ISSUERDIRECT
Trading Under the Symbol: ISDR

Transcript of
Winthrop Realty Trust
First Quarter 2016 Management Conference Call
May 5, 2016

Participants

Amy Grucan
Michael Ashner – Chairman and Chief Executive Officer
Carolyn Tiffany – President

Presentation

Operator
Greetings, and welcome to the Winthrop Realty First Quarter 2016 Management Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. (Operator instructions.) As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Miss Amy Grucan. Thank you. You may begin

Amy Grucan
Good afternoon, everyone, and welcome to the Winthrop Realty Trust First Quarter 2016 Management Conference Call. With us today from senior management are Michael Ashner, Chairman and Chief Executive Officer; Carolyn Tiffany, President; John Garilli, Chief Financial Officer; and other members of the management team.

This morning, May 5th, we issued a press release disclosing certain financial information about Winthrop and providing updates on the liquidation process. The press release is available on our website at www.winthropreit.com in the News and Events section, and which will be furnished on Form 8-K with the SEC. Additionally, we are hosting a live webcast of today's call which you can also access in the website's News and Events section.

At this time, management would like to inform you that certain statements made during this conference call which are not historical might constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that these expectations will be attained.

Factors and risks that could cause actual results to differ materially from those expressed or implied by forward-looking statements are detailed in the press release and from time to time in our filings with the SEC. We do not undertake a duty to update any forward-looking statements.

I will now turn the call over to Michael Ashner. Michael?

Michael Ashner – Chairman and Chief Executive Officer
Thank you, Amy, and welcome to our discussion on first quarter 2016 financial results and continuing discussion of our ongoing efforts with respects to the company's plan of liquidation. Once again, I will be leading the call with Carolyn Tiffany and John Garilli available to answer those really difficult important questions that may be posed.

As described previously, the adoption of the plan eliminates much of the content one finds in the standard earnings call. We apply a liquidation accounting, and that accounting is based primarily on changes to asset valuations. These changes reflect our best current estimates that we expect to realize from the proceeds of asset sales and the cash flow prior to liquidation, taking into consideration numerous factors including timing of each asset sale, its operating income prior to disposition, costs of liquidation, corporate G&A, etc.

On an apples-to-apples basis, the estimated liquidation proceeds decreased by $0.10 per share to $14.08 as compared to the fourth quarter estimate of $14.18 per share before deducting a $2 per share distribution declared last week and payable on May 17th. The $0.10 downward valuation to our net asset value is well described in the earnings release. After almost two years of liquidation accounting, hindsight indicates that events that actually occur will continue to cause changes to the NAV analysis each quarter one way or the other, so continue to expect it in the future.

Now, let's get to sales activities for the first quarter. As we announced last week, we closed the sale of our interests in the Sullivan Center multi-use property realizing approximately $95.3 million in proceeds. Currently, there are three assets under binding contract for sale: Highgrove, part of the ST Luxury Residential portfolio; Lake Brandt an apartment property in Greensboro, North Carolina; and our warehouse facility in Jacksonville, Florida.

Assuming consummation of this sale, the ST Residential venture will receive gross proceeds inclusive of forfeited deposits of approximately $90 million. Funds from the sale will be used to retire in full the outstanding indebtedness on this property as well as our indebtedness on the remaining luxury apartment property in Houston, Mosaic.

Lake Brandt is scheduled to close in mid-May and is anticipated to generate approximately $7 million of net proceeds to the company after repayment of its indebtedness. The Jacksonville sale is also scheduled to occur this month and will generate cash proceeds of approximately $2 million with the company taking back a first mortgage lien note in the amount of $8.4 million. This note has an interest rate of LIBOR plus 5%, a three-year term that may be repaid without prepayment penalty. All in all, scheduled May closings are expected to generate proceeds of approximately $16 million in cash plus the $8.4 million first mortgage loan receivable.

One East Erie, our multi-use property in Chicago, as well as our 550-650 Corporetum office property in Lisle, Illinois are currently being marked for sale. In addition, our Mentor retail property in Chicago is also being marketed for sale.

