S&P in connection with the above mentioned ratings and will pay customary rating fees to DBRS and S&P in connection with the confirmation of such ratings for purposes of this prospectus. The REIT did not make any payments to DBRS or S&P in respect of any other service provided to the REIT by DBRS or S&P.

ARRANGEMENTS WITH CTC

On Closing, the REIT, the Partnership and CTC will enter into certain agreements governing the relationships among such parties following Closing. The following includes a summary of certain provisions in the Services Agreement, Property Management Agreement, ROFO Agreement, Development Agreement and Non-Competition and Non-Solicitation Agreement, which agreements are material contracts for the REIT and are qualified in their entirety by reference to all of the provisions of such agreement. The Services Agreement, Property Management Agreement, ROFO Agreement, Development Agreement and Non-Competition and Non-Solicitation Agreement will be available following Closing on SEDAR at www.sedar.com. See “Retained Interest” and “Declaration of Trust and Description of REIT Units”.

Services Agreement

On Closing, the REIT, the Partnership and CTC will enter into the Services Agreement pursuant to which CTC will provide the REIT with certain administrative, legal, financial, information technology, human resources and ancillary services (the “Services”). In carrying out the Services, CTC will be subject to the oversight of the REIT and will exercise the degree of care, diligence, judgment and skill that would be exercised by a professional, prudent and competent person who is experienced in providing services that are substantially similar.

CTC has agreed to provide the Services to the REIT on a cost-recovery basis only with a fixed maximum fee for the first two calendar years and pro rata for the period from Closing until December 31, 2013, pursuant to which the REIT will reimburse CTC for all costs and expenses incurred by CTC in connection with providing the Services, including costs related to overhead attributable to such services, employees, contractors, out-of-pocket expenses and other direct and indirect costs of providing the Services, plus applicable taxes, which are identified in the annual budget or otherwise approved by the REIT. CTC has further agreed that fees payable to it under the Services Agreement will not exceed $3.3 million per year (excluding HST and all other applicable indirect or value added taxes but including all disbursements and expenses) during the Forecast Period, with subsequent adjustments to such fee, based on the Consumer Price Index, for the following year.

CTC will be responsible for performing the Services primarily through its management team and employees. Personnel shall remain the exclusive responsibility of CTC, however CTC may from time to time retain the services of third parties to provide certain of the Services where, in its sole discretion, it is appropriate to do so.
The term of the Services Agreement will commence on Closing and end on December 31, 2015 and will be automatically renewed for further one year terms, provided that the Services Agreement or any of the services thereunder may be terminated by the REIT at any time during the term upon 90 days’ prior written notice to CTC, or in the event of a material breach or material default of CTC’s obligations under the Services Agreement, in each case without payment of any termination fees. CTC will have the right to terminate the Services Agreement upon 12 months’ prior written notice to the REIT after the expiration of the first anniversary of Closing, upon the occurrence of an event of default by the REIT that has not been cured within the applicable cure period or in the event that the parties are unable to reach an agreement with respect to the annual budget for a calendar year within 90 days following the beginning of the calendar year. Other than in these three circumstances, CTC will not have the right to terminate the Services Agreement.

Property Management Agreement

On Closing, the Partnership and CTC, through its wholly owned Subsidiary CTREL, will enter into the Property Management Agreement pursuant to which CTC will provide the Partnership with customary property management services (the “Property Management Services”). In carrying out the Property Management Services, CTC will be subject to the oversight of the Partnership and will exercise the degree of care, diligence, judgment and skill that would be exercised by a professional, prudent and competent person who is experienced in providing services that are substantially similar to those provided.

CTC has agreed to provide the Property Management Services to the Partnership on a cost-recovery basis only with a fixed maximum fee for the first two calendar years and pro rata for the period from Closing until December 31, 2013, pursuant to which the Partnership will reimburse CTC for all costs and expenses incurred by CTC in connection with providing the Property Management Services, including costs related to leasing fees payable to third parties, overhead attributable to such services, employees, contractors, out-of-pocket expenses and other direct and indirect costs of providing the Property Management Services, plus applicable taxes, which are identified in the annual budget or otherwise approved by the Partnership. CTC has further agreed that fees payable to it under the Property Management Agreement will not exceed $2.3 million per year (excluding HST and all other applicable indirect or value added taxes but including all disbursements and expenses) during the Forecast Period, with subsequent adjustments to such fee, based on the Consumer Price Index, for the following year.

CTC will be responsible for performing the Property Management Services primarily through its CTREL management team and employees, which personnel shall remain the exclusive responsibility of CTC, provided that: (i) certain of the Property Management Services may be performed by CTC’s Associate Dealers pursuant to their dealer agreement; and (ii) CTC may from time to time retain the services of third parties to provide certain of the Property Management Services where agreed to by the Partnership, acting reasonably.

The term of the Property Management Agreement will commence on Closing and end on December 31, 2015 and will be automatically renewed for further one year terms, provided that the Property Management Agreement or any of the services thereunder may be terminated by the Partnership at any time during the term upon 90 days’ prior written notice to CTC, or in the event of a material breach or material default of CTC’s obligations under the Property Management Agreement, in each case without payment of any termination fees. CTC will have the right to terminate the Property Management Agreement upon 12 months’ prior written notice to the Partnership after the expiration of the first anniversary of Closing, upon the occurrence of an event of default by the Partnership that has not been cured within the applicable cure period or in the event that the parties are unable to reach an agreement with respect to the annual budget for a calendar year within 90 days following the beginning of the calendar year. Other than in these three circumstances, CTC will not have the right to terminate the Property Management Agreement.

ROFO Agreement

On Closing, the REIT, the Partnership and CTC will enter into the ROFO Agreement.

CTC will provide the REIT with a right of first offer (the “REIT ROFO”) to acquire any interest of CTC in the properties it owns after Closing, which meet the REIT’s investment criteria, prior to the disposition of any such property to third parties, on terms no less favourable to the REIT than those offered by or to such third
party. The REIT ROFO will also provide that if CTC desires to sell or receives and desires to accept an offer to acquire an interest in such a property, it will provide written notice to the REIT together with a formal offer to sell such property to the REIT. Upon receipt of such an offer from CTC, the REIT will have 30 days (such period may be extended at the REIT’s discretion to accommodate a request for further information) to respond to the offer by either (i) accepting it, by providing an executed non-binding letter of intent and a refundable deposit; or (ii) countering it, with a minimum reserve price below which CTC shall not be permitted to sell such property. If the REIT does not accept the offer made by CTC, then CTC may sell the subject property to a third party on terms not more favourable to the third party than those offered to the REIT and, if applicable, not below the minimum reserve price. The REIT ROFO will be reinstated if the proposed transaction is not completed within 180 days of the receipt of the original notice provided by CTC to the REIT. The REIT ROFO will take effect on Closing and have an initial term of 10 years, and thereafter will continue in effect until such time as CTC ceases to hold, directly or indirectly, a majority of the Voting Units.

The REIT will provide CTC with a right of first offer to lease space (the “CT ROFO”) at its properties when such leasable space is acquired or becomes available. The CT ROFO will take effect on Closing and will expire when CTC ceases to hold, directly or indirectly, a majority of the Voting Units. The CT ROFO will provide that if the REIT at any time desires to lease, or receives and desires to accept an offer to lease a property, it will provide CTC with written notice together with a formal offer to lease such space. CTC will then have 30 days to accept the REIT’s offer under the CT ROFO. If CTC does not accept the REIT’s offer under the CT ROFO, then for a period of 180 days the REIT may enter into a lease in respect of such property with a third party on terms not more favourable to the third party than those offered to CTC.

The REIT will also provide CTC with a right of first refusal in the event of a change of control (the “Change of Control ROFR”). The Change of Control ROFR will provide that if a Competitor acquires more than 50% of the Units, on a fully-diluted basis, at a time when the properties of the REIT leased by CTC represent at least 50% of the GLA of all of the properties of the REIT, then CTC will have the right to acquire all properties then leased by it at the then fair market value. The Change of Control ROFR will take effect on Closing and will expire when the assets of the REIT leased by CTC represent less than 50% of the GLA of the assets of the REIT.

In addition, the REIT has provided additional rights to CTC under the Canadian Tire Leases, including the Lease ROFO and the Lease ROFR to CTC in respect of property dispositions, and leasing by the REIT. See “Assets of the REIT — Description of Material Lease Terms with CTC”.

Development Agreement

On Closing, the REIT, the Partnership, CTC and CTREL will enter into the Development Agreement for a term expiring on the later of: (i) 10 years from Closing; and (ii) the time when CTC ceases to hold, directly or indirectly, a majority of the Voting Units. The Development Agreement may be renewed by the parties thereto on mutually acceptable terms and, in the event of termination, shall continue with full force and effect in respect of any Development Projects (as defined below) which were undertaken prior to such termination. All decisions by the REIT in respect of the development, acquisition or financing of a property under the Development Agreement will be approved by the Independent Trustees who are unaffiliated with CTC.

Participation in the Development of Projects

CTC will provide the REIT with a preferential right to participate in all property developments proposed to be undertaken by it, where such property developments (i) meet the REIT’s investment guidelines, and (ii) will have one or more tenants (excluding stores operating under a CTC Banner) which represent more than 20% of GLA. The REIT will have no right to participate in other developments undertaken by CTC.

Prior to commencing any Development Project, CTC will provide to the REIT reasonable details of its proposed development and estimated rate of return on CTC’s investment in the Development Project. If the REIT elects to participate in such a development opportunity (a “Development Project”), then the REIT will be afforded the opportunity to work with CTC in the planning, designing and budgeting phases for the Development Project. The REIT will also have the right to approve all proposed tenants and the terms of any leases for the Development Project. If the REIT elects not to participate in such a development opportunity,
then CTC will be entitled to develop and sell the property, subject to any rights of the REIT under the ROFO Agreement.

Options to Purchase Development Projects

Once a Development Project is substantially complete and at least 80% of GLA at the Development Project has been leased, the fair market value of the developed property will be determined by an accredited independent third party appraiser. If the sale of the developed property, at a price equal to its appraised value, would provide CTC with the previously specified rate of return on its investment, then CTC will, at the REIT’s option, be required to sell the developed property to the REIT at such price.

If the sale of the developed property at the appraised value would not provide CTC with the previously specified rate of return on its investment, CTC will have the right to retain its interest in the developed property until such time as the fair market value of the developed property, as subsequently determined through a new independent third party appraisal, would provide CTC with such rate of return. At such time, CTC will, at the REIT’s option, be required to sell the developed property to the REIT at such price. If there is a dispute as to the fair market value of the property as determined by the independent third party appraiser, an average of two independent third party appraisals will be used.

If the REIT does not exercise its option to acquire such a developed property, then CTC will be free to either retain its interest in the developed property, or sell it to a third party at a price not less than such property’s appraised value, provided that such sale is completed within 180 days.

Mezzanine Financing of New Development Properties

CTC will have the option of requesting that the REIT provide mezzanine financing for a Development Project on mutually acceptable terms. If the REIT agrees to provide such mezzanine financing, then the REIT will have the option to purchase the developed property, subject to the same conditions described above, except that the purchase price of the developed property will be equal to the greater of: (i) the carried cost, being the cost of land plus all improvements (including, construction costs, professional fees, interest and applicable general and administrative costs) during the period to opening and all operating losses after opening; and (ii) 95% of the appraised fair market value at the date of acquisition.

Shopping Centre Acquisition Opportunities

In the normal course of its business, CTC is often presented with shopping centre acquisition opportunities. CTC will generally be required to present Shopping Centre acquisition opportunities in Canada to the REIT to allow the REIT a right of first opportunity to acquire the property itself, provided that this right will not apply to Shopping Centres at which CTC intends to lease more than 80% of GLA.

In order to provide for this right on the part of the REIT, CTC shall ensure that any acquisition agreement that it enters into in respect of such a Shopping Centre will either: (i) be assignable to the REIT, without additional cost and without resulting in any change in the terms of such agreement; or (ii) permit the title to the Shopping Centre to be vested in a nominee designated by the REIT, with the REIT acquiring the beneficial interest in such property.

The REIT will have 15 business days from receipt of the notice and related property information from CTC to advise CTC whether it intends to: (i) make its own offer in respect of the property in circumstances where CTC has not entered into a purchase agreement; (ii) take an assignment of any agreements previously entered into by CTC; or (iii) where there are purchase agreements which are not assignable to the REIT, complete the purchase of the property itself but acting through CTC. If the REIT declines to do any of the foregoing, or if it does not otherwise respond to the notice from CTC or if it otherwise determines not to proceed after initially electing to do so, CTC, subject to compliance with the Non-Competition and Non-Solicitation Agreement, will be free to proceed with the acquisition of the Shopping Centre without further notice to the REIT.
Non-Competition and Non-Solicitation Agreement

On Closing, the REIT, the Partnership and CTC will enter into the Non-Competition and Non-Solicitation Agreement. The Non-Competition and Non-Solicitation Agreement will take effect on Closing and shall apply until the later of: (i) the tenth anniversary of Closing; and (ii) such time that CTC ceases to hold, directly or indirectly, a majority of the Voting Units.

Pursuant to the Non-Competition and Non-Solicitation Agreement, without prior written approval of a majority of the REIT’s Independent Trustees, CTC will not be permitted, directly or indirectly, to: (i) create another real estate investment trust or publicly traded real estate business with investment criteria similar to that of the REIT; (ii) materially engage (contractually or otherwise) with another real estate investment trust or publicly traded real estate business with investment criteria similar to that of the REIT, except in the normal course of business to lease or acquire property for its own use; or (iii) acquire or develop properties, other than properties required by CTC to operate its retail business, which meet the REIT’s investment criteria. However, CTC will be permitted to create another real estate investment trust or publicly traded real estate business with investment criteria similar to that of the REIT if CTC: (i) acquires a business that owns a material amount of real estate that CTC wishes to sell; and (ii) after offering such real estate to the REIT, if the REIT does not elect to purchase such properties pursuant to the REIT ROFO, and provided that CTC has first given its consent to the REIT to acquire such properties.

Throughout the term of the Non-Competition and Non-Solicitation Agreement, CTC will not be permitted to directly or indirectly solicit an existing tenant of the REIT to move to a non-REIT property; provided that CTC may seek alternative premises for a CTC Banner tenant of the REIT if (i) CTC has first provided the REIT with an opportunity to accommodate its requirements for such tenant and (ii) such tenant is continuing to meet its obligations to the REIT under its lease.

In addition, for as long as the Services Agreement and Property Management Agreement remain in effect, and for a period of one year thereafter, CTC will not be permitted to solicit any employee of the REIT and the REIT will not be permitted to solicit any employee of CTC.

License Agreement

The CANADIAN TIRE word trade-mark and the various CANADIAN TIRE design trade-marks will be licensed to the REIT by CTC pursuant to the terms of a non-exclusive, royalty-free trade-mark license agreement (the “License Agreement”) that will be executed at or prior to Closing. The REIT will be entitled to terminate the License Agreement upon 180 days’ prior written notice to CTC. CTC will be permitted to terminate the License Agreement without charge: (i) upon 180 days’ prior written notice to the REIT; after such time that CTC ceases to hold, directly or indirectly, a majority of the Voting Units; (ii) upon 30 days written notice to the REIT of non-compliance by the REIT with the terms of the License Agreement, provided that the REIT shall have the right to cure such non-compliance within 10 days; or (iii) immediately, if there is an event of insolvency of the REIT.

Canadian Tire Consent Rights in the Declaration of Trust

Similar to any majority shareholder which would be able to exert certain rights on either a formal or informal basis, CTC will possess certain rights provided that it holds an effective majority ownership interest in the REIT on a fully-diluted basis. In addition, the REIT’s Declaration of Trust will provide that for so long as CTC directly or indirectly holds a majority of the Voting Units, the REIT may not undertake, without the prior written consent of CTC (in its sole and absolute discretion): (i) any material acquisition, disposition or development; (ii) subject to the CT Re-Financing Obligations, any financings (debt or equity), re-financings or similar transactions; (iii) any direct or indirect granting of security over any assets of the REIT or any related entity; or (iv) the replacement of the Chief Executive Officer of the REIT. For greater certainty, this precludes the REIT from engaging in mortgage financing without the prior written consent of CTC (in its sole and absolute discretion).
CAPITALIZATION OF THE REIT

The following table sets forth the REIT’s consolidated capitalization as at October 1, 2013 and pro forma consolidated capitalization as at October 1, 2013, both before and after giving effect to, among other things, the Offering and the Acquisition, but without giving effect to the exercise of the Over-Allotment Option.

<table>
<thead>
<tr>
<th></th>
<th>As at October 1, 2013(1)</th>
<th>As at October 1, 2013 after giving effect to the Offering and the Acquisition (in thousands of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitholders’ Equity(2)</td>
<td>$10.00</td>
<td>$838,960</td>
</tr>
<tr>
<td>Class B LP Units</td>
<td>$—</td>
<td>$895,598</td>
</tr>
<tr>
<td>Class C LP Units</td>
<td>$—</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>Indebtedness</td>
<td>$—</td>
<td>$—</td>
</tr>
<tr>
<td>Total Capitalization</td>
<td>$10.00</td>
<td>$3,534,558</td>
</tr>
</tbody>
</table>

Note:
(1) The REIT was initially capitalized on July 15, 2013 with $10.00 in cash.
(2) Dollar amount is net of expected costs related to the Offering of $21,651.

FINANCIAL FORECAST

The following financial forecast was prepared by CTC on behalf of the REIT, using assumptions with an effective date of October 1, 2013, and was approved by the Board on October 10, 2013. Pursuant to applicable securities laws, the REIT will be required to update the forecast during the Forecast Period by identifying any material changes from the forecast resulting from events that have occurred since it was issued and by comparing such forecast with annual audited actual results and interim unaudited actual results for the periods covered. The results of this comparison will accompany the REIT’s annual or interim Management’s Discussion and Analysis for the relevant periods.

The forecast has been prepared on a basis consistent with the measurement and presentation principles of IFRS and reflect the significant accounting policies expected to be applied by the REIT. The forecast has been prepared using assumptions that reflect management’s intended courses of action for the REIT for the periods covered, given management’s judgment as to the most probable set of economic conditions. The forecast has been prepared after giving effect to the Offering and the other transactions contemplated in this prospectus to be completed before or concurrently with Closing. The forecast assumes Closing will occur on October 23, 2013.

The assumptions used in the preparation of a forecast, although considered reasonable by management at the time of preparation, may not materialize as forecasted and unanticipated events and circumstances may occur subsequent to the date of the forecast. Accordingly, there is a significant risk that actual results achieved for the Forecast Period will vary from the forecasted results and that such variations may be material. There is no representation that actual results achieved during the Forecast Period will be the same in whole or in part as those forecasted. Important factors that could cause actual results to vary materially from the forecast include those disclosed under “Risk Factors”. See also “Forward-looking Statements”.

The financial forecast should be read in conjunction with the REIT’s audited combined carve-out financial statements and unaudited interim condensed combined carve-out financial statements of the Third Party Tenant Lease Portfolio contained in this prospectus. See “Index to Financial Statements”.
To the Trustees of CT Real Estate Investment Trust and the Board of Directors of Canadian Tire Corporation, Limited

The accompanying consolidated financial forecast of CT Real Estate Investment Trust (the “REIT”), consisting of the consolidated statements of forecasted net income and comprehensive income for each of the three-month periods ended March 31, 2014, June 30, 2014, September 30, 2014, and December 31, 2014, and the 12-month period ended December 31, 2014 has been prepared by management of Canadian Tire Corporation, Limited on behalf of the REIT using assumptions with an effective date of October 1, 2013. We have examined the support provided by management for the assumptions, and the preparation and presentation of this financial forecast. Our examination was made in accordance with the applicable Assurance and Related Service Guideline set out in the Canadian Institute of Chartered Accountants Handbook — Assurance. We have no responsibility to update this report for events and circumstances occurring after the date of our report.

In our opinion:

- as at the date of this report, the assumptions developed by management are suitably supported and consistent with the plans of the REIT and provide a reasonable basis for the financial forecast;
- this financial forecast reflects such assumptions; and
- the financial forecast complies with the presentation and disclosure standards for future oriented financial information set out in Part V of the Canadian Institute of Chartered Accountants Handbook — Accounting.

Since this consolidated financial forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material. Accordingly, we express no opinion as to whether this financial forecast will be achieved.

(Signed) DELOITTE LLP
Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
October 10, 2013
Toronto, Canada
## CT REAL ESTATE INVESTMENT TRUST
### CONSOLIDATED STATEMENTS OF FORECASTED NET INCOME AND COMPREHENSIVE INCOME
*(in thousands of Canadian dollars)*

<table>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property revenue</td>
<td>$83,165</td>
<td>$83,273</td>
<td>$83,962</td>
<td>$83,110</td>
<td>$333,510</td>
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<tr>
<td>Property expenses</td>
<td>$18,763</td>
<td>$18,657</td>
<td>$18,705</td>
<td>$18,224</td>
<td>$74,349</td>
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<tr>
<td><strong>Net operating income</strong></td>
<td>$64,402</td>
<td>$64,616</td>
<td>$65,257</td>
<td>$64,886</td>
<td>$259,161</td>
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<tr>
<td>General and administrative expenses</td>
<td>$2,046</td>
<td>$2,009</td>
<td>$2,009</td>
<td>$2,009</td>
<td>$8,073</td>
</tr>
<tr>
<td>Interest and financing charges:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class C LP Unit Distributions</td>
<td>$19,973</td>
<td>$20,195</td>
<td>$20,416</td>
<td>$20,416</td>
<td>$81,000</td>
</tr>
<tr>
<td>Other interest and financing charges</td>
<td>$165</td>
<td>$166</td>
<td>$166</td>
<td>$166</td>
<td>$663</td>
</tr>
<tr>
<td><strong>Net income and comprehensive income</strong></td>
<td>$42,218</td>
<td>$42,246</td>
<td>$42,666</td>
<td>$42,295</td>
<td>$169,425</td>
</tr>
<tr>
<td><strong>Net income and comprehensive income attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitholders</td>
<td>$20,688</td>
<td>$20,700</td>
<td>$20,905</td>
<td>$20,725</td>
<td>$83,018</td>
</tr>
<tr>
<td>Non-controlling interest*(1)*</td>
<td>$21,530</td>
<td>$21,546</td>
<td>$21,761</td>
<td>$21,570</td>
<td>$86,407</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$42,218</td>
<td>$42,246</td>
<td>$42,666</td>
<td>$42,295</td>
<td>$169,425</td>
</tr>
</tbody>
</table>

**Note:**
*(1) Represents Class B LP Units owned by CTC.*

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See accompanying notes to consolidated statement of forecast net income and comprehensive income.
1. PURPOSE OF THE CONSOLIDATED FINANCIAL FORECAST

The consolidated financial forecast has been prepared by management of Canadian Tire Corporation, Limited (together with its subsidiaries, unless the context otherwise requires, “CTC”) on behalf of CT Real Estate Investment Trust (the “REIT”) for use by prospective investors in their evaluation of potential investments in the REIT and may not be appropriate for any other purpose.

2. NATURE AND DESCRIPTION OF THE REIT

The REIT is an unincorporated closed-end real estate investment trust established pursuant to a declaration of trust dated July 15, 2013 (the “Declaration of Trust”) where one Unit of the REIT (“Unit”) was issued for a nominal amount. The REIT was established under the laws of the Province of Ontario. The principal, registered and head office of the REIT is located at 2180 Yonge Street, P.O. Box 770, Station K, Toronto, ON M4P 2V8.

The REIT has been formed to own income-producing commercial properties located primarily in Canada. The REIT will carry out the Offering (as defined in Note 5(a)) and indirectly acquire a portfolio of 256 properties (the “Initial Properties”), comprised largely of Canadian Tire retail stores, Canadian Tire anchored retail properties and one distribution centre.

3. BASIS OF PRESENTATION

The consolidated financial forecast consists of consolidated statements of forecasted net income and comprehensive income of the REIT for each of the three month periods ended March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014 and for the 12 month period ended December 31, 2014. The consolidated financial forecast has been prepared using assumptions with an effective date of October 1, 2013. The consolidated financial forecast reflects the assumptions described in Note 5. The REIT holds its interest in the Initial Properties in a newly created limited partnership (the “Partnership”), formed under the laws of the Province of Ontario, which will be consolidated by the REIT.

The consolidated financial forecast has been prepared using assumptions that reflect the REIT’s intended course of action for the periods presented, given management’s judgment as to the most probable set of economic conditions. The consolidated financial forecast will be compared with the reported results for the consolidated financial forecast periods and any significant differences will be disclosed. The actual results achieved during the consolidated financial forecast periods will vary from the forecasted results, and these variations may be material. Amounts are in thousands of Canadian dollars except unit amounts and unless otherwise stated.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial forecast has been prepared in accordance with the significant accounting policies described below which are the accounting policies that will be applied by the REIT and are consistent with the measurement and presentation principles of International Financial Reporting Standards (“IFRS”).

(a) Basis of consolidation

The consolidated financial forecast includes the forecasted accounts of the REIT and the other entities that the REIT controls in accordance with IFRS 10, Consolidated Financial Statements. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. All forecasted intercompany transactions and balances have been eliminated on consolidation.

(b) Investment properties

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

The carrying value of investment properties includes the impact of straight-line rental revenue, tenant improvements, lease inducements and leasing costs since these amounts are incorporated in the determination of the fair value of income-producing properties.

When an investment property is sold, the gain or loss is determined as the difference between the net disposal proceeds and the carrying amount of the property and is recognized in net income in the period of disposal.
4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Business Combinations

The REIT accounts for investment property acquisitions as a business combination if the particular assets and set of activities acquired can be operated and managed as a business in its current state. The REIT applies the acquisition method to account for business combinations. The consideration transferred for a business combination is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the REIT. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The REIT recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets.

Acquisition related costs are expensed as incurred.

(d) Revenue recognition

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

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

(e) Expenses

Property expenses and general and administrative expenses are recognized in income in the period in which they are incurred.

(f) Leasing costs

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

(g) Unit based plans

The REIT will have a Deferred Unit Plan that provides for the grant of Deferred Units to Trustees. The REIT will also have a Restricted Unit Incentive Plan, whereby the officers of the REIT will be entitled to receive the value of their short-term incentive plan awards in Units of the REIT, and a Performance Unit Plan whereby the Board of Trustees will award Performance Units to the officers of the REIT as part of their long-term incentive plan.

Deferred Units, Restricted Units and Performance Units are recorded as liabilities and expensed over the vesting period based upon the fair value of the respective units granted.

(h) Income taxes

The REIT intends to qualify as a “mutual fund trust” under the Income Tax Act (Canada). The Trustees intend to distribute all taxable income directly earned by the REIT to unitholders and to deduct such distributions for income tax purposes.

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

Under the SIFT rules, the taxation regime will not apply to a real estate investment trust that meets prescribed conditions relating
to the nature of its assets and revenue (the “REIT Exception”). The REIT has reviewed the SIFT rules and has assessed their
interpretation and application to the REIT’s assets and revenue. While there are uncertainties in the interpretation and application
of the SIFT rules, the REIT believes that it will meet the REIT Exception and accordingly, no current or deferred income taxes
have been recorded in the consolidated statements of forecast net income and comprehensive income.

(i) Non-controlling interest

Class B LP Units are classified as non-controlling interest and are presented as a component of equity as they represent equity
interests in the Partnership (as defined in Note 5(b)) not attributable, directly or indirectly, to the REIT.

(j) Class C LP Units

Each series of Class C LP Units are redeemable, at the option of the holder, at a specified future date and can be settled at the
option of the Partnership in cash or a variable number of Class B LP Units. Accordingly, the Class C LP Units are classified as
financial liabilities and distributions on the Class C LP Units are presented in interest and financing charges in the consolidated
statements of forecasted net income and comprehensive income in the period in which they become payable.

(k) Financial instruments

Financial instruments are classified as one of the following: (i) held-to-maturity, (ii) loans and receivables, (iii) fair value through
profit or loss (“FVTPL”), (iv) available-for-sale, or (v) other financial liabilities. Financial assets and liabilities classified as FVTPL
are measured at fair value with gains and losses recognized in the consolidated statements of forecasted net income and
comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables or other financial liabilities are
measured at amortized cost, using the effective interest method. Available-for-sale financial instruments are measured at fair value
and any unrealized gains and losses will be recognized in other comprehensive income.

The REIT has made the following classifications:

Cash ............................................................ Loans and receivables
Accounts receivable ........................................... Loans and receivables
Trade payables and other liabilities .......................... Other financial liabilities
Class C LP Units .............................................. Other financial liabilities

Transaction costs other than those related to financial instruments classified as fair value through profit or loss, which are expensed
as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method. These costs
include interest, amortization of discounts or premiums relating to borrowings, fees and commissions paid to agents, brokers and
advisers and transfer taxes and duties that are incurred in connection with the arrangement of borrowings.

(l) Sources of estimation

The preparation of the consolidated financial forecast requires management to make assumptions and estimates that affect the
reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The key
assumptions used in this consolidated financial forecast relate to revenue and expenses as outlined in Note 5.

5. SIGNIFICANT ASSUMPTIONS

The assumptions used in the preparation of the consolidated financial forecast, although considered reasonable by management,
require significant judgments to be made about future events, which may not materialize as forecast. It is not possible to forecast
unanticipated events and circumstances.

(a) Initial public offering

The consolidated financial forecast assumes that on October 23, 2013 the REIT will raise gross proceeds of approximately $263,500
pursuant to an initial public offering (the “Offering”) through the issuance of 26,350,000 Units at a price of $10 per Unit (excluding
any Units that may be issued pursuant to an over-allotment option). Costs relating to the Offering are expected to be approximately
$21,651 and will be applied against the gross proceeds of the Offering and charged against unitholders’ equity. For purposes of this
consolidated financial forecast, it is assumed that the closing of the transactions contemplated by this forecast (the “Closing”) will
also occur on October 23, 2013. However, the actual offering and closing dates may differ. On Closing, the REIT will indirectly acquire the Initial Properties from CTC (see Note 5(b)).

(b) Acquisition of the Initial Properties

The Partnership will purchase the Initial Properties from CTC in exchange for a combination of: (i) Promissory Notes that will immediately be redeemed for Partnership units, certain of which will immediately be acquired by the REIT for Units and cash, on the Closing date; (ii) Class B LP Units of the Partnership (which are exchangeable on a one for one basis into REIT Units and accompanied by an equivalent number of special voting units in the REIT (the “Special Voting Units”)); and (iii) Class C LP Units of the Partnership. The purchase price of the Initial Properties is $3,533,881 for the purposes of this consolidated financial forecast and is supported by independent appraisals. The REIT expects to incur costs on the acquisition of the Initial Properties of $677, which will be added to the carrying value of the Initial Properties upon their recognition. The purchase of the Initial Properties will be accounted for as an asset acquisition in accordance with the REIT’s accounting policy as described in Note 4(b).

The purchase price will be satisfied as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash(1)</td>
<td>$241,172</td>
</tr>
<tr>
<td>Units acquired by CTC</td>
<td>$597,111</td>
</tr>
<tr>
<td>Class B LP Units</td>
<td>$895,598</td>
</tr>
<tr>
<td>Class C LP Units</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>Total</td>
<td>$3,533,881</td>
</tr>
</tbody>
</table>

(1) Represents proceeds from the Offering less issuance costs of $21,651 and property acquisition costs of $677.

(c) Class C LP Units

The consolidated forecast assumes there are 1,800,000 Class C LP Units issued and outstanding. The Class C LP Units entitle the holder to a fixed cumulative monthly distribution during the initial fixed rate period for each Series of Class C LP Units (the “Initial Fixed Rate Period”) in priority to distributions made to holders of the Class A LP Units, Class B LP Units and GP Units, subject to certain exceptions, equal to a weighted average of 4.50% of the aggregate capital amount ascribed to the Class C LP Units. Prior to the completion of the Initial Fixed Rate Period of each series and each five-year period thereafter, the distribution rate for such series of Class C LP Units will be reset, and the holders of such series of Class C LP Units will be entitled to elect either a fixed rate or floating rate option.

On expiry of the Initial Fixed Rate Period applicable to each series of Class C LP Units, and every five years thereafter, each such series of Class C LP Units is redeemable at par (together with all accrued and unpaid distributions thereon) at the option of the Partnership or the holder, upon giving at least 120 days' 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 50 basis points, 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 the REIT) can be settled at the option of the Partnership, in cash or an equivalent number of Class B LP Units.

(d) Property revenue

Forecast property revenue is based on rents from existing leases as well as expected income from the renewal of leases. Forecasted new and renewal leasing is assumed to occur at market rates. The REIT will enter into new leases in respect of the Initial Properties (collectively, the “Canadian Tire Leases”) with CTC (in the case of the distribution centre) and a subsidiary of CTC (in the case of Canadian Tire Retail stores). The leases with CTC will range in their terms from 10 to 21 years, with a weighted average lease term of approximately 16 years and an average annual rent escalation of 1.5%.
5. SIGNIFICANT ASSUMPTIONS (Continued)

Property revenue during the forecasted period is comprised of the following:

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Base minimum rent</td>
<td>58,867</td>
<td>58,867</td>
<td>58,904</td>
<td>58,914</td>
<td>235,552</td>
</tr>
<tr>
<td>Straight-line rent</td>
<td>7,031</td>
<td>7,032</td>
<td>7,015</td>
<td>7,015</td>
<td>28,093</td>
</tr>
<tr>
<td>Subtotal Base Rent</td>
<td>65,898</td>
<td>65,899</td>
<td>65,919</td>
<td>65,929</td>
<td>263,645</td>
</tr>
<tr>
<td>Property tax and operating expense recoveries</td>
<td>17,267</td>
<td>17,374</td>
<td>17,980</td>
<td>16,878</td>
<td>69,499</td>
</tr>
<tr>
<td>Capital expenditure and interest recovery charge</td>
<td>0</td>
<td>0</td>
<td>63</td>
<td>303</td>
<td>366</td>
</tr>
<tr>
<td>Property Revenue</td>
<td>83,165</td>
<td>83,273</td>
<td>83,962</td>
<td>83,110</td>
<td>333,510</td>
</tr>
</tbody>
</table>

Property revenue during the forecasted period is attributable to Canadian Tire and others as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>CTC</td>
<td>79,902</td>
<td>79,927</td>
<td>80,629</td>
<td>79,810</td>
<td>320,268</td>
</tr>
<tr>
<td>Non-CTC leases</td>
<td>3,263</td>
<td>3,346</td>
<td>3,333</td>
<td>3,300</td>
<td>13,242</td>
</tr>
<tr>
<td>Property Revenue</td>
<td>83,165</td>
<td>83,273</td>
<td>83,962</td>
<td>83,110</td>
<td>333,510</td>
</tr>
</tbody>
</table>

Future minimum rental commitments on non-cancellable tenant operating leases are as follows:

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than 1 year</td>
<td>237,407</td>
</tr>
<tr>
<td>Later than 1 year and not longer than 5 years</td>
<td>977,669</td>
</tr>
<tr>
<td>Later than 5 years</td>
<td>2,641,658</td>
</tr>
</tbody>
</table>

|^|----------------|----------------|----------------|----------------|----------------|----------------|
|                                | $              | $              | $              | $              | $              |
| Property expenses              | 18,763         | 18,657         | 18,705          | 18,224          | 74,349          |
| Property taxes                 | 17,410         | 17,304         | 17,352          | 16,871          | 68,937          |
| Property management            | 583            | 583            | 583             | 583             | 2,332           |
| Other recoverable operating costs | 300           | 300            | 300             | 300             | 1,200           |
| Ground rent                    | 445            | 445            | 445             | 445             | 1,780           |
| Property insurance             | 25             | 25             | 25              | 25              | 100             |
| Property Expenses              | 18,763         | 18,657         | 18,705          | 18,224          | 74,349          |
Pursuant to the terms of their lease agreements with the REIT, CTC and the third party tenants will be required to pay to the REIT, in addition to basic minimum rent, amounts in respect of property taxes attributable to the leased premises, certain of the REIT’s costs of maintaining the properties, their proportionate share of the REIT’s costs of maintaining the common areas, and certain insurance costs, in the form of additional rent.

Notwithstanding this arrangement, the REIT recognizes such costs as property expenses to the extent that it is the obligor for such costs in accordance with The Conceptual Framework for Financial Reporting as issued by the International Accounting Standards Board. Accordingly, amounts for which the REIT is the obligor for such costs are recognized as property revenue as a recovery (see Note 5(d)) in accordance with IAS 18, Revenue.

Included in property expenses are $69,517 of expenses which are recoverable from CTC and the non-CTC leases, and $4,832 of non-recoverable expenses. The following shows the impact on property revenue, property expenses and net income of the REIT’s recognition of recoverable property expenses and the associated recovery revenues on a gross basis:

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recoverable property expenses</td>
<td>69,517</td>
</tr>
<tr>
<td>Property tax and operating expense recoveries</td>
<td>69,499</td>
</tr>
<tr>
<td>Unrecovered expenses</td>
<td>18</td>
</tr>
</tbody>
</table>

Third party tenant vacancies result in unrecovered expenses of $18. Property tax and operating expense recoveries have been forecast based on general lease terms as well as historical vacancy and recovery rates for the properties. An increase or decrease in property expenses of the REIT across all properties on a proportionate basis of $1,000 would have a corresponding increase or decrease in net operating income not exceeding $1.

(f) General and Administrative Expenses

General and administrative costs include $3,288 to be payable by the REIT to CTC under the Services Agreement (see note 5(g)) and $4,785 which has been forecasted with reference to the REIT’s plans and budgets relating to the day-to-day administration of the REIT and include salaries, legal fees, trustee fees, annual report costs, transfer agent fees, audit fees, trustees and officers’ insurance premiums and other public company costs.

(g) Property Management and Services Agreement

CTC will provide the REIT with both property management and administrative and other support services as may reasonably be required from time to time. These services will be provided pursuant to the Property Management Agreement and the Services Agreement, both as defined below.

Property Management Agreement

CTC has agreed to provide customary property management services (the “Property Management Services”) to the Partnership, pursuant to the Property Management Agreement, on a cost-recovery basis only with a fixed maximum fee of $2,333 for the first two calendar years and pro rata for the period from Closing until December 31, 2013, pursuant to which the Partnership will reimburse CTC for all costs and expenses incurred by CTC, subject to adjustments for inflation in year two, in connection with providing the Property Management Services, including costs related to leasing fees payable to third parties, overhead attributable to such services, employees, contractors, out-of-pocket expenses and other direct and indirect costs of providing the Property Management Services, plus applicable taxes. Subsequent adjustments to such fee are based on the consumer price index.

Services Agreement

CTC has agreed to provide administrative and other support services (the “Services”) to the REIT, pursuant to the Services Agreement, on a cost-recovery basis only with a fixed maximum fee of $3,288 for the first two calendar years and pro rata for the period from Closing until December 31, 2013, pursuant to which the REIT will reimburse CTC for all costs and expenses incurred by CTC, subject to adjustments for inflation in year two, in connection with providing the Services, including costs related to overhead attributable to such services, employees, contractors, out-of-pocket expenses and other direct and indirect costs of providing the Services, plus applicable taxes. Subsequent adjustments to such fee are based on the consumer price index.
Interest and finance charges are based on the expected terms of the agreements expected to be put in place on Closing.

In accordance with the significant accounting policies described in Note 4, the Class C LP Units are presented as financial liabilities under IFRS. Accordingly, on Closing, the REIT is expected to have instruments presented as financial liabilities as follows:

<table>
<thead>
<tr>
<th>Series of Class C LP Units</th>
<th>Expiry of Initial Fixed Rate Period</th>
<th>Annual Distribution Rate During Initial Fixed Rate Period</th>
<th>Par Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 1</td>
<td>31-May-15</td>
<td>3.50%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 2</td>
<td>31-May-16</td>
<td>3.50%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 3</td>
<td>31-May-20</td>
<td>4.50%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 4</td>
<td>31-May-24</td>
<td>4.50%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 5</td>
<td>31-May-28</td>
<td>4.50%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 6</td>
<td>31-May-31</td>
<td>5.00%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 7</td>
<td>31-May-34</td>
<td>5.00%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 8</td>
<td>31-May-35</td>
<td>5.00%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 9</td>
<td>31-May-38</td>
<td>5.00%</td>
<td>200,000</td>
</tr>
<tr>
<td>Weighted Average / Total</td>
<td></td>
<td>4.50%</td>
<td>1,800,000</td>
</tr>
</tbody>
</table>

On Closing, the Partnership also expects to have a $200,000 revolving credit facility (the “Credit Facility”) with an initial drawn balance of nil. The Credit Facility will bear interest at a rate based on the bank’s prime rate of interest or bankers’ acceptances plus a margin, with a maturity date of four years from the date of Closing. A facility fee will be charged on undrawn amounts. During the forecast period, no amount is expected to be drawn on the Credit Facility. The Partnership will incur approximately $730 in expenses in connection with the arrangement of the Credit Facility.

Interest expense and other financing charges consist of the following:

<table>
<thead>
<tr>
<th>Three month periods ended</th>
<th>March 31, 2014</th>
<th>June 30, 2014</th>
<th>September 30, 2014</th>
<th>December 31, 2014</th>
<th>Twelve month period ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class C LP Units</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Facility fees</td>
<td>19,973</td>
<td>20,195</td>
<td>20,416</td>
<td>20,416</td>
<td>81,000</td>
</tr>
<tr>
<td>Amortization of financing costs — Credit Facility</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>480</td>
</tr>
<tr>
<td></td>
<td>45</td>
<td>46</td>
<td>46</td>
<td>46</td>
<td>183</td>
</tr>
<tr>
<td></td>
<td>20,138</td>
<td>20,361</td>
<td>20,582</td>
<td>20,582</td>
<td>81,663</td>
</tr>
</tbody>
</table>

(i) Fair value adjustments on investment property

The consolidated financial forecast does not reflect any change in the fair value of the Initial Properties as any such change is impacted by many variables that cannot be forecasted. A 10 basis point decrease or increase in discount rates would result in an approximately $55,000 increase or decrease in the fair value of investment property, respectively.
5. SIGNIFICANT ASSUMPTIONS (Continued)

(j) Equity
As described in Note 5(a) the consolidated statements of forecasted net income and comprehensive income have been prepared assuming that the underwriters’ over-allotment option has not been exercised. Immediately following Closing unitholders’ equity of the REIT is expected to be as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Units</th>
<th>Issued and outstanding</th>
<th>Unitholders’ Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitholders Equity(1)</td>
<td>Trust Units</td>
<td>86,061,094</td>
<td>838,960</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>Class B LP Units</td>
<td>89,559,771</td>
<td>895,598</td>
</tr>
</tbody>
</table>

(1) Dollar amount is net of expected costs relating to the Offering of $21,651.

The consolidated financial forecast has not included the effect of the applicable distribution reinvestment plan for Units and Class B LP Units.

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

(l) Special Voting Units
Special Voting Units are only issued (i) in tandem with Class B LP Units of the Partnership or (ii) in limited circumstances to holders of the Class C LP Units and are not transferable separately from the Class B LP Units or Class C LP Units, as the case may be, to which they relate. Upon any transfer of Class B LP Units or Class C LP Units, as the case may be, such Special Voting Units will automatically be transferred to the transferee of the Class B LP Units. As Class B LP Units are exchanged for Units or purchased for cancellation, the corresponding Special Voting Units will be cancelled for no consideration.

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

(m) Non-controlling interest
The REIT classifies the outstanding Class B LP Units as non-controlling interest for financial statement purposes in accordance with IFRS. The Class B LP Units are exchangeable on a one-for-one basis (subject to customary anti-dilution provisions) for Units at the option of the holder. Each Class B LP Unit is accompanied by a Special Voting Unit. The holders of Class B LP Units are entitled to receive distributions when declared by the Partnership equal to the per unit amount of distributions payable to each holder of Units. However, the Class B LP Units have limited voting rights over the Partnership.

(n) Acquisitions, developments and sales of investment property
This consolidated financial forecast does not reflect any potential sales of properties, major redevelopments of properties or further acquisitions of properties, other than the acquisitions of the Initial Properties. However, it is possible that the REIT will make purchases and sales of properties during the forecast period which will only be undertaken on a basis considered by management to be advantageous to the REIT and as approved by the Board of Trustees of the REIT.
6. OPENING FINANCIAL POSITION

The following is the expected consolidated financial position of the REIT immediately following Closing:

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>3,534,558</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Class C LP Units</td>
<td>1,800,000</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
</tr>
<tr>
<td>Unitholders’ equity</td>
<td>838,960</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>895,598</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>1,734,558</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>3,534,558</td>
</tr>
</tbody>
</table>

7. COMMITMENTS AND CONTINGENCIES

In connection with the Offering, the REIT has agreed to indemnify the underwriters against certain liabilities, including liabilities under applicable securities legislation, or to contribute to payments the underwriters may be required to make in respect of those liabilities. The REIT has agreed to indemnify, in certain circumstances, the trustees and the officers of the REIT and its subsidiaries.

The REIT, as lessee, is committed under long-term ground leases that are classified as operating leases with various expiry dates to 2043 with minimum annual rentals as follows:

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 1 year</td>
<td>1,632</td>
</tr>
<tr>
<td>After 1 year, but not more than 5 years</td>
<td>6,658</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>14,894</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23,184</td>
</tr>
</tbody>
</table>
## FORECAST NON-GAAP RECONCILIATION

The reconciliations of Cash NOI, FFO, AFFO and AFFO per Unit do not form part of the consolidated statements of forecasted net income and comprehensive income.

Set out below is a detailed calculation of NOI and a reconciliation of Cash NOI, FFO, AFFO and AFFO per Unit (in thousands of dollars except for per share amounts). Cash NOI, FFO, AFFO and AFFO per Unit are not measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. Cash NOI, FFO, AFFO and AFFO per Unit as computed by the REIT may differ from similar computations as reported by other real estate companies and accordingly, may not be comparable to Cash NOI, FFO, AFFO and AFFO per Unit as reported by other issuers. See “Additional GAAP and Non-GAAP Measures”. See “Financial Forecast”.

