Choice Properties Real Estate Investment Trust Reports Results for the Third Quarter 2015 and Announces Distribution Increase

Toronto, November 10, 2015 /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, 2015. Choice Properties also announced it will increase its annual distribution to $0.67 per unit or by 3.1% effective for the January 29, 2016 distribution payable on February 16, 2016. The Trust's Third Quarter 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 FFO(1) per unit diluted of $0.241, an increase of $0.012 or 5.2% compared with $0.229 in the third quarter of 2014;
- Added three Shoppers Drug Mart stores to the portfolio, two of which were acquired in Ontario and the third which was newly constructed in Saskatchewan;
- 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;
- Increased same property, same GLA, net operating income ("NOI") by 2.8% to $121.2 million from $117.9 million in the third quarter of 2014 largely driven by improved ancillary occupancy, higher average rental rates on new ancillary leases and rent steps in Loblaw leases; and
- Improved occupancy rate of 98.5% compared to 98.1% as at December 31, 2014 and 97.9% as at September 30, 2014.

"I am pleased with our solid third quarter results which reflect our team's focus on executing and delivering on our long-term growth strategy," said John Morrison, President and Chief Executive Officer. "During the quarter we invested approximately $23.8 million in acquisitions, leased or renewed more than 200,000 square feet of GLA, and remained on track to deliver approximately 100,000 square feet of incremental GLA to tenants by year-end 2015. We continue to focus on enhancing our ability to provide Unitholders with cash flow stability and we are pleased to announce an increase in our distributions."

Financial and Operational Summary

For the three months ended September 30 ($ thousands except where otherwise indicated) (unaudited)		**2015**		2014
Number of properties		**515**		454
Gross Leasable Area ("GLA") (in millions of square feet)		**41.4**		37.6
Occupancy		**98.5%**		97.9%
Rental revenue	**$**	**187,285**	$	170,293
Net Operating Income ("NOI")(1)	**$**	**129,986**	$	118,551
Net Income (Loss)	**$**	**(173,362)**	$	122,306
Net Income (Loss) per unit diluted	**$**	**(0.426)**	$	0.318
Funds from Operations ("FFO")(1) per unit diluted(2)	**$**	**0.241**	$	0.229
Adjusted Funds from Operations ("AFFO")(1) per unit diluted	**$**	**0.194**	$	0.189
Adjusted Funds from Operations(1) payout ratio		**83.8%**		86.0%
Distribution declared per unit	**$**	**0.162501**	$	0.162501
Total assets (in millions)	**$**	**8,603**	$	7,774
Debt to total assets(3)		**44.9%**		45.7%
Debt service coverage(3)		**3.6x**		3.4x

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

(2) Net income (loss) included a loss of $220,896 and a gain of $100,414 for the fair value adjustment on Exchangeable Units and a gain of $1,527 and a loss of $15,612 for the fair value adjustment on investment properties for the three months ended September 30, 2015 and September 30, 2014, respectively. Net income before the fair value adjustments was $46,007 and $37,504 for the three months ended September 30, 2015 and September 30, 2014, respectively.

(3) FFO(1) per unit diluted, for the three months ended September 30, 2014, was calculated using FFO(1) (excluding other adjustments). See Section 10, "Non-GAAP Financial Measures", of the MD&A for details.

(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.

Financial Highlights for the Quarter:

- **Net Operating Income**(1) **-** Third quarter NOI(1) of $130.0 million represented an increase of $11.4 million, or 9.6%, over the third quarter of 2014 primarily driven by acquisitions completed in 2015 and the fourth quarter of 2014. These acquisitions contributed a total of $8.5 million to NOI(1). Same Properties(1), same GLA, NOI(1) of $121.2 million increased by $3.3 million or 2.8% from $117.9 million in the third quarter of 2014. This improvement was primarily due to an increase of $2.4 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, $0.7 million of other income, and $0.3 million due to capital expenditure recoveries and interest, partially offset by $0.1 million in non-recoverable operating expenses.
- **Net Income before Fair Value Adjustments**(1) - Third quarter net income before fair value adjustments of $46.0 million compared with a net income before fair value adjustments of $37.5 million reported in the third quarter of 2014.
- **Funds from Operations**(1) **-** Third quarter FFO(1) was $98.3 million or $0.241 per unit diluted, compared with $88.0 million or $0.229 per unit diluted in the third quarter of 2014. The year-over-year improvement in FFO(1) of $0.012 per unit diluted was primarily driven by NOI(1) from acquisitions.
- **Adjusted Funds from Operations**(1) **-** Third quarter AFFO(1) was $79.0 million or $0.194 per unit diluted, compared with $72.7 million or $0.189 per unit diluted in the third 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 83.8% (2014 - 86.0%).

