

*This prospectus supplement (the "Prospectus Supplement"), together with the short form base shelf prospectus dated March 5, 2015 to which it relates, as amended or supplemented (the "Base Shelf Prospectus"), and each document deemed to be incorporated by reference into the Base Shelf Prospectus or this Prospectus Supplement 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. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended or any state securities laws, 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 U.S. persons.*

*Information has been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of CT Real Estate Investment Trust, at 2180 Yonge Street, Toronto, Ontario, M4P 2V8 (telephone: 416-480-8725), and are also available electronically at [www.sedar.com](http://www.sedar.com).*

**PROSPECTUS SUPPLEMENT  
(TO A SHORT FORM BASE SHELF PROSPECTUS DATED MARCH 5, 2015)**

New Issue

June 1, 2015



**CT REAL ESTATE INVESTMENT TRUST**

**\$150,000,000 2.852% Series A Senior Unsecured Debentures due June 9, 2022 and \$200,000,000 3.527% Series B Senior Unsecured Debentures due June 9, 2025**

This Prospectus Supplement qualifies the distribution of (i) \$150,000,000 aggregate principal amount of 2.852% series A senior unsecured debentures due June 9, 2022 (the "**Series A Debentures**") and (ii) \$200,000,000 aggregate principal amount of 3.527% series B senior unsecured debentures due June 9, 2025 (the "**Series B Debentures**" and, together with the Series A Debentures, the "**Debentures**") of CT Real Estate Investment Trust (the "**REIT**"). Interest on the Debentures will be payable in equal semi-annual instalments in arrears on June 9 and December 9 in each year, commencing December 9, 2015. The first payment on the Debentures will include accrued and unpaid interest for the period from, and including, the closing date of this offering (the "**Offering**") to, but excluding, the first interest payment date for the Debentures. See "Details of the Offering" for particulars of the material attributes of the Debentures.

	<u>Price to the Public</u>	<u>Agents' Fee</u> <sup>(1)</sup>	<u>Net Proceeds to the REIT</u> <sup>(2)</sup>
Per \$1,000 principal amount of Series A Debentures	\$1,000	\$3.70	\$996.30
Per \$1,000 principal amount of Series B Debentures	\$1,000	\$4.00	\$996.00
Total	\$350,000,000	\$1,355,000	\$348,645,000

Notes:

- (1) Consists of an Agents' fee of 0.37% of the face amount of the Series A Debentures and 0.40% of the face amount of the Series B Debentures.
- (2) Before deducting the REIT's expenses of the Offering, estimated to be \$1,000,000, which together with the Agents' fee, will be paid from the gross proceeds of the Offering.

**There is no market through which these securities may be sold and purchasers may not be able to resell the securities purchased under this Prospectus Supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".**

**An investment in the Debentures is subject to certain risks that should be considered by prospective purchasers. See "Risk Factors".**

At the time of closing of the Offering, the Debentures will qualify for investment based on the assumptions, qualifications and limitations as set out under "Eligibility for Investment".

The REIT's head and registered office is located at 2180 Yonge Street, Toronto, Ontario, M4P 2V8.

RBC Dominion Securities Inc. ("**RBC**") and CIBC World Markets Inc. ("**CIBC**" and, together with RBC the "**Joint Bookrunners**"), BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and National Bank Financial Inc. (collectively, with the Joint Bookrunners, the "**Agents**") as agents, conditionally offer the Debentures qualified under this Prospectus Supplement for sale, on a best efforts basis, subject to prior sale, if, as and when issued by the REIT and accepted by the Agents in accordance with the conditions contained in the agency agreement between the REIT and the Agents referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the REIT by Stikeman Elliott LLP and on behalf of the Agents by Osler, Hoskin & Harcourt LLP.

**RBC, CIBC, BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc. and National Bank Financial Inc. are affiliates of Canadian chartered banks that have provided to the REIT a \$200 million committed operating credit facility (the "Credit Facility"), together with a \$100 million accordion provision. In addition, RBC, CIBC, BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and National Bank Financial Inc. are affiliates of Canadian chartered banks that have provided credit lines to CTC (as defined below) in the aggregate principal amount of approximately \$3.65 billion. Consequently, the REIT may be considered a "connected issuer" of each of RBC, CIBC, BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and National Bank Financial Inc. under applicable Canadian securities laws. See "Plan of Distribution".**

The REIT has been advised by the Agents that, in connection with the Offering and subject to applicable laws, the Agents may effect transactions that stabilize or maintain the market price of the Debentures at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Subscriptions for the Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Subject to customary closing conditions, the closing of the Offering will take place on June 9, 2015 or on such other date as the REIT and the Agents may agree, but in any event not later than June 16, 2015. Registrations and transfers of Debentures will be effected electronically through the book-entry only system administered by CDS Clearing and Depository Services Inc. or a successor ("**CDS**"). Beneficial owners of Debentures will not, except in certain limited circumstances, be entitled to receive physical certificates evidencing their ownership of Debentures. See "Details of the Offering" and "Plan of Distribution".

**It is expected that the Debentures will be rated "BBB+" by Standard and Poor's Ratings Service ("S&P") and "BBB(high)" by DBRS Limited ("DBRS"). Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and**

**do not speak to the suitability of any particular securities for any particular investor. The credit ratings assigned to the Debentures by each of S&P and DBRS are not a recommendation to purchase, hold or sell such Debentures. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the ratings. Ratings may be revised or withdrawn at any time by the respective rating organization. See "Credit Ratings".**

Unless the context otherwise requires, all references to the "REIT" in this Prospectus Supplement refer to CT Real Estate Investment Trust and its subsidiaries, including the Partnership, on a consolidated basis.

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## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Base Shelf Prospectus solely for the purpose of the distribution of the Debentures.

The following documents filed with the securities commission or similar authority in each of the provinces and territories of Canada are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement and the Base Shelf Prospectus:

- (a) the annual information form of the REIT dated February 23, 2015 for the year ended December 31, 2014 (the “**AIF**”);
- (b) the unaudited interim financial statements of the REIT and the notes thereto as at March 31, 2015 (the “**Interim Financial Statements**”);
- (c) management’s discussion and analysis for the Interim Financial Statements (the “**Interim MD&A**”);
- (d) the audited consolidated financial statements of the REIT as at December 31, 2014, and for the year ended December 31, 2014, together with the notes thereto and auditor’s report thereon (the “**Annual Financial Statements**”);
- (e) management’s discussion and analysis for the Annual Financial Statements (together with the Interim MD&A, the “**MD&A**”);
- (f) the notice of annual meeting and management information circular of the REIT dated March 10, 2015;
- (g) the template version of the REIT’s investor presentation utilized in connection with the Offering dated May 25, 2015 (the “**Investor Presentation**”);
- (h) the template version of the indicative term sheet in respect of the Series A Debentures dated June 1, 2015 (the “**Series A Indicative Term Sheet**”);
- (i) the template version of the indicative term sheet in respect of the Series B Debentures dated June 1, 2015 (the “**Series B Indicative Term Sheet**”);
- (j) the template version of the final term sheet in respect of the Series A Debentures dated June 1, 2015 (the “**Series A Final Term Sheet**”); and
- (k) the template version of the final term sheet in respect of the Series B Debentures dated June 1, 2015 (the “**Series B Final Term Sheet**”, and together with the Investor Presentation, the Series A Indicative Term Sheet, the Series B Indicative Term Sheet and the Series A Final Term Sheet, the “**Marketing Materials**”).

Any statement contained in the Base Shelf Prospectus, in this Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference herein or in the Base Shelf Prospectus for the purposes of the distribution of Debentures will be deemed to be modified or superseded, for purposes of this Prospectus Supplement, to the extent that a statement contained herein or in the Base Shelf Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the Base Shelf Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or included any other information set out in

the document that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Any documents of the types referred to in the preceding paragraphs (a) through (k), material change reports (other than confidential material change reports, if any), business acquisition reports and other documents disclosing additional or updated information as may be required to be incorporated by reference herein under applicable securities laws, which are filed by the REIT with the securities regulatory authorities in any of the provinces and territories of Canada after the date of this Prospectus Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus Supplement.

### **MARKETING MATERIALS**

The Marketing Materials are not part of this Prospectus Supplement or the Base Shelf Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus Supplement or any amendment. Any “template version” of “marketing materials” (each as 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 in connection with this Offering after the date hereof but prior to the termination of the distribution of the Debentures under this Prospectus Supplement (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference herein and in the Base Shelf Prospectus.

### **FORWARD-LOOKING STATEMENTS**

This Prospectus Supplement, and the documents incorporated by reference herein, contains forward-looking information that reflects management’s current expectations relating to matters such as future financial performance and operating results of the REIT. Forward-looking statements are provided for the purposes of providing information about management’s current expectations and plans and allowing prospective investors and others to get a better understanding of the anticipated financial position, results of operations and operating environment of the REIT. Readers are cautioned that such information may not be appropriate for other purposes.

All statements in this Prospectus Supplement, and the documents incorporated herein by reference, other than statements of historical fact, may constitute forward-looking information, including, but not limited to, statements concerning: the REIT’s ability to execute its growth strategies; the REIT’s distribution policy and the distributions to be paid to holders of Units or holders of units of the Partnership; the REIT’s capital strategy and its impact on the financial performance of the REIT; the REIT’s access to available sources of debt and/or equity financing; future 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 (as defined below); the REIT’s ability to qualify as a “mutual fund trust”, as defined in the *Income Tax Act* (Canada), and as a “real estate investment trust”, as defined in the rules applicable to SIFT trusts and SIFT partnerships in the *Income Tax Act* (Canada); interest rates and the future interest rate environment; and the REIT’s relationship with CTC, including in respect of (i) CTC’s retained interest in the REIT, (ii) various services provided to the REIT (whether directly or indirectly) by CTC, and (iii) certain other commercial arrangements regarding future acquisition and development opportunities. The REIT has based 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 Canadian tax laws and the interpretation and enforcement thereof will 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 and the documents incorporated herein by reference.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “believe”, “estimate”, “plan”, “can”, “could”, “should”, “would”, “outlook”, “forecast”, “anticipate”, “aspire”, “foresee”, “continue”, “ongoing” or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analyses, beliefs and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made.

