Choice Properties Real Estate Investment Trust Reports a 7.4% Increase in FFO[1] per Unit Diluted for the Fourth Quarter 2015

Toronto, February 17, 2016 /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 ended December 31, 2015. The Trust's Annual Report will be available in the Investor Relations section of the Trust's website at www.choicereit.ca, filed with SEDAR and available at www.sedar.com.

Quarter Highlights:

- Reported Funds from Operations ("FFO")[1] per unit diluted of $0.247, an increase of $0.017 or 7.4% compared with $0.230 in the fourth quarter of 2014;
- Reported rental revenue of $191.0 million, an increase of $15.8 million or 9.0% compared with $175.2 million in the fourth quarter of 2014;
- Acquired four properties including opportunity to develop 30,000 square feet of new gross leasable area ("GLA") of which 15,000 square feet is contractually scheduled for development in the near-term;
- Developed 89,000 square feet of GLA creating 22 new retail spaces during the fourth quarter of 2015;
- Improved ancillary occupancy, and increased same property, same GLA, net operating income ("NOI") by 2.0% to $122.2 million from $119.8 million in the fourth quarter of 2014; and
- Improved occupancy rate of 98.6% compared to 98.1% as at December 31, 2014.

Annual Highlights:

- Added 47 properties to the portfolio including two parcels of land for future development;
- Developed 124,000 square feet of GLA creating 29 new retail spaces during 2015;
- Launched the West Block project at Lake Shore Boulevard and Bathurst Street in Toronto to redevelop the property as an urban multi-use site in a joint venture partnership with Wittington Properties Limited ("Wittington"), the parent company of George Weston Limited;
- Completed internalization of development, leasing, property management and support functions; and
- Announced a 3.1% increase in monthly distributions effective as of January 29, 2016 and payable on February 16, 2016.

"I am pleased to announce that we closed fiscal 2015 with another solid quarter. Our financial results reflect our productivity and the execution of our long-term growth strategy," said John Morrison, President and Chief Executive Officer. "Throughout the year, we put our plan in action by growing our portfolio through accretive acquisitions, constructing new retail across the country and completing our internalization of operational and support functions, including the expansion of our team from 21 to over 100 employees."

"Our steadily increasing cash flows and prudent capital management have enabled us to increase our distributions," continued Mr. Morrison. "We remain focused on the execution of our plan to deliver results, add value, create opportunities for future growth and continue to provide our Unitholders with growing monthly distributions."

(1) See "Non-GAAP Financial Measures" beginning on page 5.

Financial and Operational Summary

For the three months ended December 31 ($ thousands except where otherwise indicated) (unaudited)		**2015**		2014
Number of properties		**519**		472
Gross Leasable Area ("GLA") (in millions of square feet)		**41.6**		38.9
Occupancy		**98.6%**		98.1%
Rental revenue	**$**	**191,057**	$	175,246
Net Operating Income ("NOI")(i)	**$**	**132,133**	$	123,175
Net Income(ii)	**$**	**40,401**	$	87,017
Net Income per unit diluted(ii)	**$**	**0.099**	$	0.221
Funds from Operations ("FFO")(i) per unit diluted(iii)	**$**	**0.247**	$	0.230
Adjusted Funds from Operations ("AFFO")(i) per unit diluted	**$**	**0.201**	$	0.188
Adjusted Funds from Operations(i) payout ratio		**80.8%**		86.4%
Distribution declared per unit	**$**	**0.162501**	$	0.162501
Total assets (in millions)	**$**	**8,906**	$	8,192
Debt to total assets(iv)		**44.5%**		44.0%
Debt service coverage(iv)		**3.6x**		3.5x

(i) See "Non-GAAP Financial Measures" beginning on page 5.

(ii) Net income included a negative adjustment of $95,418 and $51,063 for the fair value of Exchangeable Units and a positive adjustment of $87,902 and $97,452 for the fair value of investment properties for the three months ended December 31, 2015 and December 31, 2014, respectively. Net income before adjustments to fair value was $47,917 and $40,628 for the three months ended December 31, 2015 and December 31, 2014, respectively.

(iii) FFO(1) per unit diluted, for the three months ended December 31, 2014, was calculated using FFO(1) (excluding other adjustments). See Section 17, "Non-GAAP Financial Measures", of the MD&A for details.