Operational Highlights for the Quarter:

- **Accretive Acquisitions -** As previously announced, Choice Properties acquired two standalone Shoppers Drug Mart stores from Loblaw Companies Limited ("Loblaw") for an aggregate purchase price of approximately $18.2 million, excluding acquisition costs. The acquisitions were immediately accretive, with a total stabilized NOI(1) of approximately $1.1 million, representing an implied capitalization rate of 6.16%. Choice Properties also acquired a single-tenant retail building for a purchase price of approximately $5.6 million, excluding acquisition costs. This property is located adjacent to an existing Choice Properties owned stand-alone site, and was subsequently re-categorized as a multi-tenant property. The acquisition was immediately accretive, with a total stabilized NOI(1) of approximately $0.3 million, representing an implied capitalization rate of 6.07%. The acquisition was funded through a combination of cash and the assumption of a $2.1 million mortgage. The three acquired properties are located in Ontario and added approximately 61,000 square feet of GLA.
- **Retail Development -** As previously announced, on August 5, 2015 and in a joint venture partnership with Wittington Properties Limited, Choice Properties launched its first urban multi-use project, West Block, in Toronto, Ontario. This redevelopment involves the restoration and transformation of a landmark heritage building into the cornerstone of an urban community, combining approximately 245,000 square feet of commercial space anchored by a Loblaw bannered food store with two residential towers. Completion of the West Block project is targeted for spring of 2019. In addition, the Trust completed a 17,000 square foot retail unit for Shoppers Drug Mart, which is expected to open for business in the next three months.
- **Development Pipeline -** Choice Properties continued to make headway with its development program, and remained on track to complete seven additional projects of approximately 97,000 square feet of new GLA for delivery to tenants by year-end 2015. Year-to-date, Choice Properties has completed four intensification projects with a weighted average yield of 8.7%. In addition, 11 of 17 projects expected to be completed in 2016 continued to progress, which includes approximately 400,000 square feet of new GLA for Loblaw comprising two new food stores: one in Barrie, Ontario and the other in Surrey, British Columbia; two new Shoppers Drug Mart stores: one in Barrie, Ontario and the other in Guelph, Ontario; and a warehouse expansion in Boucherville, Quebec.
- **Leasing Profile -** During the third quarter of 2015, Choice Properties entered into leases for approximately 213,000 square feet of GLA with an average lease term of 9.3 years, including renewals of approximately 145,000 square feet, retaining 84.5% of expiring leases in the quarter and increasing base rent by 17.9% on those renewals.
- **Occupancy -** At September 30, 2015, the Trust's portfolio occupancy rate was 98.5%, compared to 98.1% at December 31, 2014.

Capital Structure:

- **Capacity to Invest for Further Growth -** As at September 30, 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 to 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. 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 despite forecasts for future interest-rate hikes. 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, 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' Third Quarter 2015 Report to Unitholders. 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 the "Enterprise Risks and Risk Management" section of Choice Properties' 2014 Annual Report which is hereby incorporated by reference. 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 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 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: 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 Fair Value Adjustments Net Income (or net loss) as calculated under GAAP excluding fair value adjustments on 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 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 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 September 30 (in thousands of Canadian dollars, except per unit amounts) (unaudited)	Three Months **2015**	 2014	Nine Months **2015**	 2014
Rental revenue	**$ 187,285**	$ 170,293	**$ 552,043**	$ 507,677
Reverse - Straight-line rental revenue	**(9,405)**	(8,576)	**(27,535)**	(25,851)
Property operating costs	**(47,894)**	(43,166)	**(142,376)**	(129,262)
Net Operating Income[(1)]	**$ 129,986**	$ 118,551	**$ 382,132**	$ 352,564
Net Income (Loss)	**$ (173,362)**	$ 122,306	**$ (195,677)**	$ 112,597
Fair value adjustments on Exchangeable Units	**220,896**	(100,414)	**315,100**	(63,206)
Fair value adjustments on investment properties	**(1,527)**	15,612	**15,921**	15,521
Fair value adjustments on unit-based compensation	**592**	(322)	**509**	(550)
Loss on disposal of investment properties	**—**	450	**—**	450
Distributions on Exchangeable Units	**51,295**	47,993	**151,343**	141,537
Amortization of tenant improvement allowances	**74**	2	**150**	454
Internal expenses for leasing[(2)]	**358**	—	**1,105**	—
Funds from Operations[(1)(4)]	**$ 98,326**	$ 85,627	**$ 288,451**	$ 206,803
Reverse: Finance charge[(4)]	**—**	—	**—**	48,911
Reverse: Internalization costs	**—**	2,372	**—**	2,372
Funds from Operations[(1)] excluding other adjustments	**$ 98,326**	$ 87,999	**$ 288,451**	$ 258,086
Funds from Operations[(1)(4)]	**$ 98,326**	$ 85,627	**$ 288,451**	$ 206,803
Internalization costs	**—**	2,372	**—**	2,372
Straight-line rental revenue	**(9,405)**	(8,576)	**(27,535)**	(25,851)
Effective interest rate amortization of finance charges	**(325)**	(362)	**(913)**	50,393
Unit-based compensation expense	**617**	607	**1,496**	1,665
Property capital expenditures - incurred	**(5,227)**	(15,534)	**(7,813)**	(18,276)
Property and leasing capital expenditures - normalized[(3)]	**(2,571)**	8,908	**(18,692)**	(3,670)
Leasing capital expenditures - incurred	**(2,403)**	(374)	**(4,100)**	(2,296)
Adjusted Funds from Operations[(1)]	**$ 79,012**	$ 72,668	**$ 230,894**	$ 211,140
FFO[(1)(5)] per unit - diluted	**$ 0.241**	$ 0.229	**$ 0.720**	$ 0.682
AFFO[(1)] per unit - diluted	**$ 0.194**	$ 0.189	**$ 0.576**	$ 0.558
AFFO[(1)] payout ratio	**83.8%**	86.0%	**84.6%**	87.4%
Distribution declared per unit	**$ 0.162501**	$ 0.162501	**$ 0.487503**	$ 0.487503
Weighted average Units outstanding - basic	**406,013,090**	383,875,893	**400,365,196**	378,336,719
Weighted average Units outstanding - diluted	**407,335,313**	384,736,396	**400,811,437**	378,612,253
Number of Units outstanding, end of quarter	**406,379,516**	384,073,936	**406,379,516**	384,073,936

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

(2) Internal expenses for leasing, primarily salaries, of $358 and $1,105 were incurred in the three and nine months ended September 30, 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 was no adjustment for internal expenses for leasing for the three and nine months ended September 30, 2014.

(3) Seasonality impacts the timing of capital expenditures. The AFFO[(1)] calculation was adjusted for this factor to make the quarters more comparable.

(4) For the three and nine months ended September 30, 2014, internalization costs of $2,372 were added back to net income (loss) to calculate FFO[(1)] (excluding other adjustments). Also, for the nine months ended September 30, 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.

(5) The FFO[(1)] per unit diluted amounts and payout ratio for the three and nine months ended September 30, 2014 were calculated using FFO[(1)] (excluding other adjustments). FFO[(1)] per unit diluted amounts, before adjustments, were $0.223 and $0.546, respectively, and the payout ratios were 72.9% and 89.3%, respectively.

Selected Financial Information

The following includes quarterly financial information prepared by management in accordance with IFRS and based on the Trust's Third Quarter 2015 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

(unaudited) (in thousands of Canadian dollars)	**As at September 30, 2015**	As at December 31, 2014
Assets		
Non-current Assets		
Investment properties	**$ 8,332,000**	$ 7,905,978
Equity accounted investments	**8,350**	6,230
Accounts receivable and other assets	**10,224**	10,057
Notes receivable	**26,085**	22,539
	8,376,659	7,944,804
Current Assets		
Accounts receivable and other assets	**32,805**	9,473
Notes receivable	**185,510**	236,829
Cash and cash equivalents	**7,614**	1,332
	225,929	247,634
Total Assets	**$ 8,602,588**	$ 8,192,438
Liabilities and Unitholders' Equity		
Non-current Liabilities		
Long term debt and Class C LP Units	**$ 3,380,461**	$ 3,435,628
Credit facility	**133,000**	120,187
Exchangeable Units	**3,631,873**	3,207,216
Trade payables and other liabilities	**2,071**	1,020
	7,147,405	6,764,051
Current Liabilities		
Long term debt due within one year	**302,911**	993
Trade payables and other liabilities	**339,159**	388,997
	642,070	389,990
Total Liabilities	**7,789,475**	7,154,041
Equity		
Unitholders' equity	**805,357**	1,030,701
Non-controlling interests	**7,756**	7,696
Total Equity	**813,113**	1,038,397
Total Liabilities and Equity	**$ 8,602,588**	$ 8,192,438