By its very nature, forward-looking information requires management to make assumptions and is subject to inherent risks and uncertainties, which give rise to the possibility that management’s assumptions, estimates, analyses, beliefs and opinions may not be correct and that the REIT’s expectations and plans will not be achieved. Examples of management’s beliefs, which may prove to be incorrect, include, but are not limited to, beliefs about general economic conditions, the financial position, business strategy, availability of acquisitions, budgets, capital expenditures, financial results, taxes, and plans and objectives of or involving the REIT. Particularly, statements regarding future acquisitions, developments, intensifications, distributions, results, performance, achievements, prospects or opportunities for the REIT or the real estate industry are forward-looking statements. Although the REIT believes that the forward-looking information in this Prospectus and the documents incorporated herein by reference is based on information, assumptions and beliefs that are current, reasonable and complete, this information is necessarily subject to a number of factors that could cause actual results to differ materially from management’s expectations and plans as set forth in such forward-looking information. Some of the factors - many of which are beyond the REIT’s control and the effects of which can be difficult to predict - include: (a) marketplace, including changes in economic conditions, the competitive environment, interest rates or tax rates; (b) the future financial performance and operating results of CTC; and (c) risks and uncertainties relating to outsourced business activities, property management and development, environmental liabilities, and business disruption.

The key risks and uncertainties, and the material factors and assumptions applied in preparing forward-looking information that could cause actual results to differ materially from predictions, forecasts, projections, expectations or conclusions are discussed under “Risk Factors” in this Prospectus Supplement, the Base Shelf Prospectus, the AIF and the MD&A.

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

## ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to the REIT, and Osler, Hoskin & Harcourt LLP, counsel to the Agents, based on the current provisions of the Tax Act, provided that on the closing of the Offering (i) the REIT qualifies as a “mutual fund trust” within the meaning of the Tax Act and (ii) Units are listed on a designated stock exchange in Canada (which currently includes the Toronto Stock Exchange (the “TSX”)), the Debentures will be, on the closing of the Offering, qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), registered education savings plans, registered disability savings plans, tax-free savings accounts (“TFSAs”) and deferred profit sharing plans (other than trusts governed by deferred profit sharing plans to which contributions are made by the REIT).

Notwithstanding that the Debentures may be qualified investments for a TFSA, RRSP or RRIF, the holder of a TFSA, or the annuitant of a RRSP or RRIF, as the case may be, will be subject to a penalty tax on the Debentures if such Debentures are a “prohibited investment” (as defined in the Tax Act) for the TFSA, RRSP or RRIF. The Debentures will not be a “prohibited investment” for a TFSA, RRSP or RRIF provided that the holder of the TFSA or the annuitant of the RRSP or RRIF, as applicable, (i) deals at arm’s length with the REIT for purposes of the Tax Act and (ii) does not have a “significant interest” (within the meaning of the Tax Act) in the REIT. Holders of a TFSA and annuitants of a RRSP or RRIF should consult their own tax advisors as to whether the Debentures will be prohibited investments in their particular circumstances.

## 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”).

It is expected that S&P will provide a credit rating of “BBB+”, with a “Stable” outlook, relating to the Debentures. 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”, and “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.

It is expected that DBRS will provide a credit rating of “BBB(high)”, with a “Stable” trend, relating to the Debentures. A credit rating of “BBB” 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 S&P or DBRS if, in its judgment, circumstances so warrant.



The rating of any debt securities is not a recommendation to buy, sell or hold such securities, inasmuch as such ratings do not comment as to market price or suitability for a particular investor. See “Risk Factors – Credit Rating and Credit Risk”.

The REIT has paid customary rating fees to S&P and DBRS in connection with the above mentioned ratings and its issuer ratings, and may pay customary ratings fees to S&P and DBRS in connection with the confirmation of such ratings for the purpose of this Prospectus Supplement. The REIT has not made any payments to S&P and DBRS in respect of any other service provided to the REIT by S&P or DBRS.

## DEFINITIONS

For purposes of the Debentures, the following terms will be defined substantially as follows:

“**Acquired Indebtedness**” means the Indebtedness of a Person (i) existing at the time such Person becomes a Subsidiary of the REIT, or (ii) assumed by the REIT or any of its Subsidiaries in connection with the acquisition of assets from such Person, calculated as of the date such Person becomes a Subsidiary of the REIT or the date of such acquisition other than, in each case, Indebtedness incurred in connection with or in contemplation of such Person’s becoming a Subsidiary of the REIT or of such acquisition.

“**Aggregate Adjusted Assets**” as at any date means the Aggregate Assets as at the relevant Calculation Reference Date, provided that the component amount thereof that would otherwise comprise the amount shown on the REIT’s balance sheet as “investment properties” (or its equivalent) shall be instead calculated as the amount obtained by applying the Capitalization Factor as at such Calculation Reference Date to determine the fair value of the REIT’s assets that would comprise “investment properties” as at such date, using the valuation methodology described by the REIT in its then most recently published annual or interim financial statements or management’s discussion and analysis, applied consistently in accordance with past practice.

“**Aggregate Assets**” as at any date means the total assets of the REIT, excluding goodwill and future income tax assets, determined on a consolidated basis and in accordance with GAAP, and giving effect to the Proportionate Consolidation Adjustments and to the extent applicable, adjusted for any adjustments which correspond to those made in accordance with the definition of Consolidated EBITDA (other than fair value adjustments reflecting an increase or decrease in the fair value of investment properties).

“**Balance Sheet Date**” has the meaning given to that term under “Details of the Offering – Certain Covenants in the Trust Indenture – Restrictions on Additional Indebtedness”.

“**Book-Based System**” means the record entry securities transfer system known as at the date of the First Supplemental Indenture by the name “Depository Service”, which is administered by CDS in accordance with the operating rules and procedures of the securities settlement service of CDS, in force from time to time, and any successor system thereof.

“**Calculation Reference Date**” means, with respect to any date, the last day of the most recently completed fiscal quarter of the REIT, unless otherwise noted.

“**Capital Lease Obligation**” of any Person means the obligation of such Person, as lessee, to pay rent or other payment amounts under a lease of real or personal property which is required to be classified and accounted for as a finance lease or a liability on a consolidated balance sheet of such Person in accordance with generally accepted accounting principles.

**“Capitalization Factor”** means, as at the relevant Calculation Reference Date, the amount determined as the simple average of the weighted average capitalization rates published by the REIT in reference to the calculation of the fair value of its assets in the REIT’s annual or interim financial statements or management’s discussion and analysis published for each of the eight (8) most recently completed fiscal quarters (including the fiscal quarter in which the relevant Calculation Reference Date occurs), provided that (i) for the first six (6), seven (7) and eight (8) fiscal quarters of the REIT commencing with the First Fiscal Quarter, such average shall be calculated using only such available fiscal quarters, and (ii) the first fiscal quarter of the REIT shall be deemed to be the interim period from October 23, 2013 to December 31, 2013 (the **“First Fiscal Quarter”**).

**“Change of Control”** means the acquisition by a Person, or group of Persons acting jointly or in concert, directly or indirectly, other than such an acquisition by or of CTC, any of its Subsidiaries (other than the REIT) or one or more of the Permitted Transferees, of more than 50% of the aggregate voting rights attached to the 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).

**“Change of Control Triggering Event”** has the meaning given to that term under **“Details of the Offering – Repurchase upon Change of Control Triggering Event”**.

**“Class A LP Units”** means the Class A limited partnership units of the Partnership, and **“Class A LP Unit”** means any one of them.

**“Class B LP Units”** means the Class B limited partnership units of the Partnership, and **“Class B LP Unit”** means any one of them.

**“Class C LP Units”** means the Class C limited partnership units of the Partnership, and **“Class C LP Unit”** means any one of them.

**“Class D LP Units”** means the Class D limited partnership units of the Partnership, and **“Class D LP Unit”** means any one of them.

**“Consolidated EBITDA”** for any period means Consolidated Net Income for such period increased by the sum of, without duplication (i) Consolidated Interest Expense for such period, (ii) depreciation and amortization expense for such period, and (iii) Consolidated Income Tax Expense for such period (other than income taxes, either positive or negative, attributable to unusual or non-recurring gains or losses or other non-cash gains or losses as adjusted for in calculating Consolidated Net Income).

**“Consolidated Income Tax Expense”** for any period means the income tax expense of the REIT for such period, determined on a consolidated basis and in accordance with GAAP and including Proportionate Consolidation Adjustments.

**“Consolidated Indebtedness”** as at any date means the consolidated Indebtedness of the REIT as at such date determined on a consolidated basis in accordance with GAAP and including Proportionate Consolidation Adjustments.

