



CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST REPORTS RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2019

Toronto, Ontario February 12, 2020 /CNW/ - Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") (TSX: CHP.UN) today announced its consolidated financial results for the fourth quarter and year ended December 31, 2019. The 2019 Annual Report to Unitholders is available in the Investor Relations section of the Trust's website at www.choicereit.ca, and has been filed on SEDAR at www.sedar.com.

"We are pleased with both our financial and operational results for the fourth quarter and year ended December 31, 2019. Our portfolio of high-quality real estate continues to produce consistent and stable results with same-asset net operating income being up 3.1% for the quarter and portfolio occupancy at 97.7%," said Rael Diamond, President and Chief Executive Officer. Mr. Diamond added, "We are exceptionally well positioned heading into 2020 with a stable income producing portfolio, a long-term pipeline of development opportunities and a strong balance sheet."

Summary of GAAP Basis Financial Results:

(\$ thousands except where otherwise indicated)	Three Months			Year Ended		
	December 31, 2019	December 31, 2018	Change	December 31, 2019	December 31, 2018	Change
Net income (loss)	\$ 293,261	\$ 281,099	\$ 12,162	\$ (581,357)	\$ 649,577	\$ (1,230,934)
Net income (loss) per unit diluted	0.419	0.419	—	(0.843)	1.111	(1.954)
Rental revenue	317,986	322,793	(4,807)	1,288,554	1,148,273	140,281
Fair value gain (loss) on Exchangeable Units ⁽¹⁾	206,680	214,479	(7,799)	(932,009)	593,706	(1,525,715)
Fair value gains (losses) excluding Exchangeable Units ⁽²⁾	9,352	(17,841)	27,193	(11,543)	(83,783)	72,240
Cash flows from operating activities	207,460	200,465	6,995	580,556	405,192	175,364
Weighted average Units outstanding - diluted	700,544,380	670,486,393	30,057,987	689,285,790	584,605,228	104,680,562

- Exchangeable Units are recorded at their fair value based on the market trading price of the Trust Units, which results in a negative impact to the financial results when the Trust Unit price rises and a positive impact when the Trust Unit price declines.
- Fair value gains (losses) excluding Exchangeable Units includes adjustments to fair value of investment properties and unit-based compensation.

Quarterly Results:

- Net Income (Loss)** - Net income for the fourth quarter of 2019 was \$293.3 million, as compared to \$281.1 million in the prior year. The increase of \$12.2 million compared to the fourth quarter of 2018 was mainly due to a favourable change of \$26.2 million in the adjustment to fair value for investment properties and lower acquisition transaction and borrowing costs, partially offset by a \$7.8 million reduction in the year-over-year gain recognized with respect to the fair value adjustment on Exchangeable Units, a \$3.0 million allowance for expected credit losses associated with certain mortgages and loans receivable, as well as a \$7.1 million non-recurring reimbursement of contract revenue to Loblaw for incorrectly allocated solar rooftop leases.

Year End Results:

- Net Income (Loss)** - Net loss for the year ended December 31, 2019 was \$581.4 million, as compared to net income of \$649.6 million in the prior year. The decline of \$1.2 billion compared to the prior year included \$1.5 billion which was primarily due to cumulative adverse fair value adjustments on Exchangeable Units due to increases in the unit price, partially offset by a decline in acquisition transaction costs, a full year of contribution from the acquisition of Canadian Real Estate Investment Trust ("CREIT"), as compared to eight months in the prior year, growth in rental revenue attributable to completed development projects and a favourable change in the fair value for investment properties.

Summary of Proportionate Share⁽¹⁾ Financial Results:

(\$ thousands except where otherwise indicated)	Three Months			Year Ended		
	December 31, 2019	December 31, 2018	Change	December 31, 2019	December 31, 2018	Change
Rental revenue ⁽¹⁾	\$ 333,744	\$ 338,147	\$ (4,403)	\$ 1,354,383	\$ 1,187,536	\$ 166,847
Net Operating Income (“NOI”) ⁽¹⁾ , cash basis	234,949	232,506	2,443	941,320	814,172	127,148
Same-Asset NOI, cash basis ⁽¹⁾	132,560	128,569	3,991	521,451	508,024	13,427
Adjustment to fair value of investment properties ⁽¹⁾	(5,891)	(19,788)	13,897	(15,250)	(93,829)	78,579
Occupancy (% of GLA)	97.7%	97.7%	—%	97.7%	97.7%	—%
Funds from operations (“FFO”) ⁽²⁾	165,795	171,872	(6,077)	680,278	603,840	76,438
FFO ⁽²⁾ per unit diluted	0.237	0.256	(0.019)	0.987	1.033	(0.046)
Adjusted funds from operations (“AFFO”) ⁽²⁾	129,187	110,332	18,855	587,695	483,378	104,317
AFFO ⁽²⁾ per unit diluted	0.184	0.165	0.019	0.853	0.827	0.026
AFFO ⁽²⁾ payout ratio - diluted	100.3%	112.0%	(11.7)%	86.8%	89.2%	(2.4)%
Distributions declared	151,267	123,612	27,655	532,054	431,392	100,662
Weighted average number of Units outstanding - diluted	700,544,380	670,486,393	30,057,987	689,285,790	584,605,228	104,680,562

1. A non-GAAP measurement which includes amounts from directly held properties and equity accounted joint ventures.
2. A non-GAAP measurement.

