

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2023**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **000-56236**

Copper Property CTL Pass Through Trust

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of incorporation or organization)

85-6822811

(I.R.S. Employer Identification No.)

3 Second Street, Suite 206 Jersey City, NJ 07311-4056

(Address of principal executive offices and zip code)

(201) 839-2200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

COPPER PROPERTY CTL PASS THROUGH TRUST
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PART I — FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
COPPER PROPERTY CTL PASS THROUGH TRUST
Consolidated Balance Sheets
(Unaudited)
(in thousands except certificate amounts)

	As of March 31, 2023	As of December 31, 2022
Assets		
Investment properties:		
Land and improvements	\$ 415,764	\$ 422,114
Building and other improvements	496,222	497,523
	911,986	919,637
Less: accumulated depreciation	(31,269)	(27,742)
Net investment properties	880,717	891,895
Cash and cash equivalents	41,564	48,922
Accounts receivable	41,723	42,685
Lease intangible assets, net	224,712	228,529
Right-of-use lease assets, net	86,627	87,086
Other assets, net	1,346	831
Total assets	\$ 1,276,689	\$ 1,299,948
Liabilities and Equity		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,383	\$ 1,061
Lease intangible liabilities, net	98,480	101,920
Lease liabilities	37,700	37,676
Other liabilities	8,578	8,628
Total liabilities	146,141	149,285
Commitments and contingencies (Note 5)		
Equity:		
Trust certificates, no par value, 75,000,000 certificates authorized, issued and outstanding, as of March 31, 2022 and December 31, 2022	—	—
Additional paid-in capital	1,952,120	1,952,120
Accumulated distributions in excess of earnings	(821,572)	(801,457)
Total equity	1,130,548	1,150,663
Total liabilities and equity	\$ 1,276,689	\$ 1,299,948

See accompanying notes to consolidated financial statements

COPPER PROPERTY CTL PASS THROUGH TRUST
Consolidated Statements of Operations
(Unaudited)
(in thousands, except certificate and per certificate amounts)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenues:		
Lease income	\$ 25,524	\$ 27,706
Expenses:		
Operating expenses	3,312	3,273
Depreciation and amortization	4,830	5,336
General and administrative expenses	1,839	2,558
Total expenses	9,981	11,167
Other income:		
Gain on sales of investment properties, net	828	3,651
Other income	786	238
Total other income	1,614	3,889
Net income	<u>\$ 17,157</u>	<u>\$ 20,428</u>
Earnings per certificate – basic and diluted:		
Net income per certificate - basic and diluted	<u>\$ 0.23</u>	<u>\$ 0.27</u>
Weighted average number of certificates outstanding – basic and diluted	<u>75,000,000</u>	<u>75,000,000</u>

See accompanying notes to consolidated financial statements

COPPER PROPERTY CTL PASS THROUGH TRUST
Consolidated Statements of Equity
(Unaudited)
(in thousands, except certificate and per certificate amounts)

Three Months Ended March 31, 2022	Trust Certificates	Additional Paid-in Capital	Accumulated Distributions in Excess of Earnings	Total Equity
Balance as of January 1, 2022	75,000,000	\$ 1,952,120	\$ (64,750)	\$ 1,887,370
Net income		—	20,428	20,428
Distributions paid to Certificateholders (\$ 8.45 per certificate)		—	(633,508)	(633,508)
Balance as of March 31, 2022	75,000,000	\$ 1,952,120	\$ (677,830)	\$ 1,274,290

Three Months Ended March 31, 2023	Trust Certificates	Additional Paid-in Capital	Accumulated Distributions in Excess of Earnings	Total Equity
Balance as of January 1, 2023	75,000,000	\$ 1,952,120	\$ (801,457)	\$ 1,150,663
Net income		—	17,157	17,157
Distributions paid to Certificateholders (\$ 0.50 per certificate)		—	(37,272)	(37,272)
Balance as of March 31, 2023	75,000,000	\$ 1,952,120	\$ (821,572)	\$ 1,130,548

See accompanying notes to consolidated financial statements

COPPER PROPERTY CTL PASS THROUGH TRUST
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash flows from operating activities:		
Net income	\$ 17,157	\$ 20,428
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,830	5,336
Gain on sales of investment of properties, net	(828)	(3,651)
Amortization of above/below market leases, net	551	332
Changes in assets and liabilities:		
Changes in accounts receivable	782	688
Changes in other assets	(569)	(3,726)
Changes in right-of-use lease assets	459	522
Changes in accounts payable and accrued expenses	361	(525)
Changes in lease liabilities	24	29
Changes in other liabilities	(49)	(65)
Net cash provided by operating activities	<u>22,718</u>	<u>19,368</u>
Cash flows from investing activities:		
Proceeds from sales of investment properties	7,196	20,961
Net cash provided by investing activities	<u>7,196</u>	<u>20,961</u>
Cash flows from financing activities:		
Distributions paid to Certificateholders	(37,272)	(633,508)
Net cash used in financing activities	<u>(37,272)</u>	<u>(633,508)</u>
Net increase (decrease) in cash and cash equivalents	(7,358)	(593,179)
Cash and cash equivalents, at beginning of period	48,922	627,522
Cash and cash equivalents, at end of period	<u>\$ 41,564</u>	<u>\$ 34,343</u>

See accompanying notes to consolidated financial statements

COPPER PROPERTY CTL PASS THROUGH TRUST
Notes to Consolidated Financial Statements
(Unaudited)

(in thousands, except certificate and per certificate amounts)

(1) ORGANIZATION

Overview

Copper Property CTL Pass Through Trust, a New York common law trust (the “Trust,” “we,” “our” or “us”) was formed on December 21, 2020, in connection with the reorganization of Old Copper Company, Inc. (f/k/a J. C. Penney Company, Inc.) (“Old Copper”), effective as of January 30, 2021 (the “Effective Date”) pursuant to the terms of the Amended Joint Chapter 11 Plan of Reorganization of Old Copper and certain of its subsidiaries (collectively, the “Debtors”) (the “Plan of Reorganization”).

On the Effective Date, through separate wholly-owned property holding companies (the “PropCos”), the Trust acquired (as discussed below), 160 retail properties (the “Retail Properties”) and six distribution centers (the “Warehouses” and, together with the Retail Properties, the “Properties”), all of which were leased under two Master Leases (as discussed in Note 4) to one or more subsidiaries of Copper Retail JV LLC (“OpCo Purchaser”) (collectively with its subsidiaries, “New JCP”), an entity formed by and under the joint control of Simon Property Group, L.P. and Brookfield Asset Management Inc. During 2021, the Trust sold all six Warehouses.

The Trust’s operations consist solely of (i) owning the Properties and interests as lessee of land under non-cancellable ground leases, (ii) leasing the Properties under the terms of the Retail Master Lease (as defined below) to New JCP as the sole tenant and (iii) subject to market conditions and the conditions set forth in the Trust Agreement, selling the Properties to third-party purchasers through the PropCos.

As of March 31, 2023, the real estate portfolio consists of 132 Retail Properties, of which 21 are encumbered by ground leases, in the United States (the “U.S.”) across 36 states and Puerto Rico, and comprising 17.5 million square feet of leasable space.

Formation

On May 15, 2020, the Debtors commenced voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”).