**“Consolidated Interest Expense”** for any period means the aggregate amount of interest expense of the REIT, adjusted in all cases for Proportionate Consolidation Adjustments in respect of Consolidated Indebtedness, Capital Lease Obligations, the original issue discount (or, as applicable, premium) of any Consolidated Indebtedness issued at a price less than (or, as applicable, more than) the face amount thereof paid, accrued or scheduled to be paid or accrued during such period and, to the extent interest

has been capitalized on projects that are under development or held for future development during the period, the amount of interest so capitalized (including Proportionate Consolidation Adjustments), all as determined on a consolidated basis in accordance with GAAP; provided that, (A) notwithstanding its presentation under GAAP all interest expense in respect of convertible debenture Indebtedness and Subordinated Indebtedness will be included at the face rate of interest thereon and, for the purpose of calculations made in respect of the Debentures, distributions paid on the Class C LP Units will be included and (B) for the avoidance of doubt, distributions in respect of the Class B LP Units will not be included in determining Consolidated Interest Expense.

**“Consolidated Net Income”** for any period means the net income (loss) of the REIT for such period determined on a consolidated basis in accordance with GAAP, excluding (i) any gain or loss attributable to the sale or other disposition of any asset or liability of the REIT, other than the sale or disposition of income properties held for resale, (ii) any non-cash changes in fair value gains or losses of the REIT, determined on a consolidated basis in accordance with GAAP, (iii) other non-recurring items, and including (iv) any Proportionate Consolidation Adjustments; and including or excluding, as applicable, the related tax impact of items (i) to (iii).

**“Consolidated Secured Indebtedness”** at any date means the Consolidated Indebtedness of the REIT that is secured in any manner by any Lien as at such date, determined in accordance with GAAP and including Proportionate Consolidation Adjustments.

**“Consolidated Unsecured Indebtedness”** at any date means the Consolidated Indebtedness of the REIT that is not secured in any manner by any Lien as at such date, determined in accordance with GAAP and including Proportionate Consolidation Adjustments.

**“Coverage Ratio”** has the meaning given to that term under “Details of the Offering – Certain Covenants in the Trust Indenture – Maintenance of the Unencumbered Aggregate Adjusted Assets”.

**“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.

**“Debentures”** means, collectively, the Series A Debentures and the Series B Debentures.

**“Debt Service”** means, for any period, the sum of (without duplication) (i) Consolidated Interest Expense for such period and (ii) all regularly scheduled principal payments made with respect to Consolidated Indebtedness during such period (other than any balloon, bullet or similar principal payable at maturity or which repays such Indebtedness in full).

**“First Supplemental Indenture”** means the first supplemental indenture to the Indenture to be dated as of the date of closing of the Offering and providing for the creation and issuance of the Series A Debentures.

**“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, as at the date on which any calculation or other determination is made or required to be made in accordance therewith.

**“General Partner”** means CT REIT GP Corp., a corporation existing under the laws of the Province of Ontario. **“GLA”** means gross leasable area.

**“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 CPA Canada 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 generally accepted accounting principles), (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 a Person only to the extent that it would appear as a liability on the consolidated balance sheet of such Person in accordance with generally accepted accounting principles, (B) obligations referred to in clauses (i) through (iii) exclude trade accounts payable, distributions payable to holders of the Units, 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 is presented as a current liability on the balance sheet, and (C) Units, Class A LP Units, Class B LP Units, Class C LP Units, Class D LP Units and exchangeable securities do not constitute Indebtedness.

“**Indebtedness Percentage**” has the meaning given to that term under “Details of the Offering – Certain Covenants in the Trust Indenture – Restrictions on Additional Indebtedness”.

“**Indenture**” means the trust indenture between the REIT and the Indenture Trustee, dated as of June 9 2015, pursuant to which the Debentures will be created and issued.

“**Indenture Trustee**” means BNY Trust Company of Canada.

“**Lien**” means any security interest, encumbrance, lien, hypothec, mortgage, pledge, charge or any other arrangement (including a deposit arrangement) or condition that in substance secures payment or performance of an obligation.

“**Material Subsidiary**” at any date means any Subsidiary of the REIT which, having regard to the Unitholders’ Equity attributable to that Subsidiary, constitutes more than 10% of Unitholders’ Equity calculated as at such date.

“**Non-Recourse Indebtedness**” means any Indebtedness of a Subsidiary of the REIT which is a single purpose company or any Subsidiary of the REIT whose principal assets and business are constituted by a particular property and pursuant to the terms of such Indebtedness payment is to be made from the revenues arising out of such property with recourse for such payment being available only to the revenues or the assets of such single purpose company or such property.

“**Offering**” means the offering of Debentures pursuant to this Prospectus Supplement.

“**Participants**” has the meaning given to that term under “Details of the Offering – Depository Services”.

“**Partnership**” means CT REIT Limited Partnership, a limited partnership formed under the laws of the Province of Ontario and, as the circumstances require, references to the “**Partnership**” shall include, as

and to the extent applicable, such other limited partnerships that may be Subsidiaries of the REIT from time to time.

**“Permitted Indebtedness”** means: Indebtedness of (A) the REIT owed to any of its Subsidiaries and (B) any Subsidiary of the REIT owed to the REIT and/or another of the REIT’s Subsidiaries (each of the entities in (A), and (B) being for this purpose a **“related entity”**), provided, however, that the provisions of this subsection (a) will no longer be applicable, (i) upon the subsequent transfer or other disposition of such Indebtedness to any Person that is not a related entity, to the amount that was so transferred or otherwise disposed of to such other Person; or (ii) in the case of Indebtedness of the REIT owed to any of its Subsidiaries, upon the subsequent issuance or disposition of common shares, units or equivalent equity securities (including, without limitation, by consolidation or merger) of such Subsidiary which results in such Subsidiary ceasing to be a Subsidiary of the REIT (and thereby for this purpose a **“third party”**), to the amount of such Indebtedness equal to the product obtained by multiplying the amount of such Indebtedness by the percentage of common shares, units or equivalent equity securities of the third party owned immediately after such issuance or disposition of such common shares, units or equivalent equity securities by Persons other than the REIT or one of its Subsidiaries, and, in each case, such amount of such Indebtedness will be deemed for the purpose of the calculation of the Indebtedness Percentage to have been incurred at the time of such transfer, issuance or disposition; and (b) Indebtedness of the REIT or any of its Subsidiaries which is incurred or the proceeds of which are used to renew, extend, repay, redeem, purchase, refinance or refund (each a **“refinancing”**) any Indebtedness of the REIT or any of its Subsidiaries outstanding as of the date hereof or permitted to be incurred hereunder, provided, however, that (i) the Indebtedness which is incurred will not exceed the aggregate principal amount of all Indebtedness which is so refinanced at such time, plus the amount of any premium required to be paid in connection with such refinancing pursuant to the terms of the Indebtedness which is so refinanced or the amount of any premium reasonably determined by the REIT or the relevant Subsidiary as necessary to accomplish such refinancing by means of a tender offer or privately negotiated agreement, plus the expenses of the REIT and the relevant Subsidiary incurred in connection with such refinancing; and (ii) the Indebtedness which is incurred, the proceeds of which are used to refinance the Debentures or Indebtedness of the REIT or any of its Subsidiaries which ranks equally and rateably with the Debentures or Indebtedness of the REIT or any of its Subsidiaries which is subordinate in right of payment to the Debentures, will only be permitted if, in the case of any refinancing of the Debentures or Indebtedness of the REIT or any of its Subsidiaries which ranks equally and rateably with the Debentures, the Indebtedness which is incurred is made equal and rateable to the Debentures, or subordinated to the Debentures and, in the case of any refinancing of the Indebtedness of the REIT or any of its Subsidiaries which is subordinate to the Debentures, the Indebtedness which is incurred is made subordinate to the Debentures at least to the same extent as is such Indebtedness which is being refinanced.

**“Permitted Transferee”** means (a) Martha G. Billes; (b) Owen G. Billes; (c) any children of Martha G. Billes or Owen G. Billes; (d) any corporation (including, but not limited to, Tire ‘N’ Me Pty. Ltd. and Albikin Management Inc.) where (i) more than fifty percent (50%) of the voting rights attaching to all voting securities of the corporation, which, if exercised, are sufficient to elect a majority of its board of directors, or (ii) equity securities representing greater than fifty percent (50%) of the economic value of the corporation, in either circumstance, are owned, directly or indirectly, by Martha G. Billes, Owen G. Billes and/or any of their children; (e) any partnership, limited partnership, trust or other entity (each being referred to as an **“Entity”**) where (i) voting securities of such Entity carrying more than fifty percent (50%) of the voting rights attaching to all voting securities of the Entity or (ii) securities or other rights representing greater than fifty percent (50%) of the economic value of the Entity, in either circumstance, are owned, directly or indirectly, by Martha G. Billes, Owen G. Billes and/or any of their children; (f) any other Person, provided that Martha G. Billes, Owen G. Billes and/or any of their children has the ability to exercise control and direction over the activities of such Person, whether as a result of the ownership of securities or other rights, by agreement, arrangement or otherwise; and (g) any trust, provided one or

more of the Persons referred to in (a) to (f) above are entitled to the majority of the beneficial interests of such trust.

“**Person**” includes an individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“**Proportionate Consolidation Adjustments**” means accounting adjustments to reflect assets, liabilities, equity, revenues and expenses on a proportionate basis in place of the REIT’s use of equity accounting in accordance with GAAP with respect to real estate investments or interests in which the REIT participates.

“**Rating**” means a final rating, if any, assigned to the senior unsecured debt of the REIT or to the REIT, as applicable, by a Specified Rating Agency.

“**Reference Period**” means the most recently completed four fiscal quarters for which consolidated financial statements of the REIT have been publicly released preceding the date of a calculation.

“**REIT**” means CT Real Estate Investment Trust and any successor of CT Real Estate Investment Trust.

“**Second Supplemental Indenture**” means the second supplemental indenture to the Indenture to be dated as of the date of closing of the Offering and providing for the creation and issuance of the Series B Debentures.