Quarterly Results:

- **Funds from Operations** - For the fourth quarter of 2019, FFO (a non-GAAP measure) was \$165.8 million or \$0.237 per unit diluted, compared with \$171.9 million or \$0.256 per unit diluted in the fourth quarter of 2018. FFO decreased primarily due to the non-recurring reimbursement of contract revenue to Loblaw for incorrectly allocated solar rooftop leases, offset primarily by a decline in borrowing costs. On a per unit basis, the decline was due to deleveraging which contributed to a higher weighted average number of units outstanding as a result of the May 2019 equity offering. Excluding the impact of the non-recurring reimbursement of contract revenue to Loblaw of \$7.1 million, FFO for the fourth quarter was \$172.9 million or \$0.247 per unit diluted.

Year End Results:

- **Funds from Operations** - For the year ended December 31, 2019, FFO was \$680.3 million or \$0.987 per unit diluted, compared with \$603.8 million or \$1.033 per unit diluted in 2018. FFO increased primarily due to a full year of contribution from the acquisition of CREIT as compared to eight months in the prior year, as well as positive leasing activity driving same asset NOI growth, and incremental net operating income attributable to completed development projects, partially offset by higher borrowing costs and the non-recurring reimbursement of contract revenue to Loblaw. On a per unit basis, the decline was primarily due to deleveraging which contributed to the higher weighted average number of units outstanding as a result of the units issued in consideration for the acquisition of CREIT and the May 2019 equity offering.

Non-GAAP Financial Measures and Additional Financial Information

In addition to using performance measures determined in accordance with International Financial Reporting Standards (“IFRS” or “GAAP”), Choice Properties also measures its performance using certain non-GAAP measures, and provides these measures in this news release so that investors may do the same. Such measures and related per-unit amounts are not defined by IFRS and therefore should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS. Furthermore, the supplemental measures used by management may not be comparable to similar measures presented by other real estate investment trusts or enterprises. These terms, which include the proportionate share basis of accounting, net operating income (“NOI”), funds from operations (“FFO”) and adjusted funds from operations (“AFFO”), are defined in Section 15, “Non-GAAP Financial Measures”, of the Choice Properties MD&A for the year ended December 31, 2019, and are reconciled to the most comparable IFRS measure.

Choice Properties’ consolidated financial statements and MD&A for the year ended December 31, 2019 are available on Choice Properties’ website at www.choicereit.ca and on SEDAR at www.sedar.com. Readers are directed to these documents for financial details and a fulsome discussion on Choice Properties’ results.

Management's Discussion and Analysis and Consolidated Financial Statements and Notes

Information appearing in this news release is a select summary of results. This news release should be read in conjunction with Choice Properties' 2019 Annual Report to Unitholders, which includes the consolidated financial statements and MD&A for the Trust, and is available at www.choicereit.ca and on SEDAR at www.sedar.com.

Conference Call and Webcast

Management will host a conference call on Thursday, February 13, 2020 at 11:00AM (ET) with a simultaneous audio webcast. To access via teleconference, please dial (647) 427-7450 or (888) 231-8191 toll free. A playback will be made available two hours after the event at (416) 849-0833, access code: 5992745. The link to the audio webcast will be available on www.choicereit.ca in the "Events and Webcast" section under "News and Events".

About Choice Properties Real Estate Investment Trust

Choice Properties, Canada's preeminent diversified real estate investment trust, is the owner, manager and developer of a high-quality portfolio comprising 726 properties totalling 65.8 million square feet of gross leasable area. The portfolio is comprised of retail properties, predominantly leased to necessity-based tenants, industrial, office and residential assets concentrated in attractive markets and offers an impressive and substantial development pipeline. Choice Properties' strategic alliance with its principal tenant, Loblaw Companies Limited, the country's leading retailer, is a key competitive advantage providing long-term growth opportunities. For more information, visit Choice Properties' website at www.choicereit.ca and Choice Properties' issuer profile at www.sedar.com.

Cautionary Statements Regarding Forward-looking Statements

This news release contains forward-looking statements relating to Choice Properties' operations and the environment in which the Trust operates, which are based on management's expectations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. Management undertakes no obligation to publicly update any such statement, to reflect new information or the occurrence of future events or circumstances, except as required by law.

Contact

For further information, please contact investor@choicereit.ca

Mario Barrafato

Chief Financial Officer

t: (416) 628-7872 **e:** Mario.Barrafato@choicereit.ca