On October 28, 2020, the Debtors entered into an Asset Purchase Agreement (the “Asset Purchase Agreement”) with OpCo Purchaser, and Copper Bidco LLC (“PropCo Purchaser” and, together with OpCo Purchaser, the “Purchasers”), an entity formed on behalf of lenders under Old Copper’s (i) senior secured superpriority, priming debtor-in-possession credit facility (the “DIP Facility”), (ii) 5.875% senior secured notes due 2023 (the “First Lien Notes”) and (iii) Amended and Restated Credit and Guaranty Agreement, dated as of June 23, 2016 (the “Term Loan Facility” and together with the First Lien Notes, the “First Lien Debt”), pursuant to which the Purchasers agreed to acquire substantially all of the Debtors’ assets and assume certain of the Debtors’ obligations in connection with the purchased assets.

On December 12, 2020, the Debtors filed the Plan of Reorganization which was confirmed by the Bankruptcy Court on December 16, 2020.

On December 21, 2020, the Trust was formed in connection with the reorganization of Old Copper.

On the Effective Date, the Plan of Reorganization became effective pursuant to its terms, at which point PropCo Purchaser and GLAS Trust Company, LLC, as the Trust’s independent third-party trustee (the “Trustee”), entered into an Amended and Restated Trust Agreement (as amended, the “Trust Agreement”). In connection with the consummation of the transactions set forth in the Asset Purchase Agreement and in exchange for a \$1 billion aggregate credit bid by PropCo Purchaser, comprising \$900 million of claims under the DIP Facility and \$100 million of claims, on a pro rata basis, under the First Lien Debt, and simultaneous release of obligations under the

COPPER PROPERTY CTL PASS THROUGH TRUST
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(Unaudited)

(in thousands, except certificate and per certificate amounts)

DIP Facility and First Lien Debt, Old Copper transferred (or caused its subsidiaries to transfer) its fee simple or ground leasehold title (as applicable) in certain properties to the PropCos and assigned (or caused such subsidiaries to assign) the Master Leases (as defined below) relating to the Properties to the Trust.

As a result, as of the Effective Date, the Trust owned, through the PropCos, 160 Retail Properties and six Warehouses, all of which were leased to one or more subsidiaries of New JCP under two Master Leases. In connection with the foregoing, certain of the Debtors' lenders received their pro-rata portion of the equity interest in the Trust, as evidenced by the Trust Certificates (as defined below). The aggregate credit bid was not an indicator of the fair value of the assets and liabilities of the Trust as of the Effective Date, and it does not represent the full extent of debt that was owed to the creditor group.

The Trust accounted for the reorganization using fresh start accounting under Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 852, which resulted in the Trust becoming a new entity for financial reporting purposes on the Effective Date. Accordingly, all assets and liabilities were recorded at fair value in accordance with accounting requirements for business combinations under ASC 805-20.

As of the Effective Date, Old Copper had no ability to exercise any control over the Properties or the Trust and has no affiliation with the Trust. The Trust owns directly or indirectly 100% of the equity or partnership interests (as applicable) in the PropCos. Specifically, the PropCos include (i) CTL Propco I LLC, a Delaware limited liability company, CTL Propco I L.P., a Delaware limited partnership and CTL Propco PR I LLC and CTL Propco PR II LLC, Puerto Rico limited liability companies, which collectively own the fee simple or ground leasehold title (as applicable) to the Retail Properties and (ii) CTL Propco II LLC, a Delaware limited liability company and CTL Propco II L.P., a Delaware limited partnership, which collectively owned the fee simple title to the Warehouses. CTL Propco II LLC and CTL Propco II L.P. were dissolved on October 6, 2022.

Trust Agreement

The Trust is governed by the Trust Agreement between PropCo Purchaser and the Trustee. The Trust Agreement created a series of equity trust certificates designated as "Copper Property CTL Pass Through Certificates" (the "Trust Certificates"), 75 million of which were issued on the Effective Date. Each Trust Certificate represents a fractional undivided beneficial interest in the Trust and represents the interests of the holders of the Trust Certificates ("Certificateholders") in the Trust. All Trust Certificateholders shall vote as a single class and shall be in all respects equally and ratably entitled to the benefits of the Trust Agreement without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of the Trust Agreement.

The Trustee performs trust administration duties, including treasury management and certificate administration. The Trust pays the Trustee an annual service fee of \$100, which is amortized monthly. The Trust incurred trustee fees of \$25 for the three months ended March 31, 2023 and three months ended March 31, 2022, which are included in "General and administrative expenses" on the accompanying consolidated statements of operations.

On December 30, 2021, the Trust amended the Trust Agreement, without the consent of its Certificateholders (as provided in the Trust Agreement), to permit the Trust to invest moneys held by the Trust instead of holding them in non-interest bearing accounts. The Trust has adopted a policy to maintain its cash equivalents in a government money market fund administered by a major bulge bracket investment banking firm which invests its assets only in (i) cash and (ii) securities issued or guaranteed by the United States or certain U.S. government agencies and having a weighted average life and weighted average maturity of no more than 120 days and 60 days, respectively. Each of these government money market funds is managed to maintain a stable net asset value, thereby eliminating principal risk.

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Notes to Consolidated Financial Statements
(Unaudited)

(in thousands, except certificate and per certificate amounts)

Management Agreement

The Trust has retained Hilco JCP LLC, an affiliate of Hilco Real Estate LLC, as its independent third-party manager to perform asset management duties with respect to the Properties (together with any of its affiliates, replacement or successor, the “Manager”) pursuant to an agreement with an initial term of 24 months, with automatic six month renewals until the termination of the Trust. The Trust pays the Manager a base management fee (the “Base Fee”) and a fee for each property sold (the “Asset Management Fee”). The Base Fee is an amount equal to the greater of 5.75% of the lease payments of the Properties per month and \$333 per month. The Asset Management Fees consist of a closing fee of \$50 for each Warehouse sold and a success fee for each Retail Property and Warehouse sold which varies based on the sales proceeds and date sold.

The Trust incurred Base Fees of \$1,475 for the three months ended March 31, 2023 and \$1,591 for the three months ended March 31, 2022, which are included in “Operating expenses” on the accompanying consolidated statements of operations of which \$491 and \$530 as of March 31, 2023 and March 31, 2022, respectively, were included in “Accounts payable and accrued expenses” on the accompanying consolidated balance sheets. The Trust incurred Asset Management Fees of \$15 for the three months ended March 31, 2023 and \$143 for the three months ended March 31, 2022, which are included in “Gain on sales of investment properties, net” on the accompanying consolidated statements of operations.

On May 12, 2021, the Trust filed a preliminary proxy statement with the Securities and Exchange Commission pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended, to solicit consent from Certificateholders to amend the Trust Agreement and Management Agreement. On June 11, 2021, following the expiration of the consent solicitation and upon receipt of the requisite approval from the Certificateholders, the Trust amended the Trust Agreement and the Management Agreement to effectuate the proposed amendments. As a result of the amendments, the Trust is now required to dispose of all Retail Properties by December 10, 2025.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) and the rules and regulations of the U.S. Securities and Exchange Commission (SEC).

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. For example, significant estimates, judgments and assumptions were required in a number of areas, including, but not limited to, estimating the fair value of the investment properties as of the Effective Date, determining the useful lives of real estate properties, determination of the incremental borrowing rate in ground leases, reasonably certain lease terms for ground and master leases, and evaluating the impairment of long-lived assets.

The accompanying consolidated financial statements include the accounts of the Trust, as well as all wholly owned subsidiaries of the Trust. All intercompany balances and transactions have been eliminated in consolidation. Wholly owned subsidiaries consist of limited liability companies and limited partnerships. The Trust has evaluated the fee arrangements with the Trustee and Manager to determine if they represent a variable interest, and concluded that the fee arrangements do not create a variable interest.