(iv) Debt ratios include Class C LP Units but exclude Exchangeable Units. The ratios are non-GAAP financial measures calculated based on the trust indentures, as supplemented.

Financial Results for the Quarter:

- **Net Operating Income**(1) **-** Fourth quarter NOI(1) of $132.1 million represented an increase of $9.0 million, or 7.3%, over the fourth quarter of 2014 primarily driven by acquisitions completed in 2015 and the fourth quarter of 2014. These acquisitions contributed a total of $6.4 million to NOI(1). NOI(1) for Same Properties(1), same GLA of $122.2 million increased by $2.4 million or 2.0% from $119.8 million in the fourth quarter of 2014. This improvement was primarily due to an increase of $1.6 million in base rent and net recoveries, which was driven by improvements in ancillary occupancy, higher average rents per square foot on new ancillary leases and rent steps in Loblaw leases, and $0.9 million due to capital expenditure recoveries and interest, partially offset by $0.1 million in non-recoverable operating expenses.
- **Net Income before Adjustments to Fair Value**(1) - Fourth quarter net income before adjustments to fair value of $47.9 million compared with a net income before adjustments to fair value of $40.6 million reported in the fourth quarter of 2014.
- **Funds from Operations**(1) **-** Fourth quarter FFO(1) was $100.5 million or $0.247 per unit diluted, compared with $90.9 million or $0.230 per unit diluted in the fourth quarter of 2014. The year-over-year improvement in FFO(1) of $0.017 per unit diluted was primarily driven by NOI(1) from acquisitions.
- **Adjusted Funds from Operations**(1) **-** Fourth quarter AFFO(1) was $82.0 million or $0.201 per unit diluted, compared with $74.1 million or $0.188 per unit diluted in the fourth quarter of 2014. Similar to FFO(1), the improvement in AFFO(1) was primarily driven by NOI(1) from acquisitions partially offset by higher capital expenditures.
- **Distribution** - Distributions declared per unit during the quarter totaled $0.162501, for an AFFO(1) payout ratio of 80.8% (2014 - $0.162501 and 86.4%). In November 2015, Choice Properties announced an increase in the annual distribution by 3.1% to $0.67 per unit. The increase was effective for Unitholders of record January 29, 2016.

(1) See "Non-GAAP Financial Measures" beginning on page 5.

Operational Results for the Quarter:

- **Accretive Acquisitions -** On November 17, 2015, Choice Properties acquired four retail properties in Ontario from Loblaw Companies Limited ("Loblaw") for an aggregate purchase price of approximately $45.6 million, excluding acquisition costs and a mark-to-market adjustment on the Exchangeable Units issued as partial consideration on the closing date of the acquisition. The acquired portfolio includes approximately 30,000 square feet of development potential in Ottawa, Ontario of which 15,000 square feet will be developed as a Shoppers Drug Mart store in the near-term. Upon completion of the Shoppers Drug Mart development in Ottawa, Ontario, the implied capitalization rate of the acquired portfolio is expected to be 5.85%.
- **Retail Development -** During the fourth quarter of 2015, Choice Properties completed the intensification of five properties: Ancaster, Vaughan and Lindsay, Ontario; Edmonton, Alberta; and Val Belair, Quebec. These intensification added approximately 17,000 square feet for a Shoppers Drug Mart store in Edmonton, Alberta, 8,000 square feet of ancillary space and 6,000 square feet of Loblaw expansions. Year-to-date, Choice Properties completed intensification projects of 43,000 square feet with a weighted average yield of approximately 9%, and an additional 81,000 square feet towards projects scheduled for completion in 2016, adding approximately 64,000 square feet of ancillary space and a 17,000 square foot Shoppers Drug Mart store in Regina, Saskatchewan.
- **Development Pipeline -** The GLA expected to be completed in 2016 includes approximately 400,000 square feet of new GLA for a Loblaw food store in Surrey, British Columbia; a Loblaw food store and a Shoppers Drug Mart store in Barrie, Ontario; and a warehouse expansion in Boucherville, Quebec.
- **Leasing Profile -** During the fourth quarter of 2015, Choice Properties entered into leases for approximately 235,000 square feet of GLA with an average lease term of 9.3 years, including renewals of approximately 42,000 square feet, retaining 42.8% of expiring leases in the quarter and increasing base rent by 11.3% on those renewals.
- **Occupancy -** At December 31, 2015, the Trust's portfolio occupancy rate was 98.6%, compared to 98.1% at December 31, 2014.