<table>
<thead>
<tr>
<th>($000s)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minimum Base Rent</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian Tire Retail stores</td>
<td>59,978</td>
<td>59,978</td>
<td>59,978</td>
<td>59,978</td>
<td>239,912</td>
</tr>
<tr>
<td>Canadian Tire Petroleum Gas Bars</td>
<td>761</td>
<td>761</td>
<td>762</td>
<td>762</td>
<td>3,046</td>
</tr>
<tr>
<td>Distribution Centre</td>
<td>2,540</td>
<td>2,540</td>
<td>2,539</td>
<td>2,539</td>
<td>10,158</td>
</tr>
<tr>
<td>Third Party Tenants (Including Other CTC Banners)</td>
<td>2,619</td>
<td>2,620</td>
<td>2,640</td>
<td>2,650</td>
<td>10,529</td>
</tr>
<tr>
<td><strong>Sub-Total Minimum Base Rent Recovery</strong></td>
<td>65,898</td>
<td>65,899</td>
<td>65,919</td>
<td>65,929</td>
<td>263,645</td>
</tr>
<tr>
<td><strong>Recovery</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Expenses Recovery</td>
<td>17,267</td>
<td>17,374</td>
<td>17,980</td>
<td>16,878</td>
<td>69,499</td>
</tr>
<tr>
<td>Capex Amortization &amp; Interest Recovery&lt;sup&gt;(2)(3)&lt;/sup&gt;</td>
<td>0</td>
<td>0</td>
<td>63</td>
<td>303</td>
<td>366</td>
</tr>
<tr>
<td><strong>Sub-Total Recovery</strong></td>
<td>17,267</td>
<td>17,374</td>
<td>18,043</td>
<td>17,181</td>
<td>69,865</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>83,165</td>
<td>83,273</td>
<td>83,962</td>
<td>83,110</td>
<td>333,510</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Expense</td>
<td>17,735</td>
<td>17,629</td>
<td>17,677</td>
<td>17,196</td>
<td>70,237</td>
</tr>
<tr>
<td>Property Management</td>
<td>583</td>
<td>583</td>
<td>583</td>
<td>583</td>
<td>2,332</td>
</tr>
<tr>
<td>Land Lease Expense</td>
<td>445</td>
<td>445</td>
<td>445</td>
<td>445</td>
<td>1,780</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>18,763</td>
<td>18,657</td>
<td>18,705</td>
<td>18,224</td>
<td>74,349</td>
</tr>
<tr>
<td><strong>NOI (Including Properties Straight Line Rent Adjustment)</strong></td>
<td>64,402</td>
<td>64,616</td>
<td>65,257</td>
<td>64,886</td>
<td>259,161</td>
</tr>
<tr>
<td>General and Administrative/Trust Expenses</td>
<td>2,046</td>
<td>2,009</td>
<td>2,009</td>
<td>2,009</td>
<td>8,073</td>
</tr>
<tr>
<td><strong>Total Interest Expense (Including Class C LP Unit Distributions)</strong></td>
<td>20,138</td>
<td>20,361</td>
<td>20,582</td>
<td>20,582</td>
<td>81,663</td>
</tr>
<tr>
<td><strong>Net Income and Comprehensive Income</strong></td>
<td>42,218</td>
<td>42,246</td>
<td>42,666</td>
<td>42,295</td>
<td>169,425</td>
</tr>
<tr>
<td><strong>Reconciliation of Forecasted Net Income to FFO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add: Acquisition Related Costs Amortization</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>FFO</strong></td>
<td>42,218</td>
<td>42,246</td>
<td>42,666</td>
<td>42,295</td>
<td>169,425</td>
</tr>
<tr>
<td><strong>Reconciliation of FFO to AFFO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Properties Straight Line Rent Adjustment</td>
<td>6,998</td>
<td>7,000</td>
<td>6,983</td>
<td>6,983</td>
<td>27,964</td>
</tr>
<tr>
<td>Less: Capital Expenditure Reserve&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>3,656</td>
<td>3,656</td>
<td>3,656</td>
<td>3,656</td>
<td>14,624</td>
</tr>
<tr>
<td><strong>AFFO</strong>&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>31,564</td>
<td>31,590</td>
<td>32,027</td>
<td>31,656</td>
<td>126,837</td>
</tr>
<tr>
<td><strong>AFFO per Unit</strong>&lt;sup&gt;(5)&lt;/sup&gt;</td>
<td>$ 0.18</td>
<td>$ 0.18</td>
<td>$ 0.18</td>
<td>$ 0.18</td>
<td>$ 0.72</td>
</tr>
<tr>
<td>Net: NOI (above)</td>
<td>64,402</td>
<td>64,616</td>
<td>65,257</td>
<td>64,886</td>
<td>259,161</td>
</tr>
<tr>
<td>Less: Properties Straight Line Rent Adjustment</td>
<td>7,031</td>
<td>7,032</td>
<td>7,015</td>
<td>7,015</td>
<td>28,093</td>
</tr>
<tr>
<td>Add: Land Lease Straight Line Expense Adjustment</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>128</td>
</tr>
<tr>
<td><strong>Cash NOI</strong></td>
<td>57,403</td>
<td>57,616</td>
<td>58,274</td>
<td>57,903</td>
<td>231,196</td>
</tr>
</tbody>
</table>

**Notes:**

1. Forecast rent is based on market rents pursuant to the Appraisal.
2. Forecasted capital expenditures is based on 15 year average pursuant to the BCA Reports.
3. Assumes 95% of the forecasted capital expenditures identified in the BCA Reports are recoverable from tenants.
4. Assumes no leasing cost.
5. Calculated assuming all Class B LP Units were converted into Units at the beginning of the Forecast Period.
Sources and Uses

The following are the expected sources and uses of consideration for the purchase of the Initial Properties and their expected uses on Closing, together with the related cash components thereof:

<table>
<thead>
<tr>
<th>Sources</th>
<th>(in thousands of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Offering of Units</td>
<td>$263,500</td>
</tr>
<tr>
<td>Units Issued to CTC</td>
<td>$597,111</td>
</tr>
<tr>
<td>Class B LP Units</td>
<td>$895,598</td>
</tr>
<tr>
<td>Class C LP Units</td>
<td>$1,800,000</td>
</tr>
<tr>
<td></td>
<td>$3,556,209</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consideration to the vendors of the Initial Properties</td>
<td>$3,533,881</td>
</tr>
<tr>
<td>Offering Costs</td>
<td>$21,651</td>
</tr>
<tr>
<td>Acquisition Costs of the Initial Properties</td>
<td>$677</td>
</tr>
<tr>
<td></td>
<td>$3,556,209</td>
</tr>
</tbody>
</table>
TRUSTEES AND MANAGEMENT OF THE REIT

Trustees and Executive Officers

The Declaration of Trust provides that the Board shall consist of a minimum of seven and a maximum of nine Trustees, a majority of whom (including the Chairman) are independent under Canadian Securities Law. At Closing, the REIT will have seven Trustees. A majority of Trustees must be Canadian residents. Any increase or decrease to the maximum or minimum number of Trustees will require the approval of not less than two-thirds of the votes cast at a meeting of Voting Unitholders called for such purposes (or a written resolution signed by Voting Unitholders representing at least two-thirds of the outstanding Voting Units). The Trustees will be elected by Voting Unitholders at each annual meeting of Voting Unitholders, and all Trustees will hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed. The Declaration of Trust provides CTC with certain nomination rights in respect of appointing Trustees to the Board. See “Declaration of Trust and Description of REIT Units”. Subject to CTC’s Trustee nomination rights, the nominees for election as Trustees will be determined by the Governance, Compensation and Nominating Committee in accordance with the provisions of the Declaration of Trust and the charter of that Committee. CTC will exercise its nomination rights by submitting its nominees to the Governance, Compensation and Nominating Committee which will review such proposed nominations and include information relating to such nominees, together with the remaining Trustee nominations solely determined by the Committee, in the proxy related materials to be made available to Voting Unitholders prior to each annual meeting. In the event that the Governance, Compensation and Nominating Committee does not approve of a proposed Trustee nominee submitted by CTC pursuant to its nomination rights, CTC will be entitled to submit an alternative proposed Trustee nominee that is acceptable to the Committee.

The following table sets forth information regarding the Trustees and executive officers of the REIT at Closing. As of the date of this prospectus, only Mr. Laidley, Mr. O’Bryan, Mr. McCann, Mr. Silver and Mr. Wetmore are Trustees of the REIT. The other individuals designated as Trustees of the REIT are not currently Trustees of the REIT. Each such individual has agreed to become a Trustee of the REIT and it is expected that such individuals will be appointed to the Board on or prior to Closing. As such individuals are not members of the Board at the time of this prospectus, the REIT does not believe any of such individuals has any liability for the contents of this prospectus in such capacity under the applicable securities laws of the provinces and territories of Canada.

<table>
<thead>
<tr>
<th>Name, Province and Country of Residence</th>
<th>Position/Title</th>
<th>Independent</th>
<th>Committees</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Laidley, Quebec, Canada</td>
<td>Board Chairman</td>
<td>Yes (1)(3)</td>
<td>Audit Committee, Governance, Compensation and Nominating Committee</td>
<td>Corporate Director</td>
</tr>
<tr>
<td>Brent Hollister, Ontario, Canada</td>
<td>Trustee</td>
<td>Yes (1)</td>
<td>Governance, Compensation and Nominating Committee (Chairman) Investment Committee</td>
<td>Corporate Director</td>
</tr>
<tr>
<td>Anna Martini, Quebec, Canada</td>
<td>Trustee</td>
<td>Yes (1)</td>
<td>Audit Committee (Chairman) Governance, Compensation and Nominating Committee</td>
<td>President of Groupe Dynamite Inc.</td>
</tr>
<tr>
<td>John O’Bryan, Ontario, Canada</td>
<td>Trustee</td>
<td>Yes (1)</td>
<td>Audit Committee Investment Committee (Chairman)</td>
<td>Chairman, CBRE Limited</td>
</tr>
<tr>
<td>Dean McCann, Ontario, Canada</td>
<td>Trustee</td>
<td>No (3)</td>
<td>Investment Committee</td>
<td>Chief Financial Officer and Executive Vice-President of Finance of CTC</td>
</tr>
<tr>
<td>Kenneth Silver, Ontario, Canada</td>
<td>Chief Executive Officer and Trustee</td>
<td>No (3)</td>
<td>Investment Committee</td>
<td>President and Chief Executive Officer and Trustee of the REIT</td>
</tr>
<tr>
<td>Stephen Wetmore, Ontario, Canada</td>
<td>Trustee</td>
<td>No (3)</td>
<td>Governance, Compensation and Nominating Committee</td>
<td>President and Chief Executive Officer of CTC</td>
</tr>
<tr>
<td>Louis Forbes, Ontario, Canada</td>
<td>Chief Financial Officer</td>
<td>N/A</td>
<td>N/A</td>
<td>Senior Vice President and Chief Financial Officer of the REIT</td>
</tr>
</tbody>
</table>

Notes:
(1) Trustee is an Independent Trustee who is not affiliated with CTC.
(2) Board Chairman of the REIT.
(3) Trustee is a nominee of CTC.
Immediately after Closing, the Trustees and executive officers of the REIT, as a group, will beneficially own, or control or direct, directly or indirectly, 140,000 Units, representing less than 1% of the issued and outstanding Units (on a fully-diluted basis) upon completion of the Offering.

The mandate of the Board, substantially in the form set out under Exhibit 1 to this prospectus, is to provide governance and stewardship to the REIT and its business. The Board, pursuant to its mandate, will be responsible for, among other things, (i) ensuring compliance with the Declaration of Trust; (ii) monitoring performance of the REIT; (iii) adopting a strategic planning process and approving strategic goals, performance objectives and operational policies; (iv) ensuring that processes are in place for identifying and managing the principal risks inherent in the REIT’s business and operations; (v) monitoring financial disclosure; (vi) reviewing and approving the REIT’s distribution policy and approving the timing and payment of distributions; (vii) reviewing and approving annual operating plans and budgets; (viii) succession planning, including the appointment, training and supervision of management; (ix) monitoring financial reporting and management; (x) monitoring internal control, enterprise risk management and management information systems; (xi) overseeing corporate disclosure and communications; (xii) adopting measures for receiving feedback from stakeholders on material issues; and (xiii) monitoring the REIT’s governance, including adopting key corporate policies designed to ensure that the REIT, its trustees, officers and employees comply with all applicable laws, rules and regulations, and conduct their business ethically and with honesty and integrity.

The Board will also adopt a written position description for the Chief Executive Officer which will set out the key responsibilities of the Chief Executive Officer. The primary functions of the Chief Executive Officer will be to lead management of the business and affairs of the REIT, to lead the implementation of the resolutions and the policies of the Board, to supervise day to day management and to communicate with Unitholders and regulators.

The REIT will adopt a written code of conduct (the “Code of Conduct”) that applies to all Trustees, officers, employees, and management of the REIT and its Subsidiaries. The objective of the Code of Conduct is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the REIT and its Subsidiaries. The Code of Conduct addresses conflicts of interest, protecting the REIT’s assets, confidentiality, fair dealing with securityholders, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct is required to avoid or fully disclose interests or relationships that are not in the REIT’s best interests or that may give rise to real, potential or the appearance of conflicts of interest. The Board will have the ultimate responsibility for the stewardship of the Code of Conduct. The Code of Conduct will also be filed with the Canadian securities regulatory authorities on SEDAR.

Other than Trustees appointed prior to Closing, which Trustees will hold office for a term expiring at the close of the next annual meeting of Voting Unitholders or until a successor is appointed, Trustees will be elected at each annual meeting of Voting Unitholders to hold office for a term expiring at the close of the next annual meeting, or until a successor is elected or appointed. Other than the nominees which may be nominated by CTC pursuant to its nomination rights as described under “Declaration of Trust and Description of REIT Units”, nominees will be nominated by the Governance, Compensation and Nominating Committee, in each case for election by Voting Unitholders as Trustees in accordance with the provisions of the Declaration of Trust, and information about all proposed nominees will be included in the proxy related materials to be sent to Voting Unitholders prior to each annual meeting of Voting Unitholders.

Biographical Information Regarding the Trustees and Executive Officers

David H. Laidley, FCPA, FCA, (66) — Mr. David Laidley was a partner of Deloitte LLP (Canada) from 1975 until his retirement in 2007. During his tenure at the firm, Mr. Laidley was elected Chairman in 2000 and served in that capacity until 2006. A Chartered Accountant, Mr. Laidley has over 40 years of professional services experience specializing in the tax and audit practices. Mr. Laidley currently serves on the boards of Aimia Inc., EMCOR Group Inc., Input Capital Inc. and ProSep Inc. He is also Chairman of Nautilus Indemnity Holdings Limited, Lead Director of the Bank of Canada and a director of Aviva Canada Inc. He served on the board of Biovail Corporation (now Valeant Pharmaceuticals International, Inc.) from 2008 to 2010. Mr. Laidley holds a
Bachelor of Commerce degree from McGill University and completed the Directors Education Program at the Institute of Corporate Directors.

Brent Hollister (65) — Mr. Brent Hollister was a trustee of Primaris Retail Real Estate Investment Trust from 2009 to 2013. Mr. Hollister was also President, Chief Executive Officer and a Director of Sears Canada Inc. from 2000 until 2006. During his tenure of over 35 years at Sears Canada, Mr. Hollister held several other leadership positions, including Chief Operating Officer, President/Executive Vice-President, Sales and Service, and Vice-President, Catalogue/Internet. Mr. Hollister currently serves on the board of Holiday Holdings Inc., a private equity company. He also served as a Director of the Canadian Marketing Association and is an honorary life member of this organization. Mr. Hollister is a graduate of Ryerson University in Retail Administration and completed the Directors Education Program at the Institute of Corporate Directors at the University of Toronto.

Anna Martini, FCPA, FCA (51) — Ms. Anna Martini is President of Groupe Dynamite Inc., a specialty apparel global retailer since 2004. From 1985 to 2004, Ms. Martini worked at Deloitte LLP (Canada), including as a partner in audit and advisory services from 1996 until her departure. During her tenure at Deloitte, she specialized in the retail and consumer products industry sectors. Ms. Martini currently serves on the board of Transcontinental Inc. She served on the board of Velan Inc. from 2008 to 2013 where she also chaired the Audit Committee. Ms. Martini is a Chartered Accountant and a member of the Advisory Committee to the President of Telus Quebec since 2010, a board member and Treasurer of the Retail Council of Canada since 2007, and a board member of the Royal Victoria Hospital Foundation.

John O’Bryan (62) — Mr. John O’Bryan is Chairman of CBRE Limited and a member of its Canadian Board of Directors and Canadian Executive Management Committee. Prior to joining CBRE in 2008, Mr. O’Bryan served as Managing Director at TD Securities from 1998 to 2008. With over 40 years’ experience in the real estate industry, Mr. O’Bryan’s past accomplishments include selling in excess of $8.0 billion worth of commercial real estate across Canada and negotiating over 3 million square feet of leases for major Canadian companies and institutions. Mr. O’Bryan holds an honours degree in Estate Management and is a member of the Royal Institution of Chartered Surveyors.

Dean McCann, CPA, CA (54) — Mr. Dean McCann is the Chief Financial Officer and Executive Vice-President of Finance of CTC. Prior to that role, Mr. McCann served as President of Canadian Tire Financial Services Limited and Chief Executive Officer and Director of Canadian Tire Bank, both of which are subsidiaries of CTC. During the past 17 years with CTC, Mr. McCann has held a number of progressively senior roles and led a number of impactful projects, including leading the establishment of Canadian Tire Bank, driving the success of Canadian Tire MasterCard with over five million accounts issued, and developing a shareholder value creation program. Mr. McCann is a Chartered Accountant and a graduate of the Directors College Chartered Director program at McMaster University.

Kenneth Silver (54) — Mr. Kenneth Silver is the President and Chief Executive Officer of the REIT and has over 20 years of experience in retail and commercial real estate, and in the retail industry. Mr. Silver joined CTC in 1995 and prior to his appointment as President and Chief Executive Officer of the REIT, Mr. Silver was Senior Vice-President, Corporate Strategy and Real Estate of CTC and President, Canadian Tire Real Estate Limited. His accountabilities included all aspects of developing and managing the real estate portfolio, corporate strategy development, and strategic initiatives including business sustainability and negotiating a new Canadian Tire dealer agreement. Mr. Silver holds a Bachelor of Arts degree from Queen’s University, a Master of Business Administration degree from McGill University and completed the Directors Education Program at the Institute of Corporate Directors at the University of Toronto.

Stephen Wetmore, CPA, CA (60) — Mr. Stephen Wetmore is President and Chief Executive Officer of CTC. Prior to his appointment as President and Chief Executive Officer of CTC in 2009, Mr. Wetmore served as President and Chief Executive Officer of Bell Aliant Regional Communications Income Fund, now Bell Aliant Inc, a publicly-traded business income trust in Canada. As an experienced Chief Executive Officer, Mr. Wetmore has successfully led a number of public companies and managed complex businesses in different industries, including telecommunications, information technology and transportation. In addition to serving as a Director of CTC since 2003, Mr. Wetmore is also a Director of Canadian Tire Financial Services Limited, a subsidiary of CTC, and has served on other public company boards as well as educational and charitable organizations across Canada.
Louis Forbes, CPA, CA (58) — Mr. Louis Forbes is the Senior Vice President and Chief Financial Officer of the REIT and has over 20 years of real estate and finance experience. Prior to his appointment as Chief Financial Officer of the REIT, Mr. Forbes was the Executive Vice President and Chief Financial Officer of Primaris Retail Real Estate Investment Trust from 2003 to 2013. Prior to serving in that role, Mr. Forbes was Vice President, Director and Senior Canadian Real Estate Equities Analyst of Merrill Lynch Canada, where he was responsible for covering North American real estate securities. Mr. Forbes also served as Vice President Finance and Chief Financial Officer of Revenue Properties Company Limited. Mr. Forbes holds a Bachelor of Science degree from McMaster University, a Master of Business Administration degree from Queen’s University and is a Chartered Accountant. Mr. Forbes completed the Chartered Director Program at the Directors College, McMaster University.

Penalties or Sanctions

None of the Trustees or executive officers of the REIT, and to the best of its knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of the REIT, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the Trustees or executive officers of the REIT, and to the best of its knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of the REIT, has, within the 10 years prior to the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Corporate Cease Trade Orders and Bankruptcies

None of the Trustees or executive officers of the REIT, and to the best of its knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of the REIT, is, as at the date of this prospectus, or has been within the 10 years before the date of this prospectus, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the existing or proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the existing or proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets, except that: Mr. Laidley is a director of ProSep Inc., a TSX listed company, that was the subject of a management cease trade in April 2013, for failure to file its financial statements, which cease trade order was revoked on June 17, 2013. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Conflicts of Interest

Mr. Stephen Wetmore and Mr. Dean McCann, each a Trustee and a senior executive officer of CTC, will be required to disclose the nature and extent of their respective interests in, and are not entitled to vote on any resolution to approve, any material contract or transaction or any proposed material contract or transaction between the REIT and CTC or any of its affiliates or any other entity in which either Trustee has an interest (unless the contract or transaction relates to his remuneration or an indemnity under the provisions of the
Committees of the Board of Trustees

The Board will establish three committees: the Audit Committee, the Governance, Compensation and Nominating Committee and the Investment Committee. All members of the Audit Committee will be persons determined by the Board to be Independent Trustees, except for temporary periods in limited circumstances in accordance with National Instrument 52-110 — Audit Committees (“NI 52-110”). The chairman and a majority of the members of each of the Governance, Compensation and Nominating Committee and the Investment Committee will be persons determined by the Board to be Independent Trustees who are unaffiliated with CTC. A majority of the members of each committee will be residents of Canada.

Audit Committee

The Audit Committee will consist of at least three Trustees, all of whom are persons determined by the REIT to be both Independent Trustees, unaffiliated with CTC, and financially literate within the meaning of NI 52-110 and a majority of whom will be residents of Canada. The Audit Committee will be comprised of Anna Martini, who will act as chairman of this committee, David Laidley and John O’Bryan, all of whom have been determined to be Independent Trustees.

The Board will adopt a written charter for the Audit Committee, substantially in the form set out under Exhibit 2 to this prospectus, which sets out the Audit Committee’s accountabilities. It is expected that the Audit Committee’s responsibilities will include: (i) reviewing and recommending to the Board for approval the audited annual financial statements, including the auditor’s report, the quarterly financial statements, the management’s discussion and analysis and financial reports; (ii) reviewing the mandate, budget and resourcing, annual plan and organizational structure of the internal audit function to ensure it is independent of management; (iii) reviewing the adequacy and effectiveness of the REIT’s internal controls over financial reporting and disclosure controls and procedures through discussions with management and the auditor; (iv) recommending to the Board a firm of auditors to be nominated for appointment as auditors of the REIT by the Unitholders; (v) reviewing and recommending to the Board the fee, scope and timing of the audit and other related services rendered by the auditor; (vi) overseeing the work and confirming the independence of the external auditors; (vii) reviewing annually a report from the auditor in respect of its internal quality-control procedures; (viii) reviewing the REIT’s risk management procedures; and (ix) reviewing the taxation matters of the REIT.

The Audit Committee will have direct communication channels with the Chief Financial Officer and the external auditors of the REIT to discuss and review such issues as the Audit Committee may deem appropriate.

Governance, Compensation and Nominating Committee

The Governance, Compensation and Nominating Committee will be comprised of at least three Trustees, a majority of whom are persons determined by the REIT to be Independent Trustees, unaffiliated with CTC, and a majority of whom will be residents of Canada, and will be charged with reviewing, overseeing and evaluating the corporate governance, compensation and nominating policies of the REIT. The Governance, Compensation and Nominating Committee will be comprised of Brent Hollister, who will act as chairman of this committee, David Laidley, Anna Martini and Stephen Wetmore. Brent Hollister, David Laidley and Anna Martini are Independent Trustees.

The Board will adopt a written charter for the Governance, Compensation and Nominating Committee setting out its responsibilities for: (i) subject to the rights of CTC, recommending to the Board the appointment, terms of employment and termination of the Chief Executive Officer and other officers; (ii) assisting the Board in succession planning for the Chief Executive Officer and other officers; (iii) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to Trustees and officers of the REIT; (iv) reviewing and recommending the design and operation of employee incentive plans and benefit plans; (v) reviewing and recommending to the Board the approval of all grants and payouts pursuant to the REIT’s short-term and long-term incentive compensation plans; (vi) developing and recommending to the Board the REIT’s approach to governance issues; (vii) annually identifying and recommending to the Board the
appropriate criteria for selecting new Trustees and overseeing the recruitment and selection of candidates as Trustees; (viii) assessing each Trustee’s independence in accordance with applicable securities laws; (ix) assessing the effectiveness of the Board, each of its committees and individual Trustees; and (x) organizing an orientation and education program for new Trustees.

Following Closing, it is expected that the Governance, Compensation and Nominating Committee will put in place an orientation program for new Trustees under which a new Trustee will meet with the Chairman of the Board and members of the executive management team of the REIT. It is anticipated that a new Trustee will be provided with comprehensive orientation and education as to the nature and operation of the REIT and its business, the role of the Board and its committees, and the contribution that an individual Trustee is expected to make. The Governance, Compensation and Nominating Committee will be responsible for coordinating development programs for continuing Trustees to enable the Trustees to maintain or enhance their skills and abilities as Trustees as well as ensuring that their knowledge and understanding of the REIT and its business remains current.

The Trustees believe that the members of the Governance, Compensation and Nominating Committee individually and collectively have the requisite knowledge, skill and experience in governance and compensation matters, including human resource management, executive compensation matters and general business leadership, to fulfill the committee’s mandate. All members of the Governance, Compensation and Nominating Committee have knowledge and experience as current and former senior executives of large and complex organizations and on the boards of other publicly traded companies.

**Investment Committee**

The Investment Committee will be comprised of at least three Trustees, a majority of whom are persons determined by the REIT to be Independent Trustees, unaffiliated with CTC, and a majority of whom will be residents of Canada, and will be charged with recommending to the Board whether to approve or reject proposed transactions, including proposed acquisitions and dispositions of properties and borrowings. The Investment Committee will also be responsible for recommending the adoption of an environmental management program for the REIT and for supervising the REIT’s compliance with and implementation of the environmental program. In addition, the Investment Committee will be responsible for reviewing and approving the investment policies and monitoring the application and compliance with such policies. The Investment Committee will be comprised of John O’Bryan, who will act as chairman of this committee, Brent Hollister and Kenneth Silver.

The Board will adopt a written charter for the Investment Committee setting out its responsibilities which shall include: (i) reviewing and approving investment policies on an annual basis; (ii) monitoring the application of and compliance with the investment policies by officers and employees of the REIT; (iii) monitoring the performance of the REIT’s portfolio based on such benchmarks as the Committee may from time to time select while taking into account compliance with the REIT’s investment policies; and (iv) reviewing and, if acceptable, approving proposed acquisitions, dispositions or borrowings on behalf of the REIT, all in accordance with the Declaration of Trust.

**Trustees’ and Officers’ Liability Insurance**

The REIT intends to carry Trustees’ and officers’ liability insurance. Under this insurance coverage, the REIT will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of the Trustees and officers contained in the Declaration of Trust, subject to a deductible for each loss, which will be paid by the REIT and insured claims for first party losses from a securities claim. Individual Trustees and officers will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by the REIT. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts. In addition, the REIT will enter into indemnity agreements with each of the Trustees and officers.
REMUNERATION OF TRUSTEES

Introduction

The Trustees’ compensation program is designed to attract and retain qualified and committed trustees, appropriately reward them for their time commitment and contributions and align their interests with the objectives of the REIT and its Unitholders.

The Governance, Compensation and Nominating Committee will be responsible for reviewing, at least once every two years, and recommending to the Board the form and amount of Trustees’ remuneration to ensure that it is both commensurate with the responsibilities and risks assumed and competitive with other REITs which are comparable in terms of size and complexity to CT REIT.

Fees and Expenses

In consideration for serving on the Board, each Trustee will receive:

- an annual retainer;
- a meeting fee for each Board and Committee meeting they attend in person or by telephone; and
- a travel fee to cover certain travel time related to Board, Committee and Unitholder meetings they attend.

Trustees will also be reimbursed for their reasonable out-of-pocket travel and other expenses they incur to attend Board, Committee and Unitholder meetings or to perform other duties in their role as Trustees.

The table below lists the proposed fees that Trustees will be entitled to receive:

<table>
<thead>
<tr>
<th>Fees</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Retainer</strong></td>
<td></td>
</tr>
<tr>
<td>Chairman of the Board</td>
<td>$90,000</td>
</tr>
<tr>
<td>Other Board Members</td>
<td>$50,000</td>
</tr>
<tr>
<td>Audit Committee Chairman</td>
<td>$12,500</td>
</tr>
<tr>
<td>Governance, Compensation and Nominating Committee Chairman</td>
<td>$7,500</td>
</tr>
<tr>
<td>Investment Committee Chairman</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>Meeting Fees</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Board Meeting</td>
<td>$1,500</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>$1,750</td>
</tr>
<tr>
<td>Investment Committee and Governance, Compensation and Nominating Committee</td>
<td>$1,500</td>
</tr>
<tr>
<td><strong>Travel Fees</strong></td>
<td></td>
</tr>
<tr>
<td>When travel time for a round trip to attend meetings is more than four hours</td>
<td>$1,500</td>
</tr>
</tbody>
</table>

Note:

<sup>(1)</sup> Trustees who participate in meetings of less than 60 minutes convened via conference call will receive the following fees: Board meeting ($750), Audit Committee meeting ($875), Governance, Compensation and Nominating Committee meeting ($750) and Investment Committee meeting ($750).

Trustees who are employees of the REIT or CTC or their Subsidiaries will not be entitled to receive any remuneration for their services as Trustees, but will be entitled to reimbursement of their reasonable out-of-pocket expenses incurred for serving as Trustees.

Deferred Unit Plan for Trustees

The REIT intends to adopt a Deferred Unit Plan (the “DU Plan”) at Closing to provide Trustees with the opportunity to acquire Deferred Units (“DUs”) in order to allow them to participate in the long-term success of the REIT and to promote a greater alignment of interests between Trustees and Unitholders. DUs represent a
right to receive Units on ceasing to be any of a Trustee or employee of the REIT or an officer, employee, director or trustee of any of its affiliates.

Trustees who are neither full nor part-time employees or officers of the REIT or CTC or any of their Subsidiaries are eligible to participate in the DU Plan pursuant to which they may elect to receive all or part of their annual retainer, meeting fees and additional compensation (including travel fees), which are paid quarterly, in DUs. Elections are irrevocable for the period in respect of which they are made. DUs will not entitle a Trustee to any voting or other Unitholder rights.

DUs will be credited quarterly to each participating Trustee’s account and will be determined by dividing the amount the Trustee elects to receive in DUs by the volume weighted average trading price of a Unit on the TSX for the five trading days prior to the date on which the DUs are credited. Additional DUs will be automatically credited to a Trustee’s account under the DU Plan when the REIT pays a distribution to Unitholders. The additional DUs to be credited will be calculated by multiplying the number of DUs in the Trustee’s account at the time such distribution is paid by the amount of the distribution, and dividing that amount by the volume weighted average trading price of a Unit on the TSX for the five trading days prior to the day the distribution is paid.

When a Trustee ceases to be a member of the Board and is not an officer, employee, director or trustee of any affiliate of the REIT, the former Trustee will receive Units issued by the REIT for the number of DUs credited to his or her account, including any distributions paid by the REIT on the Units that have accrued in the form of DUs or, at his or her election, the cash equivalent thereof. Units (or where the Trustee so elects, cash) will be issued to the former Trustee, subject to any applicable statutory source deductions.

Trustee Unit Ownership Guidelines

To ensure that Trustees’ interests are aligned with those of the Unitholders, to demonstrate that Trustees are financially committed to the REIT through personal unit ownership and to promote the REIT’s commitment to sound corporate governance, each Trustee (other than a Trustee who is an employee of the REIT or CTC or any of their Subsidiaries) will be required to accumulate at least three times the value of the base annual Trustee retainer, which as of Closing will equate to $150,000 in Units or DUs, or a combination thereof, by the fifth anniversary of becoming a Trustee (the “Trustee Unit Ownership Guidelines”). For purposes of the Trustee Unit Ownership Guidelines, securities will be valued using the greater of their market value or book value.

A Trustee who does not meet the Trustee Unit Ownership Guidelines upon his or her election or appointment to the Board will be required to receive at least 50% of the annual Trustee retainer in DUs or to purchase Units equal in value to at least 50% of the annual Trustee retainer, at his or her discretion. If a Trustee has accumulated the required equity amount under the Trustee Unit Ownership Guidelines, he or she will receive the entire annual retainer in cash, Units or DUs, or any combination thereof, as specified by the Trustee.

Trustees’ Hedging Policy

Trustees will be prohibited from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the Trustees.

Maximum Units Issuable to Insiders

The maximum number of Units issuable pursuant to the DU Plan and RU Plan (described under the heading Restricted Unit Plan for Executives below) will, in the aggregate, not exceed 5% of the total number of issued and outstanding Units of the REIT, on a fully-diluted basis, at the time of Closing.
EXECUTIVE COMPENSATION

Introduction

The following discussion is intended to describe the significant elements of the expected compensation programs for the two Named Executive Officers (“NEOs”) of the REIT.

The NEOs during fiscal 2013 will be as follows:

- Kenneth E. Silver, President and Chief Executive Officer, CT Real Estate Investment Trust\(^1\)
- Louis M. Forbes, Senior Vice President and Chief Financial Officer, CT Real Estate Investment Trust

From time to time, CTC will provide the REIT with additional personnel pursuant to the terms of the Services Agreement, but no such person is expected to qualify as a NEO. See “Arrangements with CTC — Services Agreement”.

Executive Compensation Philosophy

The objective of the REIT’s expected executive compensation programs is to attract, motivate and retain an outstanding leadership team as well as to align rewards with business results and individual performance. The REIT’s approach will be to encourage management to make decisions and take actions that will create long-term sustainable growth and result in long-term Unitholder value. The REIT’s expected executive compensation program is based on the following principles: (i) compensation must be guided by a pay for performance philosophy; (ii) compensation must be market competitive to attract and retain the leadership talent required to drive business results; (iii) compensation must incorporate an appropriate balance of short and long-term rewards; (iv) compensation must foster an environment of accountability, teamwork, and cross-functional collaboration; (v) incentive programs must align leaders with the goals and objectives of the REIT and its Unitholders; (vi) compensation programs must not encourage leaders to take undue or excessive risks or permit inappropriate rewards; and (vii) all NEOs must have a significant personal stake in the REIT’s success through Unit ownership.

Relationship of Executive Compensation to Risk

The REIT will design its executive compensation programs to provide an appropriate balance of risk and reward in relation to its overall business strategy. The REIT will also have in place several policies and practices which will be designed to mitigate risk including designing incentive plans focused on the long-term, an incentive clawback provision related to its short-term and long-term compensation (See “Executive Compensation — Annual Short-Term Incentive Plan” and “Executive Compensation — Long-Term Incentive Plan”) and a prohibition against hedging changes in the value of the REIT’s equity securities (See “Executive Compensation — Executive Unit Ownership Guidelines”). The policies relating to incentive clawback and anti-hedging will be applicable to the NEOs of the REIT. The Governance, Compensation and Nominating Committee will also regularly review each incentive compensation plan and will have the discretion to recommend to the Board adjustments to incentive awards, as appropriate.

Note:

(1) Mr. Silver currently serves as Senior Vice President, Corporate Strategy and Real Estate for CTC. Mr. Silver will resign from his position at CTC on Closing.
Components of Compensation

The components of NEO compensation are expected to be comprised principally of base salary, short-term cash incentives and long-term incentives (in the form of Performance Units) as described in the table below. Benefits and perquisites are expected to comprise a relatively small part of a NEO’s total annual compensation.

<table>
<thead>
<tr>
<th>Compensation Component</th>
<th>Objectives</th>
<th>Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Salary</td>
<td>Provide fixed compensation that reflects the market value of the role and the skills and experience of the executive officer.</td>
<td>Cash</td>
</tr>
<tr>
<td>Annual Short-Term Incentive Plan</td>
<td>Reward executive officers for their contribution to the achievement of annual business objectives and financial goals.</td>
<td>Cash(1)</td>
</tr>
<tr>
<td>Long-Term Incentive Plan</td>
<td>Align the interests of executive officers with the achievement of the REIT’s long-term business objectives as well as the interests of Unitholders.</td>
<td>Performance Units</td>
</tr>
<tr>
<td>• Performance Unit Plan</td>
<td>Reward executive officers for achieving financial targets and increasing Unitholder value over a three-year period.</td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>Promote general wellness and preventative care.</td>
<td>Health and dental insurance; group life and accidental death and dismemberment insurance; short-term disability insurance; and employee-paid long-term disability insurance.</td>
</tr>
<tr>
<td>Perquisites</td>
<td>The REIT will take a conservative approach to perquisites and determine such programs by reviewing competitive market practices.</td>
<td>Annual car allowance and paid parking; annual medical assessment; and annual financial planning allowance that is intended to reinforce individual accountability for personal financial planning as the REIT will not offer retirement and pension plans.</td>
</tr>
</tbody>
</table>

Note:
(1) The REIT will establish a Restricted Unit Plan pursuant to which executive officers may elect to receive all or part of their annual Short-Term Incentive Plan awards in Restricted Units. See “Executive Compensation — Restricted Unit Plan for Executives”.

The compensation mix will vary by NEO level to reflect both market practice and the impact of more senior roles on the overall performance of the REIT. The base salary portion of executive compensation will be fixed, while the annual short-term and long-term incentive portions will be performance-based.

Base Salary

The overall objective of the base salaries paid to the NEOs will be to provide fixed compensation that reflects the market value of the role and the skills and experience an executive must possess to make meaningful contributions to the REIT.

Executive officer salaries will be reviewed on an annual basis to ensure that salaries appropriately recognize an executive’s responsibility, experience and performance. Adjustments will only be made to increase an executive officer’s base salary as their skills and experience broaden or if the market value of the role increases.

Annual Short-Term Incentive Plan

The REIT’s annual Short-Term Incentive Plan (“STIP”) will be designed to motivate and reward executives, including the NEOs, to achieve the REIT’s annual business objectives. The STIP design will include financial performance targets and individual performance goals as determined annually by the Board upon the recommendation of the Governance, Compensation and Nominating Committee. STIP targets will be expressed as a percentage of base salary and determined for each executive based on competitive market practice for comparable roles. The STIP target will be the award that is earned for achieving target levels of both individual and corporate performance.
The REIT will also establish a Restricted Unit Plan pursuant to which executives may elect to receive all or part of their STIP awards in Restricted Units. See “Executive Compensation — Restricted Unit Plan for Executives”.

In addition, the REIT will have a clawback provision applicable to all executives, including the NEOs, which will provide that in the event of a restatement of the REIT’s financial statements for any reason, the Board may in its discretion adjust or require repayment under the STIP using the restated financial statements. This policy will apply to any STIP awards impacted by the restatement in circumstances where the payment has not yet been made or where the restatement occurred within three years of the payment.

**Long-Term Incentive Plan**

The primary objective of the REIT’s Long-Term Incentive Plan (“LTIP”) will be to align the interests of the executive officers with the achievement of the REIT’s long-term business objectives as well as the interests of Unitholders.

Under the LTIP, the REIT will award long-term incentives to executive officers in the form of Performance Units (“PUs”). The target LTIP award for each executive will be expressed as a percentage of base salary. The Governance, Compensation and Nominating Committee will annually review and recommend to the Board the target LTIP award for each executive, and any associated forward looking performance conditions (for example, the performance levels that must be achieved in order for a payment to result upon the vesting of PUs).

LTIP grants will be subject to a clawback provision, which will provide that in the event of a restatement of the REIT’s financial statements for any reason, the Board may in its discretion adjust the payments under the PU Plan using the restated financial statements. This policy will apply to any PU payments impacted by the restatement in circumstances where the payment has not yet been made or where the restatement occurred within three years of the payment.

PUs will be governed by the terms of a Performance Unit Plan, the key features of which are described below.

**Performance Unit Plan**

PUs will be awarded by the Board upon the recommendation of the Governance, Compensation and Nominating Committee to executive officers, including the NEOs, based on salary, individual capabilities and potential. In accordance with the Performance Unit Plan (“PU Plan”), PUs will vest at the end of a three-year performance period and payment will be made if performance conditions are met.

Each PU award will entitle the executive to a cash payment equal to the value of one Unit at the end of the performance period, subject to a back-end multiplier based on the achievement of financial objectives.

In the event (i) an executive officer ceases to be an employee of the REIT due to death or disability; or (ii) an executive retires after age 60 and having achieved 10 years of service; or, in circumstances set out in certain executive employment agreements, the executive will receive payment in respect of his or her PUs calculated as if the executive had been an active employee during the entire performance period.

In the event an executive officer is terminated without cause or the termination is triggered by a change of control of the REIT prior to the end of the performance period, the amount payable to the executive officer will be reduced to the period of active employment within the expected performance period and PUs will be subject to a modified back-end multiplier, generally based on the corporate STIP payout percentages for the completed fiscal years during the performance period, to a maximum multiplier of 1.0.

If an executive officer resigns or is terminated with cause from the REIT, all outstanding PUs will be forfeited.

The PU Plan will also contain customary provisions in respect of adjustments to or reorganization of the capital structure of the REIT. PUs will not be transferable or assignable by an executive other than by testamentary disposition or the laws of descent and distribution.
Restricted Unit Plan for Executives

In order to allow executive officers to participate in the long-term success of the REIT and to promote a greater alignment of interests between executive officers and Unitholders, the REIT intends to adopt a Restricted Unit Plan (the “RU Plan”) at Closing pursuant to which executive officers, including the NEOs, may elect to receive all or a portion of their STIP award for any fiscal year in the form of notional units that will entitle the executive officer to receive the value thereof in Units, or, at his or her election, an equivalent amount of cash, at the end of the applicable vesting period, which will be up to five years in length (“Restricted Units” or “RUs”). An executive officer who elects to participate in the RU Plan may change or revoke his or her election, provided that such change or revocation will be effective with respect to STIP awards for fiscal years commencing after the change or revocation is filed with the REIT. The RU Plan will also provide for the direct grant of RUs to executive officers. RUs will not entitle an executive to any voting or other Unitholder rights.

The number of RUs granted to an executive officer will be calculated by dividing, in the case of a STIP award, the amount of the STIP award which the executive officer has elected to receive in RUs by the volume weighted average trading price of a Unit on the TSX for the five trading days prior to the tenth business day following the release of the REIT’s financial statements for the year in respect of which the STIP award is earned and, in the case of a direct grant of RUs, the amount of the RU grant by the volume-weighted average trading price of a Unit on the TSX for the five trading days prior to the grant date. Additional RUs will be credited to an executive’s RU account when the REIT pays a distribution to holders of Units, the number of which will be determined by multiplying the number of RUs in the executive’s account at the time such distribution is paid by the amount of the distribution, and dividing that amount by the volume weighted average trading price of a Unit on the TSX for the five trading days prior to the day the distribution is paid.

At the end of the applicable vesting period, the executive officer will receive Units, or, at his or her option, an equivalent amount of cash, issued by the REIT for the number of RUs credited to his or her account, including any distributions paid by the REIT on the Units that have accrued in the form of RUs. Units (or, where the executive officer so elects, cash) will be issued to the executive officer, subject to any applicable statutory source deductions. If a participant’s employment is terminated for whatever reason, the RUs will vest immediately. Settlement of RUs will be made as soon as practicable following the last day of active employment.

Maximum Units Issuable to Insiders

The maximum number of Units issuable pursuant to the DU Plan (described under the heading Deferred Unit Plan for Trustees above) and RU Plan will, in the aggregate, not exceed 5% of the total number of issued and outstanding Units of the REIT, on a fully-diluted basis, at the time of Closing.

Executive Benefit Plans

The REIT is expected to provide the NEOs, as a participating employer in CTC’s benefit program, with health benefits available to other REIT employees, generally on the same basis, which are designed to promote general wellness and preventative care. These benefits will include medical and dental insurance, group life and accidental death and dismemberment insurance, short-term disability insurance and employee-paid long-term disability insurance. Executive benefits plans will be administered by CTC on behalf of the REIT and paid for by the REIT.

Perquisites

The REIT is expected to provide the NEOs with perquisites including an annual car allowance, paid parking, an annual medical assessment and an annual financial planning allowance that is intended to reinforce individual accountability for personal financial planning as the REIT will not offer retirement and pension plans.

Executive Unit Ownership Guidelines

The REIT will establish Unit ownership guidelines for its executive officers (the “Executive Unit Ownership Guidelines”) that will set out minimum levels of equity ownership in the REIT. The Executive Unit Ownership Guidelines will be designed to align the interests of the executives with the interests of Unitholders, demonstrate that the executives are financially committed to the REIT through personal Unit ownership and promote the REIT’s commitment to sound corporate governance.
Within five years of their appointment, the NEOs will be expected to accumulate in Units or RUs, or any combination thereof, an amount equal to a multiple of their annual base salary, as follows:

<table>
<thead>
<tr>
<th>NEO Level</th>
<th>Guideline Multiple of Annual Base Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>2x</td>
</tr>
<tr>
<td>CFO</td>
<td>1x</td>
</tr>
</tbody>
</table>

**Executives’ Hedging Policy**

Executives will be prohibited from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the executives.

**Termination and Change of Control Benefits**

None of the NEOs’ employment agreements will provide for change of control benefits, as no incremental payments will be triggered upon a change in control of the REIT. The table below summarizes the termination benefits that are expected to be provided to the NEOs under each plan in situations that result in cessation of employment, subject to any special provision under an executive’s employment agreement.

<table>
<thead>
<tr>
<th>Compensation Type</th>
<th>Separation Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-Term Incentive Plan</td>
<td>Resignation: No payment. Payment of pro-rata portion of annual bonus will be calculated by reference to the end of the executive’s active employment.</td>
</tr>
<tr>
<td></td>
<td>Termination without Cause: Value of PUs will be paid out on a pro-rated basis for the employment period.</td>
</tr>
<tr>
<td></td>
<td>Termination with Cause: All outstanding PUs will be forfeited. Value of PUs will be paid out on same basis as if active employment continued during any term or performance period provided for under such plan.</td>
</tr>
<tr>
<td>Performance Unit Plan</td>
<td>Resignation: All outstanding PUs will be forfeited. Value of PUs will be paid out on a pro-rated basis for the employment period.</td>
</tr>
<tr>
<td></td>
<td>Termination without Cause: All outstanding PUs will be forfeited. Value of PUs will be paid out on same basis as if active employment continued during any term or performance period provided for under such plan.</td>
</tr>
<tr>
<td></td>
<td>Retirement: No payment. 24 months of base salary, bonus and benefits (in accordance with employment agreement).</td>
</tr>
<tr>
<td>Severance</td>
<td>Resignation: No payment. 24 months of base salary, bonus and benefits (in accordance with employment agreement).</td>
</tr>
<tr>
<td></td>
<td>Termination without Cause: No payment.</td>
</tr>
<tr>
<td></td>
<td>Termination with Cause: No payment.</td>
</tr>
<tr>
<td></td>
<td>Retirement: No payment.</td>
</tr>
</tbody>
</table>

**Summary Compensation Table**

The table below shows the annualized compensation expected to be paid to the NEOs for the 2013 financial year, which will end on December 31, 2013.

