

***Transcript of
Winthrop Realty Trust
Fourth Quarter and Year End 2015 Management Conference Call
February 29, 2016***

Participants

Amy Grucan – Investor Relations
Michael Ashner – Chairman and Chief Executive Officer
Carolyn Tiffany – President
John Garilli – Chief Financial Officer

Analysts

Howard Alter – Roundview Capital
Arthur Roulac – Three Court
Dan Occhinero – Barclays Bank
Lee Hunt – FNY Capital Management
Sean Monaghan – Penn Capital Management

Presentation

Operator

Greetings, and welcome to Winthrop Realty Trust Fourth Quarter and Year End 2015 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, Amy Grucan, Investor Relations. Thank you. You may begin.

Amy Grucan – Investor Relations

Thank you. Good afternoon, everyone, and welcome to the Winthrop Realty Trust Fourth Quarter and Year End 2015 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, February 29th, 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 to 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 assurances 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 of our fourth quarter 2015 financial results and our ongoing efforts with respect to our plan of liquidation. Once again, I will be leading the call with Carolyn, John Garilli, and John Alba available to answer any really difficult important questions that you may pose.

As we discuss frequently, the adoption of the plan eliminates much of the content one finds in a standard earnings call. We apply liquidation accounting, and that accounting's based primarily on changes to asset valuations. These changes reflect our best current estimates as to the liquidation proceeds and the cash flow prior to liquidation that we expect to realize, taking into consideration numerous factors including timing of each asset sale, its operating income prior to disposition, costs of liquidation, corporate G&A and similar items. On an apples-to-apples basis, the estimated liquidation proceeds increased by \$0.01 per share to \$14.18 as compared to the third quarter estimate of \$14.17 per share after deducting last quarter's \$1.00 per share distribution.

First let's discuss the sales activity for the last quarter. While we closed on only one asset, our investment in Edens and Norridge, three assets are under contract with non-refundable deposits. Highgrove at \$87.5 million, part of the ST Residential Luxury portfolio, our interest in the Sullivan Center joint venture for a price exceeding \$94 million and Lake Brandt Apartments for \$20 million, all three of which are scheduled to close in the second quarter.

Highgrove, which is one of the two remaining assets in our luxury rental portfolio, was originally contracted for sale at a price of \$90 million, with a \$5 million non-refundable deposit. Pursuant to a settlement agreement, the venture still anticipates realizing a total of \$90 million in that sale after a settlement with the initial buyer. Similar to Highgrove, the Sullivan Center agreement provides that if the buyer were to default under the agreement, we would retain the \$3 million of deposits we've received to date and any additional deposits paid in the future. In the interim, our preferred equity loan generates approximately \$750,000 of cash flow a month to the company. Currently being marketed for sale are One East Erie in Chicago, 550 Corporetum in Lisle, Illinois, and our net lease facility in Churchill, Pennsylvania. Assuming satisfactory pricing, these sales would occur prior to August 5, 2016, the day our remaining assets are expected to be contributed into the liquidating trust.

As you may have noticed, we added to our supplement a schedule which sets forth our current, best thinking as to realization dates on our remaining assets. The schedule is today's best projection as to the asset sale and repayment dates in an otherwise chaotic universe.

I'd like to touch briefly on the reasons for the write-downs as well as the write-ups that we took in this quarter. In view of the status of lease negotiations in the retail component of our 701 property as well as the progress of construction, we believe it appropriate to reflect an upward valuation of the property at this time. The write-down with respect to Sullivan Center is due entirely to the earlier than projected sale, which would eliminate the cash flow from the property 16 months earlier than initially projected. The write-down of our investment in CDH CDO relates to the downward valuation in one of the venture's loans due to a projected termination of the sole tenant's lease in approximately two years.

The decrease in liquidation value at 450 W. 14th St. recognizes the ongoing litigation the venture has had with the ground lessor, which requires a longer time hold strategy. Finally, the decreased liquidation value in our Mosaic luxury rental property, the last property in the ST Residential venture, reflects the general downward valuation in the Houston real estate market due to the economy's dependence on the energy industry. While operations at

the property continue to improve, we believe capitalization rates have increased for all commercial real estate assets in that market.