Capital Structure:

- **Capacity to Invest for Further Growth -** As at December 31, 2015, the Trust's debt service coverage ratio(2) was 3.6 times. With stable cash flow from operations and access to several funding options; including a $500 million unsecured revolving credit facility, the Trust believes it has the financial capacity to meet ongoing obligations and invest for further growth.

Outlook

Choice Properties believes it is well-positioned to execute on its growth opportunities. The Trust has a sizable asset base that is geographically diverse across Canada; long-term leases and a strategic alliance with Loblaw; and an accessible development pipeline. As such, Choice Properties expects to leverage stable and reliable cash flows from an anchor tenant with a strong covenant and the potential to create value through development. Combined with its solid balance sheet and investment grade credit ratings, Choice Properties expects to continue to meet its ongoing obligations, provide its Unitholders with monthly distributions and have the capacity to invest in future growth.

The vast majority of Choice Properties' sites are anchored by Loblaw, Canada's leading food and drug retailer. The Trust's leasing strategy is to attract tenants that complement Loblaw's food and drug offerings and that are well suited to consumers' weekly shopping patterns. With a tenant base that offers products and services considered to be essential, Choice Properties believes its portfolio of properties is less sensitive to the cyclical nature of discretionary retailing and the broader economy. This is underscored by continued demand and interest for Choice Properties' retail space in Western Canada, including Alberta where the economic conditions have been the most impacted by the downturn in the resource sector. The Trust remains focused on properties that are well-positioned to respond to changing consumers' preferences and plans to continue to attract and retain tenants at its existing sites and to develop new space for tenants.

The Canadian economy has been in a protracted low interest rate environment. In the event of rising interest rates, the long term, fixed-rate nature of Choice Properties' debt instruments should temper the negative impact of higher interest rates. Given the present relatively low interest rate environment, the Trust believes that capitalization rates will remain range-bound particularly for quality retail real estate which is currently scarce in supply.

(1) See "Non-GAAP Financial Measures" beginning on page 5.
(2) Debt ratios include Class C LP Units but exclude Exchangeable Units. The ratios are non-GAAP financial measures calculated based on the trust indentures, as supplemented.

Forward-Looking Statements

This press release contains forward-looking statements about Choice Properties' objectives, outlook, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects and opportunities. Specific statements with respect to anticipated future results can be found in various sections of this press release and in the MD&A of Choice Properties' 2015 Annual Report. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive" , "will", "may", "should" and similar expressions, as they relate to Choice Properties and its management.

Forward-looking statements reflect Choice Properties' current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions, outlook and expected future developments, as well as other factors it believes are appropriate in the circumstances. Choice Properties' expectation of operating and financial performance is based on certain assumptions, including assumptions about future growth potential, prospects and opportunities, industry trends, future levels of indebtedness, current tax laws, current economic conditions and no new competition in the market that leads to reduced revenues and profitability. Management's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Choice Properties can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause Choice Properties' actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including, those described in section 12, "Enterprise Risks and Risk Management", in the MD&A of Choice Properties' 2015 Annual Report. Such risks and uncertainties include:

- changes in economic conditions, including changes in interest rates, and the rate of inflation or deflation;
- the inability of Choice Properties to maintain and leverage its relationship with Loblaw, including in respect of: (i) Loblaw's retained interest in Choice Properties; (ii) the services to be provided to Choice Properties (whether directly or indirectly) by Loblaw; (iii) expected transactions to be entered into between Loblaw and Choice Properties (including Choice Properties' acquisition of certain properties held by Loblaw); and (iv) the Strategic Alliance Agreement between Choice Properties and Loblaw;
- changes in Loblaw's business, activities or circumstances which may impact Choice Properties, including Loblaw's inability to make rent payments or perform its obligations under its leases;
- failure to manage its growth effectively in accordance with its growth strategy or acquire assets on an accretive basis;
- changes in timing to obtain municipal approvals, development costs, and tenant leasing and occupancy of properties under development, redevelopment, or intensification;
- changes in Choice Properties' capital expenditure and fixed cost requirements;
- the inability of Choice Properties Limited Partnership to make distributions or other payments or advances;
- the inability of Choice Properties to obtain financing;
- changes in Choice Properties' degree of financial leverage;
- changes in laws or regulatory regimes, which may affect Choice Properties, including changes in the tax treatment of the Trust and its distributions to Unitholders or the inability of the Trust to continue to qualify as a "mutual fund trust" and as a "real estate investment trust", as such terms are defined in the *Income Tax Act (Canada)*; and
- changes in Choice Properties' competitiveness in the real estate market or the unavailability of desirable commercial real estate assets.

