Choice Properties Real Estate Investment Trust Reports Results for the Fourth Quarter Ended December 31, 2014

Completes First Full Fiscal Year with Solid Operating Performance and Financial Results

Toronto, Ontario, Feb. 24, 2015 /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 end periods ended December 31, 2014. The Trust's 2014 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.

The full year comparative information presented in this Press Release covers the period from July 5, 2013, the date when Choice Properties completed its initial public offering ("IPO"), to December 31, 2013; as a result, information presented on a full year basis cover different time frames and are not directly comparable.

Quarter Highlights:

- Reported FFO(1) per unit diluted of $0.230, $0.006 or 2.7% higher compared to $0.224 in the fourth quarter of 2013;
- Acquired 16 income producing properties for $211.0 million, excluding acquisition costs, that added 1.3 million square feet of gross leasable area ("GLA") and an estimated stabilized NOI(1) of $13.6 million;
- Expanded development pipeline through the acquisition of a 70% interest in a limited partnership for $18.0 million, excluding acquisition costs, which holds 21 acres of land in Brampton, Ontario intended for retail development with a total value of $25.7 million, and a 40% interest in a second limited partnership for $6.2 million, excluding acquisition costs, which holds land in Toronto, Ontario for a total value of $15.6 million;
- Completed initiatives to internalize leasing and property management functions in advance of on-boarding new staff at the start of 2015;
- Maintained a high occupancy rate of 98.1% compared to 97.7% at December 31, 2013; and
- Subsequent to the close of the quarter, successfully completed a $250 million issuance of senior unsecured debentures.

"In our first full year of operations, we delivered on a number of achievements and completed the year with solid financial results. We expanded our portfolio through acquisitions, constructed new square footage through intensification opportunities and established an internally managed real estate organization," said John Morrison, President and Chief Executive Officer. "We will continue to build on this momentum in 2015 and have already successfully completed several transactions, including acquisitions, strategic partnerships and a debt offering to start the year."

Financial and Operational Summary

For the periods ended December 31 (in thousands of Canadian dollars, except where otherwise noted) (unaudited)	Three Months		Year End	
	2014	2013	**2014**	2013(5)
Number of properties	**472**	435	**472**	435
Gross Leasable Area ("GLA") (in millions of square feet)	**38.9**	36.3	**38.9**	36.3
Occupancy	**98.1%**	97.7%	**98.1%**	97.7%
Rental revenue	**$ 175,246**	$ 164,852	**$ 682,923**	$ 318,507
Net Operating Income ("NOI")(1)	**$ 123,175**	$ 114,108	**$ 475,739**	$ 222,267
Net Income	**$ 87,017**	$ (6,478)	**$ 199,614**	$ 67,148
Net Income per unit diluted	**$ 0.221**	$ (0.018)	**$ 0.522**	$ 0.185
Funds from Operations ("FFO")(1) per unit diluted (2)(3)	**$ 0.230**	$ 0.224	**$ 0.912**	$ 0.444
Adjusted Funds from Operations ("AFFO")(1) per unit diluted	**$ 0.188**	$ 0.176	**$ 0.745**	$ 0.360
Adjusted Funds from Operations(1) payout ratio	**86.4%**	92.3%	**87.2%**	88.6%
Distribution declared per unit	**$ 0.162501**	$ 0.162501	**$ 0.650004**	$ 0.318917
Total assets (in millions)	**$ 8,192**	$ 7,448	**$ 8,192**	$ 7,448
Debt to total assets(4)	**44.0%**	47.0%	**44.0%**	47.0%
Debt service coverage(4)	**3.5x**	3.4x	**3.5x**	3.4x

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

(2) Including internalization costs in 2014 and start-up costs in 2013, FFO per unit on a diluted basis for fourth quarter 2014 and 2013 were $0.230 and $0.225, respectively.

(3) Including internalization costs and the reversal of the finance charge associated with the Transferor Note transactions described in Section 9 of the MD&A , "Long Term Debt and Class C LP Units" in 2014 and start-up costs in 2013, FFO per unit on a diluted basis for the year end periods ended 2014 and 2013 were $0.777 and $0.437, respectively.