In order to create as much cash as possible prior to entering into the liquidating trust, we are considering the refinancing Mosaic which would be lien free assuming Highgrove closes. We are also considering a potential refinancing of One East Erie in the event we do not attract a satisfactory sales price. In both cases we are seeking allowance that would be locked out from refinancing or repayment for not longer than one year.

We have provided some discussion on our earnings release today concerning the status of lease negotiations on our Times Square joint venture. Historically we have avoided disclosure pending lease negotiations awaiting final execution. In view of the pending transfer of our assets into a liquidating trust on August 5th, as well as a rampant New York rumor mill, we have decided to deviate from our normal pattern of disclosure. As indicated, we have an executed lease with an international entertainment venture for the top three retail floors which is held in escrow and which would be dispersed from escrow upon the satisfaction of certain third-party conditions.

In view of the prominence of the tenant and its desire to participate fully in any public disclosure and in a coordinated manner, more than that we are not prepared to discuss at this time. Suffice it to say there's no assurance the conditions with respect to the lease will be satisfied which would prevent that lease from being released from escrow. In addition, we are conducting discussions with a number of other retailers for portions of the ground floor retail space. In the interim construction activity is on time with the retail floors having been topped out in late April.

As mentioned in our earnings release, the company entered into a modification of its lease on Churchill converting it into a 15-year net lease and increasing the rent. In so doing, the company advanced $4.1 million to the tenant for, among other things, road access and improvements to the property. The incremental capital should earn an approximate 13.9% IRR and improve the property's salability.

As you may have noticed, we improved our supplement providing specifically with respect to each asset what we anticipate realizing. This schedules our best current projection as to each asset value and in a still chaotic universe is subject to upward and downward future adjustment. Prior to entering into a liquidating trust on August 5th, we will have one more earnings call with shareholders. After transfer of our assets into the trust, we will still file annual reports on Form 10-K and as applicable, currents reports on Form 8-K with the SEC.

In addition, the board of trustees has determined the trustees of the liquidated trust will be myself, Carolyn Tiffany, and an independent trustee who will likely be one of our current independent trustees.

Last business, we remind shareholders that there are significant federal income tax and investment considerations relating to the transfer of the company's remaining assets on August 5th into the liquidating trust which are described in detail in our proxy statement that was filed with the SEC on June 26, 2014. A copy of the proxy statement is available on the SEC's website, www.sec.gov, as well as the company's website, www.winthropreit.com, under the investor relations. We caution everyone to discuss any questions they may have with their personal tax and investment advisor.

We want to remind our shareholders that we will be holding our last annual shareholders meeting on May 17, 2016 at 11:00 a.m. at the offices of Katten, Muchin, Rosenman, 575 Madison Avenue in New York City. We look forward to your attendance.

Once again, credit goes where credit is due. The implementation of our planned liquidation and all of the elements that go into it could not proceed without the exceptional performance of all of my colleagues and associates in both Jericho and Boston.

I would now like to open the floor to questions. Feel free to ask about the liquidation process, our assets, or any other questions you might have, including what we are reading these days. John, Carolyn, and I are happy to respond.

Operator
Thank you. At this time we will be conducting a question and answer session (Operator instructions.) Our first question comes from Dan Occhionero from Barclays. Please go ahead.

Q: Good morning. Thanks for taking my question. My first question would be on Houston. I just wanted to get as sense of, number one, what you're seeing with multifamily there, but also more specifically I noticed that you put in the liquidation value for Mosaic, and I just wanted to get a sense of how much of that was expected sale proceeds as opposed to rental income.

Michael Ashner – Chairman and Chief Executive Officer
Let me first comment on the multifamily market. I don't really have any specific remarks on the multi-family market, but I think it's well known that the Houston real estate markets have been impacted by the energy issues and as a result, values are currently reflecting the net operating income from properties, such we're just going to step back a little bit, wait till the energy market recovers, and then we'll put Mosaic on the market.

As to the second portion of your question, Carolyn, can you help out?