“**Secured Coverage Ratio**” has the meaning given to that term under “Details of the Offering – Certain Covenants in the Trust Indenture – Restrictions on Additional Indebtedness”.

“**Series A Debentures**” means the \$150,000,000 aggregate principal amount of 2.852% Series A senior unsecured debentures of the REIT due June 9, 2022.

“**Series B Debentures**” means the \$200,000,000 aggregate principal amount of 3.527% Series B senior unsecured debentures of the REIT due June 9, 2025.

“**Secured Coverage Ratio**” has the meaning given to that term under “Details of the Offering – Certain Covenants in the Trust Indenture – Restrictions on Additional Indebtedness”.

“**Special Voting Units**” means, collectively, special voting units in the capital of the REIT, and “**Special Voting Unit**” means any one of them.

“**Specified Rating Agencies**” shall mean each of Moody’s Investors Service Inc. (“**Moody’s**”), S&P, DBRS and Fitch Ratings Inc. (“**Fitch**”) as long as, in each case, it has not ceased to rate the Debentures of the particular series or failed to make a rating of Debentures of the particular series publicly available for reasons outside of the REIT’s control; provided that if one or more of Moody’s, S&P, DBRS or Fitch ceases to rate the applicable series of Debentures or fails to make a rating of the applicable series of Debentures publicly available for reasons outside of the REIT’s control, the REIT may select any other “approved rating organization” within the meaning of National Instrument 41-101 *General Prospectus Requirements* as a replacement agency for such one or more of them, as the case may be.

“**Subordinated Indebtedness**” means Indebtedness of the REIT (or its successor) (i) that is expressly subordinate in right of payment to the Debentures and the obligations of the REIT and its Subsidiaries under its revolving credit facilities and (ii) in connection with the issuance of which each Specified Rating Agency confirms in writing that its Rating, if any, for the Debentures upon the issuance of the Indebtedness will be at least equal to the Rating accorded to the Debentures immediately prior to the issuance of the Indebtedness.

“**Subsidiary**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus and Registration Exemptions*, as at the date of the Indenture.

“**Supplement Indentures**” means, collectively, the First Supplemental Indenture and the Second Supplemental Indenture, and “**Supplement Indenture**” means any one of them.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder.

“**Unencumbered Aggregate Adjusted Assets**” as at any date means the Aggregate Assets as at the relevant Calculation Reference Date (excluding any amount relating to assets that are Encumbered), provided that the component amount thereof that would otherwise comprise the amount shown on a balance sheet as “Investment properties” (or its equivalent) shall be instead calculated as the amount obtained by applying the Capitalization Factor as at such Calculation Reference Date to determine the fair value of the REIT’s assets that would comprise “Investment properties” (excluding assets that are Encumbered) using the valuation methodology described by the REIT in its then most recently published annual or interim financial statements or management’s discussion and analysis, applied consistently in accordance with past practice.

“**Unitholders**” means holders of Units.

“**Unitholders’ Equity**” at any time, means the aggregate of (i) the aggregate amount of unitholders’ equity of the REIT plus (ii) the aggregate capital ascribed to the Class B LP Units plus (iii) the aggregate capital ascribed to the Class C LP Units plus (iv) the aggregate capital ascribed to the Class D LP Units, (v) plus any other class of units of the REIT, from time to time, in each case as shown on the REIT’s most recently published annual or interim consolidated balance sheet at such time and calculated as at such date in accordance with GAAP.

“**Units**” means trust units in the capital of the REIT, excluding Special Voting Units, and “**Unit**” means any one of them.

All dollar amounts herein are in Canadian dollars unless otherwise stated.

## THE REIT

The REIT is an unincorporated, closed-end real estate investment trust established pursuant to a declaration of trust dated as of July 15, 2013, as amended and restated October 22, 2013 (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, Toronto, Ontario, M4P 2V8. The REIT was formed to own income producing commercial properties located primarily in Canada. The REIT commenced operations on October 23, 2013.

The REIT indirectly owns, through the Partnership, a portfolio of 279 properties containing over 20 million square feet of gross leasable area (“GLA”) across Canada. The portfolio consists of 273 retail properties across Canada, 2 distribution centres, an interest in 1 mixed-use property, and 3 development properties upon which future CTC banner stores may be built (collectively, the “Properties”). The retail properties are made up of (i) 241 properties with a standalone Canadian Tire retail store, (ii) 29 properties anchored by a Canadian Tire retail store and containing one or more stores operating under a banner owned or licensed by CTC or certain of its subsidiaries and/or third party tenants and (iii) 3 multi-tenant properties not anchored by a Canadian Tire retail store. The 270 Canadian Tire retail stores range in size from 12,000 square feet of GLA to 140,000 square feet of GLA. As at March 31, 2015, 97.9% of the GLA of the Properties was attributable to CTC.

The principal objective of the REIT is to create Unitholder value over the long-term by generating reliable, durable and growing monthly cash distributions on a tax-efficient basis. To achieve this objective, management is focusing on expanding the REIT’s asset base while also increasing its adjusted funds from operations. Future growth is expected to be achieved from a number of sources including the following: (1) the current portfolio of Canadian Tire store leases contain contractual annual rent escalations of 1.5% per year, on average, over the initial term of the leases and have a weighted average remaining lease term of 14.3 years; (2) the REIT has contractual arrangements with CTC whereby the REIT has a right of first offer on all current and future CTC properties which meet the REIT’s investment criteria and preferential rights, subject to certain exceptions, to participate in the development of, and to acquire, certain new retail properties; and (3) the REIT will seek to use its relationship with CTC to obtain insights into potential real estate acquisitions and development opportunities in markets across Canada.

Further information regarding the REIT and its business is set out in the AIF, which is incorporated by reference herein.

## RECENT DEVELOPMENTS

There have been no material developments in the business of the REIT since March 31, 2015, the date of the REIT’s unaudited interim financial statements for the periods ended March 31, 2015, which have not been disclosed in this Prospectus or the documents incorporated by reference herein.

Consistent with the REIT’s past practice and in the normal course of business, the REIT is engaged in discussions, and has various agreements, with respect to possible acquisitions of new properties and dispositions of existing properties in its portfolio. However, there can be no assurance that these discussions or agreements will result in acquisitions or dispositions or, if they do, what the final terms or timing of such acquisitions or dispositions would be. The REIT expects to continue current discussions and to actively pursue other acquisition, investment and disposition opportunities.

## INTEREST AND EARNINGS COVERAGE

### Earnings Coverage Ratios

As of June 1, 2015, the REIT’s interest requirements, after giving *pro forma* effect to transactions



involving the issuances of long-term debt and changes in indebtedness not reflected in the financial information of the REIT for the twelve month period ended March 31, 2015 (including, but not limited to, the offering of the Debentures and the anticipated redemption of certain securities as described under “Use of Proceeds”) and all servicing costs that have been, or are expected to be, incurred in connection therewith, but without giving effect to changes in income taxes which result from the change in interest expense for the twelve month period ended March 31, 2015 would have been \$88.3 million and its net income (before deducting interest expense and income taxes) for such period would have been \$288.1 million which is 3.26 times the REIT’s *pro forma* interest requirements for such period (or 3.00 times when excluding fair value adjustments).

As of June 1, 2015, the REIT’s interest requirements, after giving *pro forma* effect to transactions involving the issuances of long-term debt and changes in indebtedness not reflected in the financial information of the REIT for the twelve month period ended December 31, 2014 (including, but not limited to, the offering of the Debentures and the anticipated redemption of certain securities as described under “Use of Proceeds”) and all servicing costs that have been, or are expected to be, incurred in connection therewith, but without giving effect to changes in income taxes which result from the change in interest expense for the period ended December 31, 2014 would have been \$87.6 million and its net income (before deducting interest expense and income taxes) for such period would have been \$400.7 million which is 4.58 times the REIT’s *pro forma* interest requirements for such period (or 2.96 times when excluding fair value adjustments).

**Debt Service Coverage Ratio**

The Supplemental Indentures will each contain a covenant that the REIT will maintain at all times a ratio of Consolidated EBITDA to Debt Service (the “**Debt Service Coverage Ratio**”) of not less than 1.50 to 1.00. The calculation of such ratio will be based on the defined terms of Consolidated EBITDA and Debt Service to be contained in the Supplemental Indentures. This ratio is different than the earnings coverage ratios set forth above, which have been prepared in accordance with applicable Canadian securities law. Canadian securities law requires the calculation to be based upon earnings and includes a full 12 months of *pro forma* interest expense on indebtedness incurred subsequent to the end of the respective calculation periods as if the indebtedness was incurred at the beginning of the calculation period but gives no credit to income derived from the associated use of proceeds other than interest savings on the repayment, redemption or retirement of other indebtedness. The Debt Service Coverage Ratio calculated in accordance with the terms of the Supplemental Indentures for the twelve month period ended March 31, 2015 gives *pro forma* effect to the Offering and to acquisitions and dispositions of income producing assets, debt incurred and debt retired during or subsequent to the calculation period including the anticipated repayment of certain indebtedness as described under “Use of Proceeds” and the associated annual income therefrom as if these transactions occurred at the beginning of the calculation period. The Debt Service Coverage Ratio for the REIT as of June 1, 2015 for the twelve month period ended March 31, 2015 (including *pro forma* adjustments as required under the Supplemental Indentures) is approximately 3.02 times, as set out in the following table:

	<i>Pro forma for the twelve month period ended March 31, 2015</i>
	<hr/>
Numerator – Consolidated EBITDA (\$) (in thousands of dollars).....	\$273,900
Denominator – Debt Service (\$) (in thousands of dollars) .....	\$90,661
Debt Service Coverage Ratio.....	3.02 times

**MATERIAL CHANGES TO CONSOLIDATED CAPITALIZATION**

There have been no material changes in the consolidated capitalization of the REIT since March 31, 2015, the date of the Interim Financial Statements, which have not been disclosed in this Prospectus Supplement or in the documents incorporated by reference herein.