A recurrent question that Carolyn and I are asked is how do we presently see the real estate markets. It occurs to me that there's a correlation between the frequency of being asked that question and the likelihood that the real estate markets are hitting headwinds. Perception affects reality. The notion is supported by dislocation of the debt markets as evidenced by the increased volatility of credit default swaps and CMBS trading metrics. While underlying fundamentals have not materially changed with respect to most asset classes, other than perhaps hospitality, general uncertainty together with volatility in the credit markets on which real estate pricing depends, strongly supports the view that headwinds are gathering. Unfortunately, we do not control market perceptions but only our own disposition activity. That being said, it is our intention to proceed as aggressively as possible with respect to liquidation taking into consideration the uniqueness of each of our remaining assets.

Once again I want to give credit where it's due. The implementation of our planned liquidation and all the elements that go into it could not proceed without the exceptional performance of all my colleagues and associates both in 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 I'm reading these days. John, Carolyn, and I are all happy to respond.

Operator

At this time we'll be conducting a question and answer session. (Operator instructions.) One moment, please, while we poll for questions. Our first question comes from Howard Alter with Roundview Capital. Please proceed with your question.

<Q>: Good morning. Just a couple of questions. One, what was the cumulative amount of the write-down in liquidation value this quarter?

Michael Ashner – Chairman and Chief Executive Officer

Carolyn, what was the cumulative amount? Who would have it?

Carolyn Tiffany – President

John Garilli has it.

John Garilli – Chief Financial Officer

It's about \$33 million.

<Q>: Thirty-three. Okay, thank you. And the second question with regard to the three properties that are currently under contract, what is the net proceeds after any debt payment on those three properties?

Michael Ashner – Chairman and Chief Executive Officer

On Highgrove the company picks up \$7 million but we would then own Mosaic free and clear. There would be no debt on the remaining asset. With respect to Sullivan Center, \$94 million is what we get less the option payments. On Lake Brandt, what is the likely on the \$20 million sale?

John Garilli – Chief Financial Officer

It'll be roughly \$6 million after debt.

<Q>: Okay, thank you.

Operator

(Operator instructions.) One moment please while we poll for questions. Our next question comes from Arthur Roulac with Three Court. Please proceed with your question.

<Q>: Good afternoon. Question on the litigation that you guys filed regarding your Stuy Town investment that was a couple years back along with Pershing Square. Can you give us an update in thinking about what may or may not happen with that?

Michael Ashner – Chairman and Chief Executive Officer

Why don't you break your question down into more easy, answerable parts? Litigation is litigation. We strongly believe in our position, or we'd never have initiated the action. That I can assure you. I'm not certain as to what you're asking me other than that.

<Q>: Well, I suppose the scope of damages you're looking for.

Michael Ashner – Chairman and Chief Executive Officer

Well, the scope of damages, the potential claim that we would have would be close to \$600 million. How's that? That would be based on the fact that we've taken a position that the contract in which we sold the note was breached by CW Capital. Therefore, you should restore the prior waterfall. If you were to do that, then our position as mezzanines one through three would be paid after repayment in full of the senior debt. Together with accrued default interest, we would seek close to \$600 million.

<Q>: Got it. And is there a timeline with respect to this or it's been filed and now it's going to work its way through the system?

Michael Ashner – Chairman and Chief Executive Officer

It's been filed and it's going to work its way through the system.

<Q>: Got it. Then, on 701 Seventh, was there any update with respect to the signing of a retail lease?

Michael Ashner – Chairman and Chief Executive Officer

Lease negotiations have accelerated. We're not at liberty to discuss with whom these negotiations have proceeded. The documents are going back and forth between the parties.

<Q>: Thank you.

Operator

Our next question comes from Dan Occhinero with Barclays Bank. Please proceed with your question.

<Q>: Good afternoon. Could you talk a little bit more about the logistics of the liquidation? Specifically is there any new information that's going to come to light in the 10-K such as what the assumed property values are? Then, also, if you could maybe just touch on the timing of another liquidating distribution.

Michael Ashner – Chairman and Chief Executive Officer

Well, I'd like Carolyn to jump in afterwards. I think that each time we prepare an earnings report and provide a disclosure, we try to give you the best information we can. If you look at the supplement, we lay out all of the remaining assets in the timeline in which we believe they'll be concluded. Having said that, there are certain assets you just can't sell before a certain, or realize the proceeds on because if it's a loan, it has a certain date that that loan would be satisfied, not generally before the date. Carolyn, do you want to weigh in?