This is not an exhaustive list of the factors that may affect Choice Properties' forward-looking statements. Other risks and uncertainties not presently known to Choice Properties could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in Choice Properties' materials filed with the Canadian securities regulatory authorities from time to time, including the Trust's 2015 Annual Information Form. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Choice Properties' expectations only as of the date of this press release. Except as required by applicable law, Choice Properties does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

Choice Properties uses the following non-GAAP financial measures: NOI, FFO, and AFFO. The Trust believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Trust for the reasons outlined below.

Management uses these and other non-GAAP financial measures to exclude the impact of certain expenses and income that must be recognized under GAAP when analyzing underlying operating performance, as the excluded items are not necessarily reflective of Choice Properties' underlying operating performance or impact the comparability of financial performance between periods. From time to time, the Trust may exclude additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring.

These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded REITs, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

Same Properties Properties that were owned throughout both the current and comparative periods are grouped as same properties for comparative calculations.

Net Operating Income NOI is defined as rental revenue, excluding straight-line rent, from investment properties less property operating costs. NOI is a key performance indicator as it evaluates the operating performance of the portfolio and represents a measure over which management has control. It is also a key input in determining the fair value of the portfolio. The Trust's method of calculating NOI may differ from other issuers' methods and, accordingly, may not be comparable to NOI reported by other issuers.

Net Income (Loss) before Adjustments to Fair Value Net Income (or net loss) as calculated under GAAP excluding adjustments to fair value of Exchangeable Units and investment properties.

Funds from Operations FFO is not a term defined under IFRS and may not be comparable to similar measures used by other real estate entities. Except as otherwise noted, Choice Properties calculates its FFO in accordance with the Real Property Association of Canada White Paper on Funds from Operations for IFRS issued in April 2014. The purpose of the White Paper was to provide reporting issuers and investors with greater guidance on the definition of FFO and to help promote more consistent disclosure from reporting issuers.

An advantage of the FFO measure is improved comparability between Canadian and foreign real estate investment trusts. FFO adds back to net income (or net loss) items that do not arise from operating activities, such as adjustments to fair value. FFO, however, still includes non-cash revenues related to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream.

Funds from Operations Payout Ratio FFO payout ratio is calculated as the distribution declared per unit divided by the FFO per unit diluted.

Adjusted Funds from Operations AFFO is a supplemental measure of operating performance widely used in the real estate industry. Choice Properties views AFFO as an alternative measure of cash generated from operations and considers AFFO generated as one of its inputs in determining the appropriate level of distribution to Unitholders. Choice Properties calculates AFFO by adjusting FFO for non-cash income and expense items such as amortization of straight-line rents and finance charges. AFFO includes a reduction for capital expenditures for maintaining productive capacity required for sustaining property infrastructure and revenue from real estate properties and direct leasing costs. Property capital expenditures do not occur evenly over the fiscal year. The property capital expenditures in the AFFO calculation are adjusted to reflect an average annual spending level.

There is currently no standard industry-defined measure of AFFO. As such, Choice Properties' method of calculating AFFO may differ from that of other real estate entities and, accordingly, may not be comparable to such amounts reported by other issuers.

Adjusted Funds from Operations Payout Ratio AFFO payout ratio is calculated as the distribution declared per unit divided by the AFFO per unit diluted.