(4) 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.

(5) Based on operations for the period from July 5, 2013 to December 31, 2013.

Financial Highlights for the Quarter:

- **Net Operating Income**(1) **-** Fourth quarter NOI(1) of $123.2 million represented an increase of $9.1 million, or 7.9%, over the fourth quarter of 2013. The positive variance was driven primarily by acquisitions, which contributed $7.7 million to NOI(1). Based on a portfolio of 423 properties that were owned throughout the current and comparative periods, Same Properties NOI(1) of $113.3 million increased by $1.6 million or 1.5% over fourth quarter 2013. This improvement was primarily due to increased recovery of capital expenditures of $0.7 million, and net recoveries of $0.4 million and rental revenue generated from the development of new GLA of $0.4 million. Full year 2014 NOI(1) was $475.7 million, of which $450.9 million was attributed to Same Properties, $23.7 million to acquisitions and $1.1 million to dispositions.
- **Net Income -** Fourth quarter net income was $87.0 million. Excluding the fair value adjustment on exchangeable units and investment properties of $46.4 million (2013 - ($43.2) million), net income was $40.6 million, an increase of $3.8 million or 10.6% over net income of $36.7 million in the fourth quarter of 2013. This increase was primarily due to NOI(1) from acquisitions, which was partially offset by higher financing charges of $4.3 million. Net income, for the year ended December 31, 2014, excluding fair value adjustments, was $105.5 million.
- **Funds from Operations**(1) **-** Fourth quarter FFO(1) was $90.9 million or $0.230 per unit, compared with $82.3 million or $0.224 per unit in the fourth quarter of 2013. Including one-time internalization costs of $0.2 million that impacted the fourth quarter of 2014 and a reversal of $0.4 million for one-time start-up costs that impacted the fourth quarter of 2013, FFO(1) was $90.7 million or $0.230 per unit and $82.7 million or $0.225, respectively. The year-over-year improvement in FFO(1) was driven by acquisitions, partially offset by higher financing charges. For the year ended December 31, 2014, FFO(1) was $349.0 million or $0.912 per unit, excluding $2.6 million of internalization costs and $48.9 million of non-cash finance charges related to the replacement of Transferor Notes with senior unsecured debentures, which were recorded in previous quarters.
- **Adjusted Funds from Operations**(1) **-** Fourth quarter AFFO(1) was $74.1 million or $0.188 per unit, compared to $64.7 million or $0.176 per unit in the fourth quarter of 2013. Similar to FFO(1), the improvement in AFFO(1) was driven by NOI(1) from acquisitions , which were partially offset by higher financing charges. Also, the capital expenditures for the fourth quarter were lower in 2014 than in 2013. Annual 2014 AFFO(1) was $285.2 million or $0.745 per unit.
- **Distribution** - Distribution declared per unit during the quarter totaled $0.162501, for an AFFO(1) payout ratio of 86.4% (fourth quarter 2013 - 92.3%). During 2014, distribution declared per unit totaled $0.650004 for an AFFO(1) payout ratio of 87.2% (2013 - 88.6%).

Operational Highlights for the Quarter:

- **Accretive Acquisitions**
  - In the fourth quarter of 2014, Choice Properties acquired a 16-property portfolio from Loblaw Companies Limited ("Loblaw") for an aggregate purchase price of approximately $211.0 million, excluding acquisition costs. The acquisition was immediately accretive, with a capitalization rate of 6.57%, excluding cost of land for immediate development. This portfolio spans the country, adds approximately 1.3 million square feet of GLA and is expected to provide an estimated stabilized NOI(1) of approximately $13.6 million.
  - Subsequent to the fourth quarter, Choice Properties completed the previously announced acquisition of a warehouse from Loblaw of approximately 920,000 square feet in Pickering, Ontario for a purchase price of $81.2 million, excluding acquisition costs. The acquisition was immediately accretive with an estimated stabilized NOI(1) of $5.3 million, representing a capitalization rate of 6.50%. In addition, Choice Properties acquired a shopping centre of approximately 55,000 square feet in Porter's Lake, Nova Scotia from a third-party for a purchase price of $5.2 million, excluding acquisition costs. The acquisition was immediately accretive with an estimated stabilized NOI(1) of approximately $0.5 million representing a capitalization rate of 9.5%. The shopping centre is currently 85% occupied by 20 tenants and anchored by a 47,000 square foot grocery store on an adjacent property that Choice Properties owns.
- **Strategic Development Relationships**
  - In the fourth quarter of 2014, Choice Properties acquired, for approximately $18.0 million, excluding acquisition costs, a 70% interest in a limited partnership which holds 21 acres of land in Brampton, Ontario that is intended for future retail development with a total value of $25.7 million. Separately, Choice Properties acquired from Loblaw, for approximately $6.2 million, excluding acquisition costs, a 40% interest in a limited partnership which holds a property at 500 Lake Shore Boulevard West in Toronto, Ontario that is intended for mixed-use redevelopment.
  - Subsequent to the fourth quarter, Choice Properties entered into a co-ownership agreement to acquire a 50% interest of a nine-acre parcel of land in Kanata, Ontario intended for future retail development. The purchase price for the property is approximately $4.0 million, excluding acquisition costs, with Choice Properties' proportionate share being 50%, or approximately $2.0 million. In addition, Choice Properties acquired a 16-acre site in Barrie, Ontario from Loblaw at a purchase price of approximately $11.5 million, excluding acquisition costs. Choice Properties intends to develop the property in conjunction with an adjacent 21-acre parcel of land as part of co-development arrangements.
- **Active Management -** During the quarter, Choice Properties completed initiatives and programs required to fully internalize leasing and property management functions on January 1, 2015.

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

- **Leasing Profile -** During the fourth quarter of 2014, Choice Properties entered into leases or offers to lease for 185,446 square feet of gross leasable area ("GLA") with an average lease term of 5.7 years and included renewals of 149,480 square feet of expiring leases with an average increase in base rent of 7.9%. For the full year 2014, leases or offers to lease totaled 636,767 square feet with an average lease term of 7.1 years, including renewals of 384,062 square feet representing a renewal retention rate of 84.3% and average increase in base rent on renewal of 6.5%.
- **Occupancy -** At December 31, 2014, the Trust's portfolio occupancy rate was 98.1%, compared to 97.7% at December 31, 2013.

Capital Structure:

- **Capacity to Invest for Further Growth -** For the fourth quarter and annual periods ended December 31, 2014, the Trust's debt service coverage ratio(1) was 3.5 times. With stable cash flow from operations and access to a $500 million unsecured revolving credit facility, the Trust believes it has the financial capacity to meet ongoing obligations and invest for further growth.
- **Strengthened Financial Flexibility Through Debt Financing -** Subsequent to the end of the quarter, on February 5, 2015, Choice Properties issued $250 million of Series E senior unsecured debentures with a coupon rate of 2.297% that mature on September 14, 2020. This financing serves to reduce Choice Properties' overall weighted average coupon rate while maintaining the Trust's weighted average term to maturity of its debt instruments. The net proceeds of the offering were used by the Trust to repay existing indebtedness and for general business purposes.

Outlook

While the Canadian economy presents uncertainty given volatility in commodity pricing, in particular, oil and gas prices, the Canadian dollar exchange rate and interest rates, Choice Properties believes that the fundamentals of the retail real estate market remain stable. Even though the Canadian retail landscape continues to be ever evolving, underscored by recent notable exits and anticipated new entrants, Choice Properties' grocery anchored real estate focus and its stable and reliable cash flows from long-term leases position it well to execute on potential opportunities to drive growth. With consistent cash flow from operations and a strong balance sheet, Choice Properties expects to meet its ongoing obligations, including providing its Unitholders with monthly distributions and to invest in growth. In 2015, Choice Properties intends to focus on:

- Acquiring accretive assets that meet its investment criteria and that are strategically aligned with its current portfolio;
- Leveraging the excess density within its portfolio for at-grade intensification;
- Accelerating greenfield and mixed-used development programs; and
- Enhancing internally managed operations to strengthen relationships with tenants and to optimize cash flows and profitability within its portfolio.