Carolyn Tiffany – President

Well, you'll see in the supplement if you got a chance to look at it, we did put in for those loans for which we expect to receive repayment -- what the par value is on those loans. As it relates to the operating properties, what we found is we don't really like to put out there what we're carrying it on. We found that it affects the marketing process. That said, we have put out what we're carrying 701. But going forward, at this point we don't expect to put out the operating properties carrying value for that reason.

Michael Ashner – Chairman and Chief Executive Officer

If the sales that are on the books go forth and close in a timely fashion, we anticipate that we would likely, can I say this Carolyn? We would likely consider making a distribution prior to the August, I can say that, they're nodding their heads yes. Okay, we would likely do that. We will also in June we intend to be very specific in our next earnings report with what considerations we think investors and shareholders should then have with respect to the impact of the August liquidation, both as in holding the shares and related matters. Is that helpful?

<Q>: Yes, it was. Thank you.

Operator

Our next question comes from Lee Hunt with FNY Capital Management. Please proceed with your question.

<Q>: Hi, thanks for taking my question. I wanted to ask what kind of legal fees will you have to set aside for the CW Capital case after the August liquidation? Also, what proportion of the \$600 million in damages goes to you and what proportion goes to Bill Ackman?

Michael Ashner – Chairman and Chief Executive Officer

Well, I want to make something clear; I don't want to see the stock go through the roof this afternoon. First off, about the question I was asked, and that was what would be the amount of damages we would seek? What we realize is always going to be a process impacted by the legal process and I would be shocked if CW Capital, the primary defendant, said okay, where do we mail the check? All right?

<Q>: Right, right.

Michael Ashner – Chairman and Chief Executive Officer

Having said that, I don't see how it could exceed \$600 million. With respect to, Lee, this company owns approximately 20% of the judgment plus it has a promoted interest in the judgment based under the existing arrangement and that's subject to legal fees. We do not believe that our share of the legal burden will be material to our G&A at any given point.

<Q>: Okay, great. Thanks. Sorry; I wasn't trying to [indiscernible].

Michael Ashner – Chairman and Chief Executive Officer

No, no, no, it's okay. I know. It just occurred to me if somebody was running out buying the stock thinking that we would [indiscernible] next week, they're going to be wired a check for \$200 million. I don't want people to feel disappointed.

<Q>: My last question is what are you reading today and what are you all planning to do after the liquidation?

Michael Ashner – Chairman and Chief Executive Officer

Well, what I am reading that I thought was really good was *The Death of Culture* by Mario Llosa Vargas. I thought that was very, very good, very fascinating. What else did I read that I liked? Carolyn, did you read anything? Does anybody ever read other than me?

Carolyn Tiffany – President

Right now we are very busy just trying to get our 10-K done. That's what I've been reading. The Winthrop 10-K.

Michael Ashner – Chairman and Chief Executive Officer

I think in the future, I think we will—am I allowed to say this, Carolyn, what our plans are?

Carolyn Tiffany – President

At this point we're really focused on winding the REIT down. Talk to us in August about what our—

Michael Ashner – Chairman and Chief Executive Officer

Yes, that's a better date to talk to us. Let's say this, none of us are retiring.

<Q>: Okay, fair enough. Thanks.

Operator

Our next question is from Sean Monaghan with Penn Capital Management. Please proceed with your question.

<Q>: Hi, guys, how are we doing? Just two quick questions. On the upward revision for the value of 701, is the retail asset the only one that changed or is there any update on the hotel and billboard?

Michael Ashner – Chairman and Chief Executive Officer

The major impact on the upward valuation primarily came from the retail.

<Q>: Is the tenant also interested in the billboard? As part of the contract?

Michael Ashner – Chairman and Chief Executive Officer

The negotiations we have as they stand right now with the principal tenant do not include a significant portion of the signage, but we expect that they will want, this kind of tenant. That's probably true about any of the tenants we've ever had at that property. It's an international site, so you're going to have tenants who will want to lever their own public relations and advertising off of the signage. That we can leave for another day. Right now, we're most concerned with the space.

<Q>: Okay. When will the 10-K be filed?

John Garilli – Chief Financial Officer

We're hoping to have it filed by the end of the day tomorrow.

<Q>: Perfect. Thanks, guys.

Operator

There are no further questions. At this time, I'd like to turn the call back to Michael Ashner for closing remarks.

Michael Ashner – Chairman and Chief Executive Officer

We appreciate your being with us for today's call. If you have any 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. Our phone numbers are everywhere and you can find us. We don't hide. Our contact information is available on the website, and I want to thank you all. Have a good afternoon.