## DETAILS OF THE OFFERING

*The following is a brief summary of the material attributes and characteristics of the Debentures which does not purport to be complete. For full particulars, reference is made to the Indenture, the First Supplemental Indenture providing for, among other things, the creation and issue of the Series A Debentures and the Second Supplemental Indenture providing for, among other things, the creation and issue of the Series B Debentures (the Indenture, as supplemented by the Supplemental Indentures, is referred to as the "Trust Indenture"). Should any conflict arise between the following summary and the Trust Indenture, the terms of the Trust Indenture will govern.*

### **General**

The Series A Debentures will be issued in \$1,000 denominations initially issued for a purchase price of \$1,000 for each \$1,000 principal amount of Series A Debentures, will be dated June 9, 2015, will bear interest at the rate of 2.852% per annum, payable in equal semi-annual instalments on June 9 and December 9 in each year, with the first payment of interest due on December 9, 2015 and will mature on June 9, 2022.

The Series B Debentures will be issued in \$1,000 denominations initially issued for a purchase price of \$1,000 for each \$1,000 principal amount of Series B Debentures, will be dated June 9, 2015, will bear interest at the rate of 3.527% per annum, payable in equal semi-annual instalments on June 9 and December 9 in each year, with the first payment of interest due on December 9, 2015 and will mature on June 9, 2025.

The aggregate principal amount of the Series A Debentures and the Series B Debentures that may be issued under the applicable Supplemental Indenture will be unlimited.

### **Rank**

The Debentures will be direct senior unsecured obligations of the REIT and will rank equally and ratably with one another and with all other unsecured and unsubordinated Indebtedness of the REIT, except to the extent prescribed by law.

### **Redemption by the REIT**

The Series A Debentures are redeemable at any time prior to May 9, 2022 at the option of the REIT, in whole or in part, on payment of a redemption price equal to the greater of (i) the applicable Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the date fixed for redemption. Canada Yield Price is a price equal to the price of the Series A Debentures calculated to provide a yield to maturity equal to the Government of Canada Yield calculated on the date on which the REIT gives notice of redemption plus 0.385%. The Series A Debentures may be redeemed at any time on or after May 9, 2022 at the option of the REIT, in whole or, from time to time, in part, on not fewer than 30 nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount thereof together with accrued and unpaid interest.

The Series B Debentures are redeemable at any time prior to March 9, 2025 at the option of the REIT, in whole or in part, on payment of a redemption price equal to the greater of (i) the applicable Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the date fixed for redemption. Canada Yield Price is a price equal to the price of the Series B Debentures calculated to provide a yield to maturity equal to the Government of Canada Yield calculated on the date on which the REIT gives notice of redemption plus 0.465%. The Series B Debentures may be redeemed at any time on or after March 9, 2025 at the option of the REIT, in whole or, from time to time, in part, on not fewer than 30 nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount thereof together with accrued and unpaid interest.

Where less than all of the Series A Debentures or Series B Debentures are to be redeemed pursuant to their terms, the applicable Debentures to be so redeemed will be redeemed on a pro rata basis according to the principal

amount of Debentures registered in the respective name of each holder of Debentures or in such other manner as the Indenture Trustee may consider equitable, provided that such selection will be proportionate.

For the purposes of the foregoing provisions in respect of the Series A Debentures, the following terms will be defined in the First Supplemental Indenture (pursuant to which the Series A Debentures will be issued) substantially as follows:

**“Canada Yield Price”** as at any date, means a price for the principal amount of the Series A Debentures issued hereunder to be redeemed, exclusive of accrued and unpaid interest, calculated to provide a yield to May 9, 2022 equal to the Government of Canada Yield on that date plus 0.385%.

**“Government of Canada Yield”** as at any date, means the arithmetic average of the respective percentages determined by two major Canadian investment dealers selected by the REIT to be the yield to maturity, which, assuming semi-annual compounding, would be carried by a non-callable Government of Canada bond, having a term to maturity equal to the remaining term to May 9, 2022 and issued in Canada at 100% of its principal amount.

For the purposes of the foregoing provisions in respect of the Series B Debentures, the following terms will be defined in the Second Supplemental Indenture (pursuant to which the Series B Debentures will be issued) substantially as follows:

**“Canada Yield Price”** as at any date, means a price for the principal amount of the Series B Debentures issued hereunder to be redeemed, exclusive of accrued and unpaid interest, calculated to provide a yield to March 9, 2025 equal to the Government of Canada Yield on that date plus 0.465%.

**“Government of Canada Yield”** as at any date, means the arithmetic average of the respective percentages determined by two major Canadian investment dealers selected by the REIT to be the yield to maturity, which, assuming semi-annual compounding, would be carried by a non-callable Government of Canada bond, having a term to maturity equal to the remaining term to March 9, 2025 and issued in Canada at 100% of its principal amount.

### **Purchase of Debentures**

The REIT may at any time and from time to time purchase Debentures in the market (which will include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or private contract at any price. Debentures that are so purchased will be cancelled and will not be reissued or resold.

### **Certain Covenants in the Trust Indenture**

Each of the Supplemental Indentures will contain covenants substantially to the following effect, in addition to those prescribed in the Indenture.

#### *Consolidated EBITDA to Debt Service Ratio*

The REIT will maintain at all times a ratio of Consolidated EBITDA to Debt Service of not less than 1.50:1.00.

Each of the Supplemental Indentures will provide that Consolidated EBITDA to Debt Service will be calculated on a pro forma basis for the Reference Period, giving effect to the Indebtedness to be incurred, Indebtedness incurred to the date of calculation and, in each case, to the application of the proceeds therefrom and, for this purpose, (i) all Indebtedness incurred since the first day of the Reference Period and the

application of the proceeds therefrom, including Indebtedness incurred to refinance other Indebtedness, will be deemed to have occurred at the beginning of the Reference Period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility will be computed based on the average daily balance of such Indebtedness during the reference period), (ii) the repayment or retirement of any other Indebtedness since the first day of the Reference Period will be deemed to have been repaid or retired at the beginning of the Reference Period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility will be computed based upon the average daily balance of such Indebtedness during the Reference Period), (iii) in the case of Acquired Indebtedness incurred since the first day of the Reference Period, the related acquisition will be deemed to have occurred as of the first day of the Reference Period with the appropriate adjustments with respect to such acquisition being included in such *pro forma* calculation and (iv) in the case of any acquisition or disposition by the REIT or its Subsidiaries of any asset or group of assets since the first day of the Reference Period, whether by merger, share purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Indebtedness will be deemed to have occurred as of the first day of the Reference Period with the appropriate adjustments with respect to such acquisition or disposition being included in such *pro forma* calculation.

#### *Restrictions on Additional Indebtedness*

The REIT will not incur, or permit any Subsidiary to incur, any Indebtedness, other than Permitted Indebtedness, unless:

(A) (i) the quotient (expressed as a percentage) obtained by dividing the sum of Consolidated Indebtedness (excluding any convertible Indebtedness) plus the aggregate amount of capital ascribed to the Class C LP Units by the amount of Aggregate Adjusted Assets and calculated on a pro forma basis would be less than or equal to 60%, and (ii) the quotient (expressed as a percentage) obtained by dividing the sum of Consolidated Indebtedness (including, for certainty, any convertible Indebtedness) plus the aggregate amount of capital ascribed to the Class C LP Units by the amount of Aggregate Adjusted Assets and calculated on a pro forma basis would be less than or equal to 65% (the 60% and 65% percentages in the preceding clauses (i) and (ii) being the “**Indebtedness Percentage**”); and

(B) the ratio of (i) Consolidated Secured Indebtedness and unsecured Indebtedness of the Partnership, to (ii) Aggregate Adjusted Assets and calculated on a pro forma basis (the “**Secured Coverage Ratio**”) would not be more than 40%.

The Supplemental Indentures will provide that the Indebtedness Percentage and the Secured Coverage Ratio will be calculated on a pro forma basis as at the date of the REIT’s most recently published annual or interim consolidated balance sheet (the “**Balance Sheet Date**”) giving effect to the incurrence of the Indebtedness to be incurred and the application of the proceeds therefrom and to any other event that has increased or decreased Consolidated Indebtedness or Consolidated Secured Indebtedness, convertible Indebtedness, the capital ascribed to the Class C LP Units or Aggregate Adjusted Assets (in each case, as applicable to such calculation) since the Balance Sheet Date to the date of calculation.

#### *Maintenance of Unencumbered Aggregate Adjusted Assets*

The REIT will maintain at all times a ratio of Unencumbered Aggregate Adjusted Assets (excluding construction assets and other non-income producing assets) to the aggregate principal amount of the REIT’s outstanding Consolidated Unsecured Indebtedness (excluding Subordinated Indebtedness) (the “**Coverage Ratio**”) of not less than 1.50:1.00.

Each of the Supplemental Indentures will provide that the Coverage Ratio will be calculated on a *pro forma* basis as at the Balance Sheet Date giving effect to the incurrence of the Indebtedness to be incurred and the

application of proceeds therefrom and to any other event that has increased or decreased Consolidated Unsecured Indebtedness (other than Subordinated Indebtedness) or Unencumbered Aggregate Adjusted Assets (excluding construction assets and other non-income producing assets) since the Balance Sheet Date to the date of calculation.