(1) 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, 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 included but not limited to Section 3 "Objectives and Strategies", Section 5 "Investment Properties", Section 6 "Results of Operations", Section 7 "Other Measures of Performance", Section 10 "Liquidity and Capital Resources" and Section 17 "Outlook" in the MD&A of Choice Properties' 2014 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 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 13 "Enterprise Risks and Risk Management" in the MD&A of Choice Properties' 2014 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 interests in 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 or intensification;
- changes in Choice Properties' capital expenditure and fixed cost requirements;
- the inability of the 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 2014 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: FFO, AFFO, and NOI. 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 cash rental revenue from investment properties less property operating costs. NOI is used as a key indicator of performance as it represents a measure over which management has control. The Trust evaluates performance of management by comparing the performance of the portfolio adjusted for the effects of certain items and current year acquisitions. 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.

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 REITs. FFO adds back to net income items that do not arise from operating activities, such as fair value adjustments. 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 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

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures

For the periods ended December 31 (in thousands of Canadian dollars, except per unit amounts) (unaudited)	Three Months 2014	Three Months 2013	Year End 2014	Year End 2013[5]
Rental revenue	**$ 175,246**	$ 164,852	**$ 682,923**	$ 318,507
Reverse - Straight-line rental revenue	**(8,783)**	(8,375)	**(34,634)**	(16,484)
Property operating costs	**(43,288)**	(42,369)	**(172,550)**	(79,756)
Net Operating Income[1]	**$ 123,175**	$ 114,108	**$ 475,739**	$ 222,267
Net Income	**$ 87,017**	$ (6,478)	**$ 199,614**	$ 67,148
Fair value adjustments on Exchangeable Units	**51,063**	111,976	**(12,143)**	147,401
Fair value adjustments on investment properties	**(97,452)**	(68,750)	**(81,931)**	(144,289)
Fair value adjustments on unit-based compensation	**(41)**	24	**(591)**	17
Loss on disposal of investment properties	**—**	—	**450**	—
Distributions on Exchangeable Units	**49,730**	45,984	**191,267**	88,607
Direct leasing costs	**366**	—	**366**	—
Amortization of tenant improvement allowances	**2**	8	**456**	8
Funds from Operations[1][3][4]	**$ 90,685**	$ 82,764	**$ 297,488**	$ 158,892
Reverse: Finance charge	**—**	—	**48,911**	—
Reverse: Internalization costs	**196**	—	**2,568**	—
Reverse: Start-up costs	**—**	(450)	**—**	2,524
Funds from Operations[1] excluding other charges	**$ 90,881**	$ 82,314	**$ 348,967**	$ 161,416
Funds from Operations[1]	**$ 90,685**	$ 82,764	**$ 297,488**	$ 158,892
Internalization costs	**196**	—	**2,568**	—
Start-up costs	**—**	(450)	**—**	2,524
Straight-line rental revenue	**(8,783)**	(8,375)	**(34,634)**	(16,484)
Effective interest rate amortization of finance charges	**(375)**	851	**50,018**	1,095
Unit-based compensation expense	**439**	438	**2,104**	808
Property capital expenditures - incurred	**(11,247)**	(7,769)	**(29,523)**	(8,934)
Property and leasing capital expenditures - normalized[2]	**3,670**	(1,877)	**—**	(5,712)
Leasing capital expenditures - incurred	**(489)**	(902)	**(2,785)**	(1,250)
Adjusted Funds from Operations[1]	**$ 74,096**	$ 64,680	**$ 285,236**	$ 130,939
AFFO[1] per unit - basic	**$ 0.188**	$ 0.176	**$ 0.746**	$ 0.360
AFFO[1] per unit - diluted	**$ 0.188**	$ 0.176	**$ 0.745**	$ 0.360
AFFO[1] payout ratio	**86.4%**	92.3%	**87.2%**	88.6%
Distribution declared per unit	**$ 0.162501**	$ 0.162501	**$ 0.650004**	$ 0.318917
Weighted average units outstanding - basic	**394,237,610**	367,911,089	**382,344,615**	363,642,405
Weighted average units outstanding - diluted	**394,578,356**	368,059,697	**382,636,320**	363,767,339
Number of units outstanding, end of quarter	**395,287,115**	371,688,983	**395,287,115**	371,688,983