Choice Properties Real Estate Investment Trust

Calculation of Non-GAAP Financial Measures

For the periods ended December 31 (in thousands of Canadian dollars, except per unit amounts) (unaudited)	Three Months 2015	 2014	Year End 2015	 2014
Rental revenue	**$ 191,057**	$ 175,246	**$ 743,100**	$ 682,923
Reverse - Straight-line rental revenue	**(9,121)**	(8,783)	**(36,656)**	(34,634)
Property operating costs	**(49,803)**	(43,288)	**(192,179)**	(172,550)
Net Operating Income[(1)]	**$ 132,133**	$ 123,175	**$ 514,265**	$ 475,739
Net Income (Loss)	**$ 40,401**	$ 87,017	**$ (155,276)**	$ 199,614
Adjustment to fair value of Exchangeable Units	**95,418**	51,063	**410,518**	(12,143)
Adjustment to fair value of investment properties	**(87,902)**	(97,452)	**(71,981)**	(81,931)
Adjustment to fair value of unit-based compensation	**379**	(41)	**888**	(591)
Loss on disposal of investment properties	**—**	—	**—**	450
Distributions on Exchangeable Units	**51,461**	49,730	**202,804**	191,267
Amortization of tenant improvement allowances	**101**	2	**251**	456
Internal expenses for leasing[(2)]	**666**	366	**1,771**	366
Funds from Operations[(1)]	**$ 100,524**	$ 90,685	**$ 388,975**	$ 297,488
Reverse: Finance charge[(3)]	**—**	—	**—**	48,911
Reverse: Internalization costs[(3)]	**—**	196	**—**	2,568
Funds from Operations[(1)(3)] excluding other adjustments	**$ 100,524**	$ 90,881	**$ 388,975**	$ 348,967
Funds from Operations[(1)]	**$ 100,524**	$ 90,685	**$ 388,975**	$ 297,488
Internalization costs	**—**	196	**—**	2,568
Straight-line rental revenue	**(9,121)**	(8,783)	**(36,656)**	(34,634)
Effective interest rate amortization of finance charges	**(314)**	(375)	**(1,227)**	50,018
Unit-based compensation expense	**643**	439	**2,139**	2,104
Property capital expenditures - incurred	**(24,653)**	(11,247)	**(32,466)**	(29,523)
Property and leasing capital expenditures - normalized[(4)]	**18,692**	3,670	**—**	—
Leasing capital expenditures - incurred	**(3,784)**	(489)	**(7,884)**	(2,785)
Adjusted Funds from Operations[(1)]	**$ 81,987**	$ 74,096	**$ 312,881**	$ 285,236
FFO[(1)(5)] per unit - diluted	**$ 0.247**	$ 0.230	**$ 0.966**	$ 0.912
AFFO[(1)] per unit - diluted	**$ 0.201**	$ 0.188	**$ 0.777**	$ 0.745
AFFO[(1)] payout ratio	**80.8%**	86.4%	**83.7%**	87.2%
Distribution declared per unit	**$ 0.162501**	$ 0.162501	**$ 0.650004**	$ 0.650004
Weighted average Units outstanding - basic	**406,594,295**	394,237,610	**402,090,617**	382,344,615
Weighted average Units outstanding - diluted	**407,098,288**	394,578,356	**402,582,183**	382,636,320
Number of Units outstanding, end of quarter	**408,063,609**	395,287,115	**408,063,609**	395,287,115

(1) See "Non-GAAP Financial Measures" beginning on page 5.

(2) Internal expenses for leasing, primarily salaries, of $666 and $1,771 were incurred in the three months and year ended December 31, 2015 respectively, and were eligible to be added back to FFO[(1)] based on the revision to the definition of FFO[(1)], in the Real Property Association of Canada White Paper published in April 2014 that provided for an adjustment to incremental leasing expenses for the cost of salaried staff. This adjustment to FFO[(1)] made results more comparable between real estate entities that expensed their internal leasing departments and those that capitalized the expenses. Choice Properties internalized its leasing function on October 1, 2014. Therefore, there were only three months of internal expenses for leasing for the year ended December 31, 2014 compared to the full year for the year ended December 31, 2015.

(3) For the three months and year ended December 31, 2014, internalization costs of $196 and $2,568, respectively, were added back to net income (loss) to calculate FFO[(1)] (excluding other adjustments). Also, for the year ended December 31, 2014, non-cash finance charges of $48,911 were added back to net income (loss) to calculate FFO [(1)] (excluding other adjustments). The non-cash finance charges were the result of accelerated amortization of net debt discounts due to replacement of notes issued to Loblaw in connection with the IPO.