#### *Restrictions on Consolidations and Mergers*

The REIT or any Subsidiary may not consolidate with, amalgamate or merge with or into or sell, assign, transfer or lease all or substantially all of its properties and assets (other than pursuant to an internal reorganization of the REIT pursuant to a conversion to an open-end trust or otherwise) unless:

- (i) one or more of the REIT or its Subsidiaries acquires substantially all of such property, or the REIT or a Subsidiary shall be the surviving person, or the entity (the “**Successor**”), if other than the REIT or a Subsidiary, as the case may be, formed by such consolidation or amalgamation or into which the REIT is merged or the entity which acquires by operation of law or by conveyance or by transfer the assets of the REIT substantially as an entirety (i) is a corporation or unincorporated organization organized or existing under the laws of Canada or any province or territory thereof, and (ii) (except where such assumption is deemed to have occurred solely by the operation of law) the Successor assumes under a supplemental indenture with the Indenture Trustee in form satisfactory to counsel to the Indenture Trustee, all obligations of the REIT under the Indenture, any supplemental indenture and the Debentures, and such transaction to the satisfaction of the Indenture Trustee and in the opinion of counsel will be upon such terms to preserve and not to impair any of the rights and powers of the Indenture Trustee and of the holders of any Debentures;
- (ii) immediately before and immediately after giving effect to such transaction, no Event of Default (as defined in the Indenture) has occurred and is continuing;
- (iii) where any supplemental indenture includes a covenant restricting the amount of Indebtedness the REIT may incur, immediately before and immediately after giving effect to such transaction, the Successor could incur at least \$1.00 of Indebtedness under such supplemental indenture; and
- (iv) the REIT shall have delivered to the Indenture Trustee a Certificate (as defined in the Indenture) and an opinion of counsel, each stating that such consolidation, amalgamation, merger, sale, assignment, lease or transfer and such supplemental indenture comply with Article 9 of the Indenture and that all conditions precedent contained in the Indenture relating to such transaction have been complied with.

#### **Depository Services**

Except as otherwise provided below, the Debentures will be issued in “book-entry only” form and must be purchased or transferred through participants (“**Participants**”) in the depository service of CDS, which include securities brokers and dealers, banks and trust companies. On the closing of the Offering, the REIT will cause a global certificate or certificates representing the Debentures (each, a “**Global Debenture**”) to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of a Debenture will be entitled to a certificate or other instrument from the REIT or CDS evidencing that holder’s ownership thereof, and no holder of Debentures will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such holder of Debentures. It is expected that each holder of Debentures will receive a customer confirmation of purchase from the registered dealer from which the

Debenture is purchased in accordance with the practices and procedures of that registered dealer. Practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Debentures.

Debentures will be issued in fully registered form to holders or their nominees other than CDS or its nominee if: (a) the REIT determines that CDS is no longer willing or able to discharge properly its responsibilities as depository and the REIT is unable to locate a qualified successor, (b) the REIT at its option elects, or is required by law, to terminate the book-entry system through CDS, or (c) after the occurrence of an Event of Default, holders of Debentures representing beneficial interests aggregating over 50% of the outstanding principal amount of Debentures determine that the continuation of the book-entry system is no longer in their best interests.

Neither the REIT nor the Agents will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in the Base Shelf Prospectus and this Prospectus Supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and beneficial owners must look solely to Participants for the payment of the principal, interest on the Debentures paid by or on behalf of the REIT to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to certain exceptions): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

## **Transfers**

Transfers of ownership in the Debentures will be effected only through records maintained by CDS or its nominee for such Debentures with respect to interests of Participants and on the records of Participants with respect to interests of persons other than Participants. Holders of Debentures who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interest in the Debentures, may do so only through Participants.

The ability of a holder of Debentures to pledge a Debenture or otherwise take action with respect to such holder's interest in the Debenture (other than through a Participant) may be limited due to the lack of a physical certificate.

## **Payment of Interest and Principal**

Except in the case of payment on maturity, in which case payment may be made on surrender of the Global Debenture, payments of interest and principal on each Global Debenture will be made to CDS as registered holder of the Global Debenture. Interest payments on the Global Debenture may be made by cheque dated the date interest is payable and delivered to CDS two days before the date interest is payable. Payments of interest may also be made, at the option of the REIT, by electronic funds transfer to CDS on the date interest is payable. Principal payments on the Global Debenture may be made by cheque dated the maturity date and delivered to CDS at maturity against receipt of the Global Debenture. Payments of principal may also be made, at the option of the REIT, by electronic funds transfer to CDS on the maturity date. As long as CDS is the registered holder of the Global Debenture, CDS will be considered the sole owner of the Global Debenture for the purpose of receiving payment on the Debentures and for all other purposes under the Trust Indenture and the Debentures.

The REIT expects that CDS, upon receipt of any payment of principal or interest in respect of a Global Debenture, will credit Participants' accounts, on the date principal or interest is payable, with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Debenture as shown on the records of CDS. The REIT also expects that payments of principal and interest by Participants to the owners of beneficial interests in such Global Debenture held through such Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants. The responsibility and liability of the REIT and the Indenture Trustee in respect of Debentures represented by the Global Debenture is limited to making payment of any principal and interest due on such Global Debenture to CDS.

If the date for payment of any amount of principal or interest on any Debenture is not a business day at the place of payment, then payment will be made on the next business day and the holder of the Debenture will not be entitled to any further interest or other payment in respect of the delay.

### **Repurchase upon Change of Control Triggering Event**

If a Change of Control Triggering Event (as defined herein) occurs with respect to a series of Debentures, unless the REIT has exercised its optional right to redeem all of the Debentures of that series as described under "Redemption by the REIT" above, the REIT will be required to make an offer to repurchase all or, at the option of the holder of that series of the Debentures, any part (equal to \$1,000 or an integral multiple thereof) of each holder's Debentures of that series pursuant to the offer described below (the "**Change of Control Offer**") on the terms set forth in the applicable Supplemental Indenture. In the Change of Control Offer, the REIT will be required to offer payment in cash equal to 101% of the aggregate outstanding principal amount of Debentures of the series to be repurchased together with accrued and unpaid interest on such series of Debentures to the date of repurchase.

Within 30 days following any Change of Control Triggering Event, the REIT will be required to give written notice to holders of the applicable series of Debentures describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Debentures of the applicable series on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given (the "**Change of Control Payment Date**"). The REIT must comply with the requirements of applicable securities laws and regulations in connection with the repurchase of the Debentures of the particular series as a result of a Change of Control Triggering Event. To the extent that the provisions of any such applicable securities laws and regulations conflict with the Change of Control (as defined herein) provisions, the REIT will be required to comply with such laws and regulations and will not be deemed to have breached its obligations to repurchase such series of Debentures by virtue of such conflict.

The REIT will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer (and for at least the same purchase price payable in cash) and such third party purchases all Debentures of such series properly tendered and not withdrawn under its offer.

**"Change of Control Triggering Event"** shall mean the occurrence of both a Change of Control and a Rating Event.

**"Investment Grade Rating"** shall mean a rating equal to or higher than "Baa3" (or the equivalent) by Moody's Investors Service Inc., "BBB-" (or the equivalent) by S&P, "BBB (low)" (or the equivalent) by DBRS, or "BBB-" (or the equivalent) by Fitch Ratings Inc. or the equivalent investment grade credit rating from any other Specified Rating Agency.

**"Rating Event"** shall mean any of (A) the Rating of the particular series of Debentures is lowered to below an Investment Grade Rating by at least two of the Specified Rating Agencies if there are more

than two Specified Rating Agencies or all of the Specified Rating Agencies if there are less than three Specified Rating Agencies (the “**Required Threshold**”) on any day within the 60-day period (which 60-day period will be extended so long as the Rating of Debentures of such series is under publicly announced consideration for a possible downgrade by such number of the Specified Rating Agencies which, together with Specified Rating Agencies which have already lowered their ratings on the Debentures of such series as aforesaid, would aggregate in number the Required Threshold, but only to the extent that, and for so long as, a Change of Control Triggering Event would result if such downgrade were to occur) after the earlier of (i) the occurrence of a Change of Control, and (ii) public notice of the occurrence of a Change of Control or of the REIT’s intention or agreement to effect a Change of Control, (B) the Rating of the particular series of Debentures by the Required Threshold is below an Investment Grade Rating upon the occurrence of a Change of Control and the Rating of the particular series of Debentures by the Required Threshold remains below an Investment Grade Rating 30 days after the occurrence of such Change of Control (which 30-day period will be extended so long as the Rating of Debentures of such series is under publicly announced consideration for a possible increase by such number of the Specified Rating Agencies which, together with Specified Rating Agencies which have already increased their ratings on the Debentures of such series as aforesaid, would aggregate in number the Required Threshold), and (C) following the occurrence of a Change of Control, one or more of the Specified Rating Agencies cease to rate the Debentures of the particular series such that only one Specified Rating Agency continues to rate the Debentures.

### **Maintenance of Properties**

The REIT will maintain and keep or cause to be maintained and kept in good condition, repair and working order all of the properties owned by it or any of its Subsidiaries used in its business or in the business of any of its Subsidiaries and will make or cause to be made all necessary repairs and renewals to and replacements and improvements of these properties, in each case as in its judgment may be necessary to carry on its business properly and prudently. Notwithstanding the foregoing, the REIT and its Subsidiaries will not be prohibited from selling or transferring any of their properties in the ordinary course of business.

### **Insurance**

The REIT will maintain and cause its Subsidiaries to maintain prudent property and liability insurance and/or similar arrangements.