<table>
<thead>
<tr>
<th>Name and Principal Position (a)</th>
<th>Year (b)</th>
<th>Salary ($)(c)</th>
<th>Unit based awards(d)</th>
<th>Option based awards (e)</th>
<th>Annual incentive plans(f)</th>
<th>Long-term incentive plans(g)</th>
<th>Pension Value ($)(h)</th>
<th>All other compensation ($)(i)</th>
<th>Total compensation ($) (i)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenneth E. Silver</td>
<td>2013</td>
<td>$500,000</td>
<td>$250,000</td>
<td>$350,000</td>
<td>$350,000</td>
<td>$225,000</td>
<td>$1,100,000</td>
<td></td>
<td>$1,100,000</td>
</tr>
<tr>
<td>President and CEO, CT Real Estate Investment Trust</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Louis M. Forbes</td>
<td>2013</td>
<td>$375,000</td>
<td>—</td>
<td>$225,000</td>
<td>$225,000</td>
<td>$225,000</td>
<td>$600,000</td>
<td></td>
<td>$600,000</td>
</tr>
<tr>
<td>Senior Vice President and Chief Financial Officer, CT Real Estate Investment Trust</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

(1) The amounts in this column represent the annualized base salary expected to be paid by the REIT as of Closing. Actual salary allocated to the services provided to the REIT for fiscal 2013 will be pro-rated based on the date of Closing, and will therefore be less than this amount and will vary based on the date of Closing.
The amount in this column represents the expected value of RU grants expected to be awarded to Mr. Silver on Closing. PUs will be granted to Mr. Silver and Mr. Forbes commencing in 2014.

The REIT will not provide option-based awards.

The amounts in this column are calculated based on the annualized NEO base salaries expected to be paid by the REIT as of Closing and assume payout at target. The amounts in this column will be pro-rated based on the actual salaries to be paid to the NEOs for fiscal 2013, and will therefore be less and will vary based on the date of Closing.

The REIT will not have any long-term non-equity incentive plans.

The REIT will not have a defined benefit or defined contribution pension plan.

As the value of perquisites for the NEOs does not exceed $50,000 in the aggregate, or 10% or more of the NEO’s annual salary, they have not been included in this column.

Employment Agreements

Kenneth E. Silver, President and Chief Executive Officer, CT Real Estate Investment Trust

Pursuant to the terms of an employment agreement, Mr. Silver will serve as President and Chief Executive Officer of the REIT and be responsible for managerial and executive oversight of the REIT. The agreement will provide for an annual salary payable to Mr. Silver in the amount of $500,000, which will be subject to annual review by the Governance, Compensation and Nominating Committee. The employment agreement will also provide for participation in the STIP and LTIP. For 2013, Mr. Silver’s STIP target will be 70% of his prorated base salary and will be determined based on the achievement of corporate and individual results. In 2014, Mr. Silver will be entitled to receive an LTIP grant of 42,500 PUs, subject to approval by the Board. In addition, in recognition of Mr. Silver’s contribution to the development of the Initial Properties and establishment of the REIT, he will receive a special RU grant on Closing with a grant date fair value of $250,000. All of the costs of Mr. Silver’s participation in the CTC benefit plans will be paid for by the REIT. In the event of a termination of employment without cause by the REIT, the agreement with Mr. Silver will provide for payment of salary and benefits for a period of 104 weeks, a pro-rata payment under the STIP at the target payout level during the applicable notice period, and payment of awards under the PU Plan as if Mr. Silver continued to be employed by the REIT during any term or performance period provided for under such plan. In certain circumstances some of the foregoing payments may be subject to clawback in the event Mr. Silver obtains alternative employment. Mr. Silver will agree to mitigation, non-competition and non-solicitation provisions for a period of 12 months following the cessation of his employment in exchange for the termination payments and benefits described above.

Louis M. Forbes, Senior Vice President and Chief Financial Officer, CT Real Estate Investment Trust

Pursuant to the terms of an employment agreement, Mr. Forbes will serve as Senior Vice President and Chief Financial Officer of the REIT. The agreement will provide for an annual salary payable to Mr. Forbes in the amount of $375,000, which will be subject to annual review by the Governance, Compensation and Nominating Committee. The employment agreement will also provide for participation in the STIP and LTIP. For 2013, Mr. Forbes’ STIP target will be 60% of his pro-rated base salary and will be determined based on the achievement of corporate and individual results. In 2014, Mr. Forbes will be entitled to receive an LTIP grant of 20,650 PUs, subject to approval by the Board. All of the costs of Mr. Forbes’ participation in the CTC benefit plans will be paid for by the REIT. In the event of a termination of employment without cause by the REIT on or before August 1, 2016, the agreement with Mr. Forbes will provide for payment of the amounts hereinafter described for a period of 104 weeks. In the event of a termination of employment without cause by the REIT after August 1, 2016, Mr. Forbes will be entitled to the payments hereinafter described for a period that is the greater of (i) the period between the end of his active employment and August 1, 2018, and (ii) the minimum statutory notice period required under applicable law. During the applicable notice periods described above, Mr. Forbes will receive his salary and benefits, a pro-rata payment under the STIP at the target payout level during the applicable notice period, and payment of awards under the PU Plan as if Mr. Forbes continued to be employed by the REIT during any term or performance period provided for under such plan. In certain circumstances some of the foregoing payments may be subject to clawback in the event Mr. Forbes obtains alternative employment. In the event Mr. Forbes resigns from the REIT at any time after August 1, 2018, he will be entitled to payment of awards under the PU Plan as if he continued to be employed by the REIT during any term or performance period provided under such plan. Mr. Forbes will agree to mitigation, non-competition and non-solicitation provisions for a period of 12 months following the cessation of his employment in exchange for the termination payments and benefits referred to previously.
INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides certain restrictions on investments that may be made by the REIT. The assets of the REIT may be invested, directly or indirectly, only in accordance with the following restrictions:

(a) the REIT will focus its activities primarily on the acquisition, holding, developing, maintaining, improving, leasing, managing or otherwise dealing with income producing real property exclusively in Canada and the United States which is primarily commercial or retail in nature and assets ancillary thereto necessary for the operation of such real estate and such other activities as are consistent with the other investment guidelines of the REIT (collectively, the “Focus Activities”);

(b) notwithstanding anything else contained in the Declaration of Trust, the REIT shall not make or hold any investment, take any action or omit to take any action or permit a Subsidiary to make or hold any investment or take any action or omit to take any action that would result in:

(i) the REIT not qualifying as a “mutual fund trust” or a “unit trust” both within the meaning of the Tax Act;

(ii) Units not qualifying as qualified investments for Registered Plans;

(iii) the REIT not qualifying as a “real estate investment trust” within the meaning of the Tax Act if, as a consequence of the REIT not so qualifying, the REIT or any of its Subsidiaries would be liable to pay a tax imposed under either paragraph 122(1)(b) or subsection 197(2) of the Tax Act; or

(iv) the REIT being liable to pay a tax under Part XII.2 of the Tax Act;

(c) the REIT may, directly or indirectly, make such investments, do all such things and carry out all such activities as are necessary or desirable in connection with the conduct of its activities provided they are not otherwise specifically prohibited by the Declaration of Trust;

(d) unless otherwise specifically prohibited by the Declaration of Trust, the REIT may invest in freehold, leasehold, or other interests in property (real, personal, moveable or immovable);

(e) the REIT will not invest in any interest in a single real property if, after giving effect to the proposed investment, the cost to the REIT of such investment (net of the amount of debt incurred or assumed in connection with such investment) will exceed 20% of Gross Book Value at the time the investment is made;

(f) the REIT may make its investments and conduct its activities, directly or indirectly, through an investment in one or more persons on such terms as the Trustees may from time to time determine, including by way of joint ventures, partnerships (general or limited) and limited liability companies;

(g) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province or territory of Canada, deposits with a savings institution, trust company, credit union or similar financial institution that is organized or chartered under the laws of a state or of the United States, short-term government debt securities or money market instruments maturing prior to one year from the date of issue and except as permitted pursuant to these investment guidelines and operating policies of the REIT, the REIT may not hold securities of a person other than to the extent such securities would constitute an investment in real property (as determined by the Trustees) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, but in all events subject to paragraph (b) above, the REIT may hold securities of a person: (i) acquired in connection with the carrying on, directly or indirectly, of the REIT’s activities or the holding of its assets; or (ii) which focuses its activities primarily on the activities described in paragraph (a) above, provided in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 20% of the outstanding securities of an issuer (the “Acquired Issuer”), the investment is made for the purpose of subsequently effecting the merger or combination of the business and assets of the REIT and the Acquired Issuer or for otherwise ensuring that the REIT will control the business and operations of the Acquired Issuer;
(h) the REIT will not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;

(i) the REIT will not invest in operating businesses unless such investment is incidental to a transaction (i) where revenue will be derived, directly or indirectly, principally from real property, or (ii) which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of real property (in each case as determined by the Trustees);

(j) the REIT may invest in a joint venture arrangement only if:

(i) the arrangement is one pursuant to which the REIT holds an interest in real property jointly or in common with others (“joint venturers”) either directly or through the ownership of securities of a corporation or other entity (a “joint venture entity”) as co-owners and not as partners;

(ii) the REIT’s interest in the joint venture arrangement is not subject to any restriction on transfer other than a right of first offer or right of first refusal, if any, in favour of the joint venturers;

(iii) the REIT has a right of first offer or right of first refusal to buy the interests of the other joint venturers; and

(iv) the joint venture arrangement provides an appropriate buy-sell mechanism to enable a joint venturer to purchase the other joint venturers’ interests or to sell its interest;

provided that, notwithstanding the foregoing, the REIT may from time to time enter into any joint venture arrangement which does not comply with any of subparagraphs (ii) through (iv) above if the Trustees determine that the investment is desirable for the REIT and is otherwise in compliance with the investment restrictions and the operating policies established in accordance with the Declaration of Trust and in effect at such time;

(k) the REIT shall not acquire interests in general partnerships or limited partnerships provided that the REIT may invest in a general partnership or limited partnership if:

(i) the general partnership or limited partnership is formed and operated solely for the purpose of acquiring, owning, maintaining, improving, developing, leasing or managing a particular real property or real properties or an interest therein;

(ii) the REIT’s interest in the limited partnership is not subject to any restriction on transfer other than a right of first offer or right of first refusal, if any, in favour of any other partner or any affiliate thereof;

(iii) the REIT has a right of first offer or right of first refusal to buy the interests of the other partners; and

(iv) the REIT has received a legal opinion to the effect that the investment (a) would not disqualify the REIT as a “mutual fund trust” within the meaning of the Tax Act, and (b) would not result in the REIT losing any status under the Tax Act that is otherwise beneficial to the REIT and its REIT Unitholders;

provided that, notwithstanding the foregoing, the REIT may from time to time enter into any limited partnership arrangement which does not comply with either of subparagraphs (ii) or (iii) above if the Trustees determine that the investment is desirable for the REIT and otherwise complies with the investment restrictions and operating policies established in accordance with the Declaration of Trust and in effect at such time;

(l) subject to subclause (f) of the REIT’s Operating Policies, the REIT will not invest in raw land for development, except (i) for existing properties with additional development or properties adjacent to existing properties of the REIT for the purpose of the renovation or expansion of existing properties, or (ii) the development of new properties which will be capital property of the REIT, provided that the aggregate value of the investments of the REIT in raw land, excluding raw land under development, after giving effect to the proposed investment, will not exceed 10% of the Gross Book Value;
(m) the REIT may invest in mortgages and mortgage bonds (including participating or convertible mortgages) and similar instruments where:

(i) the real property which is security therefor is income producing real property which otherwise meets the other investment guidelines of the REIT; and

(ii) the aggregate book value of the investments of the REIT in mortgages, after giving effect to the proposed investment, will not exceed 15% of the Gross Book Value; and

(n) the REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 15% of Gross Book Value of the REIT in investments which do not comply with one or more of paragraphs (a) and (g).

For the purpose of the foregoing guidelines and restrictions (other than subparagraph (b)), the assets, liabilities and transactions related to a joint venture accounted for using the equity method of accounting would be determined assuming proportionate consolidation was used.

**Operating Policies**

The Declaration of Trust provides that the operations and affairs of the REIT will be conducted in accordance with the following policies:

(a) the REIT shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for this purpose, the term “hedging” has the meaning given by National Instrument 81-102—*Mutual Funds* adopted by the Canadian Securities Administrators, as replaced or amended from time to time and, in all events, subject to paragraph (b) of the Investment Guidelines described above;

(b) (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage; and (ii) to the extent the Trustees determine to be practicable and consistent with their fiduciary duties to act in the best interest of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation, shall contain a provision, or be subject to an acknowledgement to the effect, that the obligation being created is not personally binding upon, and that resort must not be had to, nor will recourse or satisfaction be sought from, by lawsuit or otherwise the private property of any of the Trustees, Unitholders, annuitants or beneficiaries under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT; but that only property of the REIT or a specific portion thereof is bound; the REIT, however, is not required, but must use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of real property;

(c) the REIT shall not incur or assume any Indebtedness if, after giving effect to the incurring or assumption of the Indebtedness, the total Indebtedness of the REIT plus the aggregate par value of the Class C LP Units would be more than 60% of Gross Book Value (or 65% of Gross Book Value including convertible Indebtedness);

(d) at no time shall the REIT incur Indebtedness plus the aggregate par value of the Class C LP Units aggregating more than 20% of Gross Book Value (excluding debt with an original maturity of one year or more falling due in the next 12 months or variable rate debt for which the REIT has entered into interest rate swap agreements to fix the interest rate for a one year period or more) at floating interest or distribution rates; and at no time shall the REIT have Indebtedness more than 20% of Gross Book Value (excluding debt with an original maturity of one year or more falling due in the next 12 months) having maturities of less than one year;

(e) the REIT may engage in construction or development of real property that is capital property to the REIT to maintain its real properties in good repair or to improve the income-producing potential of properties in which the REIT has an interest;
(f) the REIT may not engage in construction or development of new properties unless such new properties will be capital properties of the REIT on completion and the aggregate value of the investments of the REIT in such properties under development (which shall be inclusive of any investments in raw land as provided under subclause (l) of the REIT’s Investment Guidelines), after giving effect to the proposed investment in the construction or development, shall not exceed 15% of Gross Book Value;

(g) title to each real property shall be held by and registered in the name of the REIT, the Trustees or a person wholly-owned, directly or indirectly, by the REIT or jointly-owned, directly or indirectly, by the REIT, with joint venturers or by any other persons in such manner as the Trustees consider appropriate, taking into account advice of legal counsel; provided that, where land tenure will not provide fee simple title, the REIT, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by the REIT or jointly owned, directly or indirectly, by the REIT or such person as the Trustees consider appropriate shall hold a ground lease as appropriate under the land tenure system in the relevant jurisdiction;

(h) the REIT shall not directly or indirectly guarantee any Indebtedness or liabilities of any person unless such guarantee: (i) is given in connection with or incidental to an investment that is otherwise permitted by the REIT’s investment guidelines; (ii) has been approved by the Trustees; and (iii) (A) would not disqualify the REIT as a “mutual fund trust” within the meaning of the Tax Act, and (B) would not result in the REIT losing any other status under the Tax Act that is otherwise beneficial to the REIT and its Unitholders;

(i) the REIT shall directly or indirectly obtain and maintain at all times property insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors, including the practice of owners of comparable properties;

(j) the REIT shall have obtained an appraisal of each real property that it intends to acquire and an engineering survey with respect to the physical condition thereof, in each case, by an independent and experienced consultant, unless the requirement for such an appraisal or engineering survey is waived by the Independent Trustees; and

(k) the REIT shall, in each case by an independent and experienced environmental consultant, either (i) obtain a Phase I environmental site assessment or (ii) be entitled to rely on a Phase I environmental site assessment dated no earlier than 24 months prior to receipt by the REIT, of each real property to be acquired by it and, if the Phase I environmental site assessment report recommends that a further environmental investigation be conducted, the REIT shall either: (A) have conducted such further environmental investigation or (B) have a second independent and experienced environmental consultant, who did not participate in the preparation of the Phase I environmental site assessment, further evaluate such real property to be acquired using the following specific risk criteria to evaluate any identified significant risk using the following criteria: (w) foreseeable likelihood of material adverse effects due to off-site migration of contaminants; (x) foreseeable likelihood of material adverse effects due to on-site human exposure to contaminants; (y) foreseeable likelihood of regulatory intervention; and (z) material detrimental impact on ability to sell, lease or finance the property to assess the potential implications to the REIT of the Phase I environmental site assessment findings; and, if such second consultant recommends that further environmental investigations be conducted, have conducted such further environmental investigations.

For the purpose of the foregoing policies, the assets, liabilities and transactions related to a joint venture accounted for using the equity method of accounting would be determined assuming proportionate consolidation was used.

Where any maximum or minimum percentage limitation is specified in any of the investment guidelines or operating policies, such investment guidelines or operating policies shall be applied on the basis of the relevant amounts calculated immediately after the making of such investment or the taking of such action. Any
subsequent change relative to any percentage limitation which results from a subsequent change in the amount of Aggregate Assets will not require the divestiture of any investment.

Notwithstanding the foregoing, the Declaration of Trust will provide that for so long as CTC directly or indirectly holds a majority of the Voting Units, the REIT may not undertake, without the prior written consent of CTC (in its sole and absolute discretion): (i) any material acquisition, disposition, or development; (ii) subject to the CT Re-Financing Obligations, any financings (debt or equity), re-financings or similar transactions; (iii) any direct or indirect granting of security over any assets of the REIT or any related entity; or (iv) the replacement of the Chief Executive Officer of the REIT.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, the investment guidelines set forth under “Investment Guidelines” and the operating policies set forth in sub-paragraphs (a), (c), (h), (j) and (k) under “Operating Policies” may be amended only with the approval of not less than two-thirds of the votes cast at a meeting of Voting Unitholders called for such purposes (or a written resolution signed by Voting Unitholders representing at least two-thirds of the outstanding Voting Units). The remaining operating policies may be amended with the approval of a majority of the votes cast at a meeting of Voting Unitholders called for such purposes (or a written resolution signed by Voting Unitholders representing at least a majority of the outstanding Voting Units).

Regulatory Conflict

Notwithstanding the foregoing paragraph, if at any time a government or regulatory authority having jurisdiction over the REIT or any property of the REIT shall enact any law, regulation or requirement which is in conflict with any investment guideline or operating policy of the REIT then in force, such investment guideline or operating policy in conflict shall, if the Trustees on the advice of legal counsel to the REIT so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary, any such resolution of the Trustees shall not require the approval of Unitholders.

DECLARATION OF TRUST AND DESCRIPTION OF REIT UNITS

General

The REIT is an unincorporated closed-end real estate investment trust established pursuant to the Declaration of Trust under, and governed by, the laws of Ontario. Although the REIT is expected to qualify on Closing as a “mutual fund trust” as defined in the Tax Act, the REIT will not be a “mutual fund” as defined by applicable securities legislation.

Authorized Capital and Outstanding Securities

The Declaration of Trust authorizes the issuance of an unlimited number of two classes of units, namely “trust units” and “special voting units”. Special Voting Units are only issued (i) in tandem with the issuance of Class B LP Units or (ii) in limited circumstances, to holders of the Class C LP Units. As at the date hereof, the REIT has a total of one Unit outstanding and no Special Voting Units outstanding.

In addition, “Preferred Units” may from time to time be created and issued in one or more classes (each of which may be made up of unlimited series) without requiring Voting Unitholder approval. Before the issuance of Preferred Units of a series, the Trustees will execute an amendment to the Declaration of Trust containing a description of such series, including the designations, rights, privileges, restrictions and conditions determined by the Trustees, and the class of Preferred Units of which such series is a part. As at the date hereof, the REIT has no Preferred Units outstanding.

The REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on nor does it intend to carry on the business of a trust company.
Units

Each Unit is transferable and represents an equal, undivided beneficial interest in the REIT and any distributions from the REIT, whether of net income, net realized capital gains or other amounts and, in the event of the termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. All Units rank among themselves equally and rateably without discrimination, preference or priority. Each Unit entitles the holder thereof to receive notice of, to attend and to one vote at all meetings of Voting Unitholders or in respect of any written resolution of Voting Unitholders.

Unitholders are entitled to receive distributions from the REIT (whether of net income, net realized capital gains or other amounts) if, as and when declared by the Trustees. Upon the termination or winding-up of the REIT, Unitholders will participate equally with respect to the distribution of the remaining assets of the REIT after payment of all liabilities and subject to the rights of Preferred Unitholders, if any. Such distribution may be made in cash, as a distribution in kind, or both, all as the Trustees in their sole discretion may determine. Units have no associated conversion or retraction rights. No person is entitled, as a matter of right, to any pre-emptive right to subscribe for or acquire any Unit, except for CTC as set out in the Exchange Agreement, or as otherwise agreed to by the REIT pursuant to a binding written agreement.

Special Voting Units

Special Voting Units are only issued in tandem with Class B LP Units or, in limited circumstances, to holders of Class C LP Units, and are not transferable separately from the Class B LP Units or the Class C LP Units, as the case may be, to which they relate. Upon any valid transfer of Class B LP Units or Class C LP Units, as the case may be, such Special Voting Units will automatically be transferred to the transferee of the Class B LP Units or the Class C LP Units, as the case may be. As Class B LP Units are exchanged for Units or redeemed or purchased for cancellation by the Partnership, the corresponding Special Voting Units will be cancelled for no consideration.

In the event that the Partnership has not paid all applicable accrued and payable distributions on a series of Class C LP Units for 24 months in the aggregate, whether or not consecutive and whether or not such distributions shall have been declared by the board of directors of the General Partner, the holders of such Class C LP Units will be issued 100 Special Voting Units for each such Class C LP Unit held. Immediately following the payment in full of all applicable accrued and payable distributions on such Class C LP Units, all of the corresponding Special Voting Units issued to such holder of Class C LP Units will be cancelled for no consideration. In the event that subsequent to the cancellation of the Special Voting Units described in the preceding sentence the Partnership has not paid all applicable accrued and payable distributions on such series of Class C LP Units for 24 months in the aggregate, whether or not consecutive and whether or not such distributions shall have been declared by the board of directors of the General Partner, the holders of such Class C LP Units will once again be issued Special Voting Units on the terms described above. See “The Partnership — Partnership Units — Class C LP Units”.

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

Preferred Units

The Trustees may fix from time to time before such issue the number of Preferred Units which is to comprise each class and series and the designation, rights, privileges, restrictions and conditions attaching to each class and series of Preferred Units including any voting rights, the rate or amount of distributions (which may be cumulative or non-cumulative and variable or fixed) or the method of calculating distributions, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion, if any, any rights on the liquidation, dissolution or winding-up of the REIT, and any sinking fund or other provisions.
The Preferred Units of each class and series will, with respect to the payment of distributions (other than distributions paid solely through the distribution of additional Units) and the distribution of assets of the REIT or return of capital in the event of liquidation, dissolution or winding-up of the REIT, whether voluntary or involuntary, or any other return of capital or distribution of assets of the REIT among the Unitholders for the purpose of winding-up its affairs, be entitled to preference over the units ranking by their terms junior to the Preferred Units. The Preferred Units of any series may also be given other preferences over the units ranking by their terms junior to the Preferred Units, so long as such preferences are not inconsistent with the Declaration of Trust.

In the event that the REIT decides to create and issue Preferred Units in the future, it intends to obtain an Advance Income Tax Ruling from CRA with respect to the amendments to the Declaration of Trust that would be necessary to provide for the issuance of Preferred Units. It is unlikely that the REIT would proceed with any such amendments unless CRA confirms that such amendments will not, in and of themselves, result in a disposition by existing Unitholders of their Units or result in a disposition by the REIT of its property or in a resettlement of the REIT or result in any other material adverse consequence to the REIT or the Unitholders.

For greater certainty, the REIT has no present intention of issuing Preferred Units, but wishes to have the flexibility to do so in the future as a means of seeking an alternate source of equity financing. The REIT has no present intention of creating or issuing Preferred Units for anti-takeover purposes.

**Issuance of Units**

Subject to the pre-emptive rights of CTC contained in the Exchange Agreement, and the consent rights of CTC under the Declaration of Trust while it holds (directly or indirectly) a majority of the Voting Units, Units or rights to acquire Units or other securities may be created, issued and sold at such times, to such persons, for such consideration and on such terms and conditions as the Trustees determine, including pursuant to a rights plan, distribution reinvestment plan, purchase plan or any incentive option or other compensation plan. Units will be issued only when fully paid in money, property or past services, and they will not be subject to future calls or assessments, provided that Units may be issued and sold on an installment basis and the REIT may take security over any such Units so issued. Where the Trustees determine that the REIT does not have available cash in an amount sufficient to pay the full amount of any distribution, the payment may, at the option of the Trustees, include or consist entirely of the issuance of additional Units having a fair market value determined by the Trustees equal to the difference between the amount of the distribution and the amount of cash that has been determined by the Trustees to be available for the payment of such distribution. These additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. The Declaration of Trust also provides that unless the Trustees determine otherwise, and subject to all necessary regulatory approvals, immediately after any pro rata distribution of additional Units to all Unitholders as described above, the number of outstanding Units will automatically be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the distribution of such additional Units. In such circumstances, each such interest in Units prior to the distribution of additional Units will be deemed to represent the same number of Units after the distribution of such additional Units and the consolidation. If tax is required to be withheld from a Unitholder’s share of the distribution, the consolidation will not result in such Unitholder holding the same number of Units. Each such Unitholder will be required to surrender the certificates, if any, representing that Unitholder’s original Units in exchange for an interest representing that Unitholder’s post consolidation Units.

The Trustees may refuse to allow the issuance of or to register the transfer of Units where such issuance or transfer would, in their opinion, adversely affect the treatment of the REIT under applicable Canadian tax laws or their qualification to carry on any relevant business. See “— Limitations on Non-Resident Ownership of Units”.
Repurchase of Units

The REIT may, from time to time, purchase all or a portion of the Units for cancellation at a price per Unit and on a basis determined by the Trustees in accordance with applicable securities laws and stock exchange rules.

Limitations on Non-Resident Ownership of Units

In order for the REIT to maintain its status as a mutual fund trust under the Tax Act, it must not be established or maintained primarily for the benefit of non-resident persons. Accordingly, the Declaration of Trust provides that at no time may Non-Residents be the beneficial owners of more than 49% of the Units on either a basic or fully-diluted basis and the REIT has informed its transfer agent and registrar of this restriction. The Trustees may require a registered holder of Units to provide them with a declaration as to the jurisdictions in which beneficial owners of Units registered in such holder’s name are resident and as to whether such beneficial owner is Non-Resident (and, in the case of a partnership, whether the partnership is Non-Resident). If the Trustees become aware, as a result of such declarations as to beneficial ownership or as a result of any other investigations, that the beneficial owners of more than 49% of the Units on either a basic or fully-diluted basis are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and will not accept a subscription for Units from, or issue or register a transfer of Units to, a person unless the person provides a declaration in form and content satisfactory to the Trustees that the person is not a Non-Resident and does not hold such Units for the benefit of Non-Residents. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units on either a basic or fully-diluted basis are held by Non-Residents, the Trustees may send or cause to be sent a notice to such Non-Resident Unitholders chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not more than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may on behalf of such persons sell or cause to be sold such Units and, in the interim, will suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders will cease to be holders of the relevant Units and their rights will be limited to receiving the net proceeds of sale upon surrender of the certificates, if any, representing such Units. Notwithstanding the foregoing, the Trustees may determine not to take any of the actions described above if the Trustees have been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the REIT as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the REIT as a mutual fund trust for purposes of the Tax Act.

Nomination of Trustees

The Declaration of Trust provides CTC with the exclusive right to nominate to the Board (which at Closing will be set at seven Trustees): (i) three Trustees, provided that CTC’s effective interest in the REIT is greater than 20% (on a fully-diluted basis), (ii) two Trustees, provided that CTC’s effective interest in the REIT is greater than 10% and equal to or less than 20% (on a fully-diluted basis), or (iii) one Trustee, provided that CTC’s effective interest in the REIT is greater than 5% and equal to or less than 10% (on a fully-diluted basis). Provided that if the Board consists of nine Trustees and CTC’s effective interest in the REIT is greater than 50% (on a fully-diluted basis), CTC will have the exclusive right to nominate to four Trustees to the Board.

Trustees

The Declaration of Trust provides that the Board shall consist of a minimum of seven and a maximum of nine Trustees, a majority of whom (including the Chairman) are independent under Canadian Securities Law and not Non-Residents. At Closing, the REIT will have seven Trustees. Any increase or decrease to the maximum or minimum number of Trustees will require the approval of not less than two-thirds of the votes cast at a meeting of Voting Unitholders called for such purposes (or a written resolution signed by Voting Unitholders representing at least two-thirds of the outstanding Voting Units). A vacancy occurring among the Trustees may be filled by resolution of the remaining Trustees or by the Voting Unitholders at a meeting of the Voting Unitholders. If at any time a majority of Trustees are Non-Residents because of the death, resignation,
adjudicated incompetence, removal or change in circumstances of any Trustee who was a resident Canadian, the remaining Trustees, whether or not they constitute a quorum, will appoint a sufficient number of resident Canadian Trustees to comply with the requirement that a majority of Trustees will be at all times resident Canadians.

In addition, a majority of the Trustees must at all times be Independent Trustees. If at any time a majority of Trustees are not Independent Trustees because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstances of any Trustee who was an Independent Trustee, this requirement will not be applicable for a period of 60 days after such occurrence, during which time the remaining Trustees shall appoint a sufficient number of Independent Trustees to comply with this requirement.

The Declaration of Trust provides that, subject to its terms and conditions, the Trustees have, without further authorization and free from any control or direction on the part of the Voting Unitholders, full, absolute and exclusive power, control and authority over the assets and affairs of the REIT to the same extent as if the Trustees were the sole and absolute beneficial owners of the assets of the REIT, to do all acts and things as in their sole and absolute judgment and discretion are necessary or incidental to, or desirable for, carrying out any of the purposes or conducting the affairs of the REIT. All meetings of the Trustees (and any committees) shall take place in Canada.

Trustees are appointed at each annual meeting of Voting Unitholders to hold office for a term expiring at the close of the next annual meeting. The Declaration of Trust provides that a Trustee may resign at any time upon written notice to the Chairman or, if there is no Chairman, to the Chief Executive Officer of the REIT or, if there is no Chief Executive Officer, to the Unitholders. A Trustee may be removed at any time with or without cause by an ordinary resolution of the Voting Unitholders at a meeting of Voting Unitholders or by the written consent of Voting Unitholders holding in the aggregate not less than a majority of the outstanding Voting Units or with cause by a resolution passed by at least two-thirds of the other Trustees.

The Declaration of Trust provides that the Trustees will act honestly and in good faith with a view to the best interests of the REIT and its Voting Unitholders and, in connection with that duty, will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Committees

The Declaration of Trust requires that the Trustees appoint a Governance, Compensation and Nominating Committee, an Audit Committee and an Investment Committee. In addition, the Trustees may create such additional committees as they, in their discretion, determine to be necessary or desirable for the purposes of properly governing the affairs of the REIT.

Conflicts of Interest

The Declaration of Trust contains “conflict of interest” provisions to protect Unitholders without creating undue limitations on the REIT. As the Trustees will be engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the CBCA, that require each Trustee to disclose to the REIT any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating to: (i) his or her direct remuneration as a Trustee, officer, employee or agent of the REIT; or (ii) indemnity of himself or herself as a Trustee or the purchase or maintenance of liability insurance.
All decisions of the Board will require the approval of a majority of the Trustees. In addition, the following matters shall also require the approval of a majority of the Independent Trustees who are Independent Trustees in accordance with the Declaration of Trust:

(a) an acquisition of a property or an investment in a property, whether by co-investment or otherwise, or the provision of any financing, development or leasing services in respect of a property in which CTC or an Affiliate of CTC or any Related Party of the REIT has any direct or indirect interest, whether as owner, operator, tenant or manager;

(b) a material change to any agreement with CTC or an Affiliate of CTC or a Related Party of the REIT or any approval, consent, waiver or other decision of Trustees thereunder, or any renewal, extension or termination thereof or any increase in any fees (including any transaction fees) or distributions payable thereunder;

(c) the entering into of, or the waiver, exercise or enforcement of any rights or remedies under, any agreement entered into by the REIT, or the making, directly or indirectly, of any co-investment, in each case, with (i) CTC, other than provided for in the terms of the Class C LP Units, (ii) any Trustee, (iii) any entity directly or indirectly controlled by any Trustee in which any Trustee holds a significant interest, or (iv) any entity for which any Trustee acts as a director or in other similar capacity;

(d) the refinancing, increase or renewal of any Indebtedness owed by or to, or the redemption of the Class C LP Units by, (i) CTC, (ii) any Trustee, (iii) any entity directly or indirectly controlled by any Trustee or in which any Trustee holds a significant interest, or (iv) any entity for which any Trustee acts as a director or in other similar capacity; or

(e) decisions relating to any claims by or against one or more parties to any agreement with CTC or an Affiliate of CTC or any Related Party of the REIT.

Meetings of Voting Unitholders

The Declaration of Trust provides that meetings of Voting Unitholders will be called and held annually for the election of Trustees and the appointment of auditors for the ensuing year, the presentation of the consolidated financial statements of the REIT for the immediately preceding fiscal year, and the transaction of such other business as the Trustees may determine or as may be properly brought before the meeting.

A meeting of Voting Unitholders may be convened by the Trustees at any time and for any purpose and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5% of the Voting Units then outstanding by a written requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Voting Unitholders may attend and vote at all meetings of Voting Unitholders either in person or by proxy and a proxyholder need not be a Voting Unitholder. Two or more persons present in person or represented by proxy and representing in total at least 10% of the votes attached to all outstanding units will constitute a quorum for the transaction of business at all meetings.

The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Voting Unitholders similar to those required under the CBCA.

Amendments to the Declaration of Trust and Voting on Other Extraordinary Matters

The Declaration of Trust, except where specifically provided otherwise, may be amended only with the approval of a majority of the votes cast by the Voting Unitholders at a meeting called for that purpose or the written approval of the Voting Unitholders holding a majority of the outstanding Voting Units. Notwithstanding the foregoing, certain amendments and certain extraordinary matters will require the approval of at least two-thirds of the votes cast by the Voting Unitholders at a meeting of Voting Unitholders called for that purpose or the written approval of Voting Unitholders holding more than two-thirds of the outstanding Voting Units, including:

(i) any amendments to the amendment provisions of the Declaration of Trust;
(ii) any increase or decrease in the size of the Board;

(iii) an exchange, reclassification or cancellation of all or part of the Units or Special Voting Units;

(iv) the change or removal of the rights, privileges, restrictions or conditions attached to the Units or Special Voting Units, including, without limitation,
   
   - the removal or change of rights to distributions;
   
   - the removal of or change to conversion privileges, redemption privileges, options, voting, transfer or pre-emptive rights; or
   
   - the reduction or removal of a distribution preference or liquidation preference;

(v) the creation of new rights or privileges attaching to certain of the Units or Special Voting Units;

(vi) any change to the existing constraints on the issue, transfer or ownership of the Units or Special Voting Units, except as provided in the Declaration of Trust;

(vii) the sale of the REIT’s property as an entirety or substantially as an entirety (other than as part of an internal reorganization approved by the Trustees);

(viii) the combination, amalgamation or arrangement of the REIT or any of its Subsidiaries with any other entity that is not the REIT or a Subsidiary of the REIT (other than as part of an internal reorganization as approved by the Trustees);

(ix) a material change to the Limited Partnership Agreement; and

(x) certain amendments to the investment guidelines and operating policies of the REIT.

Notwithstanding the foregoing, the Declaration of Trust will provide that for so long as CTC directly or indirectly holds a majority of the Voting Units, the REIT may not undertake, without the prior written consent of CTC (in its sole and absolute discretion): (i) any material acquisition, disposition, or development; (ii) subject to the CT Re-Financing Obligations, any financings (debt or equity), re-financings or similar transactions; (iii) any direct or indirect granting of security over any assets of the REIT or any related entity; or (iv) the replacement of the Chief Executive Officer of the REIT.

A majority of the Trustees may, however, without the approval of the Voting Unitholders, make certain amendments to the Declaration of Trust, including amendments for the purpose of:

(i) ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees, the REIT or the distribution of the Units or Special Voting Units;

(ii) providing additional protection or added benefits which are, in the opinion of the Trustees, necessary to maintain the rights of the Voting Unitholders set out in the Declaration of Trust;

(iii) removing any conflicts or inconsistencies in the Declaration of Trust or making corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Voting Unitholders;

(iv) making amendments of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest errors, which amendments are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Voting Unitholders;

(v) making amendments which are, in the opinion of the Trustees, necessary or desirable as a result of changes in taxation or other laws or accounting standards from time to time which may affect the REIT or the Voting Unitholders to ensure the Units qualify as equity for purposes of GAAP;

(vi) making amendments which, in the opinion of the Trustees are necessary or desirable to enable the REIT to implement a Unit option or purchase plan, the DRIP, or to issue Units for which the purchase price is payable in installments;
(viii) creating and issuing one or more new classes of Preferred Units that rank in priority to the Units (in respect of payment of distributions and in connection with any termination or winding-up of the REIT);

(viii) that are deemed necessary or advisable to ensure that the REIT has not been established nor maintained primarily for the benefit of persons who are not resident Canadians; or

(ix) for any purpose which, in the opinion of the Trustees, is not prejudicial to Voting Unitholders and is necessary or desirable.

In no event will the Trustees amend the Declaration of Trust if such amendment would amend Voting Unitholders’ voting rights, cause the REIT to fail to qualify as a “mutual fund trust”, “real estate investment trust” or “unit trust” under the Tax Act or cause the REIT or a Subsidiary of the REIT to be subject to tax under paragraph 122(1)(b), subsection 197(2) or Part XII.2 of the Tax Act.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for Units and not less than 90% of the Units (including Units issuable on the exchange of any exchangeable securities, including Class B LP Units, but excluding Units held at the date of the take-over bid by or on behalf of the offeror or associates or Affiliates of the offeror or those acting jointly or in concert with them) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by holders who did not accept the take-over bid on the terms on which the offeror acquired Units from holders who accepted the take-over bid.

Information and Reports

Prior to each meeting of Voting Unitholders, the Trustees will make available to the Voting Unitholders (along with notice of the meeting) information similar to that required to be provided to shareholders of a corporation governed by the CBCA and as required by applicable securities laws and stock exchange requirements.

Rights of Unitholders

The rights of the Unitholders and the attributes of the Units are established and governed by the Declaration of Trust. Although the Declaration of Trust confers upon a Unitholder many of the same protections, rights and remedies as an investor would have as a shareholder of a corporation governed by the CBCA, significant differences exist, some of which are described below.

Many of the provisions of the CBCA respecting the governance and management of a corporation are incorporated in the Declaration of Trust. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Units in a manner comparable to shareholders of a CBCA corporation and to elect Trustees and the auditors of the REIT. The Declaration of Trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of Voting Unitholders and Trustees, the procedures at such meetings and the right of the Voting Unitholders to participate in the decision making process where certain fundamental actions are proposed to be undertaken. The matters in respect of which approval by the Voting Unitholders is required under the Declaration of Trust are generally less extensive than the rights conferred on the shareholders of a CBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the Subsidiaries of the REIT. These approval rights are supplemented by provisions of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are “reporting issuers” or the equivalent or are listed on the TSX.

Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting: (a) the business or businesses that the corporation can carry on; or (b) the issue, transfer or ownership of shares). Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation where the corporation undertakes actions that are oppressive,
unfairly prejudicial or which disregard the interests of securityholders and certain other parties. Shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust does not include a comparable right. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of a corporation or any of its Subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right.

Non-Certificated Inventory System

Other than pursuant to certain exceptions, registration of interests in and transfers of Units held through CDS, or its nominee, will be made electronically through the NCI system of CDS. On Closing, the REIT, via its transfer agent, will electronically deliver the Units registered to CDS or its nominee. Units held in CDS must be purchased, transferred through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of Unitholders who hold Units in CDS must be exercised through, and all payments or other property to which such Unitholders are entitled will be made or delivered by CDS, or the CDS participant through which the Unitholder holds such Units. A Unitholder participating in the NCI system will not be entitled to a certificate or other instrument from the REIT or the REIT’s transfer agent evidencing that person’s interest in or ownership of Units, nor, to the extent applicable, will such Unitholder be shown on the records maintained by CDS, except through an agent who is a CDS participant.

The ability of a beneficial Unitholder to pledge such Units or otherwise take action with respect to such Unitholder’s interest in such Units (other than through a CDS participant) may be limited due to the lack of a physical certificate.

THE PARTNERSHIP

General

The Partnership is a limited partnership formed under the laws of the Province of Ontario and will be governed by the Limited Partnership Agreement. The Partnership will acquire at Closing, directly or indirectly, beneficial ownership of all of the Initial Properties and following Closing will own, operate and lease real estate assets and property and engage in all activities ancillary and incidental thereto. Upon Closing, the general partner of the Partnership will be a corporation incorporated under the laws of the Province of Ontario that is wholly owned by the REIT (the “General Partner”) and the limited partners of the Partnership will initially be the REIT (which will own all of the Class A LP Units) and CTC (which will initially own all of the Class B LP Units and Class C LP Units) (collectively, the “Limited Partners” and, individually, a “Limited Partner”). The majority of the board of directors of the General Partner will not be Trustees of the REIT.

Partnership Units

Upon Closing, the Partnership will have outstanding Class A LP Units, all of which will be held by the REIT, Class B LP Units, all of which will initially be held by CTC, and Class C LP Units, all of which will initially be held by CTC. The General Partner will have a general partner interest in the Partnership (the “GP Interest”).

Class B LP Units

The Class B LP Units will, in all material respects, be economically equivalent to the Units on a per unit basis. The Class B LP Units will be exchangeable on a one-for-one basis for Units at any time at the option of their holder, unless the exchange would jeopardize the REIT’s status as a “mutual fund trust” or “real estate investment trust” under the Tax Act or cause or create significant risk that the REIT would be caused to be subject to tax under paragraph 122(1)(b) of the Tax Act and subject to satisfaction of conditions set out therein.
Class C LP Units

The Class C LP Units have been designed to provide CTC with an interest in the Partnership that will entitle holders to a cumulative, preferential monthly distribution in priority to distributions made to holders of the Class A LP Units, Class B LP Units and the GP Unit, subject to certain exceptions. The Class C LP Units will be issued in series and will provide holders of Class C LP Units with a fixed, cumulative, preferential cash distributions, if, as and when declared by the board of directors of the General Partner, for the initial period beginning on the Closing Date and ending for each series on the date set out in the following table (“the Initial Fixed Rate Period”), payable monthly at an annual distribution rate for each series as set out in the following table:

<table>
<thead>
<tr>
<th>Series</th>
<th>Initial Subscription Price</th>
<th>Annual Distribution Rate During Initial Fixed Rate Period</th>
<th>Expiry of Initial Fixed Rate Period</th>
<th>% of Total Class C LP Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$ 200,000,000</td>
<td>3.50%</td>
<td>May 31, 2015 (1.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>2</td>
<td>$ 200,000,000</td>
<td>3.50%</td>
<td>May 31, 2016 (2.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>3</td>
<td>$ 200,000,000</td>
<td>4.50%</td>
<td>May 31, 2020 (6.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>4</td>
<td>$ 200,000,000</td>
<td>4.50%</td>
<td>May 31, 2024 (10.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>5</td>
<td>$ 200,000,000</td>
<td>4.50%</td>
<td>May 31, 2028 (14.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>6</td>
<td>$ 200,000,000</td>
<td>5.00%</td>
<td>May 31, 2031 (17.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>7</td>
<td>$ 200,000,000</td>
<td>5.00%</td>
<td>May 31, 2034 (20.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>8</td>
<td>$ 200,000,000</td>
<td>5.00%</td>
<td>May 31, 2035 (21.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>9</td>
<td>$ 200,000,000</td>
<td>5.00%</td>
<td>May 31, 2038 (24.6 years)</td>
<td>11%</td>
</tr>
<tr>
<td>Total/Weighted Average</td>
<td>$1,800,000,000</td>
<td>4.50%</td>
<td>13.4 years</td>
<td>100%(1)</td>
</tr>
</tbody>
</table>

Note:

(1) This column adds to 100%, the percentages of individual series have been rounded.

Prior to the completion of the Initial Fixed Rate Period for each series, and each five-year period thereafter, holders of the applicable series of Class C LP Units may elect either a fixed rate or floating rate option for such five-year period, provided that a holder of Class C LP Units may not elect a floating rate option if such election would result in the REIT exceeding the limit on floating rate instruments set out in the Declaration of Trust. If a holder elects a fixed rate option, then the distribution rate for the applicable Class C LP Units for such period will be the Annual Fixed Distribution Rate, and, if, as and when declared by the board of directors of the General Partner, such distribution will be paid monthly. The Annual Fixed Distribution Rate for each Series of Class C LP Units will be determined on the 30th day prior to the first day of a Subsequent Fixed Rate Period and will be equal to the five-year Government of Canada bond yield plus the spread (the “Spread”) of 200 basis points.

If a holder elects a floating rate option, then the distribution rate for the applicable Class C LP Units during such five-year period will be determined for each month by the Partnership 30 days prior to the beginning of such month (the “Monthly Floating Distribution Rate”). The Monthly Floating Distribution Rate will be equal to the 30-day Canadian Treasury Bill Rate (the “T-Bill Rate”) plus one twelfth (\( \frac{1}{12} \)) of the Spread, and if, as and when declared by the board of directors of the General Partner, such distribution will be paid monthly. The T-Bill Rate will be calculated using the one-month average results, as reported by the Bank of Canada, for the most recent auction preceding the date on which the Monthly Floating Distribution Rate for such month is determined.

In all cases, the Class C LP Units will provide holders with cumulative, preferential cash distributions, if, as and when declared by the board of directors of the General Partner; provided that, for greater certainty, the amount of any such distribution shall be determined in accordance with the terms of each series of Class C LP Units.