(4) Seasonality impacts the timing of capital expenditures. The AFFO[(1)] calculations for the three months ended December 31, 2015 and December 31, 2014 were adjusted for this factor to make the quarters more comparable.

(5) The FFO[(1)] per unit diluted amounts and payout ratio for the three months and year ended December 31, 2014 were calculated using FFO[(1)] (excluding other adjustments). FFO[(1)] per unit diluted amounts, before adjustments, were $0.230 and $0.777, respectively, and the payout ratios were 70.7% and 83.7%, respectively.

Selected Financial Information

The following includes quarterly financial information prepared by management in accordance with IFRS and based on the Trust's 2015 Annual Report. This financial information does not contain all disclosures required by IFRS, and accordingly should be read in conjunction with the Trust's 2015 Annual Report, which is available in the Investor Relations section of the Trust's website at www.choicereit.ca.

Choice Properties Real Estate Investment Trust
Consolidated Balance Sheets

(in thousands of Canadian dollars)	As at December 31, 2015	As at December 31, 2014
Assets		
Non-current Assets		
Investment properties	**$ 8,561,000**	$ 7,905,978
Equity accounted investments	**9,350**	6,230
Accounts receivable and other assets	**9,874**	10,057
Notes receivable	**2,179**	22,539
	8,582,403	7,944,804
Current Assets		
Accounts receivable and other assets	**6,240**	9,473
Notes receivable	**272,892**	236,829
Cash and cash equivalents	**44,354**	1,332
	323,486	247,634
Total Assets	**$ 8,905,889**	$ 8,192,438
Liabilities and Unitholders' Equity		
Non-current Liabilities		
Long term debt and Class C LP Units	**$ 3,579,202**	$ 3,435,628
Credit facility	**—**	120,187
Exchangeable Units	**3,741,895**	3,207,216
Trade payables and other liabilities	**1,354**	1,020
	7,322,451	6,764,051
Current Liabilities		
Long term debt due within one year	**302,188**	993
Trade payables and other liabilities	**438,177**	388,997
	740,365	389,990
Total Liabilities	**8,062,816**	7,154,041
Equity		
Unitholders' equity	**835,317**	1,030,701
Non-controlling interests	**7,756**	7,696
Total Equity	**843,073**	1,038,397
Total Liabilities and Equity	**$ 8,905,889**	$ 8,192,438

Choice Properties Real Estate Investment Trust
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

	(unaudited)		(audited)	
(in thousands of Canadian dollars)	**Three months ended December 31, 2015**	Three months ended December 31, 2014	**Year ended December 31, 2015**	Year ended **December 31, 2014**
Net Property Income				
Rental revenue from investment properties	**$ 191,057**	$ 175,246	**$ 743,100**	$ 682,923
Property operating costs	**(49,803)**	(43,288)	**(192,179)**	(172,550)
Net Property Income	**141,254**	131,958	**550,921**	510,373
Other Expenses				
General and administrative expenses	**(5,148)**	(6,213)	**(21,765)**	(23,315)
Amortization of other assets	**(279)**	(87)	**(844)**	(414)
Net interest expense and other financing charges	**(87,910)**	(85,030)	**(345,051)**	(380,654)
Adjustment to fair value of Exchangeable Units(1)	**(95,418)**	(51,063)	**(410,518)**	12,143
Adjustment to fair value of investment properties	**87,902**	97,452	**71,981**	81,931
Loss on disposal of investment properties	**—**	—	**—**	(450)
Net Income (Loss) and Comprehensive Income (Loss)	**$ 40,401**	$ 87,017	**$ (155,276)**	$ 199,614

(1) The Class B LP Units of The Trust's subsidiary, Choice Properties Limited Partnership, are exchangeable into Trust Units at the option of the holder. Loblaw holds all of the Exchangeable Units. These Exchangeable Units are considered puttable instruments and are required to be classified as financial liabilities at fair value through profit or loss. The distributions paid on the Exchangeable Units are accounted for as interest expense.