(1) See "Non-GAAP Financial Measures" beginning on page 5.
(2) Seasonality impacts the timing of capital expenditures. The AFFO calculation was adjusted for this factor to make the quarters more comparable.
(3) Including internalization costs in 2014 and start-up costs in 2013, FFO per unit on a diluted basis for fourth quarter 2014 and 2013 were $0.230 and $0.225, respectively.
(4) Including internalization costs and the reversal of the finance charge associated with the Transferor Note transactions as described in the MD&A Section 9, "Long Term Debt and Class C LP Units" in 2014 and start-up costs in 2013, FFO per unit on a diluted basis for the 2014 and 2013 year ends were $0.777 and $0.437, respectively.
(5) Based on operations for the period from July 5, 2013 to December 31, 2013.

Selected Financial Information

The following includes quarterly financial information prepared by management in accordance with IFRS and based on the Trust's 2014 Annual Report to Unitholders. This financial information does not contain all interim period disclosures required by IFRS, and accordingly should be read in conjunction with the Trust's 2014 Report to Unitholders, which are 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, 2014**	As at December 31, 2013
Assets		
Non-current Assets		
Investment properties	**$ 7,905,978**	$ 7,287,759
Equity accounted investments	**6,230**	—
Accounts receivable and other assets	**10,057**	7,693
Notes receivable	**22,539**	—
	7,944,804	7,295,452
Current Assets		
Accounts receivable and other assets	**9,473**	8,828
Notes receivable	**236,829**	92,057
Cash and cash equivalents	**1,332**	51,405
	247,634	152,290
Total Assets	**$ 8,192,438**	$ 7,447,742
Liabilities and Unitholders' Equity		
Non-current Liabilities		
Long term debt and Class C LP Units	**$ 3,435,628**	$ 3,286,442
Credit facility	**120,187**	—
Exchangeable Units	**3,207,216**	2,988,466
Trade payables and other liabilities	**1,020**	379
	$ 6,764,051	$ 6,275,287
Current Liabilities		
Long term debt due within one year	**$ 993**	$ 89,725
Trade payables and other liabilities	**388,997**	211,078
	389,990	300,803
Total Liabilities	**7,154,041**	6,576,090
Equity		
Unitholders' equity	**$ 1,030,701**	871,652
Non-controlling interests	**7,696**	—
Total Equity	**$ 1,038,397**	$ 871,652
Total Liabilities and Equity	**$ 8,192,438**	$ 7,447,742

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

(in thousands of Canadian dollars)	**Three months ended December 31, 2014**	Three months ended December 31, 2013	**Year ended December 31, 2014**	Period from May 21, 2013 to December 31, 2013
Net Property Income				
Rental revenue from investment properties	**$ 175,246**	$ 164,852	**$ 682,923**	$ 318,507
Property operating costs	**(43,288)**	(42,369)	**(172,550)**	(79,756)
Net Property Income	**131,958**	122,483	**510,373**	238,751
Other Expenses				
General and administrative expenses	**(6,213)**	(4,789)	**(23,315)**	(12,234)
Amortization of other assets	**(87)**	(188)	**(414)**	(472)
Net interest expense and other financing charges	**(85,030)**	(80,758)	**(380,654)**	(155,785)
Fair value adjustment on Exchangeable Units	**(51,063)**	(111,976)	**12,143**	(147,401)
Fair value adjustment on investment properties	**97,452**	68,750	**81,931**	144,289
Loss on disposal of investment properties	**—**	—	**(450)**	—
Net Income and Comprehensive Income	**$ 87,017**	$ (6,478)	**$ 199,614**	$ 67,148
Net Income and Comprehensive Income attributable to:				
Choice Properties Unitholders	**$ 87,017**	$ (6,478)	**$ 199,614**	$ 67,148
Non-controlling interests	**—**	—	**—**	—
	$ 87,017	$ (6,478)	**$ 199,614**	$ 67,148

