Choice Properties Real Estate Investment Trust Reports Results for Second Quarter 2016 and Announces Distribution Increase

Toronto, July 20, 2016 /CNW/ - Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") (TSX: CHP.UN) today announced its consolidated financial results for the second quarter ended June 30, 2016. Choice Properties also announced it will increase its annual distribution to $0.71 per unit, or by 6.0%, effective for the July 29, 2016 distribution payable on August 15, 2016. The Trust's Second Quarter Report to Unitholders 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 $0.249, an increase of $0.009 or 3.8% compared with $0.240 in the second quarter of 2015;
- Reported rental revenue of $197.3 million, an increase of $14.2 million or 7.8% compared with $183.1 million in the second quarter of 2015;
- Completed the development of 262,000 square feet of Gross Leasable Area ("GLA") during the quarter, creating 19 new retail spaces contributing to the completion of 10 projects yielding a weighted average return of 8%;
- Completed first greenfield developments including the new food store and drug store in Barrie, Ontario and a new food store in Surrey, British Columbia;
- Acquired 10 income producing properties from Loblaw Companies Limited ("Loblaw") for $117.1 million adding approximately 681,000 square feet of GLA and approximately $7.0 million in stabilized net operating income ("NOI");
- Improved ancillary occupancy and increased organic NOI by 3.2% to $129.4 million from $125.4 million in the second quarter of 2015;
- Maintained high occupancy rate of 98.8% compared with 98.6% as at December 31, 2015 and 98.5% as at June 30, 2015;

"Choice Properties reported another quarter of improved financial and operational metrics. Our continued success is a reflection of the team we have in place and the solid business platform we have established over the last few years." said John Morrison, President and Chief Executive Officer. "We remain committed to leveraging our strong pipeline of value creation opportunities, our portfolio of long term leases with