# *Transcript of*
# *Winthrop Realty Trust*
## Q2 2015 Management Conference Call
## August 6, 2015

## Participants

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

## Presentation

**Operator**
Greetings and welcome to the Winthrop Realty Trust Q2 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.

**Amy Grucan – Investor Relations**
Good afternoon, everyone. Welcome to the Winthrop Realty Trust Second Quarter 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, August 6$^{th}$, 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 Michael Ashner.

**Michael Ashner – Chairman and Chief Executive Officer**
Thank you, Amy. Welcome to our discussion of our second quarter financial results as well as our ongoing efforts with respect to the company's plan of liquidation. Like last quarter, I will be leading this call with Carolyn and John available to answer the really difficult and important questions that you might have.

May I remind you again that the adoption of the plan eliminates much of the content one finds in an earnings call. Liquidation accounting focuses disclosure on a discussion of changes in asset valuation. These changes reflect our best current estimates as the liquidation proceeds we expect to realize taking into consideration numerous factors, including timing of the sale of each asset, its operating income prior to disposition, cost of liquidation, corporate G&A and other such matters.

On an apples-to-apples basis, the estimated liquidation proceeds improved by approximately $0.09 per share to $15.23, after deducting from last quarter's $16.39 valuation the distribution of $1.25 per common share. This improvement reflects an upward valuation due to higher projected sales proceeds with the sale of our Highgrove apartment property in Stamford and our Cerritos office property, both of which are subject to sales contracts with buyers that have posted substantial non-refundable deposits. These increases were partially offset by a reduction in an estimated value to an asset held in our Concord Debt venture. The valuation of our investment in our Times Square joint venture remains unchanged from our last quarter.

As to operations, portfolio occupancy for our consolidated office and commercial assets has improved 92% as of yearend to 95% as of 6/30/15, taking into consideration the projected sale of our Cerritos office property. Our multifamily portfolio, excluding Highgrove, is currently 94% occupied. Demolition has been completed at our Time Square joint venture and foundation work has commenced.

To date, our EB-5 funding has increased to $88.1 million with capacity to increase the funding to $200 million. The EB-5 funding has a rate of 5.9% and will be applied for repayment of a portion of our existing junior LIBOR plus 800 financing. The project is enjoying significant increased leasing interest at this point in time.

The plan of liquidation continues to proceed at a faster pace and has generated higher proceeds than anticipated when we first proposed the plan to shareholders. During the second quarter, we closed the sale of our Vintage portfolio, our MSREF luxury hotel investment and our interest in the 44 Monroe apartment property. Aggregate net proceeds were approximately $152 million, in each case exceeding our expectations from the date of adoption of the plan. The total number of assets remaining and not subject to contract of sale has been reduced approximately to 31 from 114 when we commenced this process.

The preferred shareholders received their priority payment, and on August 15th our outstanding bonds will be redeemed. Together with distributions of $3.50 per share to our common shareholders, the company will have distributed in excess of $322 million to its common shareholders, preferred shareholders and bondholders in the one-year since adoption of plan of liquidation.

Our Jacksonville property is under contract of sale, which we will hope will become unconditional on August 13th. We anticipate going to market with our 550/650 Corporetum property in the third quarter. As with all sales processes, there is no assured closure, but we would not be proceeding if we did not have some level of confidence that we would satisfy our pricing expectations.

At this stage, we are aware of no macroeconomic concerns, which challenge our election to liquidate the company. As I've stated before, every day you're either a buyer or seller of your assets, and in this market we have still decided to be a seller. But once again, none of the success we are currently enjoying would have occurred without the concerted efforts of all of my colleagues at Winthrop.

I'd now like to open the floor to questions. Feel free to ask about liquidation process, about our assets or any other questions you might have, other than how to raise your children. John, Carolyn and I are all happy to respond. Open the questions.

**Operator**
(Operator instructions.) Our first question is from James McAree from Neuberger Berman.

<Q>: Michael, could you give us a little bit of an update on the 701 Times Square property?

**Michael Ashner – Chairman and Chief Executive Officer**
Well, as I said, the demolition is complete. They are building the foundation. The foundation is under a fixed time contract. Actually, if you want to buy it, there are now windows, you can look at them, at the workers, as they work. I suspect you have a more particular question.

<Q>: Just operation, I mean we can walk by and see that the construction is progressing but just maybe color around interest activity in the property in terms of leasing and such.

**Michael Ashner – Chairman and Chief Executive Officer**
As I said in my presentation, there is significantly increased interest from a leasing perspective in the property. But, I really don't want to deal with liberty to just who the parties are at this point.

**Operator**
(Operator instructions.) We did get one more question from Arthur Roulac from Three.

<Q>: Can you just comment on the expected tax treatment on sort of the balance of the liquidation distributions to the equity?

