



CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST REPORTS RESULTS FOR THE SECOND QUARTER OF 2019

Toronto, July 17, 2019 /CNW/ - Choice Properties Real Estate Investment Trust (“Choice Properties” or the “Trust”) (TSX: CHP.UN) today announced its consolidated financial results for the second quarter ended June 30, 2019. The 2019 Second Quarter Report to Unitholders is available in the Investor Relations section of the Trust’s website at www.choicereit.ca, and also has been filed on SEDAR and is available at www.sedar.com.

“We are pleased with both our financial and operational results for the second quarter of 2019. Operationally, same-asset net operating income was up 2.0% for the quarter and period end portfolio occupancy increased to 97.7%,” said Rael Diamond, President and Chief Executive Officer. Mr. Diamond added, “With the recent issuances of equity and senior unsecured debentures during the quarter, we’ve strengthened our balance sheet, improved our liquidity and extended our debt maturity profile.”

Summary of GAAP Basis Financial Results:

(\$ thousands except where otherwise indicated) (unaudited)	Three Months			Six Months		
	June 30, 2019	June 30, 2018	Change	June 30, 2019	June 30, 2018	Change
Net income (loss)	\$ 238,310	\$ (321,133)	\$ 559,443	\$ (663,822)	\$ 305,858	\$ (969,680)
Net income (loss) per unit diluted	0.347	(0.557)	0.904	(0.979)	0.617	(1.596)
Rental revenue	324,289	294,648	29,641	647,262	509,896	137,366
Fair value gain (loss) on Exchangeable Units ⁽¹⁾	148,186	(191,571)	339,757	(842,318)	363,629	(1,205,947)
Fair value gains (losses) excluding Exchangeable Units ⁽²⁾	(4,094)	(70,390)	66,296	(14,511)	(32,203)	17,692
Cash flows from operating activities	185,725	87,236	98,489	378,493	215,064	163,429
Weighted average Units outstanding - diluted	687,422,545	576,340,477	111,082,068	678,230,079	495,817,694	182,412,385

- 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 unit-based compensation and investment properties.

Quarterly Results:

- Net Income (Loss)** - Net income for the second quarter of 2019 was \$238.3 million, as compared to a net loss of \$321.1 million in the prior year. The increase of \$559.4 million compared to the second quarter of 2018, included \$339.8 million related to changes in the fair value gain of the Exchangeable Units as a result of a net decrease in the unit price during the current quarter. The Trust also benefited from a full quarter of contribution from the acquisition of CREIT (the “Acquisition Transaction”), a decrease in acquisition transaction costs and other related expenses, as well as a reduction in fair value losses on investment properties.

Year-To-Date Results:

- Net Income (Loss)** - Net loss for the six months ended June 30, 2019 was \$663.8 million, as compared to net income of \$305.9 million in the prior year. The decline of \$969.7 million compared to the prior year, included \$1.2 billion related to changes in the fair value loss on Exchangeable Units as a result of the net increase in the unit price on a year-to-date basis. Excluding the accounting fair value adjustment for the Exchangeable Units, net income increased primarily due to six months of contribution from the Acquisition Transaction as compared to two months in the prior year, as well as growth in net operating income attributable to completed development projects, a decrease in acquisition transaction costs and other related expenses, as well as a reduction in fair value losses on investment properties.

Summary of Proportionate Share⁽¹⁾ Financial Results:

(\$ thousands except where otherwise indicated) (unaudited)	Three Months			Six Months		
	June 30, 2019	June 30, 2018	Change	June 30, 2019	June 30, 2018	Change
Rental revenue ⁽¹⁾	\$ 340,515	\$ 304,313	\$ 36,202	\$ 680,115	\$ 519,561	\$ 160,554
Net Operating Income (“NOI”) ⁽¹⁾ , cash basis	234,715	201,693	33,022	467,324	351,697	115,627
Same-Asset NOI, cash basis ⁽¹⁾	140,179	137,382	2,797	280,196	274,107	6,089
Adjustment to fair value of investment properties ⁽¹⁾	(2,604)	(69,493)	66,889	2,874	(36,454)	39,328
Occupancy (% of GLA)	97.7%	97.6%	0.1%	97.7%	97.6%	0.1%
Funds from operations (“FFO”) ⁽²⁾	170,241	156,600	13,641	339,501	262,285	77,216
FFO ⁽²⁾ per unit diluted	0.248	0.272	(0.024)	0.501	0.529	(0.028)
Adjusted funds from operations (“AFFO”) ⁽²⁾	151,803	140,142	11,661	306,476	235,502	70,974
AFFO ⁽²⁾ per unit diluted	0.221	0.243	(0.022)	0.452	0.475	(0.023)
AFFO ⁽²⁾ payout ratio - diluted	84.0%	76.9%	7.1%	82.0%	78.2%	3.8%
Distributions declared	127,572	107,790	19,782	251,317	184,276	67,041
Weighted average Units outstanding - diluted	687,422,545	576,340,477	111,082,068	678,230,079	495,817,694	182,412,385

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 second quarter of 2019, FFO (a non-GAAP measure) was \$170.2 million or \$0.248 per unit diluted, compared with \$156.6 million or \$0.272 per unit diluted in the second quarter of 2018. FFO increased on a quarterly basis primarily due to a full quarter of contribution from the Acquisition Transaction. On a per unit basis, the decline was primarily due to the higher weighted average number of units outstanding as a result of the May 2019 equity offering and higher net interest expense related to the Acquisition Transaction, partially offset by growth in net operating income attributable to completed development projects and a full quarter of contribution from the Acquisition Transaction.

Year-To-Date Results:

- **Funds from Operations** For the six months ended June 30, 2019, FFO was \$339.5 million or \$0.501 per unit diluted, compared with \$262.3 million or \$0.529 per unit diluted in 2018. FFO increased year-over-year primarily due to six months of contribution from the Acquisition Transaction as compared to two months in the prior year. On a per unit basis, the decline was primarily due to the higher weighted average number of units outstanding as a result of the May 2019 equity offering and higher net interest expense related to the Acquisition Transaction, partially offset by the contribution from the Acquisition Transaction and growth in net operating income attributable to completed development projects.

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 press 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 three and six months ended June 30, 2019, and are reconciled to the most comparable IFRS measure.

Choice Properties’ unaudited interim period condensed consolidated financial statements and MD&A for the three and six months ended June 30, 2019 are available on Choice Properties’ website at www.choicereit.ca. 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 Second Quarter Report to Unitholders, which includes the unaudited interim period condensed 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, July 18, 2019 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: 9189813. 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 756 properties totaling 68.0 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.

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