

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

**Toronto, Ontario** November 6, 2019 /CNW/ - Choice Properties Real Estate Investment Trust (“Choice Properties” or the “Trust”) (TSX: CHP.UN) today announced its consolidated financial results for the third quarter ended September 30, 2019. The 2019 Third Quarter Report to Unitholders is available in the Investor Relations section of the Trust’s website at [www.choicereit.ca](http://www.choicereit.ca), and has been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

“We are pleased with both our financial and operational results for the third quarter,” said Rael Diamond, President and Chief Executive Officer. Mr. Diamond added, “Operationally, same-asset net operating income on a cash basis was up 2.6% for the quarter and period end portfolio occupancy remained strong at 97.8%. Also of note, with the recent sale of a 30 property portfolio, we’ve further strengthened our balance sheet by reducing leverage, providing additional capacity to fund our significant development program.”

### Summary of GAAP Basis Financial Results:

(\$ thousands except where otherwise indicated) (unaudited)	Three Months			Nine Months		
	September 30, 2019	September 30, 2018	Change	September 30, 2019	September 30, 2018	Change
Net income (loss)	\$ (210,796)	\$ 62,620	\$ (273,416)	\$ (874,618)	\$ 368,478	\$ (1,243,096)
Net income (loss) per unit diluted	(0.301)	0.093	(0.394)	(1.276)	0.664	(1.940)
Rental revenue	323,306	315,584	7,722	970,568	825,480	145,088
Fair value gain (loss) on Exchangeable Units <sup>(1)</sup>	(296,371)	15,598	(311,969)	(1,138,689)	379,227	(1,517,916)
Fair value gains (losses) excluding Exchangeable Units <sup>(2)</sup>	(6,384)	(33,739)	27,355	(20,895)	(65,942)	45,047
Cash flows from operating activities	220,214	231,974	(11,760)	598,707	447,038	151,669
Weighted average Units outstanding - diluted	700,010,054	669,737,566	30,272,488	685,491,674	555,109,896	130,381,778

- 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 loss for the third quarter of 2019 was \$210.8 million, as compared to net income of \$62.6 million in the prior year. The change of \$273.4 million compared to the third quarter of 2018 included \$312.0 million related to changes in the fair value loss on the Exchangeable Units as a result of the net increase in the unit price during the current quarter, partially offset by the year-over-year favourable change in fair value for investment properties. Excluding the accounting fair value adjustments, net income increased as a result of higher net operating income attributable to same-asset growth related to increased occupancy and completed developments, as well as a decrease in acquisition transaction costs and other related expenses.

### Year-To-Date Results:

- Net Income (Loss)** - Net loss for the nine months ended September 30, 2019 was \$874.6 million, as compared to net income of \$368.5 million in the prior year. The decline of \$1.2 billion compared to the prior year included \$1.5 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, partially offset by the year-over-year favourable change in fair value for investment properties. Excluding the accounting fair value adjustments, net income increased primarily due to nine months of contribution from the acquisition of Canadian Real Estate Investment Trust (“CREIT”), as compared to five months in the prior year and growth in net operating income attributable to completed development projects, in addition to a decrease in acquisition transaction costs and other related expenses.

## Summary of Proportionate Share<sup>(1)</sup> Financial Results:

(\$ thousands except where otherwise indicated) (unaudited)	Three Months			Nine Months		
	September 30, 2019	September 30, 2018	Change	September 30, 2019	September 30, 2018	Change
Rental revenue <sup>(1)</sup>	\$ 340,524	\$ 329,828	\$ 10,696	\$ 1,020,639	\$ 849,389	\$ 171,250
Net Operating Income (“NOI”) <sup>(1)</sup> , cash basis	239,047	229,969	9,078	706,371	581,666	124,705
Same-Asset NOI, cash basis <sup>(1)</sup>	130,859	126,974	3,885	388,972	379,856	9,116
Adjustment to fair value of investment properties <sup>(1)</sup>	(12,233)	(37,587)	25,354	(9,359)	(74,041)	64,682
Occupancy (% of GLA)	97.8%	97.7%	0.1 %	97.8%	97.7%	0.1%
Funds from operations (“FFO”) <sup>(2)</sup>	174,982	169,683	5,299	514,483	431,968	82,515
FFO <sup>(2)</sup> per unit diluted	0.250	0.253	(0.003)	0.751	0.778	(0.027)
Adjusted funds from operations (“AFFO”) <sup>(2)</sup>	152,032	137,544	14,488	458,508	373,046	85,462
AFFO <sup>(2)</sup> per unit diluted	0.217	0.205	0.012	0.669	0.672	(0.003)
AFFO <sup>(2)</sup> payout ratio - diluted	85.2%	89.8%	(4.6)%	83.0%	82.5%	0.5%
Distributions declared	129,470	123,504	5,966	380,787	307,780	73,007
Weighted average Units outstanding - diluted	700,010,054	669,737,566	30,272,488	685,491,674	555,109,896	130,381,778

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 third quarter of 2019, FFO (a non-GAAP measure) was \$175.0 million or \$0.250 per unit diluted, compared with \$169.7 million or \$0.253 per unit diluted in the third quarter of 2018. FFO increased primarily due to positive leasing activity, growth in net operating income attributable to completed development projects and \$1.5 million in non-recurring items, offset by higher borrowing costs. 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.

### Year-To-Date Results:

- **Funds from Operations** - For the nine months ended September 30, 2019, FFO was \$514.5 million or \$0.751 per unit diluted, compared with \$432.0 million or \$0.778 per unit diluted in 2018. FFO increased primarily due to positive leasing activity, growth in net operating income attributable to completed development projects and nine months of contribution from the acquisition of CREIT as compared to five months in the prior year, offset by higher borrowing costs. 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.

### 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 nine months ended September 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 nine months ended September 30, 2019 are available on Choice Properties’ website at [www.choicereit.ca](http://www.choicereit.ca) and on SEDAR at [www.sedar.com](http://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 Third 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](http://www.choicereit.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Conference Call and Webcast**

Management will host a conference call on Thursday, November 7, 2019 at 10:00AM (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: 2477716. The link to the audio webcast will be available on [www.choicereit.ca](http://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 totaling 65.5 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](http://www.choicereit.ca) and Choice Properties' issuer profile at [www.sedar.com](http://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](mailto:investor@choicereit.ca)

Mario Barrafato

Chief Financial Officer

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