The accompanying consolidated financial statements include the quarterly periods ended March 31, 2023 and March 31, 2022 (the “Reporting Periods”). These consolidated financial statements should be read in conjunction with the Trust's audited Annual Report on Form 10-K for the year ended December 31, 2022 (the “10-K”), as certain

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Notes to Consolidated Financial Statements
(Unaudited)

(in thousands, except certificate and per certificate amounts)

disclosures in this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 that would duplicate those included in the 10-K are not included in these consolidated financial statements.

Impairment of Investment Properties

The Trust's investment properties are reviewed for potential impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. At such evaluation date, the Trust separately determines whether impairment indicators exist for each property. Examples of situations considered to be impairment indicators include, but are not limited to:

- a significant change in the credit quality of tenant;
- a reduction in anticipated holding period;
- a significant decrease in market price; and
- any other quantitative or qualitative events or factors deemed significant by the Trust's management.

If the presence of one or more impairment indicators as described above is identified on an evaluation date or at any point throughout the year with respect to a property, the asset is tested for recoverability by comparing its carrying value to the estimated future undiscounted cash flows. An investment property is considered impaired when the estimated future undiscounted cash flows are less than its current carrying value. When performing a test for recoverability or estimating the fair value of an impaired investment property, the Trust makes certain complex or subjective assumptions that include, but are not limited to:

- projected operating cash flows considering factors such as vacancy rates, rental rates, lease terms, tenant financial strength, competitive positioning and property location;
- estimated holding period or various potential holding periods when considering probability-weighted scenarios;
- projected capital expenditures and lease origination costs;
- estimated interest and internal costs expected to be capitalized;
- projected cash flows from the anticipated or eventual disposition of an operating property;
- comparable selling prices; and
- property-specific capitalization rates and discount rates.

To the extent impairment has occurred, the Trust will record an impairment charge calculated as the excess of the carrying value of the asset over its estimated fair value. For the three months ended March 31, 2023 and 2022, no impairment charge was recorded.

Investment Properties Held for Sale

In determining whether to classify an investment property as held for sale, the Trust considers whether (i) management has committed to a plan to sell the investment property, (ii) the investment property is available for immediate sale in its present condition, subject only to terms that are usual and customary, (iii) the Trust has a legally enforceable contract that has been executed and the buyer's due diligence period, if any, has expired, and (iv) actions required for the Trust to complete the plan indicate that it is unlikely that any significant changes will be made.

If all of the above criteria are met, the Trust classifies the investment property as held for sale. When these criteria are met, the Trust (i) suspends depreciation (including depreciation for tenant improvements and building improvements) and amortization of in-place lease intangibles and any above or below market lease intangibles and (ii) records the investment property held for sale at the lower of carrying value or estimated fair value. The assets and liabilities associated with investment properties that are classified as held for sale are presented separately on the consolidated balance sheets for the most recent reporting period.

As of March 31, 2023 and December 31, 2022, there were no properties classified as held for sale.

COPPER PROPERTY CTL PASS THROUGH TRUST
Notes to Consolidated Financial Statements
(Unaudited)

(in thousands, except certificate and per certificate amounts)

Cash and Cash Equivalents

The Trust maintains its cash and cash equivalents at major financial institutions. At March 31, 2023 and December 31, 2022, cash equivalents consisted of investments in money market instruments. Cash and cash equivalents totaled \$41,564 and \$48,922 as of March 31, 2023 and December 31, 2022, respectively. The cash and cash equivalents balance at one or more of these financial institutions exceeds the Federal Depository Insurance Corporation (FDIC) insurance coverage. The Trust periodically assesses the credit risk associated with these financial institutions and believes that the risk of loss is remote. While the Trust does not have any accounts with any recently failed financial institution, nor has it experienced any losses to date on its cash and cash equivalents held in bank accounts, there is no assurance that financial institutions in which we hold our cash and cash equivalents will not fail, in which case we may be subject to a risk of loss or delay in accessing all or a portion of our funds exceeding the FDIC insurance coverage, which could adversely impact our short-term liquidity, ability to operate our business, and financial performance.

Lease Income and Accounts Receivable

The Trust accounts for leases under the provisions of FASB ASC Topic 842. The Trust commenced recognition of lease income on its Master Leases (as discussed in Note 4) as of the Effective Date. In most cases, revenue recognition under a lease begins when the lessee takes possession or controls the physical use of the leased asset. Generally, this occurs on the lease commencement date. Lease income for leases that have fixed and measurable rent escalations, is recognized on a straight-line basis over the term of each lease. The difference between such lease income earned and the cash rent due under the provisions of a lease is recorded as straight-line rent receivable or payable and is included as a component of "Accounts receivable" in the accompanying consolidated balance sheets.

At lease commencement, the Trust estimated that collectibility was probable for the Master Leases due to the creditworthiness analysis performed. Throughout the lease term, individual leases are assessed for collectibility and upon the determination that the collection of rents over the remaining lease life is not probable, lease income is adjusted such that it is recognized on the cash basis of accounting. The Trust will remove the cash basis designation and resume recording lease income from such tenant on an accrual basis when the Trust believes that the collection of rent over the remaining lease term is probable and, generally, based upon a demonstrated payment history. For the three months ended March 31, 2023 and March 31, 2022, lease income is accounted for on the accrual basis of accounting. As of March 31, 2023, lease payments of \$8,518 were received in advance under the terms of the Master Leases are included in "Other liabilities" in the accompanying consolidated balance sheets and will be recognized as lease income in April 2023. As of December 31, 2022, lease payments of \$8,555 were received in advance under the terms of the Master Leases are included in "Other liabilities" in the accompanying consolidated balance sheets and recognized as lease income in January 2023.

The Trust records all changes in uncollectible lease income as an adjustment to "Lease income" in the accompanying consolidated statement of operations. During the Reporting Periods, there was no uncollectible lease income.

Right-of-use Lease Assets and Lease Liabilities

The Trust was assigned an interest as lessee of land under 23 non-cancellable ground leases with third party landlords which were classified as operating leases on the Effective Date. As of March 31, 2023, the Trust held an interest as lessee of land under 21 non-cancellable ground leases. Rental expense associated with land that the Trust leases under non-cancellable operating leases is recorded on a straight-line basis over the term of each lease. In accordance with the Master Lease, rental expense associated with land is paid directly by New JCP and is included in "Lease income" in the accompanying consolidated statements of operations (see Note 4).

On the Effective Date, the Trust recognized ROU lease assets and lease liabilities for long-term ground leases. The lease liability is calculated by discounting future lease payments by the Trust's incremental borrowing rate, which is determined through consideration of (i) the Trust's entity-specific risk premium, (ii) observable market interest rates and (iii) lease term. The ROU asset is initially measured as the same amount as the lease liability and presented net

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(in thousands, except certificate and per certificate amounts)

of the Trust's existing straight-line ground rent liabilities and ground lease intangible liability. The lease liability is amortized based on changes in the value of discounted future lease payments and the ROU asset is amortized by the difference in the straight-line lease expense for the period and the change in value of the lease liability.

The Trust does not include option terms in its future lease payments where they are not reasonably certain to be exercised, however all options terms were considered to be reasonably certain of being exercised through the initial term of the Master Lease. The Trust has elected not to separate lease and non-lease components for operating leases.

Income Taxes

The Trust is intended to qualify as a liquidating trust within the meaning of United States Treasury Regulation Section 301.7701-4(d) or, in the event it is not so treated, a partnership other than a partnership taxable as a corporation under Section 7704 of the Internal Revenue Code of 1986, as amended.