On the expiry of the Initial Fixed Rate Period for each series, and every five years thereafter, upon at least 120 days’ prior written notice to holders of such Class C LP Units, the Partnership may redeem in whole or in part the then outstanding Class C LP Units of that series, upon payment for each Class C LP Units so redeemed
of an amount equal to the par value in cash per Class C LP Unit together with all accrued and unpaid distributions thereon (whether or not declared) up to but excluding the date fixed for redemption (the “Redemption Price”).

On the expiry of the Initial Fixed Rate Period for the applicable series, and every five years thereafter, upon at least 120 days’ prior written notice to the Partnership, a holder of Class C LP Units will be entitled to require the Partnership to redeem the then outstanding Class C LP Units of such series held by such holder, in whole or in part, upon payment for each Class C LP Units so redeemed of an amount equal to the Redemption Price.

The Partnership may redeem the Class C LP Units at any time after January 1, 2019, at a price equal to the greater of: (i) the Canada Yield Price; and (ii) par, in cash and/or Class B LP Units (collectively, the “Canada Call Price”); provided that such redemption is related to the sale of properties, and no Series of Class C LP Units may be redeemed at the election of the Partnership, prior to the Partnership having first redeemed all of the Series 1 Class C LP Units (except with the prior consent of the holders of all of such Series 1 Class C LP Units).

The Partnership may redeem the then outstanding Class C LP Units, in whole or in part, at any time, at a price equal to the Canada Call Price, as a person, or group of persons acting jointly or in concert, directly or indirectly, other than CTC or any of its Subsidiaries, acquire more than 662/3 % of the aggregate voting rights attached to the Units and Special Voting Units (taking into account (i) full dilution from the exchange of all then outstanding Class B LP Units into Units; and (ii) in respect of any other securities that are convertible or exchangeable into Units, only dilution resulting from the conversion or exercise of such other convertible or exchangeable securities held by such person or group of persons).

In each of the above circumstances, the Partnership may also elect to settle the Redemption Price or the Canada Call Price, as the case may be, in whole or in part, by issuing Class B LP Units or payment in cash. The number of Class B LP Units to be issued on the applicable redemption date in satisfaction of the Redemption Price or Canada Call Price, as the case may be, will be determined based on the 20-day volume-weighted average price of the Units on the stock exchange on which the Units are then listed calculated as of the end of the trading day prior to redemption.

If the Partnership gives notice of its intent to redeem a series of Class C LP Units on the expiry of any Initial Fixed Rate Period, Subsequent Fixed Rate Period or Subsequent Floating Rate Period, as set out above, and if CTC, pursuant to its consent rights in the Declaration of Trust and Limited Partnership Agreement, withholds its consent to a CT Re-Financing, the proceeds of which would be used to fund amounts payable upon such redemption, then the REIT may: (i) accept an offer, if any, from CTC to provide debt financing to the REIT and/or the Partnership in the amount required to fund the redemption on market terms (with the interest rate on such debt calculated with reference to the Debt Market Spread) and redeem such Class C LP Units on such redemption date as set out above with the proceeds of such debt financing; or (ii) elect, at its sole option, that the Annual Fixed Distribution Rate for the next Subsequent Fixed Rate Period beginning on such redemption date or the floating distribution rate for each month during the next Subsequent Floating Rate Period beginning on such redemption date, as applicable, shall be calculated by replacing the Spread with the Class C Market Spread.

In addition, the Partnership will be required to make an offer to the holders of Class C LP Units to redeem for cash all of the outstanding Class C LP Units within 30 days following a Change of Control of the REIT. In such circumstances, the cash redemption price will be an amount equal to the par value of the applicable Class C LP Units.

In the event that the Partnership has not paid all applicable accrued and payable distributions on a series of Class C LP Units for 24 months in the aggregate, whether or not consecutive and whether or not such distributions shall have been declared by the board of directors of the General Partner, the holders of such Class C LP Units will be issued 100 Special Voting Units for each such Class C LP Unit held. Immediately following the payment in full of all applicable accrued and payable distributions on such Class C LP Units, all of the corresponding Special Voting Units issued to such holder of Class C LP Units will be cancelled for no consideration. In the event that subsequent to the cancellation of the Special Voting Units described in the preceding sentence the Partnership has not paid all applicable accrued and payable distributions on such series
of Class C LP Units for 24 months in the aggregate, whether or not consecutive and whether or not such distributions shall have been declared by the board of directors of the General Partner, the holders of such Class C LP Units will once again be issued Special Voting Units on the terms described above.

So long as any of the Class C LP Units are outstanding, the Partnership will not at any time without, but may at any time with, the approval of the holders of a majority of the Class C LP Units of the Partnership: (i) pay any distribution on the Class A LP Units, the Class B LP Units or GP Units of the Partnership unless distributions payable on the Class C LP Units have been paid in full (subject to certain exceptions); (ii) offer to accept the withdrawal of the Class A LP Units or the Class B LP Units; or (iii) issue Additional LP Units ranking ahead of the Class C LP Units.

**Additional LP Units**

The Partnership may fix from time to time before such issue the number of Additional LP Units which is to comprise each class and series and the designation, rights, privileges, restrictions and conditions attaching to each class and series of Additional LP Units including any voting rights, the rate or amount of distributions (which may be cumulative or non-cumulative and variable or fixed) or the method of calculating distributions, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion, if any, any rights on the liquidation, dissolution or winding-up of the Partnership, and any sinking fund or other provisions.

The Additional LP Units of each class and series may, with respect to the payment of distributions and the distribution of assets of the Partnership or return of capital in the event of liquidation, dissolution or winding-up of the Partnership, whether voluntary or involuntary, or any other return of capital or distribution of assets of the Partnership among its partners for the purpose of winding-up its affairs, rank in priority to both the Class A LP Units and Class B LP Units equally or any other limited partnership units, but will not rank in priority to the Class C LP Units or any other limited partnership units ranking pari passu with or in priority to the Class C LP Units without prior approval of the holders of a majority of the holders of such limited partnership units.

For greater certainty, the Partnership has no present intention of issuing Additional LP Units, but wishes to have the flexibility to do so in the future as a means of seeking an alternate source of financing.

**Voting**

Except as required by law or the Limited Partnership Agreement, and in certain specified circumstances in which the rights of holders of Class B LP Units or Class C LP Units are particularly affected, the holders of Class B LP Units and Class C LP Units will not be entitled to vote at any meeting of the holders of units of the Partnership.

**Operation**

The business and affairs of the Partnership will be managed and controlled by the General Partner which will be bound by the investment guidelines and operating policies applicable to the REIT. The Limited Partners will not be entitled to take part in the management or control of the business or affairs of the Partnership. Except as provided below, the Partnership will reimburse the General Partner for all direct costs and expenses incurred by the General Partner in the performance of its duties as the general partner of the Partnership.

The majority of the board of directors of the General Partner will not be Trustees of the REIT.

The Partnership will operate in a manner to ensure, to the greatest extent possible, the limited liability of the Limited Partners. The Limited Partners may lose their limited liability in certain circumstances. If the limited liability of any Limited Partner is lost by reason of the negligence of the General Partner in performing its duties and obligations under the Limited Partnership Agreement, the General Partner will indemnify the applicable Limited Partner against all claims arising from assertions that its liabilities are not limited as intended by the Limited Partnership Agreement. The General Partner has no significant assets or financial resources other than their de minimis distribution entitlements from the Partnership. Accordingly, this indemnity may only be of nominal value.
**Duties and Responsibilities of the General Partner**

The General Partner will be the general partner of the Partnership and will manage and control the operations and affairs of the Partnership and make all decisions regarding the business and activities of the Partnership.

**Distributions**

The Partnership will distribute to the General Partner and to the holders of its Class A LP Units, Class B LP Units and Class C LP Units their respective portions of distributable cash as set out below.

Distributions will be made forthwith after the General Partner determines the distributable cash of the Partnership and determines the amount of all costs and expenses incurred by it in the performance of its duties under the Limited Partnership Agreement as general partner (the “Reimbursement Distribution Amount”), which determination shall be made no later than the 10th day of each calendar month.

Distributable cash will represent, in general, all of the Partnership’s cash on hand that is derived from any source (other than certain amounts received in connection with the subscription for additional interests in the Partnership or funds borrowed) and that is determined by the General Partner not to be required in connection with the business of the Partnership. The distributable cash of the Partnership will be distributed in the following order and priority: (a) the Reimbursement Distribution Amount to the General Partner; (b) an amount to the holder of Class A LP Units sufficient to allow the REIT to pay its expenses (including, without limitation, any fees or commissions payable to agents or underwriters in connection with the sale of securities by the REIT, listing fees of applicable stock exchanges and fees of the REIT’s auditors) on a timely basis (the “Class A LP Preferred Distribution”); (c) an amount to the holders of Class C LP Units sufficient to satisfy the priority monthly cumulative distribution thereon (the “Class C LP Preferred Distribution”); (d) an amount to the General Partner equal to 0.001% of the balance of the distributable cash of the Partnership; and (e) an amount equal to the remaining balance of the distributable cash of the Partnership to the holders of Class A LP Units and Class B LP Units in accordance with their pro rata entitlements as holders of Class A LP Units and Class B LP Units. Holders of Class B LP Units will be entitled to receive distributions on each such unit equal to the amount of the distribution declared by the REIT on each Unit. The record date and, subject to the following paragraph, the payment date for any distribution declared on the Class B LP Units will be the same as those for the Units.

In lieu of receiving all or a portion (the “Selected Amount”) of a distribution declared by the Partnership from time to time, the holders of Class A LP Units, Class B LP Units and Class C LP Units may elect to defer receipt of the distribution of the Selected Amount until the first business day following the end of the fiscal year in which such distribution would otherwise have been made. In the event that such an election is made by a holder of Class A LP Units, Class B LP Units or Class C LP Units, such a holder will be loaned an amount from the Partnership, on the date of such election, equal to the Selected Amount, subject to the REIT’s Investment Guidelines (see “Investment Guidelines and Operating Policies”). Each such loan will not bear interest and will be due and payable in full on or before the first business day following the end of the fiscal year during which the loan was made.

A holder of Class B LP Units has the right to elect to reinvest all or a portion of distributions payable on its Class B LP Units on the same economic terms as participants in the DRIP. A holder of Class B LP Units may reinvest such distributions in Class B LP Units, Units or a combination thereof. If a holder of Class B LP Units elects to reinvest all or a portion of its distributions, such holder will receive a bonus distribution of 3% of the amount elected to be reinvested, which bonus distribution will be reinvested in the Class B LP Units or Units, as the case may be, that the holder elects to receive.

**Allocation of Partnership Net Income**

The net income of the Partnership, determined in accordance with the provisions of the Tax Act, will be allocated at the end of each fiscal year in the following manner:

(a) first, to the holders of Class A LP Units in an amount equal to its Class A LP Preferred Distribution;
(b) second, to the holders of Class C LP Units in an amount equal to its Class C LP Preferred Distribution;
(c) third, to the General Partner in an amount equal to the aggregate of (i) the Reimbursement Distribution Amount, and (ii) the distributions paid on the GP Unit; and
(d) the balance, among the holders of Class A LP Units and Class B LP Units based on their proportionate share of distributions received or receivable for such fiscal year.

Transfer of LP Units

The transfer of Class A LP Units, Class B LP Units and Class C LP Units will be subject to a number of restrictions, including: (i) the Class A LP Units, Class B LP Units and Class C LP Units may not be transferred to a transferee who is a Non-Resident; (ii) no fractional Class A LP Units, Class B LP Units or Class C LP Units will be transferable; (iii) no transfer of Class B LP Units or Class C LP Units will be accepted by the General Partner if such transfer would cause the Partnership to be liable for tax under subsection 197(2) of the Tax Act; and (iv) no transfer of Class A LP Units, Class B LP Units or Class C LP Units will be accepted by the General Partner unless a transfer form, duly completed and signed by the registered holder of such Class A LP Units, Class B LP Units or Class C LP Units, as applicable, has been remitted to the registrar and transfer agent of the Partnership. In addition, a transferee of Class A LP Units, Class B LP Units or Class C LP Units must provide to the General Partner such other instruments and documents as the General Partner may require, in appropriate form, completed and executed in a manner acceptable to the General Partner, acting reasonably. A transferee of a unit of the Partnership will not become a partner or be admitted to the Partnership and will not be subject to the obligations and entitled to the rights of a partner under the Limited Partnership Agreement until the foregoing conditions are satisfied and such transferee is recorded on the Partnership’s register of partners.

In addition to the above restrictions, the Limited Partnership Agreement will also provide that no holder of Class B LP Units will be permitted to transfer such Class B LP Units, other than for Units in accordance with the terms of the Exchange Agreement or the Limited Partnership Agreement, unless: (i) the transfer is to an Affiliate of the holder; (ii) such transfer would not require the transferee to make an offer to Unitholders to acquire Units on the same terms and conditions under applicable securities laws if such Class B LP Units, and all other outstanding Class B LP Units, were converted into Units at the then-current exchange ratio in effect under the Exchange Agreement immediately prior to such transfer; or (iii) the offeror acquiring such Class B LP Units makes a contemporaneous identical offer for the Units (in terms of price, timing, proportion of securities sought to be acquired and conditions) and acquires such Class B LP Units along with a proportionate number of Units actually tendered to such identical offer. Certain rights affecting CTC, as the initial holder of the Class B LP Units, are specific to CTC and are not transferable to a transferee of the Class B LP Units, other than an Affiliate of CTC.

In addition to the above restrictions, the Limited Partnership Agreement will also provide that no holder of Class C LP Units will be permitted to transfer such Class C LP Units without the consent of the board of directors of the General Partner, unless such transfer is to an Affiliate of the holder.

Amendments to the Limited Partnership Agreement

Following Closing, the Limited Partnership Agreement may be amended with the prior consent of the holders of at least 66 2/3% of the Class A LP Units voted on the amendment at a duly constituted meeting of holders of Class A LP Units or by a written resolution of partners holding at least 66 2/3% of the Class A LP Units entitled to vote at a duly constituted meeting of holders of Class A LP Units, except for certain amendments which require unanimous approval of holders of limited partnership units, including: (i) changing the liability of any limited partner; (ii) changing the right of a limited partner to vote at any meeting of holders of Class A LP Units; and (iii) changing the Partnership from a limited partnership to a general partnership. The General Partner may also make amendments to the Limited Partnership Agreement without the approval or consent of the Limited Partners to reflect, among other things: (i) a change in the name of the Partnership or the location of the principal place of business or registered office of the Partnership; (ii) the admission, substitution, withdrawal or removal of Limited Partners in accordance with the Limited Partnership Agreement; (iii) a change that, as determined by the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership in which the Limited Partners have limited liability.
under applicable laws; (iv) a change that, as determined by the General Partner, is reasonable and necessary or appropriate to enable the Partnership to take advantage of, or not be detrimentally affected by, changes in the Tax Act or other taxation laws; (v) creating or issuing one or more new classes or series of Additional LP Units that rank in priority to, pari passu with or junior to the Class A LP Units and the Class B LP Units or any other limited partnership units, provided that: (A) if such Additional LP Units rank in priority to the Class A LP Units or Class B LP Units, they must similarly rank ahead of both the Class A LP Units and the Class B LP Units, and (B) such Additional LP Units may not rank in priority to the Class C LP Units or any other limited partnership units ranking pari passu with or in priority to the Class C LP Units without the prior approval of the holders of such partnership units; or (vi) a change to amend or add any provision, or to cure any ambiguity or to correct or supplement any provisions contained in the Limited Partnership Agreement which may be defective or inconsistent with any other provision contained in the Limited Partnership Agreement or which should be made to make the Limited Partnership Agreement consistent with the disclosure set out in this prospectus. Notwithstanding the foregoing: (i) no amendment which would adversely affect the rights and obligations of the General Partner, as a general partner, may be made without the consent of the General Partner; and (ii) no amendment which would adversely affect the rights and obligations of any other holders of limited partnership units or any class of limited partner differently than any other class of limited partner may be made without the consent of such holder or class, including with respect to amendments to the restrictions on transfer of Class B LP Units or Class C LP Units.

In addition, the Declaration of Trust provides that the REIT will not agree to or approve any material amendment to the Limited Partnership Agreement without the approval of at least two-thirds of the votes cast at a meeting of the Voting Unitholders of the REIT called for such purpose (or by written resolution in lieu thereof); provided that, for greater certainty, the creation and issuance of one or more new classes and/or series of Additional LP Units shall not constitute a material amendment to the Limited Partnership Agreement.

**DISTRIBUTION POLICY**

The following outlines the distribution policy of the REIT to be adopted pursuant to the Declaration of Trust. Determinations as to the amounts distributable, however, will be made in the sole discretion of the Trustees from time to time.

**Distribution Policy**

The REIT intends to adopt a distribution policy, as permitted under the Declaration of Trust, pursuant to which it will make monthly cash distributions to Unitholders and, through the Partnership, holders of Class B LP Units, initially equal to, on an annual basis, approximately 90% of the REIT’s estimated AFFO for the Forecast Period. Management of the REIT believes that the 90% payout ratio initially set by the REIT should allow the REIT to meet its internal funding needs, while being able to support stable growth in cash distributions. However, subject to compliance with the Declaration of Trust, the actual payout ratio will be determined by the Trustees in their sole discretion. Pursuant to the Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions, including the adoption, amendment or revocation of any distribution policy. It is the REIT’s current intention to make distributions to Unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income. To the extent that the REIT realizes net income and net realized capital gains which is in excess of the monthly distributions paid or made payable to Unitholders during the taxation year, the REIT intends to make an additional distribution (which may be satisfied by the issuance of Units) in the year to Unitholders of record on December 31 to ensure that the REIT will not be liable for ordinary income taxes on such income.

Unitholders of record as at the close of business on the last business day of the month preceding a Distribution Date will have an entitlement on and after that day to receive distributions in respect of that month on such Distribution Date. Distributions may be adjusted for amounts paid in prior periods if the actual AFFO for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT’s cash is insufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional Units. See “Declaration of Trust and Description of REIT Units—Issuance of Units” and “Certain Canadian Federal Income Tax Considerations”.

The first distribution will be for the period from Closing to November 30, 2013 and will be made on December 13, 2013 in the amount of $0.070194 per Unit (assuming that Closing occurs on October 23, 2013). The REIT intends to make subsequent monthly distributions in the estimated amount of $0.054167 per Unit, commencing January 15, 2014.
The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT and will be subject to various factors, including financial performance, obligations under applicable credit facilities and restrictions on payment of distributions thereunder on the occurrence of an event of default, fluctuations in working capital, the sustainability of income derived from the tenants of the REIT’s properties and any capital expenditure requirements. See “Risk Factors”.

The General Partner, on behalf of the Partnership, will make monthly cash distributions to holders of Class A LP Units and holders of Class B LP Units by reference to the monthly cash distributions payable by the REIT to Unitholders. Distributions to be made on the Class B LP Units will be equal to the distributions that the holders of Class B LP Units would have received if they were holding Units instead of Class B LP Units. Distributions to holders of Class C LP Units and the General Partner will be made in priority to distributions to holders of Class A LP Units (subject to certain exceptions) and holders of Class B LP Units. See “The Partnership — Distributions” and “Risk Factors”.

Distribution Reinvestment Plan

Following Closing and subject to regulatory approval, the REIT intends to adopt the DRIP. Eligible Unitholders who elect to have all or a portion of the cash distributions of the REIT automatically reinvested in additional Units (at price per Unit calculated by reference to the five-day volume weighted average for the Units on the TSX) will receive a further distribution of Units equal to 3% of each distribution that was reinvested by them. CTC will be eligible to participate in the DRIP with respect to those Units in the same manner as all other eligible Unitholders. CTC does not currently intend to participate in the DRIP.

No brokerage commission will be payable in connection with the purchase of Units under the DRIP and all administrative costs will be borne by the REIT. Cash undistributed by the REIT upon the issuance of additional Units under the DRIP will be invested in the REIT to be used for general trust purposes, including future property acquisitions, capital improvements and working capital.

Unitholders who are Non-Residents will not be entitled to participate in the DRIP. Upon becoming a Non-Resident, a Unitholder must terminate the Unitholder’s participation in the DRIP.

Upon the request of a holder of Class B LP Units, the Partnership shall adopt a similar distribution reinvestment plan for the holders of Class B LP Units such that they may elect to have all or some of the cash distributions on the Class B LP Units automatically reinvested in additional Class B LP Units on the same basis as a Unitholder pursuant to the DRIP. Moreover, pursuant to the Exchange Agreement, holders of Class B LP Units may also elect to receive distributions on Class B LP Units in the form of Units on a basis equivalent to the rights of Unitholders participating in the DRIP. See “Retained Interest — Exchange Rights”.

Further administrative details, including the date of the first distribution of income for which Unitholders will be entitled to elect to have distributions reinvested under the DRIP, and enrolment documents regarding the DRIP, will be forwarded to Unitholders prior to the fourth Distribution Date.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to the REIT, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable as of the date hereof to a purchaser who acquires Units pursuant to this prospectus and who, for purposes of the Tax Act and at all relevant times, is or is deemed to be resident in Canada, deals at arm’s length with the REIT and the Underwriters and is not affiliated with the REIT or the Underwriters, acquires and holds their Units as capital property, and is not exempt from tax under Part I of the Tax Act (in this section of the prospectus, referred to as a “Holder”). Generally, the Units will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Units and any other “Canadian security” as defined in the Tax Act owned by such Holder in the taxation year in which the election is made and in subsequent taxation years, deemed to be capital
property. Holders who do not hold their Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Holder: (i) that is a “financial institution” for purposes of the “mark-to-market rules”; (ii) that is a “specified financial institution”; (iii) that has elected to determine its Canadian tax results in a foreign currency pursuant to the “functional currency” reporting rules in the Tax Act; or (iv) an interest in which is a “tax shelter investment”, as each term is defined in the Tax Act. Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire Units under this offering, and assumes that no Holder has entered into or will enter into a “derivative forward agreement” (as that term is defined in proposed amendments contained in draft legislation published by the Minister of Finance (Canada) on September 13, 2013) with respect to the Units.

This summary is based on certain representations as to factual matters made in a certificate signed by an officer of the REIT (the “Officer’s Certificate”), which certificate is provided to counsel. In particular, this summary assumes that the representations made in the Officer’s Certificate are true and correct, including the representations that the REIT has and will at all times comply with the Declaration of Trust, that the REIT will file an election under subsection 132(6.1) of the Tax Act to be deemed to have been a “mutual fund trust” within the meaning of the Tax Act from the time of its establishment, and that the REIT does and will continue to qualify as a “mutual fund trust” within the meaning of the Tax Act while the Units remain outstanding.

This summary is based on the current provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Tax Proposals”), and counsel’s understanding of the current administrative policies and assessing practices of the CRA published in writing by the CRA prior to the date hereof. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, or changes in the CRA’s administrative policies and assessing practices, nor does it take into account or consider any other federal tax considerations or any provincial, territorial or foreign tax considerations, which may differ materially from those discussed herein. This summary assumes that the Tax Proposals will be enacted as currently proposed, but no assurances can be given that this will be the case. There can be no assurances that the CRA will not change its administrative policies or assessing practices.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on a Holder’s particular status and circumstances, including the province or territory in which the Holder resides or carries on business. This summary is not intended to be, and should not be construed to be, legal or tax advice to any particular Holder. Prospective Unitholders should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units in their particular circumstances.

For the purposes of this summary and the opinion given under the heading “Eligibility for Investment”, a reference to the REIT is a reference to CT Real Estate Investment Trust only and is not a reference to any of its related entities.

**Status of the REIT**

**Qualification as a “Mutual Fund Trust”**

This summary assumes the REIT will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act and that the REIT will validly elect under the Tax Act to be a mutual fund trust from the date it was established. Based on the representations as to factual matters set out in the Officer’s Certificate, the REIT will meet the requirements necessary for it to qualify as a mutual fund trust no later than the closing of the Offering, and will continue to qualify as a mutual fund trust at all times thereafter. **If the REIT were not to qualify as a mutual fund trust at all times, certain of the income tax considerations described below would, in some respects, be materially and adversely different.**

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-resident persons. This summary assumes that the REIT was not established and is not
maintained primarily for the benefit of non-resident persons and counsel is of the view that this assumption is reasonable in light of the restrictions on ownership of Units by Non-Residents which are contained in the Declaration of Trust.

**Qualification as a “Real Estate Investment Trust”**

**SIFT Rules**

The Tax Act contains rules (the “SIFT Rules”) which tax certain publicly traded or listed trusts and partnerships in a manner similar to corporations and which tax certain distributions from such trusts and partnerships as taxable dividends from a taxable Canadian corporation.

The SIFT Rules apply to any trust or partnership that is a “SIFT trust” or “SIFT partnership” (each defined in the Tax Act) and its investors. A SIFT trust includes a Canadian resident trust where investments in the trust are listed or traded on a stock exchange or other public market, and the trust holds one or more “non-portfolio properties” (as defined in the Tax Act). “Non-portfolio properties” include certain investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections in Canada.

Pursuant to the SIFT Rules, a SIFT trust cannot deduct any part of the amounts payable to unitholders in respect of (i) aggregate net income from businesses it carries on in Canada; (ii) aggregate net income (other than taxable dividends received by the SIFT trust) from its non-portfolio properties; and (iii) aggregate net taxable capital gains from its disposition of non-portfolio properties. Distributions which a SIFT trust is unable to deduct will be taxed in the SIFT trust at rates of tax designed to emulate the combined federal and provincial corporate tax rates. Generally, distributions that are paid as returns of capital will not attract this tax.

As discussed below, the SIFT Rules do not apply in respect of a taxation year to a trust that qualifies as a “real estate investment trust” for the year (the “REIT Exception”). If the REIT does not satisfy the REIT Exception throughout the year, the SIFT Rules will apply to the REIT for that year. No assurances can be given that adverse consequences to the REIT and/or Unitholders will not arise as a consequence of the application of the SIFT Rules to the REIT.

Distributions of a SIFT’s income that are not deductible to the SIFT will be treated as dividends payable to unitholders from a taxable Canadian corporation. Such dividends deemed to be received by an individual (other than certain trusts) will be included in computing the individual’s income for tax purposes and will be subject to the enhanced gross-up and dividend tax credit rules normally applicable to eligible dividends received from taxable Canadian corporations. Such dividends deemed to be received by a holder that is a corporation generally will be deductible in computing the corporation’s taxable income, and generally will qualify as “eligible dividends” for purposes of computing a Canadian resident corporation’s “general rate income pool” or “low rate income pool” (each as defined in the Tax Act). Certain corporations, including “private corporations” or “subject corporations” (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act of 33⅓% on dividends received or deemed to be received to the extent that such dividends are deductible in computing taxable income.

**REIT Exception**

Trusts that satisfy the REIT Exception are not subject to the SIFT Rules.

The following conditions must be met (in addition to the trust being resident in Canada throughout the taxation year) in order for a trust to qualify for the REIT Exception:

(a) at each time in the taxation year, the total fair market value at that time of all non-portfolio properties that are “qualified REIT properties” (as described below) held by the trust must be at least 90% of the total fair market value at that time of all non-portfolio properties held by the trust;

(b) not less than 90% of the trust’s “gross REIT revenue” (as described below) for the taxation year must be derived from one or more of the following: “rent from real or immovable properties” (as described below), interest, dispositions of “real or immovable properties” that are capital properties (as
described below), dividends, royalties and dispositions of “eligible resale properties” (as described below);
(c) not less than 75% of the trust’s gross REIT revenue for the taxation year must be from one or more of the following: rent from real or immovable properties, interest from mortgages or hypothecs on real or immovable properties, and dispositions of real or immovable properties that are capital properties;
(d) at no time in the taxation year can the total fair market value of, stated generally, properties made up of real or immovable properties that are capital properties, eligible resale properties, cash, deposits in a bank or credit union, indebtedness of Canadian corporations represented by bankers’ acceptances and debt issued or guaranteed by governments in Canada be less than 75% of the “equity value” of the trust at that time; and
(e) investments in the trust must be, at any time in the taxation year, listed or traded on a stock exchange or other public market.

Generally, the SIFT Rules contain look-through rules under which a trust could qualify for the REIT Exception where it holds its real properties indirectly through intermediate entities.

Under the SIFT Rules:
(a) “eligible resale property” means real or immovable property (other than capital property) of an entity, (i) that is contiguous to a particular real or immovable property that is capital property or eligible resale property held by the entity or another entity affiliated with the entity, and (ii) the holding of which is ancillary to the holding of the particular property;
(b) “gross REIT revenue”, of an entity for a taxation year, means the amount, if any, by which the total of all amounts received or receivable in the taxation year (depending on the method regularly followed by the entity in computing the entity’s income) by the entity exceeds the total of all amounts each of which is the cost to the entity of a property disposed of in the taxation year;
(c) “qualified REIT property” of a trust at any time means, generally, a property held by the trust that is at that time:
   (i) a real or immovable property that is capital property, an eligible resale property, money and certain indebtedness held by the trust;
   (ii) a security of a “subject entity” (as described below) all or substantially all of the gross REIT revenue of which (for the subject entity’s taxation year that ends in the trust’s taxation year that includes that time) is from maintaining, improving, leasing or managing real or immovable properties that are capital properties of the trust or of an entity of which the trust holds a share or interest;
   (iii) a security of a subject entity if the entity holds no property other than (A) legal title to real or immovable properties of the trust or of another subject entity all of the securities of which are held by the trust and (B) property described in (iv) below; and
   (iv) ancillary to the earning by the trust of rents from, and capital gains from the dispositions of, real or immovable property, other than an equity of an entity, a mortgage, hypothecary claim, mezzanine loan or similar obligation;
(d) “real or immovable property” includes generally a security of a trust that satisfies (or of any other entity that would, if it were a trust, satisfy) the criteria in (a), (b), (c) and (d) required to qualify for the REIT Exception discussed above and an interest in certain real property or a real right in immovables, but excludes any depreciable property other than a depreciable property included (otherwise than by an election) in capital cost allowance (“CCA”) Class 1, 3 or 31, a property ancillary to the ownership or utilization of such depreciable property and a lease or leasehold interest in respect of land or such depreciable property;
(e) “rent from real or immovable properties” includes rent or similar payments for the use of or right to use real or immovable properties, payment for services ancillary to the rental of real or immovable
properties and customarily supplied or rendered in connection therewith, but does not include any other payments for services supplied or rendered, fees for managing or operating such properties, payment for the occupation, use or right to use a room in a hotel or other similar lodging facility, or rent based on profits; and

(f) “subject entity” means (i) a corporation resident in Canada, (ii) a trust resident in Canada, (iii) a Canadian resident partnership or (iv) a non-resident person, or a partnership that is not a Canadian resident partnership, the principal source of income of which is one or more sources in Canada.

The REIT Exception contains a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made at the end of the taxation year. As currently structured, management believes that the REIT should qualify for the REIT Exception. There is no assurance that the REIT will qualify for the REIT Exception in any particular year. The REIT has not obtained, nor sought, an advance tax ruling from the CRA in respect of the non-application to the REIT of the SIFT Rules, including the availability of the REIT Exception. There can be no assurance that subsequent investments or activities undertaken by the REIT will not result in the REIT failing to comply with the REIT Exception. The Declaration of Trust provides that the REIT shall use its reasonable best efforts not to be a SIFT trust, in the circumstances and on the basis set forth in the Declaration of Trust. Counsel will not review the REIT’s compliance with the conditions for the REIT Exception.

The balance of this summary assumes that the REIT has and will continue to qualify for the REIT Exception at all times. Should the REIT cease to qualify under the REIT Exception for a taxation year, the income tax considerations could be materially different from those described in this summary — in particular, non-deductible distribution amounts, as previously described, could be taxable to the REIT (with the result that the amount of cash available for distribution by the REIT would be reduced) and could also be included in the income of Unitholders for purposes of the Tax Act as taxable dividends. The REIT Exception is applied on a taxation year basis. Accordingly, even if the REIT does not qualify for the REIT Exception in a particular taxation year, it may be able to do so in a subsequent taxation year.

**Taxation of the REIT**

The REIT will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains and its allocated share of income of the Partnership for its fiscal period ending on or before the year-end of the REIT, less the portion thereof that it deducts in respect of amounts paid or payable to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the REIT or if the Unitholder is entitled in that year to enforce payment of the amount. The taxation year of the REIT is the calendar year.

The REIT will generally not be subject to tax on any amounts received as distributions from the Partnership. Generally, distributions to the REIT in excess of its allocated share of the income of the Partnership for a fiscal year will result in a reduction of the adjusted cost base of the REIT’s Class A LP Units in the Partnership by the amount of such excess. If, as a result, the REIT’s adjusted cost base at the end of a taxation year of its Class A LP Units in the Partnership would otherwise be a negative amount, the REIT would be deemed to realize a capital gain equal to the negative adjusted cost base and the REIT’s adjusted cost base at the beginning of the next taxation year of its Class A LP Units in the Partnership would then be reset to zero.

In computing its income for purposes of the Tax Act, the REIT may generally deduct reasonable administrative costs, interest and other expenses of a current nature incurred by it for the purpose of earning income. Generally, the REIT may also deduct on a five-year straight line basis (subject to pro-ration for short taxation years) reasonable expenses incurred by it in the course of issuing Units.

Generally, under the Declaration of Trust, unless the Trustees otherwise determine, an amount equal to all of the net income (including taxable capital gains) of the REIT (determined without reference to paragraph 82(1)(b) and subsection 104(6) of the Tax Act), together with the non-taxable portion of any net capital gains realized by the REIT, but excluding capital gains the tax on which may be offset by capital losses carried forward from prior years will be payable in the year to Unitholders by way of cash distributions, subject to the following exception. Where income of the REIT in a taxation year exceeds the total cash distributions for that year, such excess income may be distributed to Unitholders in the form of additional Units. Income of the
REIT payable to Unitholders, whether in cash, additional Units or otherwise, will generally be deductible by the REIT in computing its income.

Losses incurred by the REIT (including losses allocated to the REIT by the Partnership and capable of being deducted by the REIT) cannot be allocated to Unitholders, but may be deducted by the REIT in future years in accordance with the detailed rules and limitations in the Tax Act.

Counsel has been advised that the REIT intends to make sufficient distributions in each year of its net income for tax purposes and net realized capital gains so that the REIT will not be liable in that year for any non-refundable tax under Part I of the Tax Act (after taking into account losses or capital losses that may be carried forward from prior years).

Taxation of the Partnership

The Partnership is expected to qualify as an “excluded subsidiary entity” at all relevant times and, as a result, will not be subject to tax under the Tax Act (including under the SIFT Rules). Generally, each partner of the Partnership, including the REIT, is required to include in computing the partner’s income, the partner’s share of the income (or loss) of the Partnership for the Partnership’s fiscal year ending in, or coincidentally with, the partner’s taxation year end, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income or loss of the Partnership will be computed for each fiscal year as if the Partnership was a separate person resident in Canada. In computing the income or loss of the Partnership, deductions may generally be claimed in respect of its administrative and other expenses (including interest in respect of the debt of the Partnership, if any) incurred for the purpose of earning income from business or property to the extent the outlays are not capital in nature and do not exceed a reasonable amount. Certain properties will be acquired by the Partnership on a tax deferred basis, such that the tax cost of these properties will be less than their fair market value. If one or more of such properties are disposed of, the gain realized by the Partnership for tax purposes will be in excess of that which it would have realized if it had acquired the properties at a tax cost equal to their fair market values.

For the purpose of claiming CCA, the undepreciated capital cost (“UCC”) of such properties acquired by the Partnership from CTC, will be equal to the amounts jointly elected by the Partnership and CTC on the tax-deferred acquisition of such property. The UCC of such property will be less than the fair market value of such property. As a result, the CCA that the Partnership may claim in respect of such properties will be less than it would have been if such properties had been acquired with a tax cost basis equal to their fair values.

The income or loss of the Partnership for a fiscal year will be allocated to the partners of the Partnership, including the REIT, on the basis of their respective share of such income or loss as provided in the Limited Partnership Agreement, subject to the detailed rules in the Tax Act. Generally, distributions to partners in excess of the income of the Partnership for a fiscal year will result in a reduction of the adjusted cost base of the partner’s units in the Partnership by the amount of such excess, as described above.

Taxation of Holders

A Holder will generally be required to include in computing income for a particular taxation year the portion of the net income for tax purposes of the REIT for a taxation year, including net realized taxable capital gains, that is paid or payable to the Holder in the particular taxation year (and that the REIT deducts in computing its income), whether such portion is received in cash, additional Units or otherwise. Any loss of the REIT for purposes of the Tax Act cannot be allocated to, or be treated as a loss of, the Holder.

The after-tax return to a Holder from an investment in Units will depend, in part, on the composition for tax purposes of distributions paid by the REIT, portions of which may be fully or partially taxable or may constitute non-taxable returns of capital. The composition for tax purposes of distributions by the REIT may change over time, thus affecting the after-tax return to such Holder.

Provided that appropriate designations are made by the REIT, such portion of the net taxable capital gains and taxable dividends received or deemed to be received on shares of taxable Canadian corporations as are paid or payable, or deemed to be paid or payable, to a Holder, will effectively retain their character and be treated as such in the hands of the Holder for purposes of the Tax Act. To the extent that amounts are designated as having
been paid to Holders out of the net taxable capital gains of the REIT, such designated amounts will be deemed for tax purposes to be received by Holders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains. See the discussion in “Taxation of Capital Gains and Capital Losses” below. To the extent that amounts are designated as having been paid to Holders out of taxable dividends received or deemed to be received on shares of taxable Canadian corporations, the normal (or in the case of eligible dividends, the enhanced) gross-up and dividend tax credit rules will apply to individuals, the deduction in computing taxable income will be available to corporations, and the refundable tax under Part IV of the Tax Act will be payable by Holders that are “private corporations” or “subject corporations” (as such terms are defined in the Tax Act). Holders should consult their own tax advisors for advice with respect to the potential application of these provisions.

The non-taxable portion of any net realized capital gains of the REIT that is paid or payable to a Holder in a taxation year will not be included in computing the Holder’s income for the year. Any other amount in excess of the net income and net taxable capital gains of the REIT that is paid or payable, or deemed to be paid or payable, by the REIT to a Holder in that year (including the 3% bonus on Units acquired pursuant to the DRIP) will generally not be included in the Holder’s income for the taxation year. However, where such an amount is paid or payable to a Holder (other than as proceeds of disposition or deemed disposition of Units or any part thereof), the Holder will generally be required to reduce the adjusted cost base of the Holder’s Units by that amount (except to the extent it represents the Holder’s share of the non-taxable portion of the net realized capital gains of the REIT for the year, the taxable portion of which was designated by the REIT in respect of the Holder). To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Holder and the adjusted cost base of the Unit to the Holder will immediately thereafter be nil. Refer to the discussion of “Taxation of Capital Gains and Capital Losses” below.

**Purchases of Units by Unitholders**

Since the REIT will make monthly distributions, a purchaser of a Unit may become taxable on a portion of the net income or capital gains of the REIT accrued or realized by the REIT in a month before the time the Unit was purchased but which was not paid or made payable to Unitholders until the end of the month and after the time the Unit was purchased. A similar result may apply on an annual basis in respect of a portion of income or capital gains accrued or realized by the REIT in a year before the time the Unit was purchased but which is paid or made payable to Unitholders at year end and after the time the Unit was purchased.

**Disposition of Units**

In general, a disposition or deemed disposition of a Unit will give rise to a capital gain (or a capital loss) equal to the amount by which the Holder’s proceeds of disposition of the Unit exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit to the Holder and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the REIT that is otherwise required to be included in the Holder’s income. Refer to the discussion of “Taxation of Capital Gains and Capital Losses” below.

The adjusted cost base of a Unit to a Holder will include all amounts paid by the Holder for the Unit, subject to certain adjustments. The cost to the Holder of additional Units received as a distribution of income (including net capital gains) will generally be equal to the amount of the distribution. The cost of Units acquired by reinvestment of distributions pursuant to the DRIP will be the amount of such reinvestment. For the purpose of determining the adjusted cost base to a Holder, when a Unit is acquired (whether pursuant to the DRIP or otherwise), the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Holder as capital property immediately before the acquisition. There will be no net increase or decrease in the adjusted cost base of all of the Holder’s Units as a result of the receipt of the 3% bonus Units under the DRIP. However, the receipt of such bonus Units will result in a per Unit reduction of the adjusted cost base of Units to the Holder.

The consolidation of Units of the REIT will not result in a disposition of Units by Unitholders. The aggregate adjusted cost base to a Unitholder of all of the Unitholder’s Units will not change as a result of a consolidation of Units; however, the adjusted cost base per Unit will increase.
Taxation of Capital Gains and Capital Losses

One-half of the amount of any capital gain (a “taxable capital gain”) realized by a Holder on a disposition of a Unit and the amount of any net taxable capital gains designated by the REIT in respect of a Holder will generally be included in the Holder’s income for the year. One-half of the amount of any capital loss (an “allowable capital loss”) sustained by the Holder on the disposition of a Unit must generally be deducted by such Holder against taxable capital gains for the year. Any excess allowable capital losses over taxable capital gains of the Holder for that year may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years, subject to the detailed provisions of the Tax Act.

The amount of any capital loss otherwise realized by a Holder that is a corporation or a trust (other than a mutual fund trust) on the disposition of a Unit may be reduced by the amount of dividends received by the REIT and previously designated by the REIT to the Holder except to the extent that a loss on a previous disposition of a Unit has been reduced by such amounts. Similar rules may apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units. Holders to whom these rules may be relevant should consult their own tax advisors.

Special Tax on Certain Corporations

A Holder that is a “Canadian controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2⁄3% on its “aggregate investment income” (as defined in the Tax Act), including taxable capital gains.

Alternative Minimum Tax

In general terms, net income of the REIT paid or payable to a Holder who is an individual (other than certain trusts) that is designated as taxable dividends or as net taxable capital gains and capital gains realized on the disposition of Units by such Holder may increase the Holder’s liability for alternative minimum tax.

PLAN OF DISTRIBUTION

General

Pursuant to the Underwriting Agreement, the REIT has agreed to sell and the Underwriters have severally agreed to purchase on Closing an aggregate of 26,350,000 Units at a purchase price of $10.00 per Unit payable in cash to the REIT against delivery of the Units for aggregate gross proceeds of $263,500,000. Closing is expected to occur on October 23, 2013 or such other date as the REIT and the Underwriters may agree, but in any event not later than November 5, 2013. The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, severally obligated to take up and pay for all of the Units that they have agreed to purchase if any of the Units are purchased under the Underwriting Agreement.

The TSX has conditionally approved the listing of the Units (including the Units issuable upon the exercise of the Over-Allotment Option) under the symbol “CRT.UN”. Listing is subject to the REIT fulfilling all of the requirements of the TSX on or before December 30, 2013.

There is currently no market through which the Units may be sold. The Offering Price of the Units has been determined by negotiation among the REIT, CTC and the Underwriters. In consideration for their services in connection with the Offering, the REIT has agreed to pay the Underwriters a fee equal to $0.525 per Unit. Subscriptions for Units will be received subject to rejection or allocation in whole or in part and the right is reserved to close the subscription books at any time without notice. No fee will be payable to the Underwriters in respect of the Units to be issued to CTC on Closing.

The Underwriters propose to offer the Units initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Units at the price specified on the cover page of this prospectus, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page of this prospectus, and the compensation realized by the Underwriters will be
decreased by the amount that the aggregate price paid by purchasers for the Units is less than the price paid by the Underwriters to the REIT.

The REIT has granted to the Underwriters the Over-Allotment Option, which is exercisable in whole or in part and at any one time up to 30 days after Closing to purchase up to an additional 3,952,500 Units on the same terms as set forth above solely to cover over-allocations, if any, and for market stabilization purposes. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units to be delivered upon the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Underwriters’ over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The REIT and CTC have agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under Canadian securities legislation, and to contribute to any payments that the Underwriters may be required to make in respect thereof.

During a period ending 180 days from Closing, the REIT will not offer, sell or issue for sale or resale any Units or financial instruments or securities convertible into, or exercisable or exchangeable for, Units, or agree to, or announce, any such offer, sale or issuance, except pursuant to the Over-Allotment Option, the exchange of Class B LP Units for Units, issuances of Class B LP Units to CTC in connection with the acquisition of properties from CTC following Closing or pursuant to the REIT’s DU Plan, PU Plan, RU Plan or the DRIP, without the prior written consent of the Underwriters, which consent may not be unreasonably withheld or delayed.

In addition, CTC has agreed with the Underwriters not to directly or indirectly, or to cause any of its affiliates to directly or indirectly, offer, sell or otherwise dispose of, or agree to, or announce, any such offer, sale or disposition without the prior written consent of the Underwriters, which consent may not be unreasonably withheld or delayed: (i) any Class B LP Units (or Units into which the Class B LP Units are exchangeable) acquired by CTC pursuant to the Acquisition, and (ii) any Units acquired by CTC in connection with Closing, in each case for a period of 18 months following Closing.

The Units offered hereby have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) absent registration or pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Each Underwriter has agreed that it will not offer or sell the Units within the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act and similar exemptions under applicable state securities laws). The Underwriting Agreement also provides that the Underwriters will offer and sell the Units outside the United States in accordance with Rule 903 of Regulation S. In addition, until 40 days after Closing, an offer or sale of Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless made in compliance with Rule 144A or another exemption under the U.S. Securities Act.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Units at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Units while the Offering is in progress. These transactions may also include making short sales of the Units, which involve the sale by the Underwriters of a greater number of Units than they are required to purchase in the Offering. Short sales may be “covered short sales”, which are short positions in an amount not greater than the Over-Allotment Option, or may be “naked short sales”, which are short
positions in excess of that amount. The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Units in the open market. In making this determination, the Underwriters will consider, among other things, the price of Units available for purchase in the open market compared with the price at which they may purchase Units from the REIT through the Over-Allotment Option. If, following Closing, the market price of the Units decreases, the short position created by the over-allocation position in Units may be filled through purchases in the market, creating upward pressure on the price of the Units. If, following Closing, the market price of Units increases, the over-allocation position in Units may be filled through the exercise of the Over-Allotment Option in respect of Units at the Offering Price.

The Underwriters must close out any naked short position by purchasing Units in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Units in the open market that could adversely affect investors who purchase in the Offering. Any naked short sales will form part of the Underwriters’ over-allocation position.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Units. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Units may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Units are listed, in the over-the-counter market, or otherwise.