Choice Properties Real Estate Investment Trust
Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	(unaudited) Three months ended December 31, 2015	Three months ended December 31, 2014	(audited) Year ended December 31, 2015	Year ended December 31, 2014
Operating Activities				
Net income (loss)	**$ 40,401**	$ 87,017	**$ (155,276)**	$ 199,614
Amortization of straight-line rental revenue	**(9,121)**	(8,783)	**(36,656)**	(34,634)
Amortization of tenant improvement allowances	**101**	2	**251**	456
Amortization of other assets	**279**	87	**844**	414
Net interest expense and other financing charges	**87,910**	85,030	**345,051**	380,654
Value of unit-based compensation granted	**1,022**	398	**3,027**	1,513
Adjustment to fair value of Exchangeable Units	**95,418**	51,063	**410,518**	(12,143)
Adjustment to fair value of investment properties	**(87,902)**	(97,452)	**(71,981)**	(81,931)
Loss on disposal of investment property	**—**	—	**—**	450
Leasing capital expenditures	**(3,784)**	(489)	**(7,884)**	(2,785)
Interest received	**20**	32	**99**	393
Net change in non-cash working capital	**48,050**	83,751	**32,649**	24,367
Cash Flows from Operating Activities	**172,394**	200,656	**520,642**	476,368
Investing Activities				
Acquisitions of investment properties	**(31,003)**	(123,971)	**(247,404)**	(220,526)
Additions to investment properties	**(81,953)**	(20,146)	**(161,987)**	(55,636)
Additions to fixtures and equipment	**49**	(1,600)	**(480)**	(4,323)
Notes receivable issued to third-party	**—**	(23,000)	**(1,565)**	(23,000)
Equity investment	**(1,000)**	(6,230)	**(3,120)**	(6,230)
Proceeds of disposition	**—**	—	**—**	13,030
Cash Flows used in Investing Activities	**(113,907)**	(174,947)	**(414,556)**	(296,685)
Financing Activities				
Long term debt				
Issued - Senior unsecured debentures, net of debt placement costs	**198,628**	—	**447,038**	447,540
Retired - Transferor Notes	**—**	—	**—**	(440,000)
Principal repayments - Mortgage	**(291)**	(246)	**(1,040)**	(246)
Credit facility				
Net advancements (repayments)	**(133,000)**	44,651	**(122,000)**	122,000
Debt placement costs	**—**	(15)	**(292)**	(315)
Notes receivable				
Issued to related party	**(62,953)**	(60,714)	**(248,463)**	(236,328)
Repaid by related party	**—**	—	**236,328**	92,057
Cash received on exercise of options	**—**	1,188	**321**	1,188
Interest paid	**(13,713)**	(14,809)	**(144,528)**	(108,413)
Distributions paid on Exchangeable Units	**—**	—	**(190,078)**	(73,219)
Distributions paid to Unitholders	**(10,418)**	(10,390)	**(40,410)**	(41,716)
Contribution from non-controlling interest	**—**	7,696	**60**	7,696
Cash Flows used in Financing Activities	**(21,747)**	(32,639)	**(63,064)**	(229,756)
Change in cash and cash equivalents	**36,740**	(6,930)	**43,022**	(50,073)
Cash and cash equivalents, beginning of year	**7,614**	8,262	**1,332**	51,405
Cash and Cash Equivalents, end of year	**$ 44,354**	$ 1,332	**$ 44,354**	$ 1,332

Management Discussion and Analysis and Financial Statements and Notes

Information appearing in this news release is a consolidated select summary of results. This news release should be read in conjunction with Choice Properties' 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

Senior management will host a conference call to discuss the results on February 18, 2016 at 10:00AM (ET). To access via teleconference, please dial (647) 427-7450. A playback will be made available two hours after the event at (416) 849-0833, access code: 18882180. To access the conference call via webcast, a link is available at www.choicereit.ca in the "Events and Webcasts" section under "News and Events".

About Choice Properties Real Estate Investment Trust

Choice Properties Real Estate Investment Trust is an owner, manager and developer of well-located commercial real estate across Canada. Choice Properties' portfolio spans approximately 41.6 million square feet of gross leasable area and consists of 519 properties primarily focused on supermarket and drug store anchored shopping centres and stand-alone supermarkets and drug stores. Choice Properties' strategy is to create value by enhancing and optimizing its portfolio through accretive acquisitions, strategic development and active property management. Choice Properties' principal tenant and largest Unitholder is Loblaw Companies Limited, Canada's largest retailer. Choice Properties' strong alliance with Loblaw positions it well for future growth. For more information, visit Choice Properties' website at www.choicereit.ca and Choice Properties' issuer profile at www.sedar.com.

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