The Trust records a benefit, based on the GAAP measurement criteria, for uncertain income tax positions if the result of a tax position meets a "more likely than not" recognition threshold. All tax returns remain subject to examination by federal and various state tax jurisdictions. As of March 31, 2023 and December 31, 2022, there were no uncertain tax positions and the balance of unrecognized tax benefits was \$0.

Segment Reporting

The Trust's chief operating decision makers, which are comprised of its Principal Executive Officer and Principal Financial Officer, assess and measure the operating results of the Trust's portfolio of properties based on net operating income and do not differentiate properties by geography, market, size or type. Each of the Trust's investment properties is considered a separate operating segment, as each property earns revenue and incurs expenses, operating results are individually reviewed and discrete financial information is available. However, the Trust's properties are aggregated into one reportable segment because (i) the properties have similar economic characteristics, (ii) the Trust provides similar services to its tenants and (iii) the Trust's chief operating decision makers evaluate the collective performance of its properties.

(3) INVESTMENT PROPERTIES

As of March 31, 2023, the Trust's real estate portfolio consisted of 132 Retail Properties across 36 U.S. states and Puerto Rico.

The following table presents the amortization during the next five years and thereafter related to the lease intangible assets and liabilities for properties owned as of March 31, 2023:

	Period from April 1 to December 31, 2023	2024	2025	2026	2027	Thereafter	Total
Amortization of:							
Above market lease intangibles (a)	\$ 5,870	\$ 7,827	\$ 7,827	\$ 7,827	\$ 7,827	\$ 101,748	\$ 138,926
In-place lease intangibles (a)	3,625	4,833	4,833	4,833	4,833	62,829	85,786
Lease intangible assets, net (b)	\$ 9,495	\$ 12,660	\$ 12,660	\$ 12,660	\$ 12,660	\$ 164,577	\$ 224,712
Below market lease intangibles (a)	\$ 4,161	\$ 5,548	\$ 5,548	\$ 5,548	\$ 5,548	\$ 72,127	\$ 98,480
Lease intangible liabilities, net	\$ 4,161	\$ 5,548	\$ 5,548	\$ 5,548	\$ 5,548	\$ 72,127	\$ 98,480

(a) Represents the portion of the leases in which the Trust is the lessor. The amortization of above and below market

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lease intangibles is recorded as an adjustment to lease income and the amortization of in-place lease intangibles is recorded to depreciation and amortization expense.
(b) Lease intangible assets, net and lease intangible liabilities, net are presented net of \$27,430 and \$12,021 of accumulated amortization, respectively, as of March 31, 2023. Lease intangible assets, net and lease intangible liabilities, net are presented net of \$24,334 and \$10,853 of accumulated amortization, respectively, as of December 31, 2022.

As of March 31, 2023 and December 31, 2022, the weighted average amortization period for lease intangible assets and lease intangible liabilities was 7.8 years and 18.0 years, respectively.

For the three months ended March 31, 2023 and 2022, amortization expense pertaining to in-place lease intangibles was \$1,214 and \$1,350, respectively.

For the three months ended March 31, 2023 and 2022, amortization pertaining to above market lease intangibles of \$1,957 and \$2,000, respectively, was recorded as a reduction to "Lease income" in the accompanying consolidated statements of operations.

For the three months ended March 31, 2023 and 2022, amortization pertaining to below market lease intangibles of \$1,406 and \$1,668, respectively, was recorded as an increase to "Lease income" in the accompanying consolidated statements of operations.

Dispositions

The following table summarizes the disposition activity for the three months ended March 31, 2023:

Sale Date	Location	Property Type	Ownership	Square Footage	Gross Sales Proceeds	Aggregate Proceeds, Net	Gain (Loss)
3/22/23	Temecula, CA	Retail	Fee Simple	125	\$ 6,000	\$ 5,869	\$ (496)
				125	\$ 6,000	\$ 5,869	\$ (496)

During the three months ended March 31, 2023, gain on sales of investment properties, net also includes \$1,326 of additional sales proceeds less \$2 of selling expenses from prior year dispositions, offsetting the loss from the disposition of the Temecula, California Retail Property. In December 2021, a Retail Property in Queens, New York was sold for aggregate sales proceeds, net of \$38,785, of which \$1,326 was held in escrow after closing. In March 2023, the amounts held in escrow were released to the Trust and included in gain on sales of investment properties, net.

The following table summarizes the disposition activity during the three months ended March 31, 2022:

Sale Date	Location	Property Type	Ownership	Square Footage	Gross Sales Proceeds	Aggregate Proceeds, Net	Gain
1/6/22	Culver City, CA	Retail	Fee Simple	204	\$ 22,000	\$ 20,961	\$ 3,651
				204	\$ 22,000	\$ 20,961	\$ 3,651

The dispositions completed during the three months ended March 31, 2023 and 2022 did not qualify for discontinued operations treatment and are not considered individually significant.

Investment Properties Held for Sale

No Retail Properties were classified as held for sale as of March 31, 2023 or December 31, 2022.

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(in thousands, except certificate and per certificate amounts)

(4) LEASES

Leases as Lessor

The Retail Properties are leased pursuant to a single retail master lease (as amended, modified or supplemented from time to time, the “Retail Master Lease”) and the Warehouses were leased pursuant to a single distribution center master lease (as amended, modified or supplemented from time to time, the “DC Master Lease”; together with the Retail Master Lease, the “Master Leases” and individually, each a “Master Lease”). On the Effective Date, New JCP assigned all of its right, title and interest as lessor under the Master Leases to the applicable PropCo. Each of the Master Leases has an initial term of 20 years that commenced on December 7, 2020 and is classified as an operating lease. The Trust receives monthly base rent pursuant to the Master Leases, which was 50% abated through December 31, 2021 for each of the Retail Properties. At the beginning of the third lease year, base rent under the Retail Master Lease increases based on changes in the consumer price index (subject to a maximum 2% increase per year) and the increase is not included in fixed lease payments or the future undiscounted lease payments schedule. Upon the sale of the Warehouses in December 2021, the Trust assigned all of its right, title and interest as lessor in the DC Master Lease to the purchaser.

The Master Lease requires direct payment of all operating expenses, real estate taxes, ground lease payments (where applicable), capital expenditures and common area maintenance costs by New JCP and allows for lessor reimbursement if amounts are not directly paid. Expenses paid directly by New JCP are not included in the accompanying consolidated statement of operations, except for ground lease payments made by New JCP, since recording cash payments made by New JCP is necessary to relieve amounts due to the ground lessor included in the ground lease liabilities. Ground lease payments made by New JCP of \$1,012 and \$1,004 for the three months ended March 31, 2023 and 2022, respectively, were paid directly to the ground lessor by New JCP and were included in “Lease income” in the accompanying consolidated statements of operations.

In certain municipalities, the Trust is required to remit sales and use taxes to governmental authorities based upon the rental income received from Properties. These taxes are required to be reimbursed by New JCP to the Trust in accordance with the terms of the Master Lease, and are presented net of reimbursement from New JCP on the consolidated statements of operations. During the three months ended March 31, 2023 and 2022, the Trust incurred sales and use taxes of \$187, which were fully reimbursed by New JCP as of the end of each corresponding Reporting Period.

From time to time the Trust may have leasing activity with replacement tenants other than New JCP, but has had none to date.