Carolyn Tiffany – President
Sure. One of the reasons why we didn't break it out specifically, Dan, is as we talked about before, we have never put this information out because we didn't want to impede any sales process by putting out for what we though the property was worth. So, for that reason, we have not broken it out and have not given the detail between the sale proceeds and the cash flows.

I will also add to what Michael said, which is our property while clearly the value is impacted by what's going on with the energy crisis, the operations of our property are much more tied to the medical center in the Houston area, and our operations continue to be consistently good.

Q: Thanks for that. Just another question separately. Talking about 701 a little bit, it looks like you got the retail lease for the second, third, and fourth floor. Can you talk about the process of renting out the street level space? Are the talks pretty substantive at this point? And is there any chance of either, A) a potential announcement before August 5th; and, B) potentially accelerating selling your interest before the liquidation date if such a signing were to occur?

Michael Ashner – Chairman and Chief Executive Officer
I just want to remind you, we did not say it was done. We have a lease in escrow subject to third-party consent. That's the first point; I just want to reemphasize that. We are at the property. The venture is involved in significant and substantial discussions with respect to the ground floor space. I don't want to predict how long that will take because these leases take a long time. They are very, very expensive leases for the tenant. They are very important leases for the property. But, to your question as to whether or not we're engaged in discussions, the answer is yes, we are.

As to when we will sell our interest, we've said that there are certain milestones. We revisit the issue as these milestones are achieved. One of the milestones is, of course, we've mentioned the full leasing of the retail and we would, again, have to take that under consideration at that point in time.

Q: Thanks for that. Last question from me, can you talk about the potential of maybe doing a stock buyback as we get closer to the liquidation date?

Michael Ashner – Chairman and Chief Executive Officer
The company is open to stock buybacks. If, as, and when we believe the price is accretive or significantly accretive to the returns we look to, we would apply cash to buy back stock.

Q: Thank you.

Operator
Our next question comes from Josh Kolevzon from J. Goldman & Co. Please go ahead.

Q: Just two quick questions. I was wondering if you expect any further distributions besides Sullivan before the trust dates and if after the trust in the K that you guys will be filing, if there will still be an audited, published NAV number.

Michael Ashner – Chairman and Chief Executive Officer
Well, let me work with the second one because this second one came up in discussion. We will be doing an audited financial statement at least for the first full-year 2017. We will revisit whether we'll be doing audited

numbers after that and that will be simply based on the amount of assets that the trust then has. But we have determined to do that.

Now, for the other question, that was? I'm sorry.

Q: Do we expect another distribution before—

Michael Ashner – Chairman and Chief Executive Officer
The question of the other distribution ties into two variables, how much we realize in sale and refinancing proceeds between now and August 5th on the one hand, and I guess two more variables, the amount of reserves we want to hold onto for capital improvements, whatever it is we need for the remaining assets, and third, how much stock, if we determine to buy stock back.

So, the answer is I don't know. Why try to sound predictive when I don't know? But those are the variables that we consider.

Q: Can you quantify at all in terms of what type of reserve you would like going into the trust?

Michael Ashner – Chairman and Chief Executive Officer
The biggest issue with respect to reserves has to do with the 701, and I'm not exactly sure how much I want to hold onto the 701. But, as to the remaining other operating properties it should not, when we looked at it last, should not exceed about $12 million for everything else, and maybe less based on what sales we engineer between now and August 5th.

Q: Thank you.

Operator
(Operator instructions.) And our next question is Rob Smith from Bighorn Value Capital. Please go ahead.

Q: All of my questions have been answered. Thank you.

Operator
And, if there are no further questions, I would like to turn the floor back over to Mr. Ashner for any closing remarks.

Michael Ashner – Chairman and Chief Executive Officer
We appreciate your being with us for today's call. If you have additional questions or would like to discuss anything further with us directly, please feel free to contact myself or any member of our management team, preferably Carolyn. Our contact information is available on the website. I thank you all, and have a good afternoon, and hope to see some of you at our annual meeting.