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

(unaudited) (in thousands of Canadian dollars)	**Three months ended September 30, 2015**	Three months ended September 30, 2014	**Nine months ended September 30, 2015**	Nine months ended September 30, 2014
Net Property Income				
Rental revenue from investment properties	**$ 187,285**	$ 170,293	**$ 552,043**	$ 507,677
Property operating costs	**(47,894)**	(43,166)	**(142,376)**	(129,262)
Net Property Income	**139,391**	127,127	**409,667**	378,415
Other Expenses				
General and administrative expenses	**(6,042)**	(6,411)	**(16,617)**	(17,102)
Amortization of other assets	**(235)**	(64)	**(565)**	(327)
Net interest expense and other financing charges	**(87,107)**	(82,698)	**(257,141)**	(295,624)
Fair value adjustment on Exchangeable Units	**(220,896)**	100,414	**(315,100)**	63,206
Fair value adjustment on investment properties	**1,527**	(15,612)	**(15,921)**	(15,521)
Loss on disposal of investment properties	**—**	(450)	**—**	(450)
Net Income (Loss) and Comprehensive Income (Loss)	**$ (173,362)**	$ 122,306	**$ (195,677)**	$ 112,597

Choice Properties Real Estate Investment Trust
Consolidated Statements of Cash Flows

(unaudited) (in thousands of Canadian dollars)	**Three months ended September 30, 2015**	Three months ended September 30, 2014	**Nine months ended September 30, 2015**	Nine months ended September 30, 2014
Operating Activities				
Net income (loss)	**$ (173,362)**	$ 122,306	**$ (195,677)**	$ 112,597
Amortization of straight-line rental revenue	**(9,405)**	(8,576)	**(27,535)**	(25,851)
Amortization of tenant improvement allowances	**74**	2	**150**	454
Amortization of other assets	**235**	64	**565**	327
Net interest expense and other financing charges	**87,107**	82,698	**257,141**	295,624
Value of unit-based compensation granted	**1,209**	285	**2,005**	1,115
Fair value adjustment on Exchangeable Units	**220,896**	(100,414)	**315,100**	(63,206)
Fair value adjustment on investment properties	**(1,527)**	15,612	**15,921**	15,521
Loss on disposal of investment property	**—**	450	**—**	450
Leasing capital expenditures	**(2,403)**	(374)	**(4,100)**	(2,296)
Interest received	**9**	161	**79**	361
Net change in non-cash working capital	**20,659**	7,780	**(15,401)**	(59,384)
Cash Flows from Operating Activities	**143,492**	119,994	**348,248**	275,712
Investing Activities				
Acquisitions of investment properties	**(18,863)**	—	**(216,401)**	(96,555)
Additions to investment properties	**(45,496)**	(21,236)	**(80,034)**	(35,490)
Additions to fixtures and equipment	**—**	—	**(529)**	(2,723)
Notes receivable issued to third-party	**500**	(2,364)	**(1,565)**	—
Equity investment	**—**	—	**(2,120)**	—
Proceeds of disposition	**—**	13,030	**—**	13,030
Cash Flows used in Investing Activities	**(63,859)**	(10,570)	**(300,649)**	(121,738)
Financing Activities				
Long term debt				
Issued - Senior unsecured debentures, net of debt placement costs	**(76)**	—	**248,410**	447,540
Retired - Transferor Notes	**—**	—	**—**	(440,000)
Principal repayments - Mortgage	**(261)**	—	**(749)**	—
Credit facility				—
Net advancements (repayments)	**47,000**	(12,632)	**11,000**	77,349
Debt placement costs	**(282)**	(300)	**(292)**	(300)
Change in bank indebtedness	**(8,936)**	—	**—**	—
Notes receivable				
Issued to related party	**(62,852)**	(59,554)	**(185,510)**	(175,614)
Repaid by related party	**—**	—	**236,328**	92,057
Cash received on exercise of options	**—**	—	**321**	—
Interest paid	**(36,802)**	(33,363)	**(130,815)**	(93,604)
Distributions paid on Exchangeable Units	**—**	—	**(190,078)**	(73,219)
Distributions paid to Unitholders	**(9,870)**	(10,181)	**(29,992)**	(31,326)
Contribution from non-controlling interest	**60**	—	**60**	—
Cash Flows used in Financing Activities	**(72,019)**	(116,030)	**(41,317)**	(197,117)
Change in cash and cash equivalents	**7,614**	(6,606)	**6,282**	(43,143)
Cash and cash equivalents, beginning of period	**—**	14,868	**1,332**	51,405
Cash and Cash Equivalents, end of period	**$ 7,614**	$ 8,262	**$ 7,614**	$ 8,262

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' 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 and on SEDAR at www.sedar.com.

Conference Call and Webcast

Senior management will host a conference call to discuss the results on November 11, 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: 51897635. 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 41.4 million square feet of gross leasable area and consists of 515 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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