Lease income related to the Trust’s operating leases, is comprised of the following:

<u>Lease income related to fixed lease payments</u>	<u>Three Months Ended March 31, 2023</u>	<u>Three Months Ended March 31, 2022</u>
Contractual base rent	\$ 25,653	\$ 27,671
Straight-line rental income, net (a)	(590)	(637)
<u>Lease income related to variable lease payments</u>		
Ground lease reimbursement income (b)	1,012	1,004
<u>Other</u>		
Amortization of above and below market lease intangibles (c)	(551)	(332)
Lease income	<u>\$ 25,524</u>	<u>\$ 27,706</u>

(a) Represents the impact of straight-line rent (contractual rent exceeds straight line rent).

(b) Ground lease reimbursement income consists of lease payments due from the tenant for land leased under non-cancellable operating leases.

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(c) Represents above and below market lease amortization recognized straight line over the lease term.

As of March 31, 2023, undiscounted lease payments to be received under operating leases, for the next five years and thereafter are as follows:

	Lease Payments	
Period from April 1 to December 31, 2023	\$	76,666
2024		102,222
2025		102,222
2026		102,222
2027		102,222
Thereafter		1,328,885
Total	\$	1,814,439

The weighted average remaining lease terms range was approximately 17.8 years as of March 31, 2023.

Leases as Lessee

The Trust leases land under operating ground leases at certain of its Properties, which expire in various years from 2038 to 2096, including any available option periods that are reasonably certain to be exercised. All options terms were considered to be reasonably certain of being exercised through the initial term of the Master Lease.

Ground lease rent expense was \$1,495 for the three months ended March 31, 2023 and \$1,555 from three months ended March 31, 2022, which is included within “Operating expenses” in the accompanying consolidated statements of operations. For the three months ended March 31, 2023, ground lease rent expense includes interest expense of \$1,036, amortization pertaining to right-of-use assets of \$254, amortization pertaining to above market ground lease intangibles of \$(160) and amortization pertaining to below market ground lease intangibles of \$365. For the three months ended March 31, 2022, ground lease rent expense includes interest expense of \$1,033, amortization pertaining to right-of-use assets of \$257, amortization pertaining to above market ground lease intangibles of \$(160) and amortization pertaining to below market ground lease intangibles of \$425. There were no cash payments for ground lease rent expense as these payments are made by the tenant.

As of March 31, 2023, undiscounted future rental obligations to be paid under the long-term ground leases by New JCP under the terms of the Master Lease on behalf of the Trust, including fixed rental increases, for the next five years and thereafter, are as follows:

	Lease Obligations	
Period from April 1 to December 31, 2023	\$	3,050
2024		4,124
2025		4,116
2026		4,138
2027		4,197
Thereafter		220,159
Less imputed interest		(202,084)
Lease liabilities as of March 31, 2023	\$	37,700

The Trust’s long-term ground leases had a weighted average remaining lease term of 44.1 years and a weighted average discount rate of 11.0% as of March 31, 2023.

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(5) COMMITMENTS AND CONTINGENCIES

Master Leases

Landlord Option Properties: On the Effective Date, the Retail Master Lease provides the Trust an option on 23 of the Retail Properties allowing current or future landlords to terminate the Retail Master Lease as to that property upon 24 months' prior written notice. This option is (for the Trust, but not for future landlords) limited to eight Retail Properties in any lease year. During 2022, the Trust sold nine Retail Properties with a landlord termination option, and during 2021, the Trust sold seven Retail Properties and all six Warehouses with landlord termination options. As of March 31, 2023, there were seven remaining Retail Properties with landlord termination options.

Tenant Option Properties: On the Effective Date, the Retail Master Lease provided New JCP an option to terminate the Retail Master Lease upon 24 months' prior written notice as to all or a portion of any one or more of six specified properties. This option is limited to no more than five Properties in any lease year. During 2022, the Trust sold one Retail Property with a tenant termination option, and during 2021, the Trust sold four Retail Properties with tenant termination options. During the three months ended March 31, 2023, no Retail Properties with tenant termination options were sold. As of March 31, 2023, there was one remaining Retail Property with a tenant termination option.

Substitution Options and Go Dark Rights: The Retail Master Lease provides New JCP an option to terminate the Retail Master Lease with respect to selected sub-performing properties upon replacement of such sub-performing properties with a qualified replacement property in accordance with the terms and conditions of the Retail Master Lease. Notwithstanding the foregoing, New JCP shall only be entitled to exercise a substitution option (i) between the third and 15th anniversary of the commencement date of the Retail Master Lease and (ii) if the aggregate allocated base rent amounts for all Go Dark/Substitution Properties (as defined in the Retail Master Lease) during the applicable period (as described in the Retail Master Lease) is less than or equal to 15% of the aggregate first year's base rent. The Retail Master Lease also provides New JCP with the limited right to "go dark" (i.e., cease operations) at one or more Retail Properties in certain limited circumstances as set forth in the Retail Master Lease; provided that such right does not relieve New JCP of its obligation to make any rent payments that are due and owing.

Tenant Purchase Rights: On the Effective Date, the Master Leases contained preferential offer rights in favor of New JCP with respect to 70 of the Retail Properties and each of the Warehouses (the "Tenant Purchase Rights"), which enable New JCP, in connection with a potential sale of such Properties, to acquire such Properties for a price determined in accordance with the procedures set forth in the Master Leases. These Tenant Purchase Rights require the Trust to reoffer a property to the tenant in the event it is not sold within a specified period of time at a specified minimum price related to the preferential purchase price. Eighteen of these Retail Properties, of which three were purchased by an affiliate of the tenant, and all of the Warehouses, of which none were purchased by the tenant, have been sold as of March 31, 2023.

Lockout Periods: The Trust agreed not to deliver notice to New JCP formally commencing the sales process at those Properties subject to the Tenant Purchase Rights prior to the dates specified in the applicable Master Lease for such Properties. All lockout periods with respect to the Tenant Purchase Rights for the 70 Retail Properties have expired.

Environmental Matters

Federal law (and the laws of some states in which we own or may acquire properties) imposes liability on a landowner for the presence on the premises of hazardous substances or wastes (as defined by present and future federal and state laws and regulations). This liability is without regard to fault or knowledge of the presence of such substances and may be imposed jointly and severally upon all succeeding landowners. If such hazardous substance

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is discovered on a property owned by us, we could incur liability for the removal of the substances and the cleanup of the property.

There can be no assurance that we would have effective remedies against prior owners of the property. In addition, we may be liable to current or future tenants and may find it difficult or impossible to sell the property either prior to or following such a cleanup. There are no environmental matters that are expected to have a material effect on the Trust's consolidated financial statements.

Risk of Uninsured Property Losses

The Trust maintains property damage, fire loss, environmental, and liability insurance in addition to the insurance required to be maintained by the Tenant pursuant to the Master Leases. However, there are certain types of losses (generally of a catastrophic nature) which may be either uninsurable or not economically insurable. Such excluded risks may include war, earthquakes, tornados, floods and certain other environmental hazards. Should such events occur, (i) we may suffer a loss of capital invested, (ii) tenant may suffer losses and may be unable to pay rent for the spaces, and (iii) we may suffer a loss of profits which might be anticipated from one or more properties.

Significant Risks and Uncertainties

Although disruptions stemming from the COVID-19 pandemic have subsided, inflation, rising interest rates, reduced consumer spending, labor shortages, supply chain disruptions and global capital markets volatility pose increasing risks to the Company and the U.S. economy. The ongoing and potential future impacts of the war between Russia and Ukraine is also contributing to economic and geopolitical uncertainty. While we did not incur any disruptions to our lease income and occupancy during the three months ended March 31, 2023 as a result of these adverse political and economic conditions, credit markets or other events, we continue to closely monitor the impact of these factors as they may have a negative impact on our or New JCP's business.