### **Events of Default**

The Indenture provides that each of the following events will constitute an event of default (each, an “**Event of Default**”) under the Debentures:

- (a) the REIT defaults in payment of principal;
- (b) the REIT defaults in payment of any interest when due where such default continues for a period of 15 days after the relevant interest payment date;
- (c) the REIT defaults in the performance of or is in breach of any covenant under the Debentures or the Indenture in connection with that series of Debentures where such default or breach continues for a period of 30 days after the Indenture Trustee has given notice in writing to the REIT specifying the nature of such breach or default, and requiring the REIT to remedy such breach or default unless the Indenture Trustee (having regard to the subject matter of such breach or default) agrees to a longer period and, in such event, within the period agreed to by the Indenture Trustee;



- (d) the rendering of a final judgment or judgments (not subject to appeal) rendered against the REIT or any Material Subsidiary in an aggregate amount in excess of \$25 million by a court or courts of competent jurisdiction, which remains or remain undischarged or unstayed for a period of 60 days after the date on which the right or rights to appeal has or have expired, as the case may be;
- (e) default by the REIT or any Material Subsidiary under the terms of any Indebtedness (other than any Non-Recourse Indebtedness) where that default results in such Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable (after expiration of any applicable grace period) unless such acceleration is waived or rescinded; provided that the aggregate of all such Indebtedness which is accelerated exceeds \$25 million; and
- (f) certain events of bankruptcy, insolvency, winding up or dissolution related to the REIT or a Material Subsidiary as set out in the Indenture.

Subject to the provisions of the Trust Indenture relating to the duties of the Indenture Trustee, in case an Event of Default applicable to a series of Debentures occurs and is continuing, the Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Trust Indenture at the request or direction of any of the holders of Debentures of such series, unless such holders have offered to indemnify the Indenture Trustee to its reasonable satisfaction.

If an Event of Default (other than an Event of Default described in paragraph (f) above) occurs and is continuing with respect to a particular series of Debentures, the Indenture Trustee may, in its discretion, or will, upon receiving instruction from the holders of at least 25% in aggregate principal amount of the outstanding Debentures of such series, accelerate the maturity of all Debentures of such series; provided that, notwithstanding any other provisions of the Trust Indenture, after such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of outstanding Debentures of that series may rescind and annul such acceleration in certain circumstances described in the Indenture. See “— Modification and Waiver” below. If an Event of Default specified in paragraph (f) above occurs, the outstanding Debentures will become immediately due and payable without any declaration or other act on the part of the Indenture Trustee or any holder of Debentures.

### **Defeasance**

The Trust Indenture contains provisions requiring the Indenture Trustee to release the REIT from its obligations under the Indenture and a Supplemental Indenture relating to the Series A Debentures or the Series B Debentures, as applicable, provided that, among other things, the REIT satisfies the Indenture Trustee that it has deposited funds or made due provision for the payment of the expenses of the Indenture Trustee and for payment of all principal and interest and other amounts due or to become due in respect of such series of Debentures.

### **Modification and Waiver**

The rights of the holders of Debentures issued under the Indenture and the applicable Supplemental Indenture may be modified if authorized by extraordinary resolution. If the proposed modification affects the rights of the holders of a separate series of debentures issued under a supplemental indenture to the Indenture rather than all of the debt securities of the REIT, the approval of a like proportion of the holders of such separate series of debt securities outstanding under such supplemental indenture will be required.

Notwithstanding the above, the approval of holders of 75% of the outstanding principal amount of Debentures of any series will be required to (a) change the stated maturity of the principal, the redemption price

of, or any installment of interest on, any Debentures of such series, (b) reduce the principal amount of, or interest or premium (if any) on, any Debentures of such series, (c) change the place or currency of payment of the principal of, premium (if any) on redemption price of or interest on, any Debentures of such series, or (d) amend the percentage of Debentures of such series necessary to approve an extraordinary resolution; provided in no event will the exercise of such power by the holders of the Debentures derogate in any way from the rights of the REIT or pursuant to the Indenture.

The holders of a majority of the outstanding principal amount of the Debentures of a series, on behalf of all holders of Debentures of that series, may waive compliance by the REIT with certain restrictive provisions of the Trust Indenture relating to such series. Subject to certain rights of the Indenture Trustee as provided in the Trust Indenture, the holders of a majority of the outstanding principal amount of the Debentures of a series, on behalf of all holders of Debentures of such series, may waive certain Events of Default under the Trust Indenture with respect to such series of Debentures.

### **Financial Information**

The REIT has covenanted in the Indenture to deliver to the Indenture Trustee its audited annual financial statements and unaudited interim financial statements at such time as such statements are delivered to Canadian securities regulators or, in the event that the REIT is no longer required to deliver such statements to Canadian securities regulators, at such time as the REIT would be required to deliver such statements to Canadian securities regulators if the REIT was a reporting issuer.

### **PLAN OF DISTRIBUTION**

Pursuant to an agency agreement (the “**Agency Agreement**”) dated June 1, 2015 between the Agents and the REIT, the REIT has agreed to sell and the Agents have severally agreed to offer for sale (i) \$150,000,000 aggregate principal amount of the Series A Debentures and (ii) \$200,000,000 aggregate principal amount of the Series B Debentures, as agents of the REIT, on a best efforts basis, if, as and when issued by the REIT subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Agency Agreement. The offering price of each series of Debentures was established by negotiation between the REIT and the Agents. The closing of the Offering is expected to occur on June 9, 2015 or such other date as the REIT and the Agents may agree, but in any event not later than June 16, 2015. The obligations of the Agents under the Agency Agreement are several and not joint and several, are conditional, and may be terminated at the Agents’ discretion upon the occurrence of certain stated events, including (i) certain stated material changes with respect to the REIT and its subsidiaries (including the Partnership), taken as a whole, (ii) certain stated events materially adversely affecting the financial markets in Canada or the United States or the business, operations or affairs of the REIT and its subsidiaries (including the Partnership), taken as a whole, and (iii) the state of the financial markets in Canada or the United States is such that in the reasonable opinion of the Agents, the Debentures cannot be profitably marketed.

In consideration for their services in connection with the Offering, the REIT has agreed to pay the Agents a fee of \$3.70 per \$1,000 principal amount of Series A Debentures and \$4.00 per \$1,000 principal amount of Series B Debentures, being an aggregate fee of \$1,355,000. Subscriptions for Debentures 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. While the Agents have agreed to use their best efforts to sell the Debentures offered hereby, they are not obligated to purchase any Debentures which are not sold. Assuming that all of the Debentures contemplated in the Offering are sold, the net proceeds of the Offering, after deducting the Agents’ aggregate fee of \$1,355,000 and the expenses of the Offering estimated at \$1,000,000, are estimated to be approximately \$347,645,000. See “Use of Proceeds”.

**There is no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures. This may affect the pricing of the Debentures in the secondary market, the transparency**

**and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See “Risk Factors”.**

The REIT has been advised by the Agents that, in connection with the Offering, the Agents may effect transactions which stabilize or maintain the market price of the Debentures at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Agents are entitled under the Agency Agreement to indemnification by the REIT against certain liabilities including liabilities under securities legislation, or to contribution with respect to payments that they may be required to make in respect thereof.

Under the Agency Agreement, the REIT has agreed that it will not, without the prior written consent of the Joint Bookrunners, on behalf of the Agents, such consent not to be unreasonably withheld or delayed, create, issue or sell any debt securities of the REIT issued under the Trust Indenture, or any securities convertible into or exchangeable for such debt securities, or enter into an agreement to do any of the foregoing, for the period up to and including 60 days after the closing date of the Offering other than the Debentures and any mortgages or other charges granted on specific properties owned or acquired by the REIT or any of its affiliates.

The Debentures have not been and will not be registered under the United States Securities Act of 1933 (the “**U.S. Securities Act**”). Accordingly, except in certain transactions exempt from the registration requirements of the U.S. Securities Act, the Debentures may not be offered, sold or delivered within the United States, and each Agent or selling agent has agreed that it will not offer, sell or deliver the Debentures within the United States. This Prospectus Supplement does not constitute an offer to sell or solicitation of an offer to buy any of the Debentures in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Debentures within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act.

**RBC, CIBC, BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc. and National Bank Financial Inc. are affiliates of Canadian chartered banks that have provided to the REIT a \$200 million committed operating credit facility (the “Credit Facility”), together with a \$100 million accordion provision. See “Use of Proceeds”. In addition, RBC, CIBC, BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and National Bank Financial Inc. are affiliates of Canadian chartered banks that have provided credit lines to CTC in the aggregate principal amount of approximately \$3.65 billion. Consequently, the REIT may be considered a “connected issuer” of each of RBC, CIBC, BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and National Bank Financial Inc. under applicable Canadian securities laws. The decision to issue the Debentures and the determination of the terms of the Offering were made through negotiation between the REIT and the Agents. The financial institutions of which such Agents are affiliates did not have any involvement in such decision or determination although such financial institutions may be advised of the Offering and the terms thereof. As a consequence of the Offering, each of such Agents will receive its proportionate share of the Agents’ 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.**

#### **USE OF PROCEEDS**

The estimated net proceeds to the REIT from the Offering, after deducting fees payable to the Agents and the estimated expenses of the Offering, will be approximately \$347,645,000. The REIT intends to use approximately \$200 million of the proceeds of the Offering to repay in full certain indebtedness owing to CTC that was incurred on June 1, 2015 in connection with the redemption by the Partnership of the Series 1 Class C LP Units held by CTC and pay down certain amounts outstanding under its Credit Facility, and to retain the balance

of the proceeds for general business purposes. The Series 1 Class C LP Units were issued by the Partnership to CTC as partial consideration for the acquisition of the REIT's initial portfolio of properties upon the REIT's initial public offering in October 2013. The Credit Facility is used by the REIT for general business purposes, including property acquisitions and development activities.