**Michael Ashner – Chairman and Chief Executive Officer**
Carolyn, why don't you do that, Carolyn and John?

**Carolyn Tiffany – President**
Sure. They are liquidating distributions, so they are considered a return of capital up to a shareholder's basis. I mean, obviously, you want to consult with your tax advisor, but each of the dividends are characterized as liquidating distributions.

**Michael Ashner – Chairman and Chief Executive Officer**
So that they are return of capital until you have received back all of your capital?

**Carolyn Tiffany – President**
Your base of stock.

**Michael Ashner – Chairman and Chief Executive Officer**
Your basis back and at that point in time, they become taxable.

**John Garilli – Chief Financial Officer**
Yes, and there would be capital gain treatment.

**Operator**
Our next question is from Michael Kim from Apollo.

<Q>: Just had a quick question. It seems as though after you've used proceeds to redeem the bonds, you'll have some excess cash on hand. Just curious, if you've put some thought into the size and timing of the next distribution to shareholders?

**Michael Ashner – Chairman and Chief Executive Officer**
I mean, yes, we would like to make another distribution before year-end. Distributions however are— we want to have a certain amount of reserves and whatever, but I would like to make another distribution between year-end, but I don't know how much that would be.

<Q>: And I guess, to that point or that comment, how much on hand do you need to have in terms of reserves or just to kind of run the business or to fund cap ex?

**Michael Ashner – Chairman and Chief Executive Officer**
We like to keep $10 million on hand.

<Q>: $10 million?

**Michael Ashner – Chairman and Chief Executive Officer**
Yes. The only thing that would change that, if there was, for example, an opportunity to purchase the interest of a partner at Sullivan, as an example, which we felt was accretive to our liquidation, something like that. I don't know how many joint ventures we have left, but if there is something of that nature, we would want to do that, but other than that there is—

**Carolyn Tiffany – President**
And in addition, we have future funding obligation on our 701, so we want to make sure we're obviously in communication with our partner there and making sure that we have adequate reserves to cover any potential future funding obligations.

<Q>: What are those funding obligations and when are they required?

**Michael Ashner – Chairman and Chief Executive Officer**
Well, they're not really required for more than two years or almost two years, but I think they are under $10 million, so that by the way in part that falls into just the general reserve requirement.

<Q>: Lastly, I was just wondering if you could give us an update on Mosaic down in Houston. Have you guys put that up for sale?

**Michael Ashner – Chairman and Chief Executive Officer**
Not yet. I mean, consistent with the nature of the conference call, in which all things are changeable. I think Jay has done a remarkable job in leasing up all the retail and we've done some capital enhancements to property. I would expect it would probably go to market in the first quarter. Going into this market at the end of the year is not the best idea.

**Operator**
Our next question is from Dan Occhionero from Barclays.

<Q>: I was actually going to ask the same question on Mosaic, but I guess switching gears maybe you could touch on Sullivan Center, any update on that asset?

**Michael Ashner – Chairman and Chief Executive Officer**
Yes, this property is fully leased. The NOI has improved to close to $15 million. It has unusual structure. As you may recall it is a historic credit deal. So that it's probably a much cleaner, higher price sale. We wait until the credit period has expired but if someone is willing to offer us what it's worth now, we'll sell it. We'll sell our interest, we sell the property. While we're holding it, as you may also be aware, we generate a 15% return to the

mezzanine portion of our investment current, which is probably a 10% to the mezzanine and the implied equity in the property. I hope that answers your question.

**Operator**
(Operator instructions.) Our next question is from Wilkes Graham of Compass Point.

<Q>: Just curious, Michael, I'm following up on a previous comment you made about and perhaps staying better to market, Mosaic in the first quarter as opposed to the end of the year. Can we read into that that there might be a higher volume of asset sales of the remaining assets in the first and second quarter of next year as opposed to the second half of this year?

**Michael Ashner – Chairman and Chief Executive Officer**
Yes. I mean, it is true but one has to keep in mind that really all of our assets fall under three categories. There is a six, seven or eight assets, I don't have the number which are going to stick around, because they have no value, they just show up on our balance sheet. So just they are sort of an investment option. There's nothing to be done with them at this point in time and there may not be any value in it down the road. That lack of value was well considered when we did the plan of liquidation.

There is another group of assets, which are dead assets. We don't control the timing, but they're all— most of them are all repaid prior to or shortly, really shortly within the period of going into liquidating trust. And there are remaining assets, which we do control some ability to sell. And it's simply a matter, when we put the assets into position that we think we can get the best price, where they will go to market and that includes Mosaic.

We have no interest in prolonging this beyond that, which is a reasonable amount of time for it to take. We want to get the highest price, the best IRR for our shareholders. We are IRR driven.

**Operator**
Mr. Ashner, there are no more questions at this time.

**Michael Ashner – Chairman and Chief Executive Officer**
Well, we appreciate your joining 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 me or any member of our management team. Our contact information is available on the website. I thank you all and have a good afternoon.