Relationship Between the REIT and Certain of the Underwriters

RBCDS is an affiliate of a Canadian chartered bank that has committed to provide to the REIT the Credit Facility at Closing. See “Capital Structure Strategy — Credit Facility”. Upon Closing, it is expected that certain Canadian chartered banks affiliated with certain of the other Underwriters will commit to provide a portion of such credit facility. In addition, RBCDS, CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc. and HSBC Securities (Canada) Inc. are affiliates of Canadian chartered banks that have provided credit lines to CTC in the aggregate principal amount of approximately $1.4 billion. Consequently, the REIT may be considered a “connected issuer” of each of RBCDS, CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc. and HSBC Securities (Canada) Inc. under applicable Canadian securities laws. The decision to issue the Units and the determination of the terms of the Offering were made through negotiation between the REIT, CTC and the Underwriters. The Canadian chartered banks of which such Underwriters are affiliates did not have any involvement in such decision or determination although such Canadian chartered banks may be advised of the Offering and the terms thereof. As a consequence of the Offering, each of such Underwriters will receive its proportionate share of the Underwriters’ fee. CTC has informed the REIT that CTC is and has been in compliance with all material terms and conditions of the foregoing credit lines, that no waiver of any default has occurred thereunder and that there has not been a material change in the value of the security for such credit lines since their incurrence.

PRIOR ISSUANCES

During the 12 month period prior to the date of this prospectus, the REIT issued one Unit for a price of $10.00 on July 15, 2013 in connection with the establishment of the REIT. This Unit may be repurchased by the REIT on Closing for a price of $10.00.
USE OF PROCEEDS

The net proceeds of the Offering will be approximately $241.2 million, after deducting the REIT’s estimated expenses of the Offering and the Underwriters’ fee. The REIT will use the net proceeds of the Offering as partial consideration for the Acquisition. In particular, the REIT will use approximately $241.2 million and will issue 59,711,094 Units to CTC to repay a promissory note that was issued to CTC in exchange for all of the Class A LP Units. In addition, in connection with the Acquisition the Partnership will issue 89,559,771 Class B LP Units and 1,800,000 Class C LP Units to CTC. See “Acquisition of the Initial Properties”.

The net proceeds received by the REIT on the exercise of the Over-Allotment Option, to the extent exercised, will be used by the REIT for future acquisitions, investments in properties and general trust purposes. See “Plan of Distribution”.

RISK FACTORS

The REIT faces a variety of significant and diverse risks, many of which are inherent in the business to be conducted by the REIT and the tenants of the properties. Described below are certain risks that could materially adversely affect the REIT. Other risks and uncertainties that the REIT does not presently consider to be material, or of which the REIT is not presently aware, may become important factors that affect the REIT’s future financial condition and results of operations. The occurrence of any of the risks discussed below could materially and adversely affect the business, prospects, financial condition, results of operations or cash flow of the REIT. Prospective purchasers of Units should carefully consider these risks before investing in the Units.

Risk Factors Related to the Real Estate Industry and the Business of the REIT

Real Property Ownership and Tenant Risks

Real estate ownership is generally subject to numerous factors and risks, including changes in general economic conditions, local economic conditions, local real estate conditions, the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, and the ability of the owner to provide adequate maintenance at competitive costs.

There is no assurance that the operations of the REIT will be profitable or that cash from operations will be available to make distributions to Unitholders. Real estate, like many other types of long term investments, experiences significant fluctuation in value and, as a result, specific market conditions may result in temporary or permanent reductions in the value of the REIT’s portfolio, including the Initial Properties. The marketability and value of the portfolio, including the Initial Properties, will depend on many factors, including: (i) changes in general economic conditions (such as the availability, terms and cost of financing and other types of credit); (ii) local economic conditions (such as business layoffs, industry slowdowns, changing demographics and other factors); (iii) local real estate conditions (such as an oversupply of properties or a reduction in demand for real estate in the area); (iv) changes in occupancy rates; (v) the attractiveness of properties to potential tenants or purchasers; (vi) competition with other landlords with similar available space; (vii) the ability of the REIT to provide adequate maintenance and capital expenditures at competitive costs; (viii) the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; (ix) the financial condition of borrowers and of tenants, buyers and sellers of property; (x) changes in real estate tax rates and other operating expenses; (xi) the imposition of rent controls; (xii) various uninsured or uninsurable risks; and (xiii) natural and man-made disasters. The rights of first offer and refusal provided under the Canadian Tire Leases and ROFO Agreement may affect or restrict the marketability or value of the REIT’s properties. There can be no assurance of profitable operations because the costs of operating the portfolio, including debt service, may exceed gross rental income therefrom, particularly since certain expenses related to real estate, such as property taxes, utility costs, maintenance costs and insurance, tend to increase even if there is a decrease in the REIT’s income from such investments.

The Initial Properties generate income through rent payments made by tenants, and particularly rent payments made by CTC as the REIT’s largest tenant. While CTC has held an investment grade credit rating for over 20 years, there is no assurance that it will maintain such a rating or that its financial position will not change over time. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant
replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease, including the addition of restrictive covenants. In addition, historical occupancy rates and rents are not necessarily an accurate prediction of future occupancy rates and rents for the Initial Properties. The REIT’s cash flows and financial position would be materially adversely affected if its tenants (and especially CTC) were to become unable to meet their obligations under their leases or if a significant amount of available space in the REIT’s properties was not able to be leased on economically favourable lease terms. In the event of default by a tenant, the REIT may experience delays or limitations in enforcing its rights as lessor and incur substantial costs in protecting its investment. In addition, restrictive covenants (as discussed above in “Assets of the REIT — Description of Material Lease Terms with CTC — Restrictive Covenants”), which may be registered on title, and the terms of the Canadian Tire Leases may narrow the field of potential tenants at a property and could contribute to difficulties in leasing space to new tenants. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of the tenant and thereby cause a reduction in the REIT’s cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

The REIT’s net income could also be materially adversely affected in the event of a downturn in the business, or the bankruptcy or insolvency, of CTC, as the REIT’s largest tenant. Anchor tenants generally occupy large amounts of leasable area, pay a significant portion of the total rents at a property and contribute to the success of other tenants by drawing significant numbers of customers to a property. The closing of an anchor store at a property could have a material adverse effect on the value of that property. Vacated anchor tenant space also tends to adversely affect the entire property because of the loss of the departed anchor tenant’s power to draw customers to the property, which in turn may cause other tenants’ operations to suffer and adversely affect such other tenants’ ability to pay rent or perform any other obligations under their leases. No assurance can be given that the REIT will be able to quickly re-lease space vacated by an anchor tenant on favourable terms, if at all. Although the Canadian Tire Leases, in respect of multi-tenant properties anchored by Canadian Tire Retail stores, provide that if CTC ceases business operations at the premises for a period of more than 180 days (subject to certain exceptions) the REIT may terminate the Canadian Tire Lease (subject to notice requirements and a cure period), there can be no assurances that third party tenants of such multi-tenant properties will continue to lease such premises if CTC ceases business operations. The loss of an anchor tenant at any location or property could cause a reduction in the REIT’s cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

The distribution centre will represent approximately 3.9% of the REIT’s base minimum rent during the Forecast Period. In the event that the Canadian Tire Lease for the distribution centre is not renewed following the initial term, or any subsequent extension term, the size, location and nature of the distribution centre may limit the extent to which, or the terms on which, the REIT is able to re-lease the distribution centre to another party. No assurance can be given that the REIT will be able to quickly re-lease space vacated by CTC at the distribution centre on favourable terms, if at all. The REIT’s inability to quickly re-lease space vacated by CTC at the distribution centre on similar terms, or at all, could cause a reduction in the REIT’s cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

**Current and Future Economic Environment**

Continued concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of unemployment, volatile energy costs, geopolitical issues and the availability and cost of credit have contributed to increased market volatility and weakened business and consumer confidence. This difficult operating environment and its effects could materially adversely affect the REIT’s ability to generate revenues, thereby reducing its operating income and earnings. It could also have a material adverse effect on the ability of the REIT’s operators to maintain occupancy rates at the REIT’s properties, which could harm the REIT’s financial condition. If these economic conditions continue, the REIT’s tenants may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT. In the future, the national and global economic environments may also affect the REIT’s ability to obtain debt or equity on favourable terms or at all.
**Interest Rate Risk**

The REIT will require access to financial resources to implement its future investment and growth strategy. When concluding financing agreements or extending such agreements, the REIT will depend on its ability to agree on terms that will not impair the REIT’s desired AFFO and that do not restrict its ability to make distributions to Unitholders. In addition to the Credit Facility and any floating rate term of the Class C LP Units, the REIT may enter into future financing agreements with variable rates. An increase in interest rates could result in a significant increase in the cost incurred by the REIT to service debt or make distributions on the Class C LP Units, resulting in a decrease in or the elimination of distributions to Unitholders, which could materially adversely affect the trading price of the Units. In addition, increasing interest rates may put competitive pressure on the levels of distributable income made available to Unitholders, increasing the level of competition for capital requirements of the REIT, which could have a material adverse effect on the trading price of the Units.

The REIT may use interest rate swaps from time to time to manage interest rate risk and to provide more certainty regarding the distributable income available to Unitholders, subject to the REIT’s investment guidelines. See “Investment Guidelines and Operating Policies — Operating Policies”. However, to the extent that the REIT fails to adequately manage interest rate risk, its financial results, and its ability to pay distributions to Unitholders and interest payments under the Credit Facility and future financings, the REIT may be materially adversely affected. An increasing interest rate environment generally decreases the demand for real property. Higher interest rates and more stringent borrowing requirements, whether mandated by law or required by lenders, could have a material adverse effect on the REIT’s ability to sell any of its properties.

**Financing Risks**

The REIT expects to have outstanding Indebtedness plus the aggregate par value of the Class C LP Units at Closing of approximately $1.8 billion. Although a portion of the cash flow generated by the Initial Properties will be devoted to servicing such Indebtedness and the distributions on the Class C LP Units, there can be no assurance that the REIT will continue to generate sufficient cash flow from operations to meet, as applicable, required distributions, interest payments, principal repayments and redemption amounts upon an applicable maturity date or redemption date. If the REIT is unable to meet distribution, interest, principal payments or redemption amounts, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The REIT’s ability to undertake a financing (equity or debt), re-financing or similar transaction or any direct or indirect granting of security over any assets of the REIT or any related entity is restricted under the Declaration of Trust and requires the prior written consent of CTC (in its sole and absolute discretion). This would, for example, preclude the REIT from engaging in mortgage financing without the prior written consent of CTC (in its sole and absolute discretion). See “Declaration of Trust and Description of REIT Units”. The failure of the REIT to make or renegotiate interest, principal payments, or redemption amounts, or obtain additional equity, debt or other financing could materially adversely affect the REIT’s financial condition and results of operations and decrease or eliminate the amount of cash available for distribution to Unitholders.

The REIT will be subject to the risks associated with debt financing, including the risk that any outstanding Indebtedness will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing Indebtedness, which may reduce AFFO. To the extent that the REIT incurs variable rate Indebtedness (such as under the Credit Facility) or distributions (such as under a floating rate term of the Class C LP Units), this will result in fluctuations in the REIT’s cost as rates change. To the extent that rates rise following Closing, the REIT’s operating results and financial condition could be materially adversely affected and decrease the amount of cash available for distribution to Unitholders. No variable rate debt or Class C LP Units with variable distribution rates will exist on Closing. The REIT’s Credit Facility will also contain covenants that require it to maintain certain financial ratios on a consolidated basis. If the REIT does not maintain such ratios, its ability to make distributions to Unitholders may be limited or suspended.

**Economic Stability of Local Markets**

Some of the REIT’s properties are located in regions where the economy is dominated by a small number of industries with only a few major participants. The economic stability and development of these local markets would be negatively affected if such major industry participants failed to maintain a significant presence in such
markets. An economic downturn in these markets may adversely affect revenues derived by tenants of the REIT from their businesses and their ability to pay rent to the REIT in accordance with their leases. An enduring economic decline in a local market may affect the ability of the REIT to: (i) lease space in its properties, (ii) renew existing leases at current rates, and (iii) derive income from the properties located in such market, each of which could adversely impact the REIT’s financial condition and results of operations and decrease the amount of cash available for distribution.

**Geographic Concentration**

The Initial Properties are all located in Canada, the majority of which are located in Ontario, Quebec and Western Canada. Currently, Ontario contains 42.7% of the Initial Properties’ GLA (43.3% of forecast base minimum rent for the Forecast Period), Quebec contains 21.8% of the Initial Properties’ GLA (20.5% of forecast base minimum rent for the Forecast Period), and Western Canada contains 25.3% of the Initial Properties’ GLA (28.1% of forecast base minimum rent for the Forecast Period). As a result, the REIT’s performance, the market value of the REIT’s properties and the income generated by the REIT are particularly sensitive to changes in the economic condition and regulatory environment of Ontario, Quebec and Western Canada. Adverse changes in the economic condition or regulatory environment of Ontario, Quebec and Western Canada may have a material adverse effect on the REIT’s business, cash flows, financial condition and results of operations and its ability to make distributions to Unitholders. See “Assets of the REIT — Composition of the Initial Properties — Geographic Breakdown”.

**Tenant Concentration**

CTC will be the REIT’s most significant tenant for the foreseeable future with Canadian Tire Retail stores and the distribution centre, that form part of the Initial Properties, representing approximately 95.7% of the REIT’s base minimum rent during the Forecast Period, or approximately 97.4% of the REIT’s base minimum rent if all CTC Banner stores are included. CTC leases the distribution centre directly and has guaranteed the Canadian Tire Retail store leases, but has not guaranteed the leases with the other CTC Banner stores. The REIT’s revenues will be dependent on the ability of CTC to meet its rent obligations and the REIT’s ability to collect rent from CTC. If CTC were to fail to renew its tenancies, default on or cease to satisfy its payment obligations, it would have a material adverse effect on the REIT’s financial condition or results of operations and its ability to make distributions to Unitholders. See “Assets of the REIT — Description of the REIT’s Key Tenant”.

**Asset Class Diversification**

The REIT’s investments will not be widely diversified by asset class. Substantially all of the REIT’s investments, including the Initial Properties, will be in retail properties. A lack of asset class diversification increases risk because retail properties are subject to their own set of risks, such as vacancies, changes in retail trends and formats and population shifts.

**Liquidity**

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit the REIT’s ability to vary its portfolio promptly in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession the REIT may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for the REIT to dispose of properties at lower prices in order to generate sufficient cash for operations and for making distributions to Unitholders.

**Appraisals**

CTC retained the Appraiser to provide independent estimates of the fair market value range in respect of the Initial Properties. See “Assessments and Valuation of the Initial Properties — Independent Valuations”. Caution should be exercised in the evaluation and use of appraisal results, which are estimates of market value at a specific point in time. In general, appraisals such as the Appraisals represent only the analysis and opinion of qualified experts as of the effective date of such appraisals and are not guarantees of present or future value.
There is no assurance that the assumptions employed in determining the appraised values of the Initial Properties are correct as of the date of this prospectus or that such valuations actually reflect an amount that would be realized upon a current or future sale of any of the Initial Properties or that any projections included in the Appraisals will be attainable. In addition, the Appraisals were each given as at August 1, 2013 and are therefore not current to the date of this prospectus or the Closing Date. As prices in the real estate market fluctuate over time in response to numerous factors, the fair market value of the Initial Properties reflected in the Appraisals may be an unreliable indication of its current market value.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the Appraisals.

Environmental Matters

Environmental legislation and regulations have become increasingly important in recent years. As an owner of real property in Canada, the REIT will be subject to various Canadian federal, provincial, territorial and municipal laws relating to environmental matters. In the event that the REIT acquires properties in the United States, it will also be subject to various U.S. federal and state and municipal environmental laws, as applicable. Such laws provide that the REIT, its officers and directors could be, or become, liable for environmental harm, damage or costs, including with respect to the release of hazardous or other regulated substances into the environment, and the removal or other remediation of hazardous or other regulated substances that may be present at or under its properties. Further, liability may be incurred by the REIT with respect to the release of such substances from or to the REIT’s properties. These laws often impose liability regardless of whether the property owner knew of, or was responsible for, the presence of such substances. Additional liability may be incurred by the REIT with respect to the improper use, disposal or storage of such substances or the release of such substances from the REIT’s properties to properties owned by third parties, including properties adjacent to the REIT’s properties or with respect to the exposure of persons to such substances. These laws also govern the maintenance and removal of materials containing asbestos and also govern emissions of, and exposure to, asbestos fibres in the air. Certain of the Initial Properties contain or might contain materials containing asbestos. The costs of investigation, removal and remediation of such substances or properties, if any, may be substantial and could materially adversely affect the REIT’s financial condition and results of operations. The presence of contamination or the failure to remediate contamination may also materially adversely affect the REIT’s ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in significant claims against the REIT by public or private parties.

The Initial Properties may contain contamination, hazardous or other regulated substances and/or other residual pollution and environmental risks. Buildings and their fixtures might contain asbestos or other hazardous or regulated substances above the allowable or recommended thresholds, or other environmental risks could be associated with the buildings. After Closing and subject to the terms of its leases, the REIT might bear the risk of cost-intensive assessment, remediation or removal of such contamination, hazardous or other regulated substances or other residual pollution. The discovery of any such contamination or residual pollution on the sites and/or in the buildings, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against the REIT. The remediation of any contamination and the related additional measures the REIT would have to undertake could have a materially adverse effect on the REIT and could involve considerable additional costs. The REIT will also be exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible. Moreover, the existence or even the mere suspicion of the existence of contamination, hazardous or other regulated substances or other residual pollution or the use of a property for an environmentally sensitive business (such as the sale of gasoline and related products) can materially adversely affect the value of a property and the REIT’s ability to lease or sell such property.

Some of the Initial Properties have, or have had, tenants that would or currently use, hazardous or other regulated substances. For example, automotive service centres, retail gas bars and propane tank centres are currently located, or have been located in the past, at the Initial Properties. Currently, all of the Initial Properties (excluding the distribution centre) have automotive service centres, 86 of the Initial Properties have
retail gas bars and all of the Initial Properties (excluding the distribution centre) have, or could in the future have, propane tank centres. The environmental risks with automotive service centres, gas bars and propane tank centres are primarily associated with the handling of gasoline, oil, lubricants, propane and other fluids required for the maintenance of automobiles.

The Initial Properties have been subject to a Phase I environmental assessment and in some instances, a Phase II environmental assessment, all of which have been reviewed by the Independent ESA Consultant for its recommendations. Although environmental site assessments and investigations would provide the REIT with some level of assurance about the condition of such properties, the REIT may become subject to liability for undetected contamination and residual pollution or other environmental conditions at its properties, which could materially adversely affect the REIT’s financial condition and results of operations and decrease or eliminate the amount of cash available for distribution to Unitholders. In particular, the Phase I ESA Reports, and their subsequent review by the Independent ESA Consultant, are intended to identify only significant environmental risks at the Initial Properties pursuant to criteria developed by the Independent ESA Consultant and CTC. Accordingly, certain risks may be accepted or certain environmental problems may not be detected due to further investigation not being pursued. These risks may include in certain instances not further investigating (i) past contamination that would, if still present, exceed current applicable standards, (ii) evidence of existing or suspected petroleum hydrocarbon impacts, (iii) evidence of existing or suspected leaks of hydraulic oil from vehicle hoists, and (iv) other environmental issues that might be investigated if an individual property or smaller portfolio of properties were being purchased. Further, this may result in an assumption of known or unknown liabilities that may not be material to a purchaser of a large portfolio of properties but could nonetheless affect the ability of the REIT to sell or finance individual properties. 86 of the Initial Properties contain gas bars, all of the Initial Properties have, or could in the future have, propane tank centres and all of the Initial Properties (excluding the distribution centre) contain automotive service centres. 14 of the Initial Properties were recommended for Phase II ESA investigations. Other Initial Properties may require a Phase II ESA towards the end of the lease term in order to determine whether any actions are required in order to address any relevant environmental issues present at that time. See “Assessment and Valuation of the Initial Properties — Environmental Site Assessments” and “Investment Guidelines and Operating Policies — Operating Policies”.

The REIT’s operating policy after Closing will be to obtain or be entitled to rely on a recent (dated no earlier than 24 months prior to receipt by the REIT), Phase I environmental site assessment conducted by an independent and experienced environmental consultant prior to acquiring a property. The REIT’s operating policy further provides that if the Phase I environmental site assessment report recommends that further environmental investigations be conducted the REIT shall either (i) have conducted such further environmental investigations, or (ii) have a second independent and experienced environmental consultant, who did not participate in the preparation of the Phase I environmental site assessment, further evaluate such property using the specific risk criteria set forth in the REIT’s operating policy. The risk of relying on a Phase I environmental site assessment that is not current is that such assessment may not disclose more recent areas or events of concern.

The REIT intends to make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters that may have a material adverse effect on the REIT’s business, financial condition or results of operation and decrease or eliminate the amount of cash available for distribution to Unitholders. However, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition, may have a material adverse effect on the REIT’s financial condition and results of operation and decrease or eliminate the amount of cash available for distribution to Unitholders.

**Acquisitions and Associated Undisclosed Defects and Obligations**

The REIT’s business plan contemplates, among other things, growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and leasing the properties.
The REIT intends to make acquisitions and dispositions of properties in accordance with its growth strategy. If the REIT is unable to manage its growth effectively, it could materially adversely impact the REIT’s financial position and results of operation and decrease or eliminate the amount of cash available for distribution to Unitholders. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis and, as such, there can be no assurance that distributions to Unitholders will be maintained or increase in the future.

Acquired properties including the Initial Properties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the REIT. For example, the REIT could acquire a property that contains undisclosed defects in design or construction. Representations and warranties given by third parties to the REIT may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Furthermore, it is not always possible to obtain from the seller the records and documents that are required in order to fully verify that the buildings to be acquired are constructed in accordance, and that their use complies, with planning laws and building code requirements. Accordingly, in the course of acquiring a property, specific risks might not be or might not have been recognized or correctly evaluated. These circumstances could lead to additional costs and could have a material adverse effect on rental income of the relevant properties or the sale prices of such properties upon a disposition of such properties.

The REIT’s ability to acquire properties on satisfactory terms and successfully integrate and operate them is subject to the following additional risks: (a) the REIT may be unable to acquire desired properties because of (i) constraints imposed by the terms of the Declaration of Trust, the Canadian Tire Leases, the ROFO Agreement and the Development Agreement and the exercise by CTC of its rights under such agreements, or (ii) competition from other real estate investors with more capital, including other real estate operating companies, REITs and investment funds; (b) the REIT may acquire properties that are not accretive to its results upon acquisition, and the REIT may not successfully manage and lease those properties to meet its expectations; (c) competition from other potential acquirers may significantly increase the purchase price of a desired property; (d) the REIT may be unable to generate sufficient cash from operations, or obtain the necessary debt or equity financing to consummate an acquisition or, if obtainable, financing may not be on satisfactory terms; (e) the REIT may need to spend more than budgeted amounts to make necessary improvements or renovations to acquired properties; (f) agreements for the acquisition of properties are typically subject to customary conditions to closing, including satisfactory completion of due diligence investigations, and the REIT may spend significant time and money on potential acquisitions that the REIT does not consummate; (g) the process of acquiring or pursuing the acquisition of a new property may divert the attention of the REIT’s senior management team from existing business operations; (h) the REIT may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into existing operations; (i) market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and (j) the REIT may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of environmental contamination, claims by tenants, vendors or other persons against the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties. In addition, the REIT’s ability to undertake any material acquisition, disposition, or development is restricted under the Declaration of Trust and requires the prior written consent of CTC (in its sole and absolute discretion).

In addition, after the acquisition of a property, the market in which the acquired property is located may experience unexpected changes that materially adversely affect the property’s value. The occupancy of properties that are acquired may decline during the REIT’s ownership, and rents that are in effect at the time a property is acquired may decline thereafter.

If the REIT cannot complete property acquisitions on favourable terms, or operate acquired properties to meet the REIT’s goals or expectations, the REIT’s business, financial condition, results of operations and cash flow, the per Unit trading price and the REIT’s ability to satisfy debt service obligations and to make distributions to Unitholders could be materially and adversely affected.
Property Development and Redevelopment Risks

As the Canadian Tire Leases cover the entire property owned by the REIT in the case of the Initial Properties where CTC is the sole tenant, and given the long term nature of those leases, the REIT may not be able to capitalize on redevelopment or intensification opportunities at its properties, given certain consent and priority rights of CTC. See “Arrangements with CTC” and “Description of Material Lease Terms with CTC”.

Development Risk

To the extent that the REIT may engage in development, redevelopment or major renovation activities with respect to certain properties, it will be subject to certain risks, including: (a) the availability and pricing of financing on satisfactory terms or at all; (b) the availability and timely receipt of zoning and other regulatory approvals; (c) the ability to achieve an acceptable level of occupancy upon completion; (d) the potential that the REIT may fail to recover expenses already incurred if it abandons redevelopment opportunities after commencing to explore them; (e) the potential that the REIT may expend funds on and devote management time to projects which it does not complete; (f) construction or redevelopment costs of a project, including certain financial or other obligations to CTC under the Development Agreement, may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (g) the time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting the REIT’s cash flow and liquidity; (h) the cost and timely completion of construction (including risks beyond the REIT’s control, such as weather, labour conditions or material shortages); (i) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (j) delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws; (k) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; and (l) the availability and pricing of financing to fund the REIT’s development activities on favourable terms or at all.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of redevelopment activities or the completion of redevelopment activities once undertaken. In addition, redevelopment projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, partners and others. Any of these risks could have an adverse effect on the REIT’s financial condition, results of operations, cash flow, the trading price of the Units, distributions to Unitholders and ability to satisfy the REIT’s principal and interest obligations.

Ground Leases

To the extent the properties in which REIT has or will have an interest are located on leased land, the ground leases may be subject to periodic rate resets and may result in rental rate adjustments which may adversely impact REIT’s financial condition and results of operation and decrease the amount of cash available for distribution to the extent that such adjustment increase the REIT costs at a greater rate than adjustments to rates received from CTC.

Limit on Activities

In order to maintain its status as a closed-ended “mutual fund trust”, which is treated as a “real estate investment trust” under the Income Tax Act (Canada), the REIT cannot carry on most active business activities and is limited in the types of investments it may make. In particular the REIT cannot hold real property that is non-capital property, including but not limited to condominium or residential mixed-use developments, which restricts its ability to develop real estate for sale.

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, refinance its Indebtedness and possibly its Class C LP Units as well as to fund its growth strategy and certain capital expenditures from time to time. There can be no assurance that the REIT will otherwise have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, refinancing its Indebtedness and Class C LP Units, financing or refinancing of properties, funding operating
expenses or other purposes. Further, in certain circumstances, the REIT may not be able to borrow funds due to limitations set forth in the Declaration of Trust, which in certain circumstances includes obtaining CTC’s prior written consent for such borrowing, including draws under the Credit Facility. Failure by the REIT to access required capital could have a material adverse effect on the REIT’s financial condition or results of operations and its ability to make distributions to Unitholders.

**Competition**

The REIT will compete with other investors, managers and owners of properties in seeking tenants and for the purchase and development of desirable real estate properties. Some of the properties of the REIT’s competitors may be newer or better located than the Initial Properties. Certain of these competitors may have greater financial and other resources and greater operating flexibility than the REIT. An increase in the availability of funds for investment or an increase in interest in real estate property investments may increase the competition for real estate property investments, thereby increasing purchase prices and reducing the yield on them.

**Financial Forecast**

The forecasted results contained in this prospectus were prepared using assumptions that reflect management’s intended course for the periods covered, given the judgment of CTC on behalf of the REIT as to the most probable set of economic conditions. There can be no assurance that the assumptions reflected in the forecast will prove to be accurate. Actual results for the Forecast Period may vary significantly from the forecasted results and those variations may be material. There is no representation by the REIT that actual results achieved during the Forecast Period will be the same, in whole or in part, as those forecasted herein. See “Forward-looking Statements”.

**New Markets**

Subject to limitations on its non-Canadian activity under the Income Tax Act (Canada), if the opportunity arises, the REIT may explore acquisitions of properties in new markets, such as the United States. Each of the risks applicable to the REIT’s ability to acquire and successfully integrate and operate properties in its current markets is also applicable to its ability to acquire and successfully integrate and operate properties in new markets. In addition to these risks, the REIT may not possess the same level of familiarity with the dynamics and market conditions of any new markets, which could materially adversely affect its ability to expand into or operate in those markets. The REIT may be unable to achieve a desired return on its investments in new markets. If the REIT is unsuccessful in expanding into new markets, this could materially adversely affect the REIT’s business, financial condition, results of operations and cash flow, the per Unit trading price and its ability to satisfy debt service obligations and to make distributions to Unitholders.

**Capital Expenditures and Fixed Costs**

The Canadian Tire Leases will be triple net, however there can be no assurances that other leases assumed or entered into on or after Closing will be on similar terms. Certain significant expenditures, including, as applicable, property taxes, ground rent, maintenance costs, capital repairs, debt service payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing any income. This may include expenditures to fulfill mandatory requirements. In order to retain desirable rentable space and to generate adequate revenue over the long term, the REIT must maintain or, in some cases, improve each property’s condition to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which the REIT may not be able to recover from its tenants. In addition, property tax reassessments based on updated appraised values may occur, which the REIT may not be able to recover from its tenants. As a result, the REIT will bear the economic cost of such operating costs and/or taxes which may adversely impact the REIT’s financial condition and results from operations and decrease the amount of cash available for distribution to Unitholders. Numerous factors, including the age of the relevant building, the materials used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization. In addition, the timing and amount of capital expenditures may indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when the REIT deems it necessary to make significant capital or other expenditures.
If the actual costs of maintaining or upgrading a property exceed the REIT’s estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if the REIT is not permitted to increase rents due to legal or other constraints, the REIT will incur additional and unexpected costs. If competing properties of a similar type are built in the area where one of the REIT’s properties is located or similar properties located in the vicinity of one of the REIT’s properties are substantially refurbished, the net operating income derived from, and the value of, the REIT’s property could be reduced. Any failure by the REIT to undertake appropriate maintenance and refurbishment work in response to the factors described above could materially adversely affect the rental income that the REIT earns from such properties. Any such event could have a material adverse effect on the REIT’s cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

Reliance on Key Personnel

The management and governance of the REIT depends on the services of certain key personnel, including certain executive officers and the Trustees. While the Chief Executive Officer was previously the president of CREL, the Chief Financial Officer of the REIT was specifically recruited to serve as an executive of the REIT and has no experience with the Initial Properties. The REIT will rely on the Property Management Agreement and Services Agreement to supply necessary services to operate the REIT, including in respect of financial reporting and controls. Failure to receive these services, or the requirement to replace the service provider in a short period of time, could have a material adverse effect on the REIT. The REIT may not solicit any CTC employees for a period of one year after termination of these contracts, so that if such contracts are terminated, the REIT will have to recruit from other sources if CTC will not provide consent. External pressures and/or ineffective internal human resource practices can negatively impact the REIT’s ability to attract and retain sufficiently appropriately skilled people who have the expertise to support the achievement or the REIT’s strategic objective.

Operational Risk

Operational risk is the risk that a direct or indirect loss may result from inadequate or failed operations, systems, and processes in terms of design, integration, and/or execution to support the REIT’s key business objectives. The impact of this loss may be financial loss, loss of reputation or legal and regulatory proceedings. Management will endeavour to minimize losses in this area by ensuring that effective infrastructure and controls exist and, in certain circumstances, by obtaining insurance coverage.

Reliance on the Partnership

The REIT is dependent on the business of the Partnership for NOI. The cash distributions made to Unitholders are dependent on the ability of the Partnership to make distributions in respect of the limited partnership units of the Partnership, including the Class C LP Units which are entitled to distributions in priority to the Class A LP Units held by the REIT (subject to certain exceptions). The ability of the Partnership to make distributions or make other payments or advances to the REIT will depend on the Partnership’s results of operations and may be restricted by, among other things, applicable tax and other laws and regulations and may be subject to contractual restrictions contained in any instruments governing the Indebtedness of the Partnership, any priority distribution contained in the Limited Partnership Agreement and any other agreements governing the Partnership. If the Partnership is unable to make distributions or other payments or advances to the REIT, such failure could have a material adverse effect on the REIT’s financial condition or results of operations and its ability to make distributions to Unitholders.

Degree of Leverage

The ratio of Indebtedness of the REIT plus the aggregate par value of the Class C LP Units to Gross Book Value is expected to be approximately 51% on Closing. The REIT’s degree of leverage could have important consequences to Unitholders, including: (i) making the REIT more vulnerable to a downturn in business or the economy in general; (ii) the REIT’s ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general trust purposes; and (iii) a portion of the REIT’s cash flow will be dedicated to the payment of the principal of and interest on, its Indebtedness and priority
distributions payable on the Class C LP Units, thereby reducing the amount of funds available for distributions to Unitholders. Under the Declaration of Trust, the REIT’s total Indebtedness plus the aggregate par value of the Class C LP Units shall not exceed 60% of Gross Book Value (or 65% of Gross Book Value including convertible Indebtedness).

Redemptions of Class C LP Units

The Class C LP Units are subject to redemption rights, including those of the holder. Pursuant to the Limited Partnership Agreement, the Class C LP Units may be redeemed upon payment of an amount equal to $1,000 per Class C LP Unit, together with all accrued and unpaid distributions up to but excluding the date fixed for redemption. Alternately, the Partnership may elect to settle any such redemption payment, in whole or in part, with Class B LP Units. The number of Class B LP Units to be issued on the applicable redemption date will be determined based on the 20-day volume-weighted average price of the Units as of the end of the trading day prior to redemption. See “The Partnership — Class C LP Units”. In addition, the Partnership’s ability to incur debt in order to finance the redemption of Class C LP Units for cash is subject to CTC’s prior written consent (in its sole and absolute discretion). See “Arrangements with CTC — Canadian Tire Consent Rights in the Declaration of Trust”. In connection with the redemption of Class C LP Units, the REIT may issue additional Class B LP Units, which are economically equivalent to and exchangeable for Units, from time to time and the interests of Unitholders may be diluted thereby.

Potential Conflicts of Interest

The Trustees will, from time to time, in their individual capacities, deal with parties with whom the REIT may be dealing, or may be seeking investments similar to those desired by the REIT. The interests of these persons could conflict with those of the REIT. Pursuant to the Declaration of Trust, all decisions to be made by the Board which involve the REIT are required to be made in accordance with the Trustee’s duties and obligations to act honestly and in good faith with a view to the best interests of the REIT and the Unitholders. In addition, the Declaration of Trust contains provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. Conflicts may also exist as certain Trustees will be affiliated with CTC and may be nominated by CTC in certain circumstances in the future. There can be no assurance that the provisions of the Declaration of Trust will adequately address potential conflicts of interest or that such actual or potential conflicts of interest will be resolved in favour of the REIT.

Regulation

The REIT is subject to laws and regulations governing the REIT ownership and leasing of real property, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, territorial, state, municipal, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject could materially adversely affect the rights and title to the properties. It is impossible to predict whether there will be any future changes in the regulatory regimes to which the REIT will be subject or the effect of any such change on its investments.

General Insured and Uninsured Risks

The REIT will carry, directly or indirectly, general liability, umbrella liability and/or excess liability insurance with limits which are typically obtained for similar real estate portfolios and otherwise acceptable to the Board. For property risks, the REIT intends to carry “All Risks” property insurance, including but not limited to, flood, earthquake and loss of rental income insurance (with at least a 12 month indemnity period). The REIT also intends to carry boiler and machinery insurance covering certain losses and expenses resulting from the accidental breakdown of boilers, pressure vessels, HVAC systems, mechanical and electrical equipment. There are, however, certain types of risks (generally of a catastrophic nature, such as from war or nuclear accident) which are uninsurable under any insurance policy. Furthermore, there are other risks that are not economically viable to insure at this time. The REIT will have insurance for earthquake risks, subject to certain policy limits and deductibles. While the REIT will obtain title opinions on all of the Initial Properties
located outside Quebec and will carry title insurance on certain of the Initial Properties, including all of the Initial Properties located in Quebec, the REIT will not carry title insurance on all of the Initial Properties. If a loss occurs resulting from a title defect with respect to a property where there is no title insurance, the REIT’s recourse will be limited to the law firm providing the applicable title opinion. Should an uninsured or underinsured loss occur resulting from a title defect with respect to a property, and recourse under the applicable title opinion is insufficient, the REIT could lose all or part of its investment in, and anticipated profits and cash flows from, such property. Should an uninsured or underinsured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but would continue to be obligated to repay any recourse mortgage Indebtedness on such properties which would likely adversely impact the REIT’s financial condition and results of operation and decrease the amount of cash available for distribution.

Many insurance companies have eliminated coverage for acts of terrorism from their policies, and it may not be possible to obtain coverage for terrorist acts at commercially reasonable rates or at any price. Damage to a property sustained as a result of an uninsured terrorist or similar act would likely adversely impact the REIT’s financial condition and results of operation and decrease the amount of cash available for distribution.

The REIT will be required to bear all losses that are not adequately covered by insurance, as well as any insurance deductibles. In the event of a substantial property loss, the existing insurance coverage may be insufficient to pay the full current market value or current replacement cost of such property loss. In the event of an uninsured loss, the REIT could lose some or all of its capital investment, cash flow and anticipated profits related to one or more properties. Although the REIT believes that its insurance programs are adequate, and it expects to regularly assess the adequacy of its coverage, assurance cannot be provided that the REIT will not incur losses in excess of insurance coverage or that insurance can be obtained in the future at acceptable levels and reasonable cost.

Risk Related to Insurance Renewals

Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When the REIT’s current insurance policies expire, the REIT may encounter difficulty in obtaining or renewing property or casualty insurance on its properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (e.g., earthquake, windstorm and flood), may not be generally available to fully cover potential losses. Even if the REIT is able to renew its policies at levels and with limitations consistent with its current policies, the REIT cannot be sure that it will be able to obtain such insurance at premiums that are reasonable. If the REIT is unable to obtain adequate insurance on its properties for certain risks, it could cause the REIT to be in default under specific covenants on certain of its Indebtedness or other contractual commitments that it has which require the REIT to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur, or if the REIT were unable to obtain adequate insurance, and its properties experienced damages that would otherwise have been covered by insurance, it could have a material adverse effect on the REIT’s business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

Disasters

Future natural and man-made disasters may materially adversely affect the REIT’s operations and properties and, more specifically, may cause the REIT to experience reduced rental revenue (including from increased vacancy), incur clean-up costs or otherwise incur costs in connection with such events. Any of these events may have a material adverse effect on the REIT’s business, cash flows, financial condition and results of operations and its ability to make distributions to Unitholders. While the REIT will have insurance, either directly or indirectly through certain of its tenants, to cover a substantial portion of the cost of natural disasters, such insurance includes customary deductible amounts and certain items may not be covered by insurance.

Lack of Operating History

The Initial Properties that the REIT is acquiring on Closing have been assets of CTC for a number of years. Prior to the date of Closing, however, the REIT will not have conducted any business activities. Although the
REIT expects to benefit from the experience that its management team has gained while working at CTC and elsewhere, the REIT may be less successful in implementing its business strategy than a more seasoned real estate entity. As a result, the REIT may experience significant fluctuations in its operating results and rate of growth, which may vary from those projected by management. In addition, the forward-looking statements contained in this prospectus about expected future operating results or the assumptions reflected in the historical carve-out financial statements for the Third Party Tenant Lease Portfolio included elsewhere in this prospectus and under the heading “Financial Forecast” are subject to uncertainties that are due, in part, to the REIT’s lack of an operating history. No assurance can be given that the REIT will be successful in implementing its business strategy or that it will achieve expected future operating results which could have a material adverse effect on the REIT’s cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

Financial Reporting and Other Public Company Requirements

As a result of the Offering, the REIT will become subject to reporting and other obligations under applicable Canadian securities laws and rules of the stock exchange on which the Units are listed, including National Instrument 52-109 — Certification of Disclosure in Issuers’ Annual and Interim Filings. These reporting and other obligations will place significant demands on the REIT’s management, administrative, operational and accounting resources, including those provided pursuant to the Services Agreement. The REIT will be partially reliant on CTC, pursuant to the Services Agreement, for certain financial reporting and internal control functions. Any failure of the REIT, or its service provider, to maintain effective internal controls could cause the REIT to fail to meet its reporting obligations or result in material misstatements in its financial statements. If the REIT cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in the REIT’s reported financial information, which could result in a reduction in the trading price of the Units.

Management does not expect that the REIT’s disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Derivative Risks

The REIT may use derivative instruments, including interest rate swaps, to manage the interest rate risks inherent in its operations or equity derivative contracts to provide a partial offset to its exposure to market fluctuations in its long-term equity based compensation plans, subject to the REIT’s investment guidelines. See “Investment Guidelines and Operating Policies — Operating Policies”. Although hedging activities are intended to mitigate earnings volatility, there can be no assurance that any hedging activities of the REIT will be effective. As well, the REIT would be subject to counterparty risk which is the risk that its counterparty may be unable to meet its obligations. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these contracts may involve judgment, use of estimates or changes to the underlying assumptions thereby affecting the reported fair value of these contracts. The inability of the REIT to close out its interest rate swaps or equity derivative contracts at maturity could have a material adverse effect on the REIT’s ability to use derivative instruments to effectively hedge the market risks inherent in its operations.

Litigation Risks

In the normal course of the REIT’s operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax
proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the REIT and, as a result, could have a material adverse effect on the REIT’s assets, liabilities, business, financial condition and results of operations. Even if the REIT prevails in any such legal proceeding, the proceedings could be costly which could have a material adverse effect on the REIT’s cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

Risk Factors Related to the REIT’s Relationship with CTC

Significant Ownership by CTC

On Closing, it is expected that CTC will hold an approximate 85.0% effective interest in the REIT on a fully-diluted basis through ownership of 59,711,094 Units and all of the Class B LP Units (or an approximate 83.1% effective interest in the REIT on a fully-diluted basis if the Over-Allotment Option is exercised in full), where each Class B LP Unit will be attached to a Special Voting Unit of the REIT, providing for voting rights in the REIT. CTC will also hold all of the non-voting Class C LP Units which, in limited circumstances, will have voting rights pursuant to Special Voting Units issuable by the REIT to holders of Class C LP Units in certain limited circumstances. As a shareholder, CTC will not have a duty to act in the best interest of the REIT. In situations where the interest of CTC and the REIT are in conflict, CTC may utilize its ownership interest in, and contractual rights with, the REIT to further CTC’s own interest which may not be the same as the REIT’s interests in all cases. See “The Partnership — Partnership Units — Class C LP Units”.

At Closing, the REIT will not have any debt, rather it will have the Class C LP Units, which have been designed to provide CTC with an interest in the Partnership that will entitle CTC to cumulative distributions, in priority to distributions to holders of the Class A LP Units, Class B LP Units and GP Unit, subject to certain exceptions. The weighted average annual distribution rate on the Class C LP Units during the Initial Fixed Rate Period is expected to be approximately 4.50%, distributed on a monthly basis. See “The Partnership — Partnership Units” and “The Partnership — Distributions”.

In addition, the Declaration of Trust provides CTC with the exclusive right to nominate to the Board between one and four Trustees depending on the size of the board and CTC’s effective interest in the REIT, on a fully-diluted basis. As of Closing, the REIT will have seven Trustees and CTC will have the right to nominate three Trustees. See “Declaration of Trust and Description of the REIT Units — Nomination of Trustees”.

For so long as CTC directly or indirectly holds a majority of the Voting Units, the REIT may not undertake, without the prior written consent of CTC (in its sole and absolute discretion): (i) any material acquisition, disposition or development; (ii) subject to the CT Re-Financing Obligations, any financings (debt or equity), re-financings or similar transactions; (iii) any direct or indirect granting of security over any assets of the REIT or any related entity; or (iv) the replacement of the Chief Executive Officer of the REIT. For example, this would preclude the REIT from engaging in mortgage financing without the prior written consent of CTC (in its sole and absolute discretion).

In addition, pursuant to the ROFO Agreement, the REIT will grant CTC the Change of Control ROFR. The Change of Control ROFR will provide that if a Competitor acquires more than 50% of the Units, on a fully-diluted basis, at a time when the properties of the REIT leased by CTC represent at least 50% of the GLA of all of the properties of the REIT, then CTC will have the right to acquire such properties leased by it at fair market value, which may have a significant, adverse effect on Unitholders, including any acquirer of the REIT. See “Arrangements with CTC — ROFO Agreement”. Both the Change of Control ROFR, CTC’s significant effective interest in the REIT and certain restrictions set out in the Declaration of Trust may effectively preclude or substantially discourage transactions involving a change of control of the REIT, including transactions in which an investor, as a holder of the Units, might otherwise receive a premium for its Units over the then-current market price.

Pursuant to the Exchange Agreement, each Class B LP Unit will be exchangeable at the option of the holder for one Unit of the REIT (subject to customary anti-dilution adjustments). If CTC exchanges some or all of its Class B LP Units for Units and subsequently sells such Units in the public market, the market price of the
Units may decrease. Moreover, despite the fact that CTC believes that continuing to own an effective majority ownership interest in the REIT in the long-term to be aligned with its outlook on its real estate, the perception in the public market that these sales will occur could also produce such an effect. Over many decades, CTC has built and maintained a significant ownership interest in its Canadian Tire Retail store properties and views that ownership interest as being an important component of CTC’s long-term strategy. CTC views the creation of the REIT as a preferred structure by which it can continue to own a significant interest in its Canadian Tire Retail store properties and CTC believes that continuing to own an effective majority ownership interest in the REIT is consistent with its long-term strategy.

There can be no assurance that the credit rating assigned to CTC will remain in effect for any given period of time or that the rating will not be lowered, withdrawn or revised by DBRS or S&P at any time. The likelihood that CTC’s creditors will receive payments owing to them will depend on CTC’s financial health and creditworthiness. As discussed above, the REIT’s revenues are dependent on the ability of CTC to meet its rent obligations under the Canadian Tire Leases. If CTC were to default on or cease to satisfy its payment obligations, it would have a material adverse effect on the REIT’s financial condition or results of operations and its ability to make distributions to Unitholders. Credit ratings assigned by a ratings agency provide an opinion of that ratings agency on the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Receipt of a credit rating provides no guarantee of the CTC’s future creditworthiness.

CTC is the promoter of the REIT and has appointed the initial Trustees and selected the Trustees who will initially serve after Closing, and has set the terms of the material agreements between it and the REIT, which terms, including the terms of the Class C LP Units, do not necessarily reflect the terms that might be negotiated between arm’s length persons.