### 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 Agents, 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 Debentures, including entitlements to all payments thereunder, as a beneficial owner pursuant to this Offering and who, for purposes of the application 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 is not affiliated with the REIT, acquires and holds their Debentures as capital property, and is not exempt from tax under Part I of the Tax Act (a "**Holder**"). Generally, the Debentures will be considered to be capital property to a Holder provided that the Holder does not acquire or hold such Debentures in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Debentures 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 Debentures and all other "Canadian securities" as defined in the Tax Act owned by such Holder in the taxation year in which the election is made and in all subsequent taxation years, deemed to be capital property. Holders who do not hold their Debentures 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 reports 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 Debentures. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire Debentures under this Offering and assumes that no Holder has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act with respect to the Debentures.

This summary is based upon the facts set out in this Prospectus Supplement and the Base Shelf Prospectus, 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 Canada Revenue Agency (the "**CRA**") published in writing by 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 CRA's administrative policies or 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 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 Debentures. The income and other tax consequences of acquiring, holding or disposing of Debentures 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. Accordingly, prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences of an investment in Debentures in their particular circumstances.**

## **Interest on Debentures**

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on a Debenture that accrues or is deemed to accrue to it to the end of the taxation year (or if the Holder disposes of a Debenture in the year, that accrues or is deemed to accrue to it until the time of disposition) or that has become receivable by or is received by the Holder before the end of that taxation year, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing income for a taxation year all interest on a Debenture that is received or receivable by such Holder in that taxation year (depending on the method regularly followed by the Holder in computing income), except to the extent that the interest was included in the Holder's income for a preceding taxation year. In addition, if at any time a Debenture should become an "investment contract" (as defined in the Tax Act) in relation to the Holder, such Holder will be required to include in computing its income for a taxation year all interest (not otherwise required to be included in income) that accrues or is deemed to accrue on the Holder's Debentures to the end of any "anniversary day" (as defined in the Tax Act) in that year. For this purpose, an anniversary day means the day that is one year after the day immediately preceding the date of issue of a Debenture, the day that occurs at every successive one year interval from that day and the day on which the Holder disposes of the Debenture.

The amount of any premium paid by the REIT to a Holder on a redemption, purchase for cancellation or repayment of a Debenture will generally be deemed to be interest received at that time by such Holder and will be required to be included in computing the Holder's income as described above if such premium is paid by the REIT because of the redemption, purchase for cancellation or repayment by it of the Debenture before maturity, but only to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of payment of, the interest that, but for the redemption, purchase for cancellation or repayment, would have been paid or payable by the REIT on the Debenture for taxation years of the REIT ending after that time.

A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act), including amounts of interest.

## **Dispositions of Debentures**

On a disposition or deemed disposition of a Debenture by a Holder, including on redemption, payment on maturity or purchase for cancellation, a Holder will generally be required to include in income for the taxation year in which the disposition occurs the amount of interest accrued or deemed to accrue on the Debenture from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year. In general, a disposition or deemed disposition of a Debenture will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any accrued interest and any other amount required to be included in computing income as interest exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof immediately before the disposition or deemed disposition and any reasonable costs of disposition.

One-half of the amount of any capital gain (a "taxable capital gain") realized by a Holder in a taxation year on a disposition or deemed disposition of a Debenture 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 in a taxation year on the disposition or deemed disposition of a Debenture 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.

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

## **RISK FACTORS**

There are risks associated with an investment in the Debentures being distributed under the Offering. In addition to the risks described herein, reference is made to the section entitled “Risk Factors” in the AIF and the risks described in the MD&A, all of which are incorporated herein by reference. If any of such or other risks materialize, the REIT’s business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. There is no assurance that risk management steps taken by the REIT will avoid future loss due to the occurrence of the below described or other unforeseen risks.

### **Credit Rating and Credit Risk**

There can be no assurance that the credit ratings assigned to the Debentures will remain in effect for any given period of time or that the ratings will not be lowered, withdrawn or revised by one or more of the Specified Rating Agencies at any time. Real or anticipated changes in the credit ratings on the Debentures may affect the market value of the Debentures, and may also affect the cost at which the REIT can access the capital markets. See “Credit Ratings”.

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the REIT and its creditworthiness. In addition, the Debentures will be unsecured obligations of the REIT, ranking behind any secured indebtedness that the REIT may incur. As of the date of closing of the Offering, the REIT will have a nominal amount of secured indebtedness outstanding.

### **Structural Subordination of the Debentures**

Liabilities of a parent entity with assets held by various Subsidiaries may result in the structural subordination of the lenders to the parent entity. The parent entity is entitled only to the residual equity of its Subsidiaries after all debt obligations of its Subsidiaries are discharged. In the event of a bankruptcy, liquidation or reorganization of the REIT, holders of indebtedness of the REIT (including holders of the Debentures) would be structurally subordinated to lenders to the Subsidiaries of the REIT. In order to have sufficient funds to make interest and principal payments on the Debentures, the REIT will principally rely on distributions and other payments from the Partnership on the Class D LP Units held by the REIT, which are equity securities and rank pari passu with the Class C LP Units.

### **Coverage Ratios**

The REIT may be unable to pay interest or principal on the Debentures when due. In order to assess this risk, please see “Interest and Earnings Coverage – Earnings Coverage Ratios” and “Interest and Earnings Coverage – Debt Service Coverage Ratio”.

### **Market Value Fluctuation**

Prevailing interest rates will affect the market value of the Debentures, as they carry a fixed interest rate. Assuming all other factors remain unchanged, the market value of the Debentures, which carry a fixed interest rate, will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

## **Market for the Debentures and Trading Prices of the Debentures**

There is currently no trading market for the Debentures and purchasers may not be able to resell Debentures purchased under this Prospectus Supplement. No assurance can be given that an active or liquid trading market for the Debentures will develop or be sustained. If an active or liquid market for the Debentures fails to develop or be sustained, the liquidity and prices at which the Debentures trade may be adversely affected. Whether or not the Debentures will trade at lower prices depends on many factors, including liquidity of the Debentures, prevailing interest rates and the markets for similar securities, general economic conditions and the REIT's financial condition and future prospects. Moreover, the Debentures will not be publicly listed for trading on any stock exchange. The Agents may, but are not obligated to, make a market for the Debentures, subject to applicable laws and regulations and any market making may be discontinued at any time.

## **Inability of the REIT to Purchase Debentures upon a Change of Control Triggering Event**

The REIT may be required to purchase all outstanding Debentures upon the occurrence of a Change of Control Triggering Event. However, it is possible that following a Change of Control Triggering Event, the REIT will have insufficient funds at that time to make any required purchase of outstanding Debentures or that restrictions contained in other present or future indebtedness or agreements will restrict those purchases. The REIT's failure to purchase the Debentures would constitute an Event of Default under the Indenture, which may also constitute a default under the terms of the REIT's other indebtedness at that time. See "Details of the Offering – Repurchase upon a Change of Control Triggering Event".

## **Redemption Prior to Maturity**

The Debentures may be redeemed, at the option of the REIT in whole at any time or in part from time to time on or after the closing of the Offering, subject to certain conditions for redemptions prior to the maturity date. Holders of Debentures should assume that this redemption option will be exercised if the REIT is able to refinance at a lower interest rate or if it is otherwise in the interest of the REIT to redeem the Debentures. Holders of Debentures whose Debentures are redeemed would not be entitled to participate in any future growth in the market price of the Debentures and may not be able to reinvest their redemption proceeds in securities providing a comparable expected rate of return to maturity as the Debentures for a comparable level of risk. See "Details of the Offering – Redemption by the REIT" and "Details of the Offering – Purchase of Debentures".

## **AUDITORS, INDENTURE TRUSTEE, TRANSFER AGENT AND REGISTRAR**

Deloitte LLP are the auditors of the REIT and have confirmed that they are independent of the REIT within the meaning of the rules of professional conduct of the CPA Ontario.

The indenture trustee, transfer agent and registrar for the Debentures is BNY Trust Company of Canada at its principal office in Toronto, Ontario.

## **LEGAL MATTERS**

Legal matters in connection with the issuance of the Debentures offered by this Prospectus Supplement will be passed upon at the date of closing of the Offering on behalf of the REIT by Stikeman Elliott LLP and on behalf of the Agents by Osler, Hoskin & Harcourt LLP.

As of the date hereof, the partners and associates of Stikeman Elliott LLP, as a group, and Osler, Hoskin & Harcourt LLP, as a group, each beneficially own, directly or indirectly, less than 1% of the outstanding securities of the REIT.

## **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces 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, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment thereto 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. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.



## CERTIFICATE OF THE REIT

Dated: June 1, 2015

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement 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) Anna Martini  
Trustee

**AGENTS' CERTIFICATE**

Dated: June 1, 2015

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

**RBC DOMINION SECURITIES INC.**

(Signed) David Dulberg  
Managing Director

**CIBC WORLD MARKETS INC.**

(Signed) Amber Choudhry  
Managing Director

**BMO NESBITT BURNS INC.**

(Signed) Onorio Lucchese  
Managing Director

**SCOTIA CAPITAL INC.**

(Signed) James Gallant  
Director

**TD SECURITIES INC.**

(Signed) Andrew Becker  
Director

**DESJARDINS SECURITIES INC.**

(Signed) Ryan Godfrey  
Managing Director

**HSBC SECURITIES (CANADA) INC.**

(Signed) David Loh  
Director

**NATIONAL BANK FINANCIAL INC.**

(Signed) John Carrique  
Managing Director