Choice Properties Real Estate Investment Trust
Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Period from May 21, 2013 to December 31, 2013
Operating Activities				
Net Income	**$ 87,017**	$ (6,478)	**$ 199,614**	$ 67,148
Amortization of straight-line rent	**(8,783)**	(8,375)	**(34,634)**	(16,484)
Amortization of tenant improvement allowances	**2**	8	**456**	8
Amortization of other assets	**87**	188	**414**	472
Net interest expense and other financing charges	**85,030**	80,758	**380,654**	155,785
Value of unit-based compensation granted	**398**	462	**1,513**	825
Fair value adjustment on Exchangeable Units	**51,063**	111,976	**(12,143)**	147,401
Fair value adjustment on investment properties	**(97,452)**	(68,750)	**(81,931)**	(144,289)
Loss on disposal of investment property	**—**	—	**450**	—
Leasing capital expenditures	**(489)**	(902)	**(2,785)**	(1,250)
Interest received	**32**	144	**393**	324
Net change in non-cash working capital	**83,751**	26,542	**24,367**	78,241
Cash Flows from Operating Activities	**200,656**	135,573	**476,368**	288,181
Investing Activities				
Acquisition of initial properties	**—**	—	**—**	(23,910)
Acquisitions of investment properties	**(123,971)**	(73,316)	**(220,526)**	(73,316)
Additions to investment properties	**(20,146)**	(10,620)	**(55,636)**	(11,785)
Additions to fixtures and equipment	**(1,600)**	580	**(4,323)**	(2,871)
Notes receivable issued to third-party	**(23,000)**	—	**(23,000)**	—
Equity investment	**(6,230)**	—	**(6,230)**	—
Proceeds of disposition	**—**	—	**13,030**	—
Cash Flows used in Investing Activities	**(174,947)**	(83,356)	**(296,685)**	(111,882)
Financing Activities				
Long term debt				
Issued - Senior unsecured debentures, net of debt placement costs	**—**	—	**447,540**	597,050
Retired - Transferor Notes	**—**	—	**(440,000)**	(660,000)
Retired - Class A LP Notes	**—**	—	**—**	(544,821)
Principal repayments - mortgage	**(246)**	—	**(246)**	—
Credit facility, net of debt placement costs	**44,636**	—	**121,685**	(2,175)
Notes receivable from related party				
Issued to related party	**(60,714)**	(56,919)	**(236,328)**	(92,057)
Repaid by related party	**—**	—	**92,057**	—
Issuance of Trust Units	**—**	—	**—**	660,000
Trust Unit issue cost	**—**	(1,207)	**—**	(43,733)
Cash received on exercise of options	**1,188**	—	**1,188**	—
Interest paid	**(14,809)**	(12,154)	**(108,413)**	(17,141)
Distributions paid on Exchangeable Units	**—**	—	**(73,219)**	—
Distributions paid to Unitholders	**(10,390)**	(13,070)	**(41,716)**	(22,017)
Contribution from non-controlling interest	**7,696**	—	**7,696**	—
Cash Flows used in Financing Activities	**(32,639)**	(83,350)	**(229,756)**	(124,894)
Change in cash and cash equivalents	**(6,930)**	(31,133)	**(50,073)**	51,405
Cash and cash equivalents, beginning of period	**8,262**	82,538	**51,405**	—
Cash and Cash Equivalents, end of period	**$ 1,332**	$ 51,405	**$ 1,332**	$ 51,405

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' 2014 Annual Report, 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 25, 2015 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: 61460503.

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 39.9 million square feet of gross leasable area and consists of 475 properties primarily focused on supermarket-anchored shopping centres and stand-alone supermarkets. 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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