**Risks Associated with Services Agreement and Property Management Agreement**

The REIT will rely on CTC with respect to the provision of certain services under both the Services Agreement and the Property Management Agreement. See “Arrangements with CTC — Services Agreement” and “Arrangements with CTC — Property Management Agreement”. This means that certain of the REIT’s day-to-day operational and property management matters will be dependent upon CTC’s ability to successfully hire, train, supervise and manage its personnel and its ability to maintain its operating systems. If the REIT were to lose the services provided by CTC, if CTC fails to perform its obligations under the Services Agreement and Property Management Agreement, or the scope of services offered under the Services Agreement and/or the Property Management Agreement are inadequate, the REIT may experience a material adverse impact on its business operations. The REIT may be unable to duplicate the quality and depth of the services available to it by handling such services internally or by retaining another service provider. Prospective investors should not purchase any Units unless they are prepared to rely on CTC as the initial servicer.

Both the Services Agreement and the Property Management Agreement may be terminated in certain circumstances and they are only renewable on certain conditions. Accordingly, there can be no assurance that the REIT will continue to have the benefit of CTC’s services pursuant to such agreements. If CTC should cease for whatever reason to provide such services, the cost of obtaining substitute services will likely be greater than the cost-recovery fee basis that the REIT will pay CTC under the Services Agreement and Property Management Agreement, and this may materially adversely affect the REIT’s ability to meet its objectives and execute its strategy which could materially and adversely affect the REIT’s cash flows, operating results and financial condition and its ability to make distributions to Unitholders. Even if CTC continues providing services under the Services Agreement and the Property Management Agreement, costs may increase materially after the expiry of the maximum fee cap in two years.

**Acquisition of Future Properties from CTC**

The REIT’s ability to expand its asset base through acquisitions from CTC will be affected by the REIT’s ability to leverage its relationship with CTC to access opportunities to acquire additional properties that satisfy the REIT’s investment criteria, all in accordance with the ROFO Agreement and the Development Agreement. CTC has advised the REIT that it anticipates it may, subject to market conditions, offer to sell to the REIT
those Retained Properties over time, although no assurance can be given in that regard. There can be no assurance that the REIT will be able to access such opportunities and acquire additional properties or do so on terms that will result in an increase to the REIT’s AFFO per Unit. In addition, there can be no assurance that the rights of first offer granted to the REIT by CTC to acquire CTC’s interest in certain properties will be exercised or that CTC will elect to dispose of interests in its properties. The inability of the REIT to expand its asset base by virtue of its relationship with CTC or pursuant to the right of first offer may have a material adverse effect on the ability to expand its asset base.

Sale and Other Disposition Restrictions under the Canadian Tire Leases

Pursuant to the Canadian Tire Leases, the REIT will grant CTC the Right of First Offer and the Right of First Refusal. The Right of First Offer will provide that if the REIT wishes to sell, enter into a lease or otherwise dispose of a property, all or part of which is leased or was leased to CTC, then the REIT shall first provide an offer to CTC setting out the price and material terms and conditions of the proposed disposition or lease. The existence of such rights and the time period provided to CTC to exercise such rights may impair the marketability and value of the properties owned by the REIT and its ability to attract tenants other than CTC. See “Assets of the REIT — Description of Material Lease Terms with CTC — Right of First Offer”. In addition to the Right of First Offer, the Right of First Refusal will provide that if the REIT has received a bona fide offer from a Competitor to purchase, lease or otherwise acquire a property, all or part of which is leased or was leased to CTC, the REIT shall provide such offer to CTC and CTC shall have the right to match such offer. See “Assets of the REIT — Description of Material Lease Terms with CTC — Right of First Refusal”.

In the event that the REIT desires to sell a property, the existence of the Right of First Offer and, in certain circumstances, a Right of First Refusal as well as restrictions on use under the Canadian Tire Leases in favour of CTC could limit the number of purchasers of such property, make it more difficult to sell such property and/or decrease the potential purchase price that could be obtained for such property, which, in turn, could have a material adverse effect on the REIT.

Competitive Tenant Restrictions under the Lease

The REIT will be subject to significant restrictions with respect to tenants in retail businesses that are competitive to those of the existing CTC business for a period ending on the later of: (a) 10 years after the term of such leases; and (b) when CTC ceases to hold, directly or indirectly, a majority of the Voting Units. The REIT will not be able to enter into leases with such prospective tenants without the consent of CTC, which may be withheld in CTC’s absolute discretion. The REIT may be limited in achieving higher rents or longer term leases with tenants other than CTC owing to these restrictions. The REIT may also be limited in achieving higher rents or longer term leases with tenants other than CTC owing to the operation of the right of first offer to lease in favour of CTC. As well, the rights of first offer and refusal in favour of CTC over the sale, lease or other disposition of the REIT’s properties may impede the ability of the REIT to dispose of its properties or affect the price that the REIT may attain therefor, particularly if CTC has not renewed or otherwise terminated the Canadian Tire Lease in respect of such property. In any case, these restrictions may result in the inability of the REIT to access otherwise viable commercial lease opportunities and have a material adverse effect on the REIT’s business, cash flows, financial conditions and results of operations and its ability to make distributions to Unitholders.

Potential Conflicts of Interest with CTC

CTC will not be limited or restricted from owning, acquiring, constructing, developing or redeveloping properties required by CTC to operate its business, and, subject to the Non-Competition and Non-Solicitation Agreement, may itself in certain limited situations compete with the REIT in seeking tenants and for the purchase, development and operation of desirable commercial properties. While CTC will be required in certain circumstances, subject to the terms and conditions of the ROFO Agreement and the Development Agreement, to provide the REIT with certain opportunities, including rights to acquire or participate in the development of properties, those circumstances are not comprehensive. In addition, there can be no assurance that the REIT will be able to access such opportunities or that CTC will exercise its consent rights over acquisitions and
financings to allow the REIT to access such opportunities. As a result, CTC may compete with the REIT in seeking tenants for, and in the development and operation of, properties.

CTC’s continuing businesses may lead to other conflicts of interest between CTC and the REIT. The REIT may not be able to resolve any such conflicts and, even if it does, the resolution may be less favourable to the REIT than if it were dealing with a party that was not a holder of a significant interest in the REIT. The agreements that the REIT will enter into with CTC on Closing may be amended upon agreement between the parties, subject to applicable law and approval of the Independent Trustees. Because of CTC’s significant holdings in the REIT, the REIT may not have the leverage to negotiate any required amendments to these agreements on terms as favourable to the REIT as those the REIT could secure with a party that was not a significant effective Unitholder.

Under the Canadian Tire Leases, the REIT has granted alteration and expansion rights in favour of CTC that will have priority over the REIT’s development rights to the extent of any conflict between such rights. As a result, the REIT may not be able to develop its properties in a way that is most favourable to the REIT, which could materially and adversely affect the REIT’s cash flows, operating results and financial condition and its ability to make distributions to Unitholders.

**CTC Competition Risk**

The Non-Competition and Non-Solicitation Agreement does not prevent CTC from acquiring or developing its own stores and properties; provided that if more than 20% of the GLA of the property is rented to non-CTC Banner tenants, CTC must offer the REIT the opportunity to participate. Thus CTC could compete with the REIT for Canadian Tire Retail stores upon expiry of Canadian Tire Leases and for other tenants generally. The vast majority of properties acquired or developed by CTC to date contain less than 20% of the GLA leased to non-CTC Banner tenants. The Non-Competition and Non-Solicitation Agreement does not prevent CTC from redeveloping any of the Retained Properties for its use or other uses.

**Assumption of Liabilities**

The REIT will assume liabilities arising out of or related to the REIT’s business, operations or assets. The REIT may assume unknown liabilities that could be significant. The allocation of value for assets and liabilities between the vendors of the Initial Properties and the REIT may not reflect the allocation that would have been reached between the REIT and a party that was not in a position to exercise significant influence over it. See “Acquisition of the Initial Properties” and “Arrangements with CTC”.

**Indemnities**

Pursuant to the Acquisition Agreement, CTC will make certain representations and warranties to the REIT.

The Acquisition Agreement will contain representations and warranties typical of those contained in acquisition agreements negotiated between sophisticated purchasers and vendors acting at arm’s length, certain of which will be qualified as to knowledge and materiality and subject to reasonable exceptions, relating to CTC (as vendor), the Partnership and the Initial Properties. CTC will also provide a representation and warranty that this prospectus contains full, true and plain disclosure of all material facts, subject to an exception for portions of this prospectus purporting to be made on authority of an expert or purporting to be an extract from a report, opinion or statement of an expert. There can be no assurance that the REIT will be fully protected in the event of a breach of such representations and warranties or that CTC will be in a position to satisfy a successful claim by the REIT in the event any such breach occurs.

In addition, pursuant to the Canadian Tire Leases, CTC will also indemnify the REIT for all environmental issues existing at Closing and for any failure by CTC or any other person for whom CTC is responsible (or regarding a property under the care and control of CTC pursuant to its lease) to comply with environmental laws, provided that where a record of site condition or equivalent filed with the applicable governmental authority is in place at Closing, CTC will not be obliged to remediate that property in respect of the environmental issues identified in such record of site condition or equivalent to the extent of the level of contamination identified therein (subject to any order to do so from an appropriate authority or a change in
conditions that warrants remediation), but CTC shall nonetheless continue to indemnify the REIT as described above. At the expiry of a Canadian Tire Lease, if required by law or if the REIT so requests, CTC will be required to remediate any contamination of the property which is CTC’s responsibility under the Lease to the standard then applicable to commercial properties. The REIT may not be able to successfully enforce an indemnity contained in the Canadian Tire Leases against CTC or such indemnity may not be sufficient to fully indemnify the REIT from third party claims or remediation costs that the REIT otherwise undertakes. CTC has not provided any security for its obligations and is not required to maintain any cash for this purpose. The REIT may also be subject to undisclosed liability and such liability may be material, which could negatively impact the REIT’s financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. See “Assets of the REIT — Description of Material Lease Terms with CTC”.

**Right of First Offer and Right of First Refusal**

To the extent that CTC has assigned a Canadian Tire Lease, the Canadian Tire Leases provide that, notwithstanding such assignment, the Lease ROFO and the Lease ROFR remain in effect in favour of CTC beyond the term of such lease (including renewals). As a result, the period during which the REIT would be required to comply with the terms of either the Lease ROFO and/or the Lease ROFR, as applicable, notwithstanding the fact that CTC has assigned such lease, may be significant.

**Restrictive Covenants**

To the extent that CTC has assigned a Canadian Tire Lease, the Canadian Tire Leases provide that the REIT remains obligated to CTC to comply with certain restrictive covenants under the terms of such lease in favour of CTC until the end of such assigned lease term and for ten years thereafter. Depending on the term of such lease and including any renewals, the period during which CTC no longer remains liable under such lease, but where the REIT continues to remain bound by the terms of such restrictive covenants in favour of CTC, may be significant.

**Inhibitions of Take-Over Bids**

The right of CTC to purchase all of the properties leased to CTC by the REIT in the event that a competitor to CTC acquires more than 50% of the Units of the REIT (at a time when the fair market value of the properties leased to CTC exceeds 50% of the total assets of the REIT on GLA basis) will inhibit take-over bids even if CTC ceases to retain a direct or indirect material ownership interest in the REIT as the right to purchase assets of the REIT may have significant adverse tax consequences to the acquirer and the remaining Unitholders of the REIT. See “Arrangements with CTC — ROFO Agreement” and “Risk Factors — Risk Factors Related to the REIT’s Relationship with CTC — Significant Ownership by CTC”.

**Registered Title and Nominee Arrangements**

Following Closing, the Partnership will own all of the outstanding shares of three nominee companies holding registered title to all of the Initial Properties, except that the Partnership will not own the shares of the four nominee companies that will be holding registered title to the Initial Properties located in Quebec, and there are 66 Initial Properties where registered title will remain with CTC following Closing as nominee for the Partnership. The REIT may at any time request the transfer of registered title in respect of any of such 66 Initial Properties. Such nominee companies (including CTC) will be contractually required to deal with registered title to these properties only in accordance with the REIT’s instructions. Non-compliance with such instructions (whether due to bankruptcy, insolvency or otherwise), while considered remote, could adversely affect the REIT’s business and cash flow. Further, if the REIT subsequently instructs any of these nominee companies to transfer registered title to any of these properties to the REIT or to a nominee controlled by the REIT, it would, subject to certain exceptions, result in additional costs to the REIT in the form of land transfer tax that would otherwise have been paid using the proceeds of the Offering if the transfer were to have occurred at Closing.
Risk Factors Related to the Business of the REIT’s Key Tenant

CTC has been in business for over 90 years, now offering a range of products and services to Canadians through a family of businesses including: (i) Canadian Tire Retail, one of Canada’s most shopped general merchandise retailers, with stores that are easily identified by the Canadian Tire name and trade-mark, which has established a strong reputation and high recognition throughout the communities it serves; (ii) Canadian Tire Petroleum, one of Canada’s largest independent retailers of gasoline; (iii) FGL Sports, the largest sporting goods retailer in Canada, selling footwear, sports equipment and apparel through retail businesses that include Sport Chek and Sports Experts; (iv) Mark’s, one of the largest specialty apparel retailers in Canada, offering casual and industrial clothing and footwear to men and women for work and leisure, operating under the name “L’Équipeur” in Quebec; and (v) Canadian Tire Financial Services, which markets financial and other products and services including credit cards, in-store financing, product warranties, retail deposits and home services. CTC licenses its Associate Dealers to operate 491 Canadian Tire Retail stores and a total of 1,184 stores are operated under various other CTC Banners.

The future financial performance and operating results of CTC are subject to inherent risks, uncertainties, and other factors. Some of the factors, many of which are beyond CTC’s control and the effects of which can be difficult to predict, include (a) credit, market, currency, operational, liquidity and funding risks, including changes in economic conditions, interest rates or tax rates; (b) the ability of CTC to attract and retain high quality employees, Associate Dealers, Canadian Tire Petroleum agents, PartSource, Mark’s, and FGL Sports store operators and franchisees, as well as CTC’s financial arrangements with such parties; (c) the growth of certain business categories and market segments and the willingness of customers to shop at Canadian Tire Retail stores or acquire CTC’s financial products and services; (d) CTC’s margins and sales and those of its competitors; (e) risks and uncertainties relating to information management, technology, supply chain management, product safety, changes in law, regulations, competition, seasonality, commodity prices and business disruption, the relationships with suppliers and manufacturers, changes to existing accounting pronouncements, the risk of damage to the reputation of brands promoted by CTC and the cost of store network expansion and retrofits; and (f) CTC capital structure, funding strategy, cost management programs and share price. The foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect CTC’s results which, consequently, could materially adversely affect the financial performance of the REIT and its ability to make distributions to Unitholders.

Further information about CTC is available through CTC’s publicly available continuous disclosure filings made with Canadian securities regulators.

Risk Factors Related to the Offering

Return on Investment and Cash Distributions are Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the REIT’s properties. The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT; and will be subject to various factors, including financial performance, obligations under the Credit Facility and other outstanding debt, fluctuations in working capital, the sustainability of income derived from the tenants of the REIT’s properties and any capital expenditure requirements. The Units are equity securities of the REIT and are not traditional fixed income securities. Unlike fixed income securities, there is no obligation of the REIT to distribute to Unitholders any fixed amount and there is no promise to return the initial purchase price of a Unit on a certain date in the future, and reductions in, or suspensions of, cash distributions may occur at any time that would reduce the yield based on the Offering Price. The market value of the Units will deteriorate if the REIT is unable to meet its distribution and AFFO targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors. See “Certain Canadian Federal Income Tax Considerations”. Therefore, the rate of return over a defined period for a Unitholder may not be comparable to the rate of return on a fixed income security that provides a “return on capital” over the same period.
**Tax-Related Risk Factors**

Mutual Fund Trust Status — The Tax Act contains restrictions on investments and income which must be complied with by closed-end trusts. Generally, in order to qualify as a “closed-end” mutual fund trust, the REIT must restrict its activities to the making of passive investments (such as the ownership of Canadian real property that is capital property) and must satisfy all of the following conditions:

(a) at all times, at least 80% of the REIT’s assets must consist of shares (or rights to acquire shares), cash, bonds, debentures, mortgages, notes or other similar obligations, marketable securities or Canadian real estate;

(b) not less than 95% of the REIT’s income (computed without regard to any distributions) for each taxation year must be derived from, or from the disposition of, investments described in (a);

(c) not more than 10% of the REIT’s assets at any time may consist of shares, bonds or securities of any one corporation or debtor; and

(d) all units of the REIT must be listed on a designated stock exchange in Canada.

Management of the REIT intends to ensure that the REIT satisfies the conditions to qualify as a closed-end mutual fund trust by complying with the restrictions in the Tax Act as they are interpreted and applied by the CRA. No assurance can be given that the REIT will be able to comply with these restrictions at all times. If the REIT were not to qualify as a mutual fund trust for purposes of the Tax Act, the consequences could be material and adverse. There can be no assurance that the Canadian federal income tax laws respecting mutual fund trusts, or the ways in which these rules are interpreted and applied by the CRA, will not be changed in a manner which adversely affects the REIT and/or its security holders.

Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-resident persons, except in limited circumstances. Accordingly, the Declaration of Trust provides that Non-Residents may not be the beneficial owners of more than 49% of the Units (determined on a basic or a fully-diluted basis). The Trustees will also have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of the Units. See “Declaration of Trust and Description of REIT Units — Limitation on Non-Resident Ownership”.

The restriction on the issuance of Units by the REIT to Non-Residents may adversely affect the REIT’s ability to raise financing for future acquisitions or operations. In addition, the Non-Resident ownership restriction could adversely impact the liquidity of the Units and the market price at which Units can be sold.

REIT Exception — Unless the REIT Exception applies to the REIT, the SIFT Rules may have an adverse impact on the taxation of the REIT and on the taxation of distributions to Unitholders. Although, as of the date hereof, management believes that the REIT will be able to meet the requirements of the REIT Exception throughout 2013 and beyond, there can be no assurance that the REIT will be able to qualify for the REIT Exception such that the REIT and the Unitholders will not be subject to the SIFT Rules in 2013 or in future years.

Should the REIT cease to qualify under the REIT Exception for a taxation year, the income tax considerations could be materially different from those described under the heading “Certain Canadian Federal Income Tax Considerations” — in particular, non-deductible distribution amounts, as described therein, could be taxable to the REIT (with the result that the amount of cash available for distribution by the REIT would be reduced which could negatively impact the value of a Unit) and could also be included in the income of Unitholders for purposes of the Tax Act as taxable dividends. The REIT Exception is applied on a taxation year basis. Accordingly, even if the REIT does not qualify for the REIT Exception in a particular taxation year, it may be able to do so in a subsequent taxation year.

In the event that the SIFT Rules apply to the REIT, the impact to Unitholders will depend on the status of the holder and, in part, on the amount of income distributed which would not be deductible by the REIT in computing its income in a particular year and what portions of the REIT’s distributions constitute “non-portfolio earnings”, other income and returns of capital.
Tax Basis of the Initial Properties — Certain Initial Properties will be acquired by the Partnership on a tax deferred basis, such that the tax cost of these properties will be less than their fair market value. If one or more of such properties are disposed of, the gain realized by the Partnership for tax purposes will be in excess of that which it would have realized if it had acquired the properties at a tax cost equal to their fair market values. For the purpose of claiming CCA, the UCC of such properties acquired by the Partnership from CTC will be equal to the amounts jointly elected by the Partnership and CTC on the tax-deferred acquisition of such property. The UCC of such property will be less than the fair market value of such property. As a result, the CCA that the Partnership may claim in respect of such properties will be less than it would have been if such properties had been acquired with a tax cost basis equal to their fair values. See “Certain Canadian Federal Income Tax Considerations — Taxation of the Partnership”.

Change in Law — There can be no assurance that income tax laws applicable to the REIT, including the treatment of real estate investment trusts and mutual fund trusts under the Tax Act, will not be changed in a manner which adversely affects the REIT or the Unitholders. Any such changes could have a negative effect on the value of the Units.

Potential Volatility of Unit Prices

The market price for Units may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the REIT’s control, including the following: (i) actual or anticipated fluctuations in the REIT’s quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT; (iv) addition or departure of the REIT’s executive officers, Trustees and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Units or securities convertible into Units; (vi) sales or perceived sales of additional Units or securities convertible into Units; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the REIT’s industry or target markets. Another factor that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could materially adversely affect the market price of the Units.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Units may decline even if the REIT’s operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the REIT’s environmental and governance and social practices and performance against such institutions’ respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the Units by those institutions, which could materially adversely affect the trading price of the Units. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, the REIT’s operations could be materially adversely impacted and the trading price of the Units may be materially adversely affected.

Nature of Investment

The Units represent a fractional interest in the REIT and do not represent a direct investment in the REIT’s assets and should not be viewed by investors as direct securities of the REIT’s assets. A holder of a Unit of the REIT does not hold a share of a body corporate. As holders of Units of the REIT, the Unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the Business Corporations Act (Ontario) or the CBCA which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a recognized entity under certain existing
insolvency legislation such as the Bankruptcy and Insolvency Act (Canada) and the Companies Creditors’ Arrangement Act (Canada), and thus the treatment of Unitholders upon an insolvency of the REIT is uncertain.

**Availability of Cash Flow**

AFFO may exceed actual cash available to the REIT from time to time because of items such as principal repayments, leasing costs and capital expenditures in excess of stipulated reserves identified by the REIT in its calculation of AFFO. The REIT may be required to use part of its Indebtedness and Class C LP Unit capacity or to reduce distributions to Unitholders in order to accommodate such items. The terms of the Indebtedness of the REIT from time to time may prohibit payments or distributions from the REIT in certain circumstances.

**Dilution**

The number of Units that the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units from time to time (including pursuant to any employee incentive compensation plan that may be introduced in the future), and the interests of Unitholders may be diluted thereby. The issuance of additional Units may have a dilutive effect on the interests of Unitholders.

**Absence of a Prior Public Market**

There is currently no public market for the Units. The Offering Price of the Units offered hereunder has been determined by negotiation between the REIT, CTC and the Underwriters. The REIT cannot predict at what price the Units will trade upon Closing and there can be no assurance that an active trading market will develop after Closing or, if developed, that such a market will be sustained at the price level of the Offering. In addition, if an active public market does not develop or is not maintained, investors may have difficulty selling their Units.

**Structural Subordination of Units**

In the event of a bankruptcy, liquidation or reorganization of the Partnership, holders of its Indebtedness and its trade creditors will generally be entitled to payment of their claims from the assets of the Partnership before any assets are made available for distribution to the REIT or Unitholders. Upon Closing, the Units and any debt incurred by the REIT in the future, unless agreed otherwise by the Partnership LP Unitholders, will be effectively subordinated to the debt and other obligations of the Partnership as well as the Class C LP Units. See “Capital Structure Strategy”. The Partnership will generate all of the REIT’s cash available for distribution to Unitholders and hold substantially all of the REIT’s assets.

**Limited Control**

Unitholders, other than CTC, will have limited control over changes in the REIT’s policies and operations, which increases the uncertainty and risks of an investment in the REIT. The Board will determine major policies, including policies regarding financing, growth, debt capitalization, REIT qualification and distributions to Unitholders. The Board may amend or revise these and other policies without a vote of Voting Unitholders. Pursuant to the Declaration of Trust, Voting Unitholders have a right to vote only on limited matters. The Trustees’ broad discretion in setting policies and Unitholders’ inability to exert control over those policies increases the uncertainty and risks of an investment in the REIT.

**Unitholder Liability**

The Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a Unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces and territories that is intended to provide Unitholders in those provinces and territories with limited liability. However, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a Unitholder could be held personally liable for the obligations of the REIT to the extent that claims are not satisfied out of the assets of the REIT. It is intended that the affairs of the REIT will be conducted to seek to minimize such risk wherever possible.
The historical financial information relating to the Third Party Tenant Lease Portfolio included in this prospectus has been derived from CTC’s historical accounting records. The REIT believes that the assumptions underlying such combined financial statements are reasonable. However, such combined financial statements do not reflect what the REIT’s financial position, results of operations or cash flows would have been had the REIT held the Third Party Tenant Lease Portfolio during the historical periods presented or what the REIT’s financial position, results of operations or cash flows will be in the future. Moreover, the Third Party Tenant Lease Portfolio is expected to represent only 4.3% of the REIT’s NOI during the Forecast Period. Accordingly, the historical financial information relating to the Third Party Tenant Lease Portfolio included in this prospectus is not representative of the REIT’s overall portfolio of the Initial Properties and purchasers should exercise significant caution in relying upon such historical financial statements when making an investment decision in respect of the Units.

Expense allocations used to prepare the historical financial information relating to the Third Party Tenant Lease Portfolio were based on what CTC considered to be reasonable allocations of the costs incurred in respect of the Third Party Tenant Lease Portfolio. The REIT has not made adjustments to such historical financial information to reflect differences that will exist or changes that may occur in its legal structure, cost structure, financing and operations as a result of the ownership and operation of the Third Party Tenant Lease Portfolio by the REIT.

MATERIAL CONTRACTS

The following are the only material agreements of the REIT that will be in effect on Closing (other than certain agreements entered into in the ordinary course of business):

(a) the Acquisition Agreement;
(b) the Declaration of Trust;
(c) the Development Agreement;
(d) the Exchange Agreement;
(e) the Indemnity Agreement;
(f) the Limited Partnership Agreement;
(g) the Non-Competition and Non-Solicitation Agreement;
(h) the Property Management Agreement;
(i) the ROFO Agreement;
(j) the Services Agreement; and
(k) the Underwriting Agreement.

Copies of the foregoing documents will be available following Closing on SEDAR.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as noted below, there are no material interests, direct or indirect, of any Trustee or executive officer of the REIT, any Unitholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of the Units or Special Voting Units, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect the REIT or any of its Subsidiaries.

Kenneth Silver (Chief Executive Officer of the REIT) is currently an employee of CTC. On Closing, Mr. Silver will cease to be an employee of CTC. On Closing, the REIT will indirectly acquire the Initial Properties from CTC and CTC will enter into certain agreements with the REIT and the Partnership. In addition, CTC will hold a significant effective interest in the REIT following Closing. See “Acquisition of the
PROMOTER

CTC has taken the initiative in founding and organizing the REIT and may therefore be considered a promoter of the REIT for the purposes of applicable securities legislation. The number of Units (and percentage outstanding) that will be held by CTC following Closing is set forth below under “Principal Unitholder”. See “Use of Proceeds”, “Acquisition of the Initial Properties”, “Arrangements with CTC” and “Retained Interest — Retained Interest of CTC”, together with certain other sections of this prospectus including “Trustees and Management of the REIT”, “Plan of Distribution”, “Risk Factors — Risks Related to the REIT’s Relationship with CTC” and “Interests of Management and Others in Material Transactions”.

PRINCIPAL UNITHOLDER

On Closing, it is expected that CTC will hold an approximate 85.0% effective interest in the REIT on a fully-diluted basis through ownership of 59,711,094 Units and all of the issued and outstanding Class B LP Units (or an approximate 83.1% effective interest in the REIT on a fully-diluted basis if the Over-Allotment Option is exercised in full). On Closing, CTC will also hold all of the outstanding Class C LP Units and all of the Special Voting Units. See “Acquisition of the Initial Properties”, “Retained Interest — Retained Interest of CTC” and “Plan of Distribution”. To the knowledge of the Trustees and management of the REIT, no person or company other than CTC will own, directly or indirectly, more than 10% of the Units on Closing.
Overview

The following Management’s Discussion and Analysis (“MD&A”) discusses the financial condition and results of operations relating to Canadian Tire Corporation, Limited’s (together with its subsidiaries, unless the context otherwise requires, “CTC”) interest in the portion of the 26 properties with rental income from third parties (the “Third Party Tenant Lease Portfolio”).

The combined carve-out financial statements and accompanying notes of the Third Party Tenant Lease Portfolio for the three and six month interim periods ended June 30, 2013 and June 30, 2012 and the fiscal years ended December 31, 2012, December 31, 2011 and December 31, 2010 are prepared in accordance with International Financial Reporting Standards (“IFRS”) and are reported in thousands of Canadian dollars, except where otherwise indicated. This MD&A should be read in conjunction with the combined carve-out financial statements and accompanying notes.

The financial statements discussed in this MD&A have been prepared on a carve-out basis from the financial statements of CTC and present the financial position, financial performance and cash flows of the Third Party Tenant Lease Portfolio for the periods presented, as if the Third Party Tenant Lease Portfolio had been accounted for on a stand-alone basis.

The combined carve-out financial statements represent CTC’s interest in the Third Party Tenant Lease Portfolio. The combined carve-out financial statements do not include the components of the real estate assets containing the Third Party Tenant Lease Portfolio that are being used by CTC in its retail goods and services and petroleum businesses that are also intended to be indirectly acquired by CT Real Estate Investment Trust (“the REIT”) in conjunction with the closing of the REIT’s initial public offering (the “Closing”), except for certain pre-existing leases for Mark’s Work Wearhouse Ltd. (“Mark’s) and FGL Sports Ltd. (“FGL Sports”) locations.

The objective of this discussion is to provide a prospective purchaser of securities of the REIT with an analysis of the historical assets, liabilities, revenues and operating expenses of the Third Party Tenant Lease Portfolio for the above-mentioned periods. Less emphasis has been placed on analyzing the impact of current and deferred income taxes as the Third Party Tenant Lease Portfolio is not a taxable legal entity, however current and deferred income taxes have been provided for in the combined carve-out financial statements as the assets and operations of the Third Party Tenant Lease Portfolio have been carved out of entities that are taxable entities.

Selected Financial and Operational Information

The following table highlights selected financial information for the Third Party Tenant Lease Portfolio as at and for the six months ended June 30, 2013 and as at and for the years ended December 31, 2012, 2011 and 2010. This information has been compiled from the combined carve-out financial statements and notes thereto and should be read in conjunction with those combined carve-out financial statements and notes included elsewhere in this prospectus:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of properties</td>
<td>26</td>
<td>26</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Fair value of investment properties</td>
<td>$146,204</td>
<td>$141,189</td>
<td>$124,636</td>
<td>$101,796</td>
</tr>
<tr>
<td>Net operating income</td>
<td>$ 4,037</td>
<td>$ 6,627</td>
<td>$ 6,417</td>
<td>$ 5,919</td>
</tr>
<tr>
<td>Average rent per square foot ($/ft²) (1)</td>
<td>21.34</td>
<td>20.63</td>
<td>21.25</td>
<td>20.28</td>
</tr>
<tr>
<td>Occupancy rate</td>
<td>97.8%</td>
<td>90.7%</td>
<td>97.6%</td>
<td>97.1%</td>
</tr>
</tbody>
</table>

(1) Figure for the six months ended June 30, 2013 has been annualized.
All financial information has been prepared in accordance with IFRS. Net Operating Income (“NOI”) is an additional Generally Accepted Accounting Principle (“GAAP”) measure used by management and represents property revenue less property expenses as presented in the combined carve-out statements of net income and comprehensive income. Management believes NOI is useful in assessing the Third Party Tenant Lease Portfolio’s underlying operating performance and in making decisions regarding the ongoing operations. This measure does not have a standardized meaning prescribed by GAAP and therefore it may not be comparable to similarly titled measures presented by other entities.

Financial Statement Analysis

The following table highlights selected financial information for the Third Party Tenant Lease Portfolio as at and for the years ended December 31, 2012, 2011 and 2010, and as at and for the three and six months ended June 30, 2013.

Financial Condition

<table>
<thead>
<tr>
<th>($ thousands of Canadian dollars)</th>
<th>As at</th>
<th>June 30, 2013</th>
<th>December 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment properties</td>
<td></td>
<td>$146,204</td>
<td>$141,189</td>
<td>$124,636</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td></td>
<td>1,469</td>
<td>1,688</td>
<td>1,557</td>
</tr>
<tr>
<td>Tenant rental deposits</td>
<td></td>
<td>52</td>
<td>41</td>
<td>93</td>
</tr>
<tr>
<td>Trade payables and other liabilities</td>
<td></td>
<td>454</td>
<td>1,180</td>
<td>357</td>
</tr>
<tr>
<td>Results of Operations</td>
<td>($ thousands of Canadian dollars)</td>
<td>Three month period ended</td>
<td>Six month period ended</td>
<td>Twelve month periods ended</td>
</tr>
<tr>
<td>Property revenue</td>
<td></td>
<td>$3,353</td>
<td>$6,457</td>
<td>$10,191</td>
</tr>
<tr>
<td>Property expenses</td>
<td></td>
<td>1,217</td>
<td>2,420</td>
<td>3,564</td>
</tr>
<tr>
<td>Net operating income</td>
<td></td>
<td>2,136</td>
<td>4,037</td>
<td>6,627</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td></td>
<td>73</td>
<td>141</td>
<td>270</td>
</tr>
<tr>
<td>Fair value changes of investment properties</td>
<td></td>
<td>2,739</td>
<td>4,676</td>
<td>8,534</td>
</tr>
<tr>
<td>Income taxes</td>
<td></td>
<td>1,232</td>
<td>2,199</td>
<td>2,961</td>
</tr>
<tr>
<td>Net income and comprehensive income</td>
<td></td>
<td>$3,570</td>
<td>$6,373</td>
<td>$11,930</td>
</tr>
</tbody>
</table>

Financial Condition

Investment Properties

The fair value of the investment properties was determined by undertaking a direct capitalization approach whereby a capitalization rate is applied to estimated stabilized cash flows. In determining the appropriateness of the methodology applied, the relative uncertainty of the timing and amount of expected cash flows and the impact such uncertainty would have in arriving at a reliable estimate of fair value was considered.

As at June 30, 2013, the properties were valued using a weighted average capitalization rate of 6.2% applied to stabilized cash flows compared to 6.4% as at December 31, 2012 and 6.8% as at December 31, 2011.

The fair value of investment properties has increased each period primarily due to higher net operating income and declining capitalization rates over the past three years and the redevelopment of the South West Marine Drive, Vancouver, property.

Accounts receivable

Accounts receivable consist of rent and recoveries receivables and were $1,469 as at June 30, 2013 compared to $1,688 as at December 31, 2012 and $1,557 as at December 31, 2011.
Prepaid expenses

Prepaid expenses at June 30, 2013 of $1,106 consist primarily of prepaid property taxes compared to $18 as at December 31, 2012 and $12 as at December 31, 2011.

The increase of $1,088 as at June 30, 2013 from December 31, 2012 was primarily driven by final annual property tax bills received and paid prior to June 30, 2013.

Trade payables and other liabilities

Trade payables and other liabilities consist primarily of sales tax and property operating cost payables. Trade payables and other liabilities were $454 as at June 30, 2013 compared to $1,180 as at December 31, 2012 and $357 as at December 31, 2011. The increase of $823 as at December 31, 2012 was largely due to payables related to capital expenditures made for the South West Marine Drive, Vancouver property.

Results of Operations — Annual Information

Property revenue

Property revenue for 2012 increased 5.7% to $10,191 compared to $9,645 in 2011. The increase was primarily due to the initial leasing of the South West Marine Drive, Vancouver, property beginning in September 2012.

Property revenue for 2011 increased 7.0% to $9,645 compared to $9,016 in 2010. The increase was primarily due to higher rental revenue from leasing previously vacant units.

Net operating income

As mentioned above, NOI represents property revenue from investment properties less property expenses.

NOI in 2012 increased by 3.3% to $6,627 compared to $6,417 in 2011. The increase was driven by increased occupancy at the South West Marine Drive property, partly offset by higher property expenses. Property expenses increased by 10.4% in 2012 to $3,564 compared to $3,228 in 2011 primarily due to an increase in common area maintenance costs related to the initial leasing of the South West Marine Drive, Vancouver, property.

NOI in 2011 increased by 8.4% to $6,417 compared to $5,919 in 2010. The increase was driven by increased rental revenue, partially offset by increased property expenses. Property expenses increased by 4.2% in 2011 to $3,228 compared to $3,097 in 2010 primarily due to an increase in realty taxes.

Fair value changes of investment properties

The fair value of each investment property is based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflows in respect of such leases. Valuations are completed by undertaking a direct capitalization approach whereby a capitalization rate is applied to estimated stabilized cash flows, with related fair value gains and losses recorded in the combined carve-out statements of income and comprehensive income.

The Third Party Tenant Lease Portfolio recognized fair value gains of $8,534 in 2012, $11,627 in 2011 and $10,893 in 2010. Fair value gains in 2012, 2011 and 2010 were recognized primarily due to higher net operating income and declining capitalization rates.

Income taxes

Total income tax expense decreased by 16.3% to $2,961 in 2012 compared to $3,538 in 2011. The decrease was primarily driven by lower net income before tax and a lower statutory income tax rate in 2012 compared to 2011.
Total income tax expense increased by 25.3% in 2011 to $3,538 compared to $2,823 in 2010. The increase was primarily driven by higher net income before tax and a higher effective tax rate applicable to the Third Party Tenant Lease Portfolio in 2011 compared to 2010. The increase in effective tax rate is mainly due to a decrease in the non-taxable portion of fair value changes on investment property, partially offset by a lower statutory income tax rate in 2011 compared to 2010.

**Results of Operations — Interim Periods**

The following table highlights the financial results for the Third Party Tenant Lease Portfolio for the three and six month periods ended June 30, 2013 and June 30, 2012. This information has been compiled from the combined carve-out financial statements and notes thereto and should be read in conjunction with those combined carve-out financial statements and notes included elsewhere in this prospectus.

<table>
<thead>
<tr>
<th>($ thousands of Canadian dollars)</th>
<th>Three Month Periods Ended</th>
<th>Six Month Periods Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property revenue</td>
<td>$3,353</td>
<td>$2,484</td>
</tr>
<tr>
<td>Property expenses</td>
<td>1,217</td>
<td>839</td>
</tr>
<tr>
<td>Net operating income</td>
<td>2,136</td>
<td>1,645</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>73</td>
<td>75</td>
</tr>
<tr>
<td>Fair value changes of investment properties</td>
<td>2,739</td>
<td>1,794</td>
</tr>
<tr>
<td>Income taxes</td>
<td>1,232</td>
<td>680</td>
</tr>
<tr>
<td>Net income and comprehensive income</td>
<td>$3,570</td>
<td>$2,684</td>
</tr>
</tbody>
</table>

*Property revenue*

Property revenue increased by 35.0% in the second quarter of 2013 to $3,353 compared to $2,484 in the same period in 2012 primarily due to the leasing of the South West Marine Drive, Vancouver, property beginning in September 2012.

Property revenue increased by 34.2% in the six month period ended June 30, 2013 to $6,457 compared to $4,810 in the same period in 2012 primarily due to the leasing of the South West Marine Drive, Vancouver, property beginning in September 2012.

*Net operating income*

NOI increased by 29.8% to $2,136 in the second quarter of 2013 compared to $1,645 in the same period in 2012 primarily due to higher property revenue which was partially offset by increased property expenses. The increased revenue and associated property expenses were related to the leasing of the South West Marine Drive, Vancouver, property which began in September 2012.

NOI increased by 30.7% to $4,037 in the six month period ended June 30, 2013 compared to $3,089 in the same period in 2012 primarily due to higher property revenue which was partially offset by increased property expenses. The increased revenue and associated property expenses were related to the leasing of the South West Marine Drive, Vancouver, property which began in September 2012.

*Fair value changes of investment properties*

The Third Party Tenant Lease Portfolio recognized fair value gains of $2,739 in the second quarter of 2013 and gains of $1,794 in the same period in 2012. Fair value gains recognized in the second quarter of 2013 were primarily due to higher net operating income and to declining capitalization rates.

Fair value gains of $4,676 were recognized for the six month period ended June 30, 2013 and $4,991 for the same period in 2012. Fair value gains recognized for the six months ended June 30, 2013 were primarily due to higher net operating income and to declining capitalization rates.
Income taxes

Income tax expense increased to $1,232 in the second quarter of 2013 compared to $680 in the second quarter of 2012. The year-over-year increase was due to higher net income before tax and a higher effective tax rate in the second quarter of 2013. The increase in effective tax rate is mainly due to a decrease in the non-taxable portion of fair value changes on investment property.

Income tax expense for the six months ended June 30, 2013 increased to $2,199 compared to $1,565 for the same period in 2012. The year-over-year increase was due to a higher effective tax rate in the six months ended June 30, 2013 mainly due to a decrease in the non-taxable portion of fair value changes on investment property.

Cash Flows

The following table summarizes cash flows by activity:

<table>
<thead>
<tr>
<th></th>
<th>For the twelve month periods ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31,</td>
</tr>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Operating activities</td>
<td>$ 6,163</td>
</tr>
<tr>
<td>Investing activities</td>
<td>(7,188)</td>
</tr>
<tr>
<td>Financing activities</td>
<td>1,025</td>
</tr>
</tbody>
</table>

Operating activities

Cash flows from operating activities in 2012 increased by $2,875 compared to 2011 primarily due to decreased working capital balances as well as increased net income net of the non-cash fair value of changes in investment properties.

Cash flows from operating activities in 2011 decreased by $2,253 compared to 2010 primarily due to increased working capital balances offset by higher net income and comprehensive income.

Investing activities

Cash flows used in investing activities in 2012 decreased by $3,574 compared to 2011 primarily due to lower year-over-year redevelopment costs associated with the South West Marine Drive, Vancouver, property.

Cash flows used in investing activities in 2011 increased by $4,342 compared to 2010 due to higher year-over-year redevelopment costs associated with the South West Marine Drive, Vancouver, property.

Financing activities

Fluctuations in cash flows used in financing activities are driven by changes to the amount of contributions made by CTC. Contributions made by CTC were made to support the redevelopment of the South West Marine Drive, Vancouver, property.

Sources of Liquidity and Capital Resources

The Third Party Tenant Lease Portfolio expects to meet all its obligations as they become due. The Third Party Tenant Lease Portfolio does not have any debt or equity and obtains its financing and capital from CTC, therefore all cash transactions are considered to be paid or received by CTC.

Commitments

As at June 30, 2013, the Third Party Tenant Lease Portfolio has committed to pay approximately $300 (unaudited) for construction costs, due in one year.

As at December 31, 2012, the Third Party Tenant Lease Portfolio has committed to pay approximately $400 for construction costs, due in one year.
Guarantees and Off-Balance Sheet Arrangements

The Third Party Tenant Lease Portfolio has not provided any financial or non-financial guarantees to CTC, its tenants or any other entities with whom it transacts.

The Third Party Tenant Lease Portfolio has not created, and is not party to, any special purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating its business. The Third Party Tenant Lease Portfolio does not have any relationships or arrangements with entities that are not consolidated into its combined carve-out financial statements that are reasonably likely to materially affect liquidity of the availability of capital resources.

Risks associated with financial assets and liabilities

The Third Party Tenant Lease Portfolio is not exposed to significant currency, market or interest rate risk arising from financial instruments. The Third Party Tenant Lease Portfolio’s financial instruments expose it to liquidity and credit risk.

Liquidity risk

Liquidity risk refers to the risk that the Third Party Tenant Lease Portfolio will have insufficient funds to satisfy its obligations related to its operating and investing activities. The Third Party Tenant Lease Portfolio manages its liquidity risk through contributions from CTC to the extent cash flows from property operations are not sufficient. The Third Party Tenant Lease Portfolio’s capital consists of net assets and is funded by CTC primarily for additions to investment properties and leasing activities, to the extent not available from cash flows from operations.

Credit risk

Credit risk is the risk that counterparties to financial assets will default. Credit risk arises from the possibility that the Third Party Tenant Portfolio’s tenants may experience financial difficulty and be unable to meet their lease obligations. The Third Party Tenant Lease Portfolio mitigates the risk of credit loss with respect to tenants by evaluating the creditworthiness of new tenants and obtaining security deposits wherever permitted by legislation. Receivables are substantially comprised of rent receivables and recoveries. The provision for doubtful accounts is reviewed at each balance sheet date.

Critical Accounting Estimates and Judgments

The preparation of the combined carve-out financial statements requires management to make judgments, estimates and assumptions 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 combined carve-out financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from estimates made in the combined carve-out financial statements.

Judgment is used mainly in determining whether a balance or transaction should be recognized in the combined carve-out financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The following are the estimates that are critical to the determination of the amounts reported in the combined carve-out financial statements:

Property expenses

Property expenses have been allocated to the Third Party Tenant Lease Portfolio based on reasonable methods such as gross leasable area, property assessments and other drivers specific to the expense. These
expenses include estimates of the applicable management fees and expenses charged and the allocation of realty taxes and related refunds.

**Fair value of investment properties**

The fair value of investment properties presented in the combined carve-out financial statements is remeasured as of the end of each reporting period using qualified independent external valuation experts, with any change in fair value recorded in the combined carve-out statements of net income and comprehensive income. This determination of fair value considers estimates of future rentals, cash outflows required to maintain and to earn rentals from the properties and capitalization rates (Refer to Note 7 of the combined carve-out financial statements).

**General and administrative expenses**

Certain general and administrative expenditures incurred in the ownership and management of CTC’s real estate assets are not directly attributable to the Third Party Tenant Lease Portfolio. General and administrative expenses have been allocated for personnel directly involved in the management of the Third Party Tenant Lease Portfolio and recorded in the period they were incurred.

The following are the critical judgments that have been made in applying the accounting policies that have the most significant effect on the amounts and disclosures in the combined carve-out financial statements:

**Investment properties**

The accounting policies relating to investment properties are described in Note 4(a) of the combined carve-out financial statements. In applying this policy, judgment is applied in determining whether certain costs are additions to the carrying amount of the property and, for properties under development, identifying the point at which practical completion of the property occurs and identifying the directly attributable borrowing costs to be included in the carrying value of the development property.

**Leases**

The accounting policy for revenue recognition from leases is described in Note 4(c) of the combined carve-out financial statements. In applying this policy, judgments are made with respect to whether tenant improvements provided in connection with a lease enhance the value of the leased properties, which determines whether such amounts are treated as additions to investment properties, as well as the point in time at which revenue recognition under the lease commences. In addition, where a lease allows a tenant to elect to take all or a portion of any unused tenant improvement allowance as a rent abatement, judgment is required in determining the extent to which the allowance represents an inducement that is amortized as a reduction of lease revenue over the term of the lease.

**Accounting Standards Implemented in 2013**

The following standards and amendments were effective January 1, 2013: IFRS 13, “Fair Value Measurement”; IAS 19 (2011), “Employee Benefits”; IFRS 10, “Consolidated Financial Statements”; IFRS 12, “Disclosure of Interests in Other Entities”; IAS 28, “Investments in Associates”; and IAS 1, “Presentation of Financial Statements”. There was no significant impact on the combined carve-out financial statements as a result of the implementation of these standards.

**Standards, Amendments and Interpretations Issued and Not Yet Adopted**

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2013, and, accordingly, have not been applied in preparing these combined carve-out financial statements.
Financial instruments

In November 2009, the IASB issued IFRS 9 — Financial Instruments: Classification and Measurement (“IFRS 9”), which contained requirements for financial assets. In October 2010, requirements for financial liabilities were added to IFRS 9. IFRS 9 will replace IAS 39 — Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in CTC’s credit risk are presented in OCI instead of net income unless this would create an accounting mismatch. An accounting mismatch may occur when financial liabilities that are measured at fair value are managed with assets that are measured at fair value through profit or loss. A mismatch could arise because the entire change in the fair value of the financial assets would be presented in net income but a portion of the change in the fair value of the related financial liabilities would not. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Early adoption is permitted. CTC is assessing the potential impact of this standard on the Third Party Tenant Lease Portfolio.

Financial instruments: Asset and liability offsetting

In December 2011, the IASB amended IAS 32 — Financial Instruments: Presentation (“IAS 32”) to clarify the requirements which permit offsetting a financial asset and liability in the financial statements. The IAS 32 amendments will be applied retrospectively for annual periods beginning on or after January 1, 2014. CTC is assessing the potential impact of the IAS 32 amendments on the Third Party Tenant Lease Portfolio.

Subsequent Event

On or about October 10, 2013, CTC and the REIT will enter into an underwriting agreement in connection with the transactions contemplated by the REIT’s initial public offering. In connection with Closing, the REIT will indirectly acquire from CTC certain real estate assets including the Third Party Tenant Lease Portfolio.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The REIT is not aware of any existing or contemplated legal proceedings to which it is or was a party to, or to which any of the Initial Properties is or was the subject of, since January 1, 2013.

Regulatory Actions

The REIT is not aware of any penalties or sanctions imposed by a court or securities regulatory authority or other regulatory body against the REIT, nor has the REIT entered into any settlement agreements before a court or with a securities regulatory authority.

LEGAL MATTERS

The matters referred to under “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations”, as well as certain other legal matters relating to the issue and sale of the Units, will be passed upon on behalf of the REIT by Stikeman Elliott LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP. Certain legal matters relating to the issue and sale of the Units will be passed upon on behalf of CTC by Cassels Brock & Blackwell LLP. As at the date of this prospectus, the partners and associates of Stikeman Elliott LLP beneficially own, directly and indirectly, less than 1% of the outstanding securities or other property of the REIT, its associates or its affiliates. As at the date of this prospectus, the partners and associates of Cassels Brock & Blackwell LLP beneficially own, directly and indirectly, less than 1% of the outstanding securities or other property of the REIT, its associates or its affiliates. As at the date of this prospectus, the partners and associates of Osler, Hoskin & Harcourt LLP beneficially own, directly and indirectly, less than 1% of the outstanding securities or other property of the REIT, its associates or its affiliates.
EXPERTS

Certain information relating to the Appraisals has been based upon a portfolio report prepared by Cushman & Wakefield Ltd. As at the date of this prospectus, the “designated professionals” of Cushman & Wakefield Ltd. beneficially own, directly and indirectly, less than 1% of the outstanding securities or other property of the REIT, its associates or its affiliates.

Deloitte LLP are the auditors of the REIT and are independent with respect to the REIT within the meaning of the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the REIT are Deloitte LLP, Chartered Professional Accountants, Chartered Accountants, located in Toronto, Ontario.

The transfer agent and registrar for the Units is Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

PURCHASERS’ STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal adviser.

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GLOSSARY

“Acquired Issuer” has the meaning given to that term under “Investment Guidelines and Operating Policies — Investment Guidelines”.

“Acquisition” means the acquisition by the REIT of the Initial Properties.

“Acquisition Agreement” means the agreement of purchase and sale to be entered into on or before Closing pursuant to which the REIT will indirectly acquire the Initial Properties and CTC will provide, among other things, certain representations and warranties and indemnities in respect of the Initial Properties to the REIT and the Partnership, as described under “Acquisition of the Initial Properties — Acquisition Agreement and Indemnity Agreement”.

“Additional LP Units” means limited partnership units of the Partnership that may be created in the future, and “Additional LP Unit” means any one of them.

“Affiliates” has the meaning given to that term in National Instrument 45-106 — Prospectus and Registration Exemptions.

“AFFO” has the meaning given to that term under “Additional GAAP and Non-GAAP Measures”.

“Appraisals” means the estimates of the fair market value of the Initial Properties provided by the Appraiser.

“Appraiser” means Cushman & Wakefield Ltd.

“Annual Fixed Distribution Rate” means with respect to a series of Class C LP Units, the annual fixed distribution rate applicable to a Subsequent Fixed Rate Period equal to the five-year Government of Canada bond yield determined by the Partnership on the thirtieth day prior to the beginning of the applicable Subsequent Fixed Rate Period plus the Spread.

“Associate Dealers” means the independent business owners who operate Canadian Tire Retail stores.

“Atlantic Canada” means the provinces of New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island.

“BCA Reports” means the building condition assessment reports prepared for each of the Initial Properties, as described under “Assessments and Valuation of the Initial Properties — Building Condition Assessments”.

“Board” means the Board of Trustees of the REIT.

“CAGR” means compound annual average growth rate.

“Canada Call Price” has the meaning given to that term under “The Partnership — Partnership Units — Class C LP Units”.

“Canada Yield Price” has the meaning given to that term under “The Partnership — Partnership Units — Class C LP Units”.

“Canadian Tire Leases” and “Canadian Tire Lease” have the meanings given to them under “Assets of the REIT — Description of Material Lease Terms with CTC”.

“Canadian Tire Retail” means either the Canadian Tire® name and trademark or the retail business operated under that name and trademark, as the context requires.

“Canadian Tire Tenant Portfolio” has the meaning given to that term under “About this Prospectus”.

“CBCA” means the Canada Business Corporations Act, as amended.

“CDS” means CDS Clearing and Depository Services Inc.

“Change of Control” means the acquisition by a person, or group of persons acting jointly or in concert, directly or indirectly, other than Canadian Tire Corporation, Limited or any of its Subsidiaries, of more than 50% of the aggregate voting rights attached to the Units and Special Voting Units of the REIT (taking into account (i) full dilution from the exchange of all then-outstanding Class B LP Units into Units of the REIT; and (ii) in respect...
of any other securities that are convertible or exchangeable into Units of the REIT, only dilution resulting from
the conversion or exercise of such other convertible or exchangeable securities held by such person or group of
persons).

“Change of Control ROFR” has the meaning given to that term under “Arrangements with CTC — ROFO
Agreement”.

“CICA” means the Canadian Institute of Chartered Accountants.

“Class A LP Notes” means, collectively, the Class A promissory notes to be issued by the Partnership in
connection with the Acquisition.

“Class A LP Units” means, collectively, the Class A limited partnership units of the Partnership.

“Class B LP Notes” means, collectively, the Class B promissory notes to be issued by the Partnership in connection
with the Acquisition including, for greater certainty, the Class B1 LP Notes and the Class B2 LP Notes.

“Class B LP Units” means, collectively, the Class B limited partnership units of the Partnership, and “Class B
LP Unit” means any one of them.

“Class C LP Notes” means, collectively, the Class C promissory notes to be issued by the Partnership in connection
with the Acquisition.

“Class C LP Units” means, collectively, the Class C limited partnership units of the Partnership, and “Class C
LP Unit” means any one of them.

“Class C Market Spread” means the sum of (i) 0.05%, and (ii) the Debt Market Spread.

“Closing” means the closing of the Offering and the Acquisition and other related transactions, the material
terms of which are described in this prospectus.

“Closing Date” means October 23, 2013, or such other date as the REIT and the Underwriters may agree, but in
any event no later than November 5, 2013.

“Competitor” means a person who carries on business, or any person who controls or is controlled by such
person, in one or more of the following categories: hardware, automotive, sporting goods, apparel and
housewares.

“Consumer Price Index” means the Consumer Price Index — All-items for Canada (2002=100) published by
Statistics Canada, or any successor index, provided that if there is no successor index, then “Consumer Price
Index” shall mean a comparable index then available measuring inflation/deflation.

“CRA” means the Canada Revenue Agency.

“Credit Facility” means the senior unsecured revolving credit facility in the amount of $200 million to be made
available to the Partnership on Closing by a syndicate of lenders, as described under “Capital Structure
Strategy — Credit Facility”

“CTC” means Canadian Tire Corporation, Limited together with its Subsidiaries (excluding the REIT and the
REIT’s Subsidiaries), or, as the context requires, any of them.

“CTC Banner” means a CTC name or trademark, including the Canadian Tire® name and trademark.

“CT Re-Financing” means a debt, equity or similar financing, the proceeds of which are used to fund amounts due
upon the redemption of Class C LP Units on the expiry of any Initial Fixed Rate Period, Subsequent Fixed Rate
Period or Subsequent Floating Rate Period and/or upon the maturity of any debt owed by the REIT to CTC.

“CT Re-Financing Obligations” means: (A) if CTC withholds its consent to a CT Re-Financing, the proceeds of
which is to fund amounts due upon a redemption of Class C LP Units proposed by the REIT, then the REIT
may: (i) accept an offer from CTC to provide debt financing to the REIT in an aggregate amount necessary to
fund such redemption and at the then prevailing market terms (with the interest rate on such debt calculated
with reference to the Debt Market Spread) and redeem such Class C LP Units with the proceeds of such debt
financing or (ii) elect, at its sole option, that the Annual Fixed Distribution Rate for the next Subsequent Fixed
Rate Period or the floating distribution rate for each month during the next Subsequent Floating Rate Period, as applicable, shall be calculated by replacing the “Spread” with the “Class C Market Spread”, all in accordance with the terms of the Class C LP Units; and (B) if CTC withholds its consent to a CT Re-Financing, the proceeds of which is to re-finance maturing debt issued by the REIT to CTC, then CTC shall accept Class C LP Units and/or provide debt to the REIT in an aggregate amount necessary to fund the re-financing of such maturing debt, to be allocated between Class C LP Units and debt at the discretion of CTC, in each case, on the then prevailing market terms (with the distribution rate on such Class C LP Units calculated with reference to the Class C Market Spread and the interest rate on such debt calculated with reference to the Debt Market Spread, as applicable).

“CTREL” means Canadian Tire Real Estate Limited, a wholly-owned Subsidiary of CTC.

“DBRS” means DBRS Limited.

“Debt Market Spread” means the arithmetic mean, expressed as a percentage, of the difference between: (A) the expected yield to maturity for publicly issued unsecured subordinated debentures issued by the REIT with a five-year term to maturity if issued on the date of such determination; and (B) the five-year Government of Canada bond yield on the date of such determination, as determined, in both cases, by three Schedule I Bank-owned investment dealers (if there are three Schedule I Bank-owned investment dealers); provided that the first such dealer shall be appointed by the Partnership, the second such dealer shall be appointed by the holder of the greatest principal amount of the applicable Series of Class C LP Units, and the third such dealer shall be jointly appointed by the first and second dealer.

“Declaration of Trust” means the declaration of trust of the REIT dated as of July 15, 2013, as it will be amended and restated on or prior to Closing, as described under “Declaration of Trust and Description of the REIT Units”.

“Demand Distribution” has the meaning given to that term under “Retained Interest — Retained Interest of CTC — Registration Rights”.

“Demand Registration Right” has the meaning given to that term under “Retained Interest — Retained Interest of CTC — Registration Rights”.

“Development Agreement” means the development agreement among the REIT, the Partnership and CTC to be entered into at Closing, as described under “Arrangements with CTC — Development Agreement”.

“Development Project” has the meaning given to that term under “Arrangements with CTC — Development Agreement.

“Distribution Date” means, in respect of a calendar month, on or about the 15th day of the following calendar month or such other date as the Trustees so determine in their discretion.

“DRIP” means the distribution reinvestment plan of the REIT.

“DU Plan” has the meaning given to that term under “Remuneration of Trustees — Deferred Unit Plan for Trustees”.

“DUs” has the meaning given to that term under “Remuneration of Trustees — Deferred Unit Plan for Trustees”.

“Exchange Agreement” means the agreement to be entered into at Closing pursuant to which CTC will be granted, among other things, the right to require the REIT to exchange each Class B LP Unit held by CTC for one Unit as described under “Retained Interest — Retained Interest of CTC — Exchange Rights”.

“Executive Unit Ownership Guidelines” has the meaning given to that term under “Executive Compensation — Executive Unit Ownership Guidelines”.

“FFO” has the meaning given to that term under “Additional GAAP and Non-GAAP Measures”.

“Financial Forecast” means the financial forecast of the REIT contained under “Financial Forecast”.

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“Forecast Period” means the forecast period contemplated under “Financial Forecast”, being the period from January 1, 2014 to December 31, 2014.

“GAAP” means generally accepted accounting principles in Canada (which for Canadian reporting issuers is IFRS) as in effect from time to time and as adopted by the REIT from time to time for the purposes of its public financial reporting.

“General Partner” has the meaning given to that term under “The Partnership — General”.

“GLA” means gross leasable area.

“GP Interest” has the meaning given to that term under “The Partnership — Partnership Units”.

“GP Unit” means a unit representing the GP Interest in the Partnership.

“Government of Canada Yield” on any date means the yield to maturity on such date, compounded semi-annually and calculated in accordance with generally accepted financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the remainder of the then current fixed or floating rate period, calculated as of the redemption date, of the Class C LP Units, such yield to maturity being the average of the yields provided by two major Canadian investment dealers selected by the REIT.

“Gross Book Value” means at any time the total assets of the REIT as shown in its then most recent consolidated balance sheet.

“Holder” has the meaning given to that term under “Certain Canadian Federal Income Tax Considerations”.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the CICA in Part I of The Canadian Institute of Chartered Accountants Handbook — Accounting, as amended from time to time.

“Indebtedness” of any person means (without duplication) (i) any obligation of such person for borrowed money (including, for greater certainty, the full principal amount of convertible debt, notwithstanding its presentation under GAAP), (ii) any obligation of such person incurred in connection with the acquisition of property, assets or businesses, (iii) any obligation of such person issued or assumed as the deferred purchase price of property, (iv) any capital lease obligation of such person, and (v) any obligations of the type referred to in clauses (i) through (iv) of another person, the payment of which such person has guaranteed or for which such person is responsible or liable; provided that, (A) for the purpose of clauses (i) through (v) (except in respect of convertible debt, as described above), an obligation will constitute Indebtedness of such person only to the extent that it would appear as a liability on the consolidated balance sheet of such person in accordance with GAAP, (B) obligations referred to in clauses (i) through (iii) exclude trade accounts payable, distributions payable to Unitholders, accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith, deferred revenues, intangible liabilities, deferred income taxes, deferred financing costs, tenant deposits and indebtedness with respect to the unpaid balance of installment receipts where such indebtedness has a term not in excess of 12 months, and (C) Units, Class A LP Units, Class B LP Units, Class C LP Units and exchangeable securities do not constitute Indebtedness.

“Indemnity Agreement” means the indemnity agreement to be entered into on or before Closing among CTC, the REIT and the Partnership, as described under “Acquisition of the Initial Properties — Acquisition Agreement and Indemnity Agreement”.

“Independent ESA Consultant” has the meaning given to that term under “Assessments and Valuation of the Initial Properties — Environmental Site Assessments”.

“Independent Trustee” means a Trustee who is “independent” pursuant to National Instrument 58-101 — Corporate Governance Guidelines, and where in reference to a member of the Audit Committee, a Trustee who is also “independent” pursuant to National Instrument 52-110 — Audit Committees.

“Indicative Term Sheet” means the template version of the indicative term sheet dated September 24, 2013.
“Initial Fixed Rate Period” has the meaning given to that term under “The Partnership — Partnership Units — Class C LP Units”.

“Initial Properties” means the portfolio of 256 properties totaling approximately 19 million square feet of GLA, consisting of 255 retail properties and one distribution centre (which supports Canadian Tire Retail operations) that the REIT will indirectly acquire through the Partnership on Closing, and “Initial Property” means any one of them.

“Issued Securities” has the meaning given to that term under “Retained Interest — Retained Interest of CTC — Pre-Emptive Rights”, and “Issued Security” means any one of them.

“Lease ROFO” has the meaning given to that term under “Assets of the REIT — Description of Material Lease Terms With CTC — Right of First Offer”.

“Lease ROFR” has the meaning given to that term under “Assets of the REIT — Description of Material Lease Terms With CTC — Right of First Refusal”.

“License Agreement” means the license agreement among the REIT, the Partnership and CTC to be entered into at Closing, as described under “Arrangements with CTC — License Agreement”.

“Limited Partners” and “Limited Partner” have the meanings given to them under “The Partnership — General”.

“Limited Partnership Agreement” means the amended and restated limited partnership agreement to be dated as of the Closing Date governing the Partnership.

“LTIP” means the Long-Term Incentive Plan of the REIT, as described under “Executive Compensation — Long-Term Incentive Plan”.

“NCI” means the non-certificated inventory system administered by CDS.

“NEOs” has the meaning given to the term in Form 51-102F6 — Statement of Executive Compensation and means named executive officers, as described under “Executive Compensation — Introduction”.

“NOI” has the meaning given to that term under “Additional GAAP and Non-GAAP Measures”.

“Non-Competition and Non-Solicitation Agreement” means the non-competition and non-solicitation agreement among the REIT, the Partnership, and CTC to be entered into at Closing, as described under “Arrangements with CTC — Non-Competition and Non-Solicitation Agreement”.

“Non-Residents” means (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships, or (iii) a combination of non-residents and such partnerships (all within the meaning of the Tax Act).

“Offering” means the offering of Units pursuant to this prospectus.

“Offering Price” means the price per Unit sold pursuant to the Offering.

“Officer’s Certificate” has the meaning given to that term under “Certain Canadian Federal Income Tax Considerations”.

“Over-Allotment Option” means the option granted to the Underwriters by the REIT, exercisable in whole or in part and at any time up to 30 days after Closing, to purchase up to an additional 3,952,500 Units on the same terms as set forth in this prospectus solely to cover over-allocations, if any, and for market stabilization purposes, as described under “Plan of Distribution — General”.

“Partnership” means CT REIT Limited Partnership, a limited partnership existing under the Limited Partnership Act (Ontario).

“Phase I ESA Reports” has the meaning given to that term under “Assessments and Valuation of the Initial Properties — Environmental Site Assessments”.

“Phase II ESA Reports” has the meaning given to that term under “Assessments and Valuation of the Initial Properties — Environmental Site Assessments”.

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“Piggy-Back Distribution” has the meaning given to that term under “Retained Interest — Retained Interest of
CTC — Registration Rights”.

“Piggy-Back Registration Right” has the meaning given to that term under “Retained Interest — Retained
Interest of CTC — Registration Rights”.

“Preferred Units” means preferred units of the REIT that may be created in the future, and “Preferred Unit”
means any one of them.

“Property Management Agreement” means the property management agreement among the Partnership, CTC
and CTREL to be entered into at Closing, as described under “Arrangements with CTC — Property
Management Agreement”.

“Property Management Services” means the services to be provided by CTC to the Partnership pursuant to the
Property Management Agreement, as described under “Arrangements with CTC — Property Management
Agreement”.

“PU Plan” means the Performance Unit Plan, as described under “Executive Compensation — Performance Unit
Plan”.

“PUs” means Performance Units, as described under “Executive Compensation — Long-Term Incentive Plan”.

“RBCDS” means RBC Dominion Securities Inc.

“REALpac” has the meaning given to that term under “Additional GAAP and Non-GAAP Measures”.

“Registered Plans” means, collectively, trusts governed by registered retirement savings plans, registered
retirement income funds, registered disability savings plans, deferred profit sharing plans, tax-free savings
accounts and registered education savings plans.

“REIT” means CT Real Estate Investment Trust and references in this prospectus to the “REIT” should be
interpreted as described under “Meaning of Certain References”.

“REIT Exception” means the exclusion from the definition of “SIFT trust” in the Tax Act for a trust qualifying as a
“real estate investment trust” under the Tax Act, as more particularly described under “Certain Canadian
Federal Income Tax Considerations — Status of the REIT — Qualification as a ‘Real Estate Investment Trust’”.

“REIT ROFO” has the meaning given to that term under “Arrangements with CTC — ROFO Agreement”.

“Related Party” means, with respect to any person, a person who is a “related party” as that term is defined in
Multilateral Instrument 61-101 — Protection of Minority Security Holders in Special Transactions, as amended
from time to time.

“Retained Properties” means the portfolio of commercial properties, primarily comprised of retail properties,
which will continue to be owned by CTC on Closing, and “Retained Property” means any one of them.

“Roadshow Presentation” means the template version of the roadshow presentation dated September 24, 2013.

“ROFO Agreement” means the right of first offer agreement among the REIT, the Partnership and CTC to be
entered into at Closing, as described under “Arrangements with CTC — ROFO Agreement”.

“RU Plan” means the Restricted Unit Plan, as described under “Executive Compensation — Restricted Unit Plan
for Executives”.

“RUs” means Restricted Units, as described under “Executive Compensation — Restricted Unit Plan for
Executives”.

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc.


“Selected Amount” has the meaning given to that term under “The Partnership — Distributions”.

“Services” means the services to be provided by CTC to the REIT pursuant to the Services Agreement, as
described under “Arrangements with CTC — Services Agreement”.

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“Services Agreement” means the services agreement among the REIT, the Partnership and CTC to be entered into at Closing pursuant to which CTC or certain of its Subsidiaries will provide the Services, as described under “Arrangements with CTC — Services Agreement”.

“Shopping Centre” means any property which has (or will have upon completion of the proposed acquisition or redevelopment of such property) three or more tenants that are not CTC (including its Subsidiaries).

“SIFT Rules” means the rules applicable to SIFT trusts and SIFT partnerships in the Tax Act, as described under “Certain Canadian Federal Income Tax Considerations — Status of the REIT — Qualification as a ‘Real Estate Investment Trust’”.

“Special Voting Units” means, collectively, special voting units of the REIT, and “Special Voting Unit” means any one of them.

“Spread” has the meaning given to that term under “The Partnership — Class C LP Units”.

“STIP” means the Short-Term Incentive Plan of the REIT, as described under “Executive Compensation — Annual Short-Term Incentive Plan”.

“Subsequent Fixed Rate Period” means with respect to a series of the Class C LP Units, any five-year fixed rate period beginning immediately following the completion of the Initial Fixed Rate Period for each series and each five-year fixed rate period thereafter.

“Subsequent Floating Rate Period” means with respect to a series of the Class C LP Units, any five-year floating rate period beginning immediately following the completion of the Initial Fixed Rate Period for each series and each five-year floating rate period thereafter.

“Subsidiary” has the meaning given to that term in National Instrument 45-106 — Prospectus and Registrations Exemptions.

“Tax Act” means the Income Tax Act (Canada) and the regulations thereunder.

“Third Party Tenant Lease Portfolio” has the meaning given to that term under “About this Prospectus”.

“Trustees” means the trustees from time to time of the REIT, and “Trustee” means any one of them.

“Trustee Unit Ownership Guidelines” has the meaning given to it under “Remuneration of Trustees — Trustee Unit Ownership Guidelines”.

“TSX” means the Toronto Stock Exchange.

“U.S. Securities Act” means the United States Securities Act of 1933, as amended.

“UCC” has the meaning given to that term under “Certain Canadian Federal Income Tax Considerations — Taxation of the Partnership”.


“Underwriting Agreement” means the underwriting agreement dated as of October 10, 2013 among the REIT, CTC and the Underwriters, as described under “Plan of Distribution”.

“United States” means the United States as such term is defined in Regulation S under the U.S. Securities Act.

“Unitholders” means holders of Units, and “Unitholder” means any one of them.

“Units” means trust units in the capital of the REIT, other than Special Voting Units, and “Unit” means any one of them.

“U.S. person” means U.S. person as such term is defined in Regulation S under the U.S. Securities Act.

“Voting Unitholders” means, collectively, holders of Voting Units, and “Voting Unitholder” means any one of them.

“Voting Units” means, collectively, the Units and the Special Voting Units, and “Voting Unit” means any one of them.

“Western Canada” means the provinces of British Columbia, Alberta, Saskatchewan and Manitoba, and the Northwest Territories and Yukon Territory.
## INDEX TO FINANCIAL STATEMENTS

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Balance Sheet of

CT Real Estate
Investment Trust

As at October 1, 2013
INDEPENDENT AUDITOR’S REPORT

To the Trustees of CT Real Estate Investment Trust

We have audited the accompanying balance sheet of CT Real Estate Investment Trust as at October 1, 2013 and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the balance sheet based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the balance sheet. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the balance sheet, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the balance sheet in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the balance sheet.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the balance sheet presents fairly, in all material respects, the financial position of CT Real Estate Investment Trust as at October 1, 2013 in accordance with International Financial Reporting Standards.

(Signed) DELOITTE LLP
Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
Toronto, Canada
October 10, 2013
CT REAL ESTATE INVESTMENT TRUST
BALANCE SHEET
As at October 1, 2013
(Canadian dollars)

ASSETS
Cash ................................................................. $10

LIABILITIES AND UNITHOLDER’S EQUITY
Unitholder’s equity .............................................. $10

See accompanying notes to the balance sheet.
1. ORGANIZATION AND NATURE OF THE BUSINESS

CT Real Estate Investment Trust (the “REIT”) is an unincorporated closed-end real estate investment trust established pursuant to a declaration of trust dated July 15, 2013 (the “Declaration of Trust”) where one unit (“Unit”) of the REIT was issued for $10 in cash. The REIT was established under the laws of the Province of Ontario. The principal, registered and head office of the REIT is located at 2180 Yonge Street, P.O. Box 770, Station K, Toronto, ON M4P 2V8.

The REIT has been formed to own income-producing commercial properties primarily located in Canada. The REIT will carry out an initial public offering of units of the REIT and will indirectly acquire a portfolio of 256 properties (the “Initial Properties”) from Canadian Tire Corporation, Limited (together with its subsidiaries, unless the context otherwise requires, “CTC”), comprised largely of Canadian Tire Retail stores, Canadian Tire anchored retail properties and one distribution centre. The REIT will hold its interest in the Initial Properties in a newly created limited partnership (the “Partnership”), formed under the laws of the Province of Ontario, which will be consolidated by the REIT.

2. BASIS OF PRESENTATION

The financial statements of the REIT are expressed in Canadian dollars. Separate statements of net income and comprehensive income, changes in unitholder’s equity and cash flow have not been prepared as there have been no activities for this entity.

3. STATEMENT OF COMPLIANCE

The financial statements of the REIT have been prepared in accordance International Financial Reporting Standards (“IFRS”). These financial statements were approved by the Board of Trustees of the REIT and authorized for issue on October 10, 2013.

4. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash consists of cash on hand.

5. UNITHOLDER’S EQUITY

Unitholder’s equity of the REIT is as follows:

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<td>Authorized for issue</td>
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<td>Issued and outstanding Units</td>
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6. SUBSEQUENT EVENTS

Initial Public Offering

On October 10, 2013, the REIT entered into an underwriting agreement and filed a long-form prospectus for purposes of completing an initial public offering (the “Offering”), which is expected to close on October 23, 2013 (the “Closing”). The REIT expects to raise gross proceeds of approximately $263,500,000 through the issuance of 26,350,000 trust units (“Units”) at a price of $10 per Unit (excluding any Units that may be issued pursuant to any over-allotment option). Costs relating to the Offering are expected to be approximately $21,651,000 and will be applied against the gross proceeds of the Offering and charged against unitholder’s equity.

Acquisition of the Initial Properties

The Partnership will purchase the Initial Properties from CTC in exchange for a combination of: (i) Promissory Notes that will immediately be redeemed for Partnership units, certain of which will immediately be acquired by the REIT for Units and cash, on the Closing date; (ii) Class B LP Units of the Partnership (which are exchangeable on a one for one basis into REIT Units and accompanied by an equivalent number of special voting units in the REIT (the “Special Voting Units”)); and (iii) Class C LP Units of the Partnership. The purchase price of the Initial Properties is $3,533,881,000 for the purposes of this consolidated financial forecast and is supported by independent appraisals. The REIT expects to incur costs on the acquisition of the Initial Properties of $677,000, which will be added to the carrying value of the Initial Properties upon their recognition. The purchase of the Initial Properties will be accounted for as an asset acquisition in accordance with the REIT’s accounting policy.
6. SUBSEQUENT EVENTS (Continued)

The purchase price will be satisfied as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (Canadian dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash(1)</td>
<td>241,172,000</td>
</tr>
<tr>
<td>Units Issued to CTC</td>
<td>597,111,000</td>
</tr>
<tr>
<td>Class B LP Units</td>
<td>895,598,000</td>
</tr>
<tr>
<td>Class C LP Units</td>
<td>1,800,000,000</td>
</tr>
</tbody>
</table>

Total: $3,533,881,000

(1) Represents proceeds from the Offering less issuance costs of $21,651,000 and property acquisition costs of $677,000.

Class C LP Units

On the Closing date, the REIT expects that there will be 1,800,000 Class C LP Units issued and outstanding. The Class C LP Units entitle the holder to a fixed cumulative monthly distribution during the initial fixed rate period for each series of Class C LP Units (the “Initial Fixed Rate Period”) in priority to distributions made to holders of the Class A LP Units and Class B LP Units and GP Units, subject to certain exceptions, equal to the weighted average of 4.5% of the aggregate capital amount ascribed to the Class C LP Units. Prior to the completion of the Initial Fixed Rate Period of each series, and each five-year period thereafter, the distribution rate for such series of Class C LP Units will be reset, and the holders of such series of Class C LP Units will be entitled to elect either a fixed rate or floating rate option.

On expiry of the Initial Fixed Rate Period applicable to each series of Class C LP Units, and every five years thereafter, each such series of Class C LP Units is redeemable at par at the option of the Partnership or the holder, upon giving at least 120 days’ 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 the then equivalent Government of Canada bond yield plus 50 basis points, so long as such redemption is in connection with a sale of properties.

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

The Class C LP Units will be presented as financial liabilities under IFRS as follows:

<table>
<thead>
<tr>
<th>Series of Class C LP Units</th>
<th>Expiry of Initial Fixed Rate Period</th>
<th>Distribution Rate During Initial Fixed Rate Period</th>
<th>Par Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands of Canadian dollars)</td>
<td></td>
<td>%</td>
<td>$</td>
</tr>
<tr>
<td>Series 1</td>
<td>31-May-15</td>
<td>3.50%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 2</td>
<td>31-May-16</td>
<td>3.50%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 3</td>
<td>31-May-20</td>
<td>4.50%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 4</td>
<td>31-May-24</td>
<td>4.50%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 5</td>
<td>31-May-28</td>
<td>4.50%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 6</td>
<td>31-May-31</td>
<td>5.00%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 7</td>
<td>31-May-34</td>
<td>5.00%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 8</td>
<td>31-May-35</td>
<td>5.00%</td>
<td>200,000</td>
</tr>
<tr>
<td>Series 9</td>
<td>31-May-38</td>
<td>5.00%</td>
<td>200,000</td>
</tr>
<tr>
<td>Weighted Average/Total</td>
<td></td>
<td>4.50%</td>
<td>1,800,000</td>
</tr>
</tbody>
</table>

Class B LP Units

Class B LP Units are economically equivalent to Units, receive distributions equal to the distributions paid on the Units and are exchangeable at the holder’s option into Units and accompanied by an equivalent number of Special Voting Units in the REIT.

The Class B LP Units will be classified as non-controlling interest and will be presented as a component of equity as they represent equity interests in the Partnership not attributable, directly or indirectly, to the REIT.
THIRD PARTY TENANT LEASE PORTFOLIO
OF CANADIAN TIRE CORPORATION, LIMITED

Combined carve-out financial statements as at December 31, 2012 and December 31, 2011
and for each of the years in the three-year period ended December 31, 2012
and the unaudited combined carve-out financial statements as at June 30, 2013
and for the three and six month periods ended June 30, 2013 and June 30, 2012
INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of Canadian Tire Corporation, Limited

We have audited the accompanying combined carve-out financial statements of the Third Party Tenant Lease Portfolio of Canadian Tire Corporation, Limited, which comprise the combined carve-out balance sheets as at December 31, 2012 and December 31, 2011 and the combined carve-out statements of net income and comprehensive income, combined carve-out statements of changes in net assets and combined carve-out statements of cash flow for each of the years in the three year period ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Combined Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of these combined carve-out financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of combined carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these combined carve-out financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined carve-out financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the combined carve-out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined carve-out financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined carve-out financial statements present fairly, in all material respects, the financial position of the Third Party Tenant Lease Portfolio of Canadian Tire Corporation, Limited as at December 31, 2012 and December 31, 2011 and its financial performance and its cash flows for each of the years in the three year period ended December 31, 2012 in accordance with International Financial Reporting Standards.

(Signed) DELOITTE LLP
Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
Toronto, Canada
October 10, 2013


### Combined Carve-Out Balance Sheets

(in thousands of Canadian dollars)

<table>
<thead>
<tr>
<th>Note</th>
<th>As at June 30, 2013</th>
<th>As at December 31, 2012</th>
<th>As at December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### ASSETS

**Non-current assets**
- Investment properties .................................. 7 $146,204 $141,189 $124,636

**Current assets**
- Accounts receivable ................................ 8 1,469 1,688 1,557
- Prepaid expenses .................................. 1,106 18 12

**Total assets** ........................................ $148,779 $142,895 $126,205

#### LIABILITIES

**Non-current liabilities**
- Tenant rental deposits .............................. $ 52 $ 41 $ 93
- Deferred tax liabilities .............................. 14 8,895 7,209 4,928

**Current liabilities**
- Trade payables and other liabilities ..................... 9 454 1,180 357

**Total liabilities** ...................................... 9,401 8,430 5,378

**NET ASSETS** ...................................... 139,378 134,465 120,827

**Total liabilities and net assets** ........................... $148,779 $142,895 $126,205

*See accompanying notes to the combined carve-out financial statements.*
### THIRD PARTY TENANT LEASE PORTFOLIO OF CANADIAN TIRE CORPORATION, LIMITED

**COMBINED CARVE-OUT STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME**

(in thousands of Canadian dollars)

<table>
<thead>
<tr>
<th>Note</th>
<th>Three month periods ended</th>
<th>Six month periods ended</th>
<th>Twelve month periods ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property revenue</td>
<td>12</td>
<td>$3,353</td>
<td>$2,484</td>
</tr>
<tr>
<td>Property expenses</td>
<td>13</td>
<td>1,217</td>
<td>839</td>
</tr>
<tr>
<td>Net operating income</td>
<td></td>
<td>2,136</td>
<td>1,645</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td></td>
<td>73</td>
<td>75</td>
</tr>
<tr>
<td>Income before fair value changes and income taxes</td>
<td></td>
<td>2,063</td>
<td>1,570</td>
</tr>
<tr>
<td>Fair value changes of investment properties</td>
<td></td>
<td>2,739</td>
<td>1,794</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td></td>
<td>4,802</td>
<td>3,364</td>
</tr>
<tr>
<td>Income taxes</td>
<td>14</td>
<td>1,232</td>
<td>680</td>
</tr>
<tr>
<td>Net income and comprehensive income</td>
<td></td>
<td>$3,570</td>
<td>$2,684</td>
</tr>
</tbody>
</table>

See accompanying notes to the combined carve-out financial statements.
**THIRD PARTY TENANT LEASE PORTFOLIO OF CANADIAN TIRE CORPORATION, LIMITED**

**COMBINED CARVE-OUT STATEMENTS OF CHANGES IN NET ASSETS**

*(in thousands of Canadian dollars)*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at January 1, 2010</td>
<td>$ 84,131</td>
</tr>
<tr>
<td>Net income and comprehensive income</td>
<td>13,704</td>
</tr>
<tr>
<td>Contributions from (distributions to) parent, net</td>
<td>879</td>
</tr>
<tr>
<td><strong>Balance as at December 31, 2010</strong></td>
<td>98,714</td>
</tr>
<tr>
<td>Net income and comprehensive income</td>
<td>14,230</td>
</tr>
<tr>
<td>Contribution of investment properties from parent</td>
<td>409</td>
</tr>
<tr>
<td>Other contributions from (distributions to) parent, net</td>
<td>7,474</td>
</tr>
<tr>
<td><strong>Balance as at December 31, 2011</strong></td>
<td>120,827</td>
</tr>
<tr>
<td>Net income and comprehensive income</td>
<td>11,930</td>
</tr>
<tr>
<td>Contribution of investment properties from parent</td>
<td>683</td>
</tr>
<tr>
<td>Other contributions from (distributions to) parent, net</td>
<td>1,025</td>
</tr>
<tr>
<td><strong>Balance as at December 31, 2012</strong></td>
<td>$134,465</td>
</tr>
</tbody>
</table>

*(Unaudited)*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at December 31, 2011</td>
<td>$120,827</td>
</tr>
<tr>
<td>Net income and comprehensive income</td>
<td>6,383</td>
</tr>
<tr>
<td>Contribution of investment properties from parent</td>
<td>683</td>
</tr>
<tr>
<td>Other contributions from (distributions to) parent, net</td>
<td>2,120</td>
</tr>
<tr>
<td><strong>Balance as at June 30, 2012</strong></td>
<td>$130,013</td>
</tr>
</tbody>
</table>

*(Unaudited)*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at December 31, 2012</td>
<td>$134,465</td>
</tr>
<tr>
<td>Net income and comprehensive income</td>
<td>6,373</td>
</tr>
<tr>
<td>Contributions from (distributions to) parent, net</td>
<td>(1,460)</td>
</tr>
<tr>
<td><strong>Balance as at June 30, 2013</strong></td>
<td>$139,378</td>
</tr>
</tbody>
</table>

*See accompanying notes to the combined carve-out financial statements.*
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$3,570</td>
<td>$2,684</td>
<td>$6,373</td>
<td>$6,383</td>
<td>$11,930</td>
<td>$14,230</td>
<td>$13,704</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value changes of investment properties</td>
<td>(2,739)</td>
<td>(1,794)</td>
<td>(4,676)</td>
<td>(4,991)</td>
<td>(8,534)</td>
<td>(11,627)</td>
<td>(10,893)</td>
</tr>
<tr>
<td>Straight line rent</td>
<td>(90)</td>
<td>(5)</td>
<td>(297)</td>
<td>(12)</td>
<td>(148)</td>
<td>(42)</td>
<td>(30)</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>166</td>
<td>(272)</td>
<td>102</td>
<td>500</td>
<td>2,915</td>
<td>727</td>
<td>2,760</td>
</tr>
<tr>
<td><strong>Cash flows from operating and other activities</strong></td>
<td>907</td>
<td>613</td>
<td>1,502</td>
<td>1,880</td>
<td>6,163</td>
<td>3,288</td>
<td>5,541</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions to investment properties</td>
<td>—</td>
<td>(2,416)</td>
<td>(42)</td>
<td>(4,000)</td>
<td>(7,188)</td>
<td>(10,762)</td>
<td>(6,420)</td>
</tr>
<tr>
<td><strong>Cash flows used in investing activities</strong></td>
<td>—</td>
<td>(2,416)</td>
<td>(42)</td>
<td>(4,000)</td>
<td>(7,188)</td>
<td>(10,762)</td>
<td>(6,420)</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from (distributions to) parent, net</td>
<td>(907)</td>
<td>1,803</td>
<td>(1,460)</td>
<td>2,120</td>
<td>1,025</td>
<td>7,474</td>
<td>879</td>
</tr>
<tr>
<td><strong>Cash flows (used in) from financing activities</strong></td>
<td>(907)</td>
<td>1,803</td>
<td>(1,460)</td>
<td>2,120</td>
<td>1,025</td>
<td>7,474</td>
<td>879</td>
</tr>
<tr>
<td>Change in cash</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Cash, beginning of period</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Cash, end of period</strong></td>
<td>$—</td>
<td>$—</td>
<td>$—</td>
<td>$—</td>
<td>$—</td>
<td>$—</td>
<td>$—</td>
</tr>
</tbody>
</table>

See accompanying notes to the combined carve-out financial statements.
1. NATURE OF OPERATIONS

CT Real Estate Investment Trust (the “REIT”) will indirectly acquire real estate assets from Canadian Tire Corporation, Limited (together with its subsidiaries, unless the context otherwise requires, “CTC”) in conjunction with its initial public offering (the “Offering”). Certain of the real estate assets to be acquired earn rental income from third parties. These combined carve-out financial statements represent CTC’s interest in the portion of the 26 properties with such third party income producing components (collectively the “Third Party Tenant Lease Portfolio”). These combined carve-out financial statements do not include the components of the real estate assets containing the Third Party Tenant Lease Portfolio that are being used by CTC in its retail goods and services and petroleum businesses that are also intended to be indirectly acquired by the REIT in conjunction with the closing of the Offering (the “Closing”), except for certain pre-existing leases for Mark’s and FGL Sports locations.

CTC’s registered office is located at 2180 Yonge Street, Toronto, Ontario, M4P 2V8, Canada.

2. STATEMENT OF COMPLIANCE

These combined carve-out financial statements have been prepared in accordance with accounting policies that comply with International Financial Reporting Standards (“IFRS”).

These combined carve-out financial statements were approved and authorized for issuance by CTC’s Board of Directors on October 3, 2013.

3. BASIS OF PRESENTATION

The Third Party Tenant Lease Portfolio of CTC as presented in these combined carve-out financial statements is not a legal entity. These combined carve-out financial statements have been prepared to present the financial position, financial performance and cash flows of the Third Party Tenant Lease Portfolio that will be indirectly acquired by the REIT, had it been accounted for on a stand-alone basis during the periods presented, and do not include the components of the real estate assets containing the Third Party Tenant Lease Portfolio that are being used by CTC in its retail goods and services and petroleum businesses that are also intended to be indirectly acquired by the REIT in connection with Closing, except for certain pre-existing leases for Mark’s and FGL Sports locations. These combined carve-out financial statements have been prepared based on the historical books and records of CTC with estimates used, when necessary, for certain allocations.

Due to the inherent limitations of carving out the assets, liabilities, operations and cash flows of the Third Party Tenant Lease Portfolio from CTC, these combined carve-out financial statements are not necessarily indicative of the results that would have been attained if the Third Party Tenant Lease Portfolio had been operated as a separate legal entity during the periods presented and, therefore, are not necessarily indicative of future operating results.

These combined carve-out financial statements present the net assets of the Third Party Tenant Lease Portfolio rather than shareholders’ equity as the properties included in the Third Party Tenant Lease Portfolio do not represent a separate legal entity. In addition, while the Third Party Tenant Lease Portfolio is not a taxable legal entity, current and deferred income taxes have been provided for in these combined carve-out financial statements as if it were.

The significant accounting policies set out below have been applied consistently in the preparation of these combined carve-out financial statements for all periods presented. Standards and interpretations effective for future accounting periods are described in Note 6. These combined carve-out financial statements have been prepared on a going concern basis and amounts are in thousands of Canadian dollars unless otherwise stated.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Investment properties

The Third Party Tenant Lease Portfolio accounts for its investment properties in accordance with IAS 40, Investment Property (“IAS 40”). For acquired investment properties that meet the definition of a business, the acquisition is accounted for as a business combination, otherwise they are initially measured at cost including directly attributable acquisition costs. Subsequent to acquisition, investment properties are carried at fair value, which is determined based on available market evidence at the balance sheet date including, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases less future cash outflows in respect of capital expenditures. Gains and losses arising from changes in fair value are recognized in net income in the period of change.
4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The carrying value of investment properties includes the impact of straight-line rental revenue, tenant improvements, lease inducements and leasing costs since these amounts are incorporated in the determination of the fair value of income-producing properties.

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

Investment properties also include properties under development. Properties under development consist of properties, or components thereof, that will undergo activities that will take a substantial period of time to complete in order to prepare the properties for their use as investment properties. Capitalization of costs to properties under development continues until the property is capable of operating in the manner intended by management. Generally this occurs upon completion of construction and receipt of all necessary occupancy and other material permits. Properties under development are carried at fair value with changes in fair value recognized in net income in the period of change. Fair value of properties under development is determined in the same manner as other investment properties, and are net of the estimated costs to complete as of the balance sheet date.

(b) Business combinations

The Third Party Tenant Lease Portfolio accounts for investment property acquisitions as a business combination if the particular assets and set of activities acquired can be operated and managed as a business in its current state. The Third Party Tenant Lease Portfolio applies the acquisition method to account for business combinations. The consideration transferred for a business combination is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by CTC. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Third Party Tenant Lease Portfolio recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets.

Acquisition related costs are expensed as incurred.

(c) Revenue recognition

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

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

(d) Expenses

Property expenses and general and administrative expenses are recognized in net income in the period in which they are incurred.

(e) Leasing costs

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

(f) Income taxes

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred income tax liabilities are provided for using the liability method on temporary differences between the tax bases and carrying amounts of assets and liabilities. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that the income tax asset will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Current and deferred income taxes relating to items recognized directly in equity are also recognized directly in equity.

(g) Financial instruments

Financial instruments are classified as one of the following: (i) held-to-maturity, (ii) loans and receivables, (iii) fair value through profit or loss (“FVTPL”), (iv) available-for-sale, or (v) other financial liabilities. Financial assets and liabilities classified as FVTPL are measured at fair value with gains and losses recognized in the consolidated statement of net income and comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables or other financial liabilities are measured at amortized cost, using the effective interest method. Available-for-sale financial instruments are measured at fair value and any unrealized gains and losses will be recognized in other comprehensive income.

The Third Party Tenant Lease Portfolio has made the following classifications:

- Accounts receivable
- Trade payables and other liabilities
- Tenant rental deposits
- Loans and receivables
- Other financial liabilities
- Other financial liabilities

Transaction costs other than those related to financial instruments classified as fair value through profit or loss, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method. These costs include interest, amortization of discounts or premiums relating to borrowings, fees and commissions paid to agents, brokers and advisers and transfer taxes and duties that are incurred in connection with the arrangement of borrowings.

(h) Use of estimates and judgments

The preparation of the combined carve-out financial statements requires management to make judgments, estimates and assumptions 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from estimates made in these combined carve-out financial statements.

Judgment is used mainly in determining whether a balance or transaction should be recognized in the combined carve-out financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The following are the estimates that are critical to the determination of the amounts reported in the combined carve-out financial statements:

Property expenses

Property expenses have been allocated to the Third Party Tenant Lease Portfolio based on reasonable methods such as gross leasable area, property assessments, and other drivers specific to the expense. These expenses include estimates of the applicable management fees and expenses, and the allocation of realty taxes and related refunds.
4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value of investment properties
The fair value of investment properties presented in the combined carve-out financial statements is remeasured as of the end of each reporting period using qualified independent external valuation experts, with any change in fair value recorded in the combined carve-out statements of net income and comprehensive income. This determination of fair value considers estimates of future rentals, cash outflows required to maintain and to earn rentals from the properties and capitalization rates (see Note 7).

General and administrative expenses
Certain general and administrative expenditures incurred in the ownership and management of CTC’s real estate assets are not directly attributable to the Third Party Tenant Lease Portfolio. General and administrative expenses have been allocated for personnel directly involved in the administration of the Third Party Tenant Lease Portfolio and recorded in the period they were incurred.

The following are the critical judgments that have been made in applying the accounting policies that have the most significant effect on the amounts and disclosures in these combined carve-out financial statements:

Investment properties
The accounting policies relating to investment properties are described in Note 4(a). In applying this policy, judgment is applied in determining whether certain costs are additions to the carrying amount of the property.

Leases
The accounting policy for revenue recognition from leases is described in Note 4(c). In applying this policy, judgments are made with respect to whether tenant improvements provided in connection with a lease enhance the value of the leased properties, which determines whether such amounts are treated as additions to investment properties, as well as the point in time at which revenue recognition under the lease commences. In addition, where a lease allows a tenant to elect to take all or a portion of any unused tenant improvement allowance as a rent abatement, judgment is required in determining the extent to which the allowance represents an inducement that is amortized as a reduction of lease revenue over the term of the lease.

5. NEW STANDARDS IMPLEMENTED

The following standards and amendments were effective January 1, 2013: IFRS 13, “Fair Value Measurement”; IAS 19 (2011), “Employee Benefits”; IFRS 10, “Consolidated Financial Statements”; IFRS 12, “Disclosure of Interests in Other Entities”; IAS 28, “Investments in Associates”; and IAS 1, “Presentation of Financial Statements”. There was no significant impact on the combined carve-out financial statements as a result of the implementation of these standards.

6. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED AND NOT YET ADOPTED

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2013, and, accordingly, have not been applied in preparing these combined carve-out financial statements.

Financial instruments
In November 2009, the IASB issued IFRS 9 — Financial Instruments: Classification and Measurement (“IFRS 9”), which contained requirements for financial assets. In October 2010, requirements for financial liabilities were added to IFRS 9. IFRS 9 will replace IAS 39 — Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in the Third Party Tenant Lease Portfolio’s credit risk are presented in other comprehensive income instead of net income unless this would create an accounting mismatch. An accounting mismatch may occur when financial liabilities that are measured at fair value are managed with assets that are measured at fair value through profit or loss. A mismatch could arise because the entire change in the fair value of the financial assets would be presented in net income but a portion of the change in the fair value of the related financial liabilities would not. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Early adoption is permitted. CTC is assessing the potential impact of this standard on the Third Party Tenant Lease Portfolio.
6. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED AND NOT YET ADOPTED (Continued)

Financial instruments: Asset and liability offsetting

In December 2011, the IASB amended IAS 32 — Financial Instruments: Presentation (“IAS 32”) to clarify the requirements which permit offsetting a financial asset and liability in the financial statements. The IAS 32 amendments will be applied retrospectively for annual periods beginning on or after January 1, 2014. CTC is assessing the potential impact of the IAS 32 amendments on the Third Party Tenant Lease Portfolio.

7. INVESTMENT PROPERTIES

The following is a continuity of investment properties:

<table>
<thead>
<tr>
<th></th>
<th>Three month periods ended</th>
<th>Six month periods ended</th>
<th>12 month periods ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of period</td>
<td>$143,375</td>
<td>$130,107</td>
<td>$141,189</td>
</tr>
<tr>
<td>Additions ...............</td>
<td>—</td>
<td>2,416</td>
<td>42</td>
</tr>
<tr>
<td>Contribution of investment properties from parent ........</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Straight-line rent ........</td>
<td>90</td>
<td>5</td>
<td>297</td>
</tr>
<tr>
<td>Changes in fair value ....</td>
<td>2,739</td>
<td>1,794</td>
<td>4,676</td>
</tr>
<tr>
<td>Balance, end of period ....</td>
<td>$146,204</td>
<td>$134,322</td>
<td>$146,204</td>
</tr>
<tr>
<td>Weighted average capitalization rates ........</td>
<td>6.2%</td>
<td>6.6%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

Valuations were completed by undertaking a direct capitalization approach whereby a capitalization rate is applied to estimated stabilized cash flows. In determining the appropriateness of the methodology applied the relative uncertainty of the timing and amount of expected cash flows and the impact such uncertainty would have in arriving at a reliable estimate of fair value is considered.

The fair values of investment properties included in these combined carve-out financial statements were determined using qualified external valuation experts.

8. ACCOUNTS RECEIVABLE

Accounts receivable consist of rent receivables and recoveries.

9. TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>As at</th>
<th>June 30, 2013 (Unaudited)</th>
<th>December 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property operating costs</td>
<td></td>
<td>$381</td>
<td>$323</td>
<td>$312</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td></td>
<td>—</td>
<td>800</td>
<td>—</td>
</tr>
<tr>
<td>Sales tax payable</td>
<td></td>
<td>73</td>
<td>57</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$454</td>
<td>$1,180</td>
<td>$357</td>
</tr>
</tbody>
</table>
10. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Third Party Tenant Lease Portfolio’s financial assets and liabilities consist of accounts receivable, trade payables and other liabilities and tenant rental deposits which are classified as loans and receivables and other financial liabilities and carried at amortized cost. Fair values of financial assets and liabilities and discussion of the risks associated with financial assets and liabilities are presented as follows:

Fair value of financial assets and liabilities

The fair values of accounts receivable, trade payables and other liabilities and tenant rental deposits approximate their carrying value due to the short-term maturity of those instruments.

Risks associated with financial assets and liabilities

The Third Party Tenant Lease Portfolio is not exposed to significant currency, market or interest rate risk arising from financial instruments. The Third Party Tenant Lease Portfolio’s financial instruments expose it to liquidity and credit risk.

Liquidity risk

Liquidity risk refers to the risk that the Third Party Tenant Lease Portfolio will have insufficient funds to satisfy its obligations related to its operating and investing activities. The Third Party Tenant Lease Portfolio manages its liquidity risk through contributions from CTC to the extent cash flows from property operations are not sufficient. The Third Party Tenant Lease Portfolio’s capital is comprised of net assets and is funded by CTC, primarily for additions to investment properties, to the extent not available from cash flows from operations.

Credit risk

Credit risk is the risk that counterparties to financial assets will default. Credit risk arises from the possibility that the Third Party Tenant Lease Portfolio’s tenants may experience financial difficulty and be unable to meet their lease obligations. The Third Party Tenant Lease Portfolio mitigates the risk of credit loss with respect to tenants by evaluating the creditworthiness of new tenants and obtaining security deposits wherever permitted by legislation. Receivables are substantially comprised of rent receivables and recoveries. The provision for doubtful accounts is reviewed and updated at each balance sheet date.

11. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

CTC is involved in, and potentially subject to, various claims by third parties arising out of the normal course of business related to the Third Party Tenant Lease Portfolio. Although such matters cannot be predicted with certainty, based on information currently available, these proceedings and claims, individually and in the aggregate, are not expected to have a material impact to the combined carve-out financial statements.

Commitments

As at June 30, 2013, the Third Party Tenant Lease Portfolio has committed to pay approximately $300 (unaudited) for construction costs, due within one year.

As at December 31, 2012, the Third Party Tenant Lease Portfolio has committed to pay approximately $400 for construction costs, due within one year.
12. PROPERTY REVENUE

Property revenue was comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>Three month periods ended</th>
<th></th>
<th>Six month periods ended</th>
<th></th>
<th>Twelve month periods ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Base rent</td>
<td>$2,436</td>
<td>$1,874</td>
<td>$4,573</td>
<td>$3,588</td>
<td>$7,525</td>
<td>$7,145</td>
</tr>
<tr>
<td>Straight-line rent</td>
<td>90</td>
<td>5</td>
<td>297</td>
<td>12</td>
<td>148</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,526</td>
<td>1,879</td>
<td>4,870</td>
<td>3,600</td>
<td>7,673</td>
</tr>
<tr>
<td>Common area maintenance recoveries</td>
<td>209</td>
<td>118</td>
<td>384</td>
<td>261</td>
<td>487</td>
<td>574</td>
</tr>
<tr>
<td>Realty tax recoveries</td>
<td>618</td>
<td>487</td>
<td>1,203</td>
<td>949</td>
<td>2,031</td>
<td>1,884</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,353</td>
<td>2,484</td>
<td>6,457</td>
<td>4,810</td>
<td>10,191</td>
</tr>
</tbody>
</table>

The business of the Third Party Tenant Lease Portfolio includes leasing commercial real estate. Contractual cash flows under non-cancellable operating leases as lessor for minimum rent were as follows:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2013 (Unaudited)</th>
<th>December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>$9,331</td>
<td>$9,079</td>
</tr>
<tr>
<td>Later than one year and not longer than five years</td>
<td>31,470</td>
<td>29,761</td>
</tr>
<tr>
<td>Later than five years</td>
<td>43,420</td>
<td>42,652</td>
</tr>
<tr>
<td></td>
<td>$84,221</td>
<td>$81,492</td>
</tr>
</tbody>
</table>

13. PROPERTY EXPENSES

Property expenses were comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>Three month periods ended</th>
<th></th>
<th>Six month periods ended</th>
<th></th>
<th>Twelve month periods ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Realty taxes</td>
<td>$678</td>
<td>$548</td>
<td>$1,356</td>
<td>$1,095</td>
<td>$2,177</td>
<td>$2,021</td>
</tr>
<tr>
<td>Common area maintenance</td>
<td>478</td>
<td>248</td>
<td>943</td>
<td>543</td>
<td>1,186</td>
<td>1,036</td>
</tr>
<tr>
<td>Property management fees</td>
<td>61</td>
<td>43</td>
<td>119</td>
<td>83</td>
<td>173</td>
<td>171</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
<td>—</td>
<td>2</td>
<td>—</td>
<td>28</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>$1,217</td>
<td>$839</td>
<td>$2,420</td>
<td>$1,721</td>
<td>$3,564</td>
<td>$3,228</td>
</tr>
</tbody>
</table>
14. INCOME TAXES

The components of income taxes are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three month periods ended</th>
<th>Six month periods ended</th>
<th>12 month periods ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current income taxes</td>
<td>$ 543</td>
<td>$ 513</td>
<td>$ 680</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>689</td>
<td>1,686</td>
<td>2,281</td>
</tr>
<tr>
<td></td>
<td>$1,232</td>
<td>$2,199</td>
<td>$2,961</td>
</tr>
</tbody>
</table>

The effective income tax rates in the combined carve-out statement of net income and comprehensive income were lower than the statutory income tax rates applicable to the Third Party Tenant Lease Portfolio in 2010, 2011 and 2012. The reduction in effective income tax rates is primarily related to the capital gains tax rate applicable to a substantial portion of the fair value changes on investment property.

The effective income tax rates are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective income tax rate applicable to earnings before income taxes</td>
<td>25.7%</td>
<td>19.9%</td>
<td>19.9%</td>
<td>17.1%</td>
</tr>
</tbody>
</table>

Deferred income tax liabilities recognized on the combined carve-out balance sheet were attributable to investment properties.

15. SUBSEQUENT EVENTS

On or about October 10, 2013, CTC and the REIT will enter into an underwriting agreement in connection with the transactions contemplated by the Offering. In connection with Closing, the REIT will indirectly acquire from CTC certain real estate assets including the Third Party Tenant Lease Portfolio.
APPENDIX A — INITIAL PROPERTIES

The tables below set forth information concerning the Initial Properties as of the Closing Date. The first table, “Stand-Alone CTC Properties” summarizes all of the Initial Properties that have a stand-alone Canadian Tire Retail store. The second table, “Properties Anchored by CTC with Additional Third Party Tenants”, summarizes each of the Initial Properties that is anchored by Canadian Tire Retail and containing one or more stores operating under a CTC Banner and/or third party tenant. The third table, “Canadian Tire Distribution Centre” summarizes the Initial Property that is a distribution centre.

### Stand-Alone CTC Properties

<table>
<thead>
<tr>
<th>Property</th>
<th>Year Built</th>
<th>Year Last Renovated</th>
<th>Canadian Tire GLA (Sq. Ft.)</th>
<th>Year of Expiry of Canadian Tire Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000 Columbia Ave., Castlegar</td>
<td>1995</td>
<td>2008</td>
<td>67,585</td>
<td>2027</td>
</tr>
<tr>
<td>7560 Vedder Road, Chilliwack</td>
<td>1999</td>
<td>2006</td>
<td>64,539</td>
<td>2026</td>
</tr>
<tr>
<td>11628–8th Street, Dawson Creek</td>
<td>2000</td>
<td>N/A</td>
<td>35,099</td>
<td>2026</td>
</tr>
<tr>
<td>1791 9th Avenue, Fernie</td>
<td>2006</td>
<td>N/A</td>
<td>51,049</td>
<td>2030</td>
</tr>
<tr>
<td>480 Sarah Road, Invermere</td>
<td>2012</td>
<td>N/A</td>
<td>28,670</td>
<td>2028</td>
</tr>
<tr>
<td>1441 Hillside Drive, Kamloops</td>
<td>1982</td>
<td>N/A</td>
<td>51,236</td>
<td>2025</td>
</tr>
<tr>
<td>944 8th Street, Kamloops(1)</td>
<td>1982</td>
<td>N/A</td>
<td>24,338</td>
<td>2024</td>
</tr>
<tr>
<td>1655 Leckie Road, Kelowna</td>
<td>1997</td>
<td>N/A</td>
<td>84,822</td>
<td>2029</td>
</tr>
<tr>
<td>6312 200th Street, Langley</td>
<td>1998</td>
<td>2007</td>
<td>88,266</td>
<td>2027</td>
</tr>
<tr>
<td>2761 Forksdale Avenue, Merritt</td>
<td>2004</td>
<td>N/A</td>
<td>44,575</td>
<td>2028</td>
</tr>
<tr>
<td>32545 London Avenue, Mission</td>
<td>2003</td>
<td>N/A</td>
<td>40,621</td>
<td>2028</td>
</tr>
<tr>
<td>960 Railway Street, Penticton</td>
<td>1997</td>
<td>2006</td>
<td>64,092</td>
<td>2030</td>
</tr>
<tr>
<td>5008 Domano Boulevard,, Prince George(1)</td>
<td>2003</td>
<td>N/A</td>
<td>96,197</td>
<td>2027</td>
</tr>
<tr>
<td>570 Newman Road, Quesnel</td>
<td>1999</td>
<td>N/A</td>
<td>27,858</td>
<td>2024</td>
</tr>
<tr>
<td>4380 Sunshine Coast Highway, Sechelt</td>
<td>2002</td>
<td>N/A</td>
<td>37,082</td>
<td>2026</td>
</tr>
<tr>
<td>6221 16th Street, Smithers</td>
<td>2000</td>
<td>N/A</td>
<td>35,105</td>
<td>2028</td>
</tr>
<tr>
<td>5100 Yellowhead Highway, Terrace</td>
<td>1997</td>
<td>2006</td>
<td>64,164</td>
<td>2027</td>
</tr>
<tr>
<td>8238 Highway 3B, Trail</td>
<td>2005</td>
<td>N/A</td>
<td>49,121</td>
<td>2029</td>
</tr>
<tr>
<td><strong>British Columbia Sub-Total</strong></td>
<td><strong>1999</strong></td>
<td></td>
<td><strong>954,419</strong></td>
<td><strong>2027</strong></td>
</tr>
<tr>
<td>Alberta</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2913 48th Avenue, Athabaska</td>
<td>2008</td>
<td>N/A</td>
<td>39,119</td>
<td>2027</td>
</tr>
<tr>
<td>404 Cassils Road W, Brooks</td>
<td>2007</td>
<td>N/A</td>
<td>45,977</td>
<td>2027</td>
</tr>
<tr>
<td>5200 Richmond Road. SW, Calgary(1)</td>
<td>1978</td>
<td>2004</td>
<td>72,996</td>
<td>2025</td>
</tr>
<tr>
<td>250 Shawville Way SE, Calgary(1)</td>
<td>1997</td>
<td>2006</td>
<td>89,129</td>
<td>2033</td>
</tr>
<tr>
<td>16–6601 48th Avenue, Camrose</td>
<td>1982</td>
<td>N/A</td>
<td>64,664</td>
<td>2027</td>
</tr>
<tr>
<td>6703–51 Street, Cold Lake</td>
<td>1993</td>
<td>2008</td>
<td>56,312</td>
<td>2027</td>
</tr>
<tr>
<td>100 650 South Railway Avenue E, Drumheller</td>
<td>1999</td>
<td>N/A</td>
<td>31,183</td>
<td>2034</td>
</tr>
<tr>
<td>11839 Kingsway Avenue NW, Edmonton(1)</td>
<td>1999</td>
<td>N/A</td>
<td>77,022</td>
<td>2027</td>
</tr>
<tr>
<td>6014 Currents Drive NW, Edmonton(2)</td>
<td>2010</td>
<td>2010</td>
<td>79,555</td>
<td>2029</td>
</tr>
<tr>
<td>9603 162nd Avenue, Edmonton</td>
<td>2002</td>
<td>2006</td>
<td>64,786</td>
<td>2027</td>
</tr>
<tr>
<td>9909 178 Street, Edmonton</td>
<td>1985</td>
<td>2006</td>
<td>94,106</td>
<td>2024</td>
</tr>
<tr>
<td>9510 86th Avenue, Fort Saskatchewan(2)</td>
<td>2003</td>
<td>N/A</td>
<td>51,860</td>
<td>2030</td>
</tr>
<tr>
<td>1 Gateway Boulevard, High Level</td>
<td>2012</td>
<td>N/A</td>
<td>28,676</td>
<td>2030</td>
</tr>
<tr>
<td>868 Carmichael Lane, Hinton</td>
<td>1996</td>
<td>N/A</td>
<td>30,016</td>
<td>2030</td>
</tr>
<tr>
<td>2720 Fairway Road S, Lethbridge</td>
<td>2000</td>
<td>N/A</td>
<td>78,860</td>
<td>2025</td>
</tr>
<tr>
<td>4215–70th Avenue, Lloydminster(1)</td>
<td>1999</td>
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<td>Year of Expiry of Canadian Tire Lease</td>
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<td>1998</td>
<td>64,814</td>
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<td>Year Last Renovated</td>
<td>Canadian Tire GLA (Sq. Ft.)</td>
<td>Year of Expiry of Canadian Tire Lease</td>
</tr>
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<td>------------</td>
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<td>----------------------------</td>
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Notes:

(1) Property includes a CTC gas bar under a separate quadruple net lease. Each of the gas bars located on the Initial Properties occupies approximately 30,000 to 40,000 square feet of land. The lease expiry of a CTC gas bar lease is identical to the lease expiry of the Canadian Tire Retail store located on this property.

(2) Property is subject to a ground lease. See “Assets of the REIT — Description of the Ground Leases”.

A-6
## Properties Anchored by CTC with Additional Third Party Tenants

<table>
<thead>
<tr>
<th>Property</th>
<th>Year Built</th>
<th>Year Last Renovated</th>
<th>Canadian Tire GLA (Sq. Ft.)</th>
<th>Total Third Party GLA (Sq. Ft.)</th>
<th>Name of Third Party Tenant(s)</th>
<th>% of Year 1 NOI from Third Party Tenants</th>
<th>% Occupied (including Canadian Tire)</th>
<th>Year of Expiry of Canadian Tire Lease</th>
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<td>British Columbia</td>
<td>2008</td>
<td>N/A</td>
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<td>65,201</td>
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<td>38%</td>
<td>100%</td>
<td>2028</td>
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<tr>
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<td>2012</td>
<td>N/A</td>
<td>105,906</td>
<td>108,431</td>
<td>FGL Sports Ltd., Mark's Work Wearhouse, Best Buy / Future Shop, Winners / Home Sense / Marshalls, Starbucks, Quizno's</td>
<td>54%</td>
<td>98%</td>
<td>2028</td>
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<td>100%</td>
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<td>Bank of Montreal</td>
<td>9%</td>
<td>100%</td>
<td>2027</td>
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<td>Tim Horton’s, Mark’s Work Wearhouse</td>
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<td>100%</td>
<td>2029</td>
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<td>2004</td>
<td></td>
<td>545,194</td>
<td>212,089</td>
<td></td>
<td></td>
<td></td>
<td>2029</td>
</tr>
<tr>
<td>Ontario</td>
<td>2000</td>
<td></td>
<td>108,619</td>
<td>7,061</td>
<td>The Beer Store</td>
<td>9%</td>
<td>100%</td>
<td>2028</td>
</tr>
<tr>
<td></td>
<td>2006</td>
<td></td>
<td>105,362</td>
<td>1,777</td>
<td>A&amp;W Food Services</td>
<td>3%</td>
<td>100%</td>
<td>2028</td>
</tr>
<tr>
<td></td>
<td>2006</td>
<td></td>
<td>76,371</td>
<td>16,400</td>
<td>Tim Horton’s, Mark’s Work Wearhouse</td>
<td>26%</td>
<td>100%</td>
<td>2026</td>
</tr>
<tr>
<td></td>
<td>1997</td>
<td>N/A</td>
<td>33,062</td>
<td>5,101</td>
<td>Mark’s Work Wearhouse</td>
<td>23%</td>
<td>100%</td>
<td>2032</td>
</tr>
<tr>
<td></td>
<td>1998</td>
<td>N/A</td>
<td>28,090</td>
<td>7,098</td>
<td>A&amp;W Food Services, Mark’s Work Wearhouse</td>
<td>23%</td>
<td>100%</td>
<td>2029</td>
</tr>
<tr>
<td></td>
<td>2007</td>
<td></td>
<td>98,457</td>
<td>1,776</td>
<td>A&amp;W Food Services</td>
<td>3%</td>
<td>100%</td>
<td>2031</td>
</tr>
<tr>
<td></td>
<td>1999</td>
<td></td>
<td>98,024</td>
<td>16,780</td>
<td>A&amp;W Food Services, Mark’s Work Wearhouse</td>
<td>19%</td>
<td>100%</td>
<td>2031</td>
</tr>
<tr>
<td></td>
<td>1973</td>
<td>N/A</td>
<td>68,429</td>
<td>2,302</td>
<td>Tim Hortons</td>
<td>5%</td>
<td>100%</td>
<td>2024</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td></td>
<td>115,431</td>
<td>11,327</td>
<td>Royal Bank of Canada, McDonald’s Restaurants</td>
<td>10%</td>
<td>100%</td>
<td>2032</td>
</tr>
<tr>
<td></td>
<td>2007</td>
<td></td>
<td>77,457</td>
<td>12,189</td>
<td>Mark’s Work Wearhouse</td>
<td>19%</td>
<td>100%</td>
<td>2028</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>N/A</td>
<td>28,347</td>
<td>1,001</td>
<td>Tim Hortons</td>
<td>10%</td>
<td>100%</td>
<td>2032</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>N/A</td>
<td>99,581</td>
<td>10,093</td>
<td>Mark’s Work Wearhouse</td>
<td>11%</td>
<td>100%</td>
<td>2034</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>N/A</td>
<td>139,554</td>
<td>16,425</td>
<td>Mark’s Work Wearhouse, Toronto Dominion Bank, Dr. Michael Tom</td>
<td>14%</td>
<td>100%</td>
<td>2034</td>
</tr>
<tr>
<td></td>
<td>2007</td>
<td>N/A</td>
<td>106,371</td>
<td>58,557</td>
<td>Shoppers Drug Mart, The Brick, Starbucks, Mark’s Work Wearhouse, Rogers Communications, Toronto Dominion Bank, Royal Bank of Canada, Pearle Vision, Nuchoice Co. Ltd., Boston Pizza, Echoice Inc., Canadian Tire Financial Services</td>
<td>42%</td>
<td>100%</td>
<td>2033</td>
</tr>
<tr>
<td>Ontario Sub-Total</td>
<td>1999</td>
<td></td>
<td>1,183,155</td>
<td>167,887</td>
<td></td>
<td></td>
<td></td>
<td>2030</td>
</tr>
<tr>
<td>Property</td>
<td>Year Built</td>
<td>Year Last Renovated</td>
<td>Canadian Tire GLA (Sq. Ft.)</td>
<td>Total Third Party GLA (Sq. Ft)(1)</td>
<td>Name of Third Party Tenant(s)(1)</td>
<td>% of Year 1 NOI from Third Party Tenants(2)</td>
<td>% Occupied (including Canadian Tire)</td>
<td>Year of Expiry of Canadian Tire Lease</td>
</tr>
<tr>
<td>----------</td>
<td>------------</td>
<td>---------------------</td>
<td>-----------------------------</td>
<td>---------------------------------</td>
<td>---------------------------------</td>
<td>------------------------------------------</td>
<td>-----------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Quebec 1233 Autoroute Duplessis, Ancienne-Lorette</td>
<td>2003</td>
<td>2006</td>
<td>88,961</td>
<td>3,080</td>
<td>Tim Hortons</td>
<td>4%</td>
<td>100%</td>
<td>2030</td>
</tr>
<tr>
<td>Quebec 1751 Boulevard Vézina, Dolbeau-Mistassini(3)</td>
<td>2008</td>
<td>N/A</td>
<td>45,951</td>
<td>7,416</td>
<td>Bridgestone/Firestone</td>
<td>7%</td>
<td>100%</td>
<td>2029</td>
</tr>
<tr>
<td>Quebec 70 rue Simonds N, Granby</td>
<td>1995</td>
<td>2006</td>
<td>98,926</td>
<td>20,000</td>
<td>Brault &amp; Martineau, Mark’s Work Wearhouse</td>
<td>16%</td>
<td>82%</td>
<td>2030</td>
</tr>
<tr>
<td>Quebec 115 Boulevard Brien, Repentigny(2)</td>
<td>1996</td>
<td>2007</td>
<td>105,980</td>
<td>16,255</td>
<td>Mark’s Work Wearhouse, Royal Bank of Canada</td>
<td>16%</td>
<td>100%</td>
<td>2031</td>
</tr>
<tr>
<td>Quebec 155 Rue Trudel, Shawinigan(2)</td>
<td>1999</td>
<td>2007</td>
<td>96,099</td>
<td>9,943</td>
<td>Matelas René Inc., Aliments M&amp;M Meat Shops, Buffet Jan Hing</td>
<td>7%</td>
<td>62%</td>
<td>2031</td>
</tr>
<tr>
<td>Quebec Sub-Total</td>
<td>1999</td>
<td></td>
<td>435,917</td>
<td>56,694</td>
<td></td>
<td></td>
<td></td>
<td>2030</td>
</tr>
<tr>
<td>Quebec Sub Total Third Party Tenants</td>
<td>2000</td>
<td></td>
<td>2,164,266</td>
<td>436,670</td>
<td></td>
<td></td>
<td></td>
<td>2030</td>
</tr>
</tbody>
</table>

**Notes:**

1. Property includes CTC Banner(s) other than Canadian Tire Retail.
2. Property includes a CTC gas bar under a separate quadruple net lease. Each of the gas bars located on the Initial Properties occupies approximately 30,000 to 40,000 square feet of land. The lease expiry of a CTC gas bar lease is identical to the lease expiry of the Canadian Tire Retail store located on this property.
3. The third party tenant at this property leases the land only and not the building.

### Canadian Tire Distribution Centre

<table>
<thead>
<tr>
<th>Property</th>
<th>Site Area (acres)</th>
<th>Ceiling Clearance (Ft.)</th>
<th>Number of Shipping/Receiving Doors</th>
<th>Year Built</th>
<th>Year Last Renovated</th>
<th>CTC GLA (000s of Sq. Ft.)</th>
<th>Year of Expiry of Canadian Tire Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quebec 50 Rue Dupont, Coteau-du-lac</td>
<td>167</td>
<td>40</td>
<td>208</td>
<td>2008</td>
<td>N/A</td>
<td>1,658</td>
<td>2030</td>
</tr>
</tbody>
</table>
EXHIBIT 1 — BOARD MANDATE
CT REAL ESTATE INVESTMENT TRUST
(the “REIT”)
MANDATE OF THE BOARD OF TRUSTEES

1.0 Introduction
The Board of Trustees (the “Board”) of CT Real Estate Investment Trust (the “REIT”) is elected by the unitholders of the REIT (in accordance with the Declaration of Trust) and is responsible for providing governance and stewardship to the REIT. The purpose of this mandate is to describe the principal duties and responsibilities of the Board, as well as some of the policies and procedures that apply to the Board in discharging its duties and responsibilities.

2.0 Chairman of the Board
The Chairman of the Board (the “Chairman”) will be appointed by the Board after considering the recommendation of the Governance, Compensation and Nominating Committee for such term as the Board may determine and shall initially be independent.

3.0 Independence
The Board will be comprised of a majority of independent trustees established by applicable laws and the rules of any stock exchanges upon which the REIT’s units are listed, including section 1.4 of National Instrument 52-110 — Audit Committees, as the same may be amended from time to time.

Where the Chairman is not independent, the independent trustees will select one of the independent trustees to be appointed lead trustee of the Board for such term as the independent trustees may determine. If the REIT has a non-executive Chairman who is independent, then the role of the lead trustee will be filled by the non-executive Chairman. The lead trustee or non-executive Chairman will chair regular meetings of the independent trustees and assume other responsibilities that the independent trustees as a whole have designated.

4.0 Role and Responsibilities of the Board
The responsibilities of the Board include:

• ensuring compliance with the Declaration of Trust;
• monitoring performance of the REIT;
• adopting a strategic planning process and approving strategic goals, performance objectives and operational policies;
• ensuring that processes are in place for identifying and managing the principal risks inherent in the REIT’s business and operations;
• monitoring financial disclosure;
• reviewing and approving the REIT’s distribution policy and approving the timing and payment of distributions;
• reviewing and approving annual operating plans and budgets;
• succession planning, including the appointment, training and supervision of management;
• monitoring financial reporting and management;
• monitoring internal control, enterprise risk management and management information systems;
• overseeing corporate disclosure and communications;
• adopting measures for receiving feedback from stakeholders on material issues; and
• monitoring the REIT’s governance, including adopting key corporate policies designed to ensure that the REIT, its trustees, officers and employees comply with all applicable laws, rules and regulations, and conduct their business ethically and with honesty and integrity.

Meetings of the Board will be held at least quarterly. After each meeting of the Board, the independent trustees may meet without the non-independent trustees. In addition, separate, regularly scheduled meetings of the independent trustees of the Board may be held, at which members of management are not present.

The Board will delegate responsibility for the day-to-day management of the REIT’s business and affairs to the REIT’s senior officers, and will supervise such senior officers appropriately.

The Board may delegate certain matters it is responsible for to Board committees, presently consisting of the Audit Committee, the Governance, Compensation and Nominating Committee, and the Investment Committee. The Board will, however, retain its oversight function and ultimate accountability for these matters and all delegated responsibilities.

5.0 Strategic Planning Process and Risk Management

The Board will adopt a strategic planning process to establish objectives and goals for the REIT’s business, and will review, approve and modify, as appropriate, the strategies proposed by senior management to achieve such objectives and goals. The Board will review and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the REIT’s business and affairs.

The Board, in conjunction with management, will identify the principal risks of the REIT’s business and oversee management’s implementation of appropriate systems to effectively monitor, manage and mitigate the impact of such risks.

6.0 Corporate Social Responsibility, Ethics and Integrity

The Board will provide leadership to the REIT in support of its commitment to Corporate Social Responsibility, set the ethical tone for the REIT and its management, and foster ethical and responsible decision making by management. The Board will take all reasonable steps to satisfy itself of the integrity of the Chief Executive Officer (the “CEO”) and management, as well as satisfy itself that the CEO and management create a culture of integrity throughout the organization.

7.0 Succession Planning, Appointment and Supervision of Management

The Board will approve the succession plan for the REIT, including the selection, appointment, supervision and evaluation of the CEO and the other senior officers of the REIT, and will also approve the compensation of the CEO and the other senior officers of the REIT.

8.0 Delegations and Approval Authorities

The Board will delegate to the CEO and senior management authority over the day-to-day management of the business and affairs of the REIT. This delegation of authority will be subject to specified financial limits and any transactions or arrangements in excess of general authority guidelines will be reviewed by and subject to the prior approval of the Board.

9.0 Monitoring of Financial Reporting and Management

The Board will approve all regulatory filings, including the annual audited financial statements, interim financial statements, the notes and management discussion and analysis accompanying such financial statements, quarterly and annual reports, management proxy circulars, annual information forms, prospectuses, and all capital investments, equity financings, borrowings and all annual operating plans and budgets.
The Board will adopt procedures that seek to: ensure the integrity of internal controls and management information systems; ensure compliance with all applicable laws, rules and regulations; and prevent violations of applicable laws, rules and regulations relating to financial reporting and disclosure, violation of the REIT’s code of business conduct and ethics and fraud against unitholders.

10.0 **Corporate Disclosure and Communications**

The Board will seek to ensure that all corporate disclosure complies with all applicable laws, rules and regulations and the rules and regulations of the stock exchanges upon which the REIT’s securities are listed as well as the Disclosure Policy of the REIT. In addition, the Board will adopt procedures that seek to ensure the Board receives feedback from security holders on material issues.

11.0 **Orientation and Continuing Education**

With the Governance, Compensation and Nominating Committee, the Board shall ensure that all trustees receive a comprehensive orientation program and continuing education in connection with their role, responsibilities, the business of the REIT, and the skills they must use in their roles as trustees.

12.0 **Equity Ownership by Trustees**

The Board shall oversee the trustees’ compliance with the REIT’s equity ownership guidelines.

13.0 **Corporate Policies**

The Board will adopt policies and procedures designed to ensure that the REIT, its trustees, officers and employees comply with all applicable laws, rules and regulations and conduct the REIT’s business ethically and with honesty and integrity. The following policies have been approved:

- Ethical Conduct Policy;
- Code of Business Conduct;
- Disclosure Policy; and
- Securities Trading and Reporting Board Policy.

The Board will review such policies annually or in accordance with the review schedule set out in the policies, if applicable, and, where appropriate, approve changes thereto.

14.0 **Review of Mandate**

The Board will review and assess the adequacy of this mandate, no less than once every three years and, if appropriate, approve changes thereto.
EXHIBIT 2 — AUDIT COMMITTEE CHARTER

CT REAL ESTATE INVESTMENT TRUST
(the “REIT”)

AUDIT COMMITTEE CHARTER

1.0 Introduction

This charter (the “Charter”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “Committee”) of the Board of Trustees (the “Board”) of CT Real Estate Investment Trust (the “REIT”).

2.0 Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight accountabilities with respect to:

- the integrity of the REIT’s financial statements;
- the REIT’s compliance with legal and regulatory requirements as they relate to the REIT’s financial statements;
- the qualifications, independence and performance of the REIT’s external auditor (the “Auditor”);
- financial reporting and disclosure requirements;
- ensuring that an effective risk management and financial control framework has been implemented and tested by management of the REIT;
- internal control over financial reporting and disclosure controls and procedures;
- the effectiveness of oversight functions including, but not limited to, the REIT’s internal audit and risk management functions; and
- such other duties as are set out in this charter or are delegated by the Board from time to time.

3.0 Composition and Membership

(a) The Board will appoint the members (the “Members”) of the Committee. Each Member will be appointed to hold office until his or her term as a Member expires or is terminated or until his or her successor is appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a trustee.

(b) The Committee will consist of no less than three trustees, all of whom will meet the criteria for independence and financial literacy established by applicable laws and the rules of any stock exchanges upon which the REIT’s securities are listed, including National Instrument 52-110 — Audit Committees, as the same may be amended from time to time. A majority of the Members will be residents of Canada.

(c) Each year, the Board will appoint one of the Members to act as the chairman of the Committee (the “Chairman”). If, in any year, the Board does not appoint a Chairman, the incumbent Chairman will continue in office until a successor is appointed. The Chairman will serve in such capacity in accordance with the terms of the Audit Committee Chairman Position Description approved by the Board. The Committee will review and update, no less than once every three years, the Audit Committee Chairman Position Description for approval by the Board.

(d) The secretary or assistant secretary of the REIT, or any person acting in a similar capacity (the “Secretary”), will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. If the Secretary is not in attendance at any meeting, the Committee
will appoint another person who may, but need not, be a Member to act as the secretary of that meeting.

4.0 **Meetings and Operating Procedures**

(a) Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than four (4) times per year. In accordance with the Declaration of Trust, Members may attend all meetings either in person or by means of a conference telephone or other communications equipment by means of which all Members participating in the meeting can hear each other and a Member so participating shall be considered to be present in person at that meeting.

(b) The Chairman, the Chief Executive Officer, the Chief Financial Officer or any Member may call a meeting of the Committee by giving the requisite notice in accordance with the Declaration of Trust. A meeting may also be called at the request of the Auditor.

(c) In accordance with the Declaration of Trust, the Chairman, if present, will act as the chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee the Members in attendance may select one of their Members to act as chairman of the meeting.

(d) In accordance with the Declaration of Trust, a majority of Members will constitute a quorum for a meeting of the Committee. Each Member (including the Chairman) will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolutions signed by all Members.

(e) In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of the REIT to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

(f) The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee, and any trustee who is not a Member is entitled to attend meetings of the Committee. At each meeting of the Committee, the Committee shall meet in private session with the Auditor, with the head of the REIT’s internal audit function, with the head of the REIT’s risk management function, with management, and with Members only.

5.0 **Duties and Responsibilities**

The duties and responsibilities of the Committee as they relate to the following matters are as follows:

5.1 **Financial Reporting and Disclosure**

(a) review and recommend to the Board for approval the audited annual financial statements, including the Auditor’s report thereon, the quarterly financial statements, management discussion and analysis, financial reports, and any guidance with respect to earnings per unit to be given, prior to the public disclosure of such information;

(b) review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual report to unitholders, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such information;

(c) review with management of the REIT, and with the Auditor, significant accounting principles and disclosure issues and alternative treatments under Canadian generally accepted accounting principles (“GAAP”), which includes International Financial Reporting Standards as issued by the International Accounting Standards Board, all with a view to gaining reasonable assurance that financial statements
are accurate, complete and present fairly the REIT’s financial position and the results of its operations in accordance with GAAP;

(d) satisfy itself that adequate procedures are in place for the review of the REIT’s public disclosure of financial information extracted or derived from the REIT’s financial statements or other sources, periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration;

(e) receive a report on each meeting of the disclosure committee held since the last meeting of the Committee;

5.2 Internal Controls and Internal Audit

(a) review the mandate, budget and resourcing, annual plan and organizational structure of the internal audit function to ensure it is independent of management and has sufficient resources to carry out its mandate. The Committee will receive confirmation from the head of the internal audit function that (i) all significant internal audit issues and the status regarding previously reported internal audit issues have been brought to its attention, and (ii) the integrity of the REIT’s internal control framework, including its management information systems, is satisfactory;

(b) review the adequacy and effectiveness of the REIT’s internal controls over financial reporting and disclosure controls and procedures through discussions with management, the head of the internal audit function and the Auditor to ensure that the REIT maintains: (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect the REIT’s transactions; (ii) effective internal control systems; (iii) adequate processes for assessing the risk of material misstatement of the financial statements and other disclosure documents; and (iv) adequate procedures for detecting fraud;

(c) satisfy itself, through discussion with management, that the adequacy of internal controls, systems and procedures has been periodically assessed in order to ensure compliance with regulatory requirements and recommendations;

(d) review and discuss the REIT’s major financial risk exposures with management and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities;

(e) recommend the appointment, or if necessary, the dismissal of the head of the internal audit function;

5.3 External Audit

(a) recommend to the Board a firm of auditors to be nominated for appointment as the Auditor of the REIT by the unitholders of the REIT;

(b) ensure the Auditor reports directly to the Committee on a regular basis;

(c) review the independence of the Auditor, including a written report from the Auditor respecting its independence and consideration of applicable auditor independence standards;

(d) review and recommend to the Board the fee, scope and timing of the audit and other related services rendered by the Auditor;

(e) review the annual audit plan of the Auditor prior to the commencement of the audit;

(f) establish and maintain a direct line of communication with the Auditor and the head of the internal audit function;

(g) oversee the performance of the Auditor, including the lead partner of the Auditor;

(h) oversee the work of the Auditor with respect to preparing and issuing an audit report or performing other audit, review or attest services for the REIT, including the resolution of issues between management of the REIT and the Auditor regarding financial disclosure;
(i) review the results of the external audit and the report thereon including, without limitation, a
discussion with the Auditor as to the quality of accounting principles used, any alternative treatments
of financial information that have been discussed with management of the REIT, and the ramifications
of their use as well as any other material changes. Review a report describing all material written
communication between management and the Auditor such as management letters and schedules of
unadjusted differences;

(j) discuss with the Auditor its perception of the REIT’s financial and accounting personnel, records and
systems, the cooperation which the Auditor received during the course of its review, the availability of
records, data and other requested information and any recommendations with respect thereto, and the
nature and extent of coordination between the Auditor and the internal audit function;

(k) review the reasons for any proposed change in the Auditor which is not initiated by the Committee or
Board and any other significant issues related to the change, including the response of the incumbent
Auditor, and enquire as to the qualifications of the proposed Auditor before making its
recommendations to the Board;

(l) review annually a report from the Auditor in respect of its internal quality-control procedures, any
material issues raised by the most recent internal quality-control review, or peer review of the Auditor,
or by any inquiry or investigation by governmental or professional authorities, within the preceding five
years, respecting one or more independent audits carried out by the Auditor, and any steps taken to
deal with any such issues;

5.4 Enterprise Risk Management

(a) consider the principal risks of the REIT and receive confirmation from the head of the risk
management function that the principal risks have been identified by management and appropriate
policies and systems have been implemented to manage these risks;

(b) review and, in the Committee’s discretion, make recommendations to the Board regarding the
adequacy of the REIT’s risk management policies and procedures with regard to identification of the
REIT’s principal risks and implementation of appropriate systems to manage such risks, including an
assessment of the adequacy of insurance coverage maintained by the REIT;

(c) review the REIT’s enterprise risk management program, including its policies and processes with
respect to risk identification and assessment and management of the REIT’s risk. The Committee shall
receive periodic reports from the head of the risk management function, and the Chairman shall
periodically report to the Board, on any major issues arising from the enterprise risk management
program. The Committee shall oversee the process by which the major risks are reviewed by either the
Committee, another committee of the Board or the Board on a periodic basis;

5.5 Taxation Matters

(a) review the status of taxation matters of the REIT;

5.6 Associated Responsibilities

(a) with respect to the Board policies listed in Appendix A:

(i) review such policies in accordance with the review schedule set out in Appendix A or more
frequently if required and recommend changes, if any, to the Board for its approval;

(ii) review annually the process for monitoring compliance with and communication of the policies set
out in Appendix A and gain reasonable assurance that such process is operating effectively; and

(iii) review regular reports from management and others with respect to the REIT’s compliance with
such policies;
(b) review regular reports from management and others (e.g., the head of the internal audit function and the Auditor) with respect to the REIT’s compliance with laws and regulations having a material impact on the financial statements;

(c) establish procedures for:
   
   (i) the confidential receipt, retention and treatment of complaints received by the REIT regarding accounting, internal accounting controls or auditing matters; and
   
   (ii) the confidential, anonymous submission by trustees, officers and employees of the REIT of concerns regarding questionable accounting or auditing matters;

(d) review and approve the REIT’s hiring policies regarding employees and partners, and former employees and partners, of the present and former Auditor; and

5.7 Non-Audit Services

(a) pre-approve all non-audit services to be provided to the REIT or any subsidiary entities by its Auditor or by the auditor of such subsidiary entities in accordance with the pre-approval policies and procedures established by the Committee. The Committee may delegate to the Chairman the authority to pre-approve non-audit services for any non-audit engagements that do not exceed $100,000 in estimated fees, but pre-approval by the Chairman shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

6.0 Oversight Function

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the REIT’s financial statements are complete and accurate or comply with GAAP and other applicable requirements. These are the responsibilities of management (including the oversight functions) and the Auditor. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the REIT, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the REIT’s financial information or public disclosure.

7.0 Reporting

The Chairman will report to the Board at each Board meeting on the Committee’s activities since the last Board meeting. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

8.0 Access to Information and Authority

The Committee will be granted unrestricted access to all information regarding the REIT that is necessary or desirable to fulfill its duties and all trustees, officers and employees will be directed to cooperate as requested by Members.

The Committee has the authority to retain, at the REIT’s expense, independent legal, financial and other advisors, consultants and experts to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve any such firm’s fees and other retention terms without
prior approval of the Board. The Committee also has the authority to communicate directly with the head of the internal audit function and the Auditor.

9.0 **Review of Charter**

The Committee will review and assess the adequacy of this Charter no less than once every three years, and, if appropriate, recommend changes to this Charter to the Board for approval, except for any minor technical amendments to the Charter, authority for which is delegated to the Secretary, who will report any such amendments to the Committee and the Board at their next regular meetings.
## APPENDIX A

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<tr>
<th>Policies</th>
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<tr>
<td>Disclosure Policy</td>
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<td>Securities Trading and Reporting Board Policy</td>
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<tr>
<td>Code of Business Conduct</td>
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<td>Securities and Counterparty Risk Management Policy</td>
<td>Annually</td>
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<tr>
<td>Leverage and Liquidity Risk Management Policy</td>
<td>Annually</td>
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CERTIFICATE OF THE REIT AND THE PROMOTER

Dated: October 10, 2013

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

CT REAL ESTATE INVESTMENT TRUST

(Signed) KENNETH SILVER
Chief Executive Officer

(Signed) LOUIS FORBES
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) DAVID LAIDLEY
Trustee

(Signed) JOHN O’BRYAN
Trustee

CANADIAN TIRE CORPORATION, LIMITED
(as Promoter)

(Signed) STEPHEN WETMORE
Chief Executive Officer

(Signed) DEAN MCCANN
Chief Financial Officer
CERTIFICATE OF THE UNDERWRITERS

Dated: October 10, 2013

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

RBC Dominion Securities Inc.  CIBC World Markets Inc.

(Signed) Carolyn A. Blair  (Signed) Allan Kimberley

BMO Nesbitt Burns Inc.  Scotia Capital Inc.  TD Securities Inc.

(Signed) Ashish P. Mathur  (Signed) Stephen Sender  (Signed) John Mishra

National Bank Financial Inc.

(Signed) Glen Hirsh

Desjardins Securities Inc.  HSBC Securities (Canada) Inc.

(Signed) Mark Edwards  (Signed) Casey Coates

Canaccord Genuity Corp.  GMP Securities L.P.  Macquarie Capital Markets Canada Ltd.

(Signed) Justin Bosa  (Signed) Andrew Kiguel  (Signed) Mike Mackasey  (Signed) Lucas Atkins