Concentration of Credit Risk

As of March 31, 2023, all of the Properties were leased to New JCP, and all of the Trust's lease income was derived from the Master Leases (see Note 4). The Properties' tenants constitute a significant asset concentration, as all tenants are subsidiaries of New JCP and New JCP provides financial guarantees with respect to the Master Leases. Until the Trust materially diversifies the composition of tenants for its properties, an event that has a material adverse effect on New JCP's business, financial condition or results of operations could have a material adverse effect on the Trust's business, financial condition or results of operations.

As of March 31, 2023, the Trust's properties are located across 36 U.S. states and Puerto Rico. For the three months ended March 31, 2023, the Trust's lease income was concentrated in two states as follows: California 19.0% and Texas 13.5%. For the three months ended March 31, 2022, the Trust's lease income was concentrated in two states as follows: California 18.6% and Texas 13.6%.

Litigation

From time to time, the Trust may be subject to various legal proceedings and claims that arise in the ordinary course of business. There are no current matters that are expected to have a material effect on the Trust's consolidated financial statements.

(6) SUBSEQUENT EVENTS

Subsequent to March 31, 2023, we paid monthly distributions to Certificateholders of \$5,310 or \$0.20 per certificate in April 2023. On May 5, 2023, we announced a distribution of \$7,529 or \$0.10 per certificate to be paid on May 10, 2023 to Certificateholders.

All dollar amounts in this Form 10-Q in Item 2 are stated in thousands with the exception of per share, per square foot and per unit amounts

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q may constitute "forward-looking statements" within the meaning of the safe harbor from civil liability provided for such statements by the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act). Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described or that they will happen at all. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "should," "intends," "plans," "estimates" or "anticipates" and variations of such words or similar expressions or the negative of such words. You can also identify forward-looking statements by discussions of strategies, plans or intentions. Risks, uncertainties and changes in the following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- economic, business and financial conditions, and changes in our industry and changes in the real estate markets in particular;
- economic and other developments in markets where we have a high concentration of properties;
- our business strategy;
- our projected operating results;
- rental rates and/or vacancy rates;
- material deterioration in operating performance or credit of New JCP;
- frequency and magnitude of defaults on, early terminations of or non-renewal of leases by tenant;
- bankruptcy, insolvency or general downturn in the business of New JCP;
- adverse impact of e-commerce developments and shifting consumer retail behavior on our tenant;
- interest rates or operating costs;
- real estate and zoning laws and changes in real property tax rates;
- real estate valuations;
- our ability to generate sufficient cash flows to make distributions to our Certificateholders;
- our ability to obtain necessary outside financing;
- the availability, terms and deployment of capital;
- general volatility of the capital and credit markets and the market price of our Certificates;
- risks generally associated with real estate dispositions, including our ability to identify and pursue disposition opportunities;
- composition of members of our executive officers;
- the ability of the Manager, Trustee or other service providers to attract and retain qualified personnel;
- governmental regulations, tax laws and rates and similar matters;
- our compliance with laws, rules and regulations;
- environmental uncertainties and exposure to natural disasters;
- pandemics or other public health crises, such as COVID-19, and the related impact on (i) our ability to manage our properties, finance our operations and perform necessary administrative and reporting

functions and (ii) our tenant's ability to operate their businesses, generate sales and meet their financial obligations, including the obligation to pay rent and other charges as specified in their leases;

- geo-political events, such as the conflict in Ukraine, government responses to such events and the related impact on the economy both nationally and internationally;
- insurance coverage; and
- the likelihood or actual occurrence of terrorist attacks in the U.S.

For a further discussion of these and other factors that could impact our future results, performance or transactions, see Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022. Readers should not place undue reliance on any forward-looking statements, which are based only on information currently available to us (or to third parties making the forward-looking statements). We undertake no obligation to publicly release any revisions to such forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q, except as required by applicable law.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the related notes included in this report.

COVID-19 Pandemic and Economic Conditions

Although disruptions stemming from the COVID-19 pandemic have subsided, inflation, rising interest rates, reduced consumer spending, labor shortages, supply chain disruptions and global capital markets volatility pose increasing risks to the Company and the U.S. economy. The ongoing and potential future impacts of the war between Russia and Ukraine is also contributing to economic and geopolitical uncertainty. While we did not incur any disruptions to our lease income and occupancy during the three months ended March 31, 2023 as a result of these adverse political and economic conditions, credit markets or other events, any of these events could materially adversely impact the Trust or New JCP's business. The Trust continues to closely monitor economic, financial and social conditions, including the effects of the COVID-19 pandemic.

Executive Summary

Copper Property CTL Pass Through Trust exists for the sole purpose of collecting, holding, administering, distributing and monetizing the Properties for the benefit of Certificateholders. As of March 31, 2023, we owned 132 retail operating properties, 21 of which are encumbered by ground leases, across 36 U.S. states and Puerto Rico representing 17,466 square feet of leasable space. The number of retail operating properties decreased to 132 as of March 31, 2023 from 133 as of December 31, 2022 as a result of one disposition during the three months ended March 31, 2023.

The following table summarizes our portfolio as of March 31, 2023:

Retail Properties												
State	# of Properties			Square Feet (Buildings)	Lease income for Three Months Ended March 31, 2023		Lease income as % of total	Lease income for Three Months Ended March 31, 2022		Lease income as % of total		
	Fee Owned	Ground Lease	Total		\$			\$				
CA	17	4	21	3,103	\$	4,729	18.6 %	\$	4,729	18.6 %		
TX	18	4	22	2,246		3,445	13.6 %		3,445	13.6 %		
FL	8	1	9	1,292		2,129	8.4 %		2,129	8.4 %		
NJ	5	0	5	883		1,263	5.0 %		1,263	5.0 %		
WA	3	1	4	666		1,133	4.5 %		1,133	4.5 %		
NY	1	2	3	470		1,078	4.2 %		1,078	4.2 %		
IL	5	0	5	845		1,018	4.0 %		1,018	4.0 %		
NV	2	1	3	438		855	3.4 %		855	3.4 %		
AZ	4	0	4	493		849	3.3 %		849	3.3 %		
MI	6	0	6	863		848	3.3 %		848	3.3 %		
OH	5	0	5	645		764	3.0 %		764	3.0 %		
PA	4	0	4	555		731	2.9 %		731	2.9 %		
CO	2	1	3	362		525	2.1 %		525	2.1 %		
KY	1	1	2	251		461	1.8 %		461	1.8 %		
NM	2	0	2	266		458	1.8 %		458	1.8 %		
Other	28	6	34	4,088		5,123	20.1 %		5,115	20.1 %		
Total Retail	111	21	132	17,466	\$	25,409	(a)	100 %	\$	25,401	(a)	100 %

(a) Lease income consists of base rent of \$25,555, straight-line rental income of \$(588), amortization of above and below market lease amortization of (570), and ground lease reimbursement income of \$1,012 for the three months ended March 31, 2023 and base rent of \$25,555, straight-line rental income of \$(588), amortization of above and below market lease amortization of \$(570), and ground lease reimbursement income of \$1,004 for the three months ended March 31, 2022.

Company Highlights — Three Months Ended March 31, 2023

Acquisitions

We had no acquisition activity during the three months ended March 31, 2023 and 2022.

Dispositions

The following table summarizes the disposition activity during the three months ended March 31, 2023:

Sale Date	Location	Property Type	Ownership	Square Footage	Gross Sales Proceeds	Aggregate Proceeds, Net	Gain
3/22/23	Temecula, CA	Retail	Fee Simple	125	\$ 6,000	\$ 5,869	\$ (496)
				<u>125</u>	<u>\$ 6,000</u>	<u>\$ 5,869</u>	<u>\$ (496)</u>

During the three months ended March 31, 2023, gain on sales of investment properties also includes \$1,326 of additional sales proceeds less \$2 of selling expenses from prior year dispositions, offsetting the loss from the disposition of Temecula, California. In December 2021, a Retail Property in Queens, New York was sold for aggregate sales proceeds, net of \$38,785, of which \$1,326 was held in escrow after closing. In March 2023, the amounts held in escrow were released to the Trust and included in gain on sales of investment properties, net.

The following table summarizes the disposition activity during the three months ended March 31, 2022:

Sale Date	Location	Property Type	Ownership	Square Footage	Gross Sales Proceeds	Aggregate Proceeds, Net	Gain
1/6/22	Culver City, CA	Retail	Fee Simple	204	\$ 22,000	\$ 20,961	\$ 3,651
				<u>204</u>	<u>\$ 22,000</u>	<u>\$ 20,961</u>	<u>\$ 3,651</u>

Leasing Activity

There was no leasing activity during the three months ended March 31, 2023 and 2022.

Capital Markets

There was no capital markets activity during the three months ended March 31, 2023 and 2022.

Distributions

We paid distributions to the Certificateholders of \$37,272 or \$0.50 per certificate during the three months ended March 31, 2023, and \$633,508 or \$8.45 per certificate during the three months ended March 31, 2022.

Results of Operations

Net income attributable to Certificateholders was \$17,157 or \$0.23 per Certificate for the three months ended March 31, 2023, as compared to \$20,428 or \$0.27 per Certificate for the three months ended March 31, 2022.

The following describes the changes on the Trust's consolidated statements of operations that resulted in the decrease in net income attributable to the Certificateholders during the three months ended March 31, 2023, as compared to the corresponding period in 2022:

Lease income - The decrease in lease income from \$27,706 to \$25,524 for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022, is due to the disposition of 14 Retail Properties between March 31, 2022 and March 31, 2023.

Depreciation and amortization - The decrease in depreciation and amortization from \$5,336 to \$4,830 for the three months ended March 31, 2023, as compared to the three months ended March 31, 2022, is due to the disposition of 14 Retail Properties between March 31, 2022 and March 31, 2023.

Gain on sales of investment properties, net -For the three months ended March 31, 2023, the gain on sales of investment properties, net of \$828 includes a loss on sale of \$496 from the disposition of one property during the period, which is offset by \$1,324 of income, net from dispositions that occurred in 2021 and 2022. During the three months ended March 31, 2022, the gain on sales of investment properties, net of \$3,651 was due to the disposition of one property.

Net operating income (NOI)

We define NOI as all revenues other than (i) straight-line rental income (non-cash), (ii) amortization of above and below market lease intangibles, (iii) interest income and (iv) non-cash ground lease reimbursement income, less all operating expenses other than non-cash ground rent expense, which is comprised of amortization of right-of-use lease assets and amortization of lease liabilities, depreciation and amortization, and formation expenses. We believe that NOI, which is a supplemental non-GAAP financial measure, provides an additional and useful operating perspective not immediately apparent from “Net income” in accordance with accounting principles generally accepted in the United States (GAAP). Comparison of our presentation of NOI to similarly titled measures for other entities may not necessarily be meaningful due to possible differences in definition and application by such entities. For reference and as an aid in understanding our computation of NOI, a reconciliation of net income as computed in accordance with GAAP to NOI for the Reporting Periods is as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net income	\$ 17,157	\$ 20,428
Adjustments to reconcile to NOI:		
Depreciation and amortization of real estate	4,830	5,336
Gain on sales of investment properties, net	(828)	(3,651)
Straight-line rental income, net	590	637
Amortization of above and below market lease intangibles, net	551	332
Interest income	(266)	(5)
Non-cash ground rent expense, net	1,495	1,555
Non-cash ground lease reimbursement income	(1,012)	(1,004)
NOI	<u>\$ 22,517</u>	<u>23,628</u>

The decrease in NOI of \$1,111 for the three months ended March 31, 2023, as compared to the three months ended March 31, 2022, is primarily due to the decrease in base rent from the sale of 14 Retail Properties between March 31, 2022 and March 31, 2023.

Funds from Operations

The National Association of Real Estate Investment Trusts, or NAREIT, an industry trade group, has promulgated a financial measure known as funds from operations (FFO). As defined by NAREIT, FFO means net income computed in accordance with GAAP, excluding (i) depreciation and amortization related to real estate, (ii) gains from sales of real estate assets, (iii) gains and losses from change in control and (iv) provisions for impairment of investment properties. We have adopted the NAREIT definition in our computation of FFO attributable to Certificateholders. Management believes that, subject to the following limitations, FFO attributable to Certificateholders provides a basis for comparing our performance and operations to REITs.

We define Operating FFO attributable to Certificateholders as FFO attributable to Certificateholders excluding the impact of discrete non-operating transactions and other events which we do not consider representative of the

comparable operating results of our real estate operating portfolio, which is our core business platform. Specific examples of discrete non-operating transactions and other events include, but are not limited to, the impact on earnings, which are not otherwise adjusted in our calculation of FFO attributable to Certificateholders.

We believe that FFO and Operating FFO, which are supplemental non-GAAP financial measures, provide an additional and useful means to assess our operating performance compared to REITs. FFO and Operating FFO do not represent alternatives to (i) “Net Income” or “Net income attributable to Certificateholders” as indicators of our financial performance, or (ii) “Cash flows from operating activities” in accordance with GAAP as measures of our capacity to fund cash needs, including the payment of dividends. Comparison of our presentation of Operating FFO to similarly titled measures for REITs may not necessarily be meaningful due to possible differences in definition and application by such REITs.

The following table presents a reconciliation of net income to FFO and Operating FFO:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net income	\$ 17,157	\$ 20,428
Depreciation and amortization of real estate	4,830	5,336
Gain on sales of investment properties, net	(828)	(3,651)
FFO	<u>\$ 21,159</u>	<u>\$ 22,113</u>
FFO per certificate outstanding – basic and diluted	\$ 0.28	\$ 0.29
FFO	\$ 21,159	\$ 22,113
Dead deal costs	19	111
Operating FFO	<u>\$ 21,178</u>	<u>\$ 22,224</u>
Operating FFO per certificate outstanding – basic and diluted	\$ 0.28	\$ 0.30

The decrease in FFO of \$954 for the three months ended March 31, 2023, as compared to the three months ended March 31, 2022 is primarily due to the decrease of lease income of \$2,182 due to the sale of 14 Retail Properties between March 31, 2022 and March 31, 2023.

The decrease in Operating FFO of \$1,046 for the three months ended March 31, 2023, as compared to the three months ended March 31, 2022 is primarily due to the decrease of lease income of \$2,182 due to the sale of 14 Retail Properties between March 31, 2022 and March 31, 2023.

Liquidity and Capital Resources

We anticipate that cash flows from the below-listed sources will provide adequate capital for the next 12 months and beyond for all Certificateholder distributions.

Our primary expected sources and uses of liquidity are as follows:

SOURCES	USES
▪ Rental revenues	▪ Operating and general and administrative expenses
▪ Cash and cash equivalents	▪ Sales expenses
▪ Net proceeds from the sale of real estate	▪ Distribution payments

The Trust has adopted a policy to maintain its cash equivalents in a government money market fund administered by a major bulge bracket investment banking firm which invests its assets only in (i) cash and (ii) securities issued or guaranteed by the United States or certain U.S. government agencies and having a weighted average life and weighted average maturity of no more than 120 days and 60 days, respectively. Each of these government money market funds is managed to maintain a stable net asset value, thereby eliminating principal risk.

We had no indebtedness as of March 31, 2023 and December 31, 2022.

Debt Maturities

We have no scheduled maturities and principal amortization of our indebtedness, since we had no indebtedness as of March 31, 2023 and December 31, 2022.

Distributions

The Trust is required to distribute on a monthly basis the net proceeds from lease payments under the Master Leases (until such time as all of the Properties have been sold) and all net sales proceeds from the disposition of Properties, in each case pro rata, to Certificateholders as of the record date immediately preceding the applicable distribution date. Such distributions shall be net of (i) tax payments to be made by the Trust, (ii) fees and expenses of the Trust, the Trustee, the Manager and any other professional advisors, and (iii) funds to be set aside for the Trustee's and Manager's reserve accounts.

We paid distributions to the Certificateholders of \$37,272 or \$0.50 per certificate during the three months ended March 31, 2023, and \$633,508 or \$8.45 per certificate for the three months ended March 31, 2022.

Dispositions

Net sales proceeds from the disposition of Properties were included in the distributions to Certificateholders. During the three months ended March 31, 2023 and March 31, 2022, included in the amount we paid to Certificateholders was \$15,357 and \$615,977, respectively, of aggregate net sales proceeds.

Capital Expenditures

We anticipate that obligations related to capital improvements will not be significant as these are generally the responsibility of the Tenant under the Master Leases and should otherwise be met with cash flows from operations.

Summary of Cash Flows

The following table summarizes our cash flows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net cash provided by operating activities	\$ 22,718	\$ 19,368
Net cash provided by investing activities	7,196	20,961
Net cash used in financing activities	(37,272)	(633,508)
Change in cash, cash equivalents and restricted cash	(7,358)	(593,179)
Cash, cash equivalents and restricted cash, at beginning of period	48,922	627,522
Cash, cash equivalents and restricted cash, at end of period	<u>\$ 41,564</u>	<u>\$ 34,343</u>

Cash Flows from Operating and Investing Activities

Net cash provided by operating activities for the three months ended March 31, 2023 was \$22,718, as compared to \$19,368 for the three months ended March 31, 2022. The increase of \$3,350 is primarily due to changes in accounts payable and accrued expenses due to timing of payments resulting in an \$886 increase, changes in other assets primarily due to a reduction in insurance premium resulting in an \$3,157 increase, but offset by decreases in lease income and depreciation and amortization due to the sale of 14 Retail Properties between March 31, 2022 and March 31, 2023.

Cash flows provided by investing activities for the three months ended March 31, 2023 were \$7,196, as compared to \$20,961 for the three months ended March 31, 2022. Investing activities solely consists of proceeds from sales of investment properties, and the decrease in net cash provided by investing activities from the three months ended March 31, 2023 to the three months ended March 31, 2022 is due to disposition activity in each Reporting Period.

During the three months ended March 31, 2023, total net cash provided by operating and investing activities was \$29,914, however \$37,272 was distributed to Certificateholders in 2023, of which \$22,944 were distributions of cash flows from operating and investing activities received during December 2022.

Management believes that cash flows from operations and sales of investment properties and existing cash and cash equivalents will provide sufficient liquidity to sustain future operations; however, we cannot provide any such assurances.

Cash Flows from Financing Activities

Cash flows used in financing activities for the three months ended March 31, 2023 was \$37,272, as compared to \$633,508 for the comparable period in 2022. Financing activities for both Reporting Periods consisted of distributions paid to Certificateholders.

Contractual Obligations

As of March 31, 2023, we have 21 properties that are subject to long-term non-cancelable ground leases. These leases expire in various years from 2038 to 2096, including any available option periods that are reasonably certain to be exercised.

The following table summarizes the Trust's obligations under non-cancelable operating leases as of March 31, 2023:

	Payments due by period	
Period from April 1 to December 31, 2023	\$	3,050
2024		4,124
2025		4,116
2026		4,138
2027		4,197
Thereafter		220,159
Less imputed interest		(202,084)
Total	\$	37,700

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our 2022 Annual Report on 10-K contains a description of our critical accounting policies, including those relating to the acquisition of the Properties and impairment of long-lived assets. For the three months ended March 31, 2023, there were no significant changes to these policies.

Impact of Recently Issued Accounting Pronouncements

None

Subsequent Events

Subsequent to March 31, 2023, we paid monthly distributions to Certificateholders of \$15,310 or \$0.20 per certificate in April 2023. On May 5, 2023, we announced a distribution of \$7,529 or \$0.10 per certificate to be paid on May 10, 2023 to Certificateholders.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are not exposed to interest rate risk because we currently do not hold any long-term debt or derivatives. If we were to enter into long-term debt arrangements, our interest rate risk management objectives would be to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs.

As of March 31, 2023, we did not hold any fixed or variable rate debt, and did not hold any derivative financial instruments to hedge exposures to changes in interest rates.

ITEM 4. CONTROLS AND PROCEDURES

Management, with the participation of the Principal Executive Officer and Principal Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in the Securities and Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of March 31, 2023. Based upon this evaluation, the Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding the required disclosure.

There were no changes to our internal control over financial reporting during the quarter ended March 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject, from time to time, to various legal proceedings and claims that arise in the ordinary course of business. Neither the Trust nor any of its subsidiaries are currently a party as plaintiff or defendant to and none of our properties are the subject of any pending legal proceedings that we believe to be material or that individually or in the aggregate would be expected to have a material effect on our business, financial condition or results of operations if determined adversely to us. We are not aware of any similar proceedings that are contemplated by governmental authorities.

ITEM 1A. RISK FACTORS

As of the date of this report, there are no material changes to our risk factors as previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no unregistered sales of equity securities during the quarter ended March 31, 2023.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit No.	Description
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 (filed herewith).
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 (filed herewith).
32.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 (furnished herewith).
32.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 (furnished herewith).
101.SCH	Inline XBRL Taxonomy Extension Schema Document (filed herewith).
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith).
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith).
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (filed herewith).
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith).
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101. *) (filed herewith).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COPPER PROPERTY CTL PASS THROUGH TRUST

By: /s/ NEIL AARONSON

Neil Aaronson
Principal Executive Officer

Date: May 8, 2023

By: /s/ LARRY FINGER

Larry Finger
Principal Financial Officer

Date: May 8, 2023

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Neil Aaronson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Copper Property CTL Pass Through Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. [Omitted];
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2023

/s/ Neil Aaronson

Neil Aaronson

Principal Executive Officer

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Larry Finger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Copper Property CTL Pass Through Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. [Omitted];
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2023

/s/ Larry Finger

Larry Finger
Principal Financial Officer

CERTIFICATION
of
Neil Aaronson
Principal Executive Officer

I, Neil Aaronson, Principal Executive Officer of Copper Property CTL Pass Through Trust (the "Trust"), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Trust for the period ended March 31, 2023 (the "Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the Periodic Report fairly represents, in all material respects, the financial condition and results of operations of the Trust.

Date: May 8, 2023

/s/ Neil Aaronson

Neil Aaronson

Principal Executive Officer

CERTIFICATION
of
Larry Finger
Principal Financial Officer

I, Larry Finger, Principal Financial Officer of Copper Property CTL Pass Through Trust (the “Trust”), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Trust for the period ended March 31, 2023 (the “Periodic Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the Periodic Report fairly represents, in all material respects, the financial condition and results of operations of the Trust.

Date: May 8, 2023

/s/ Larry Finger

Larry Finger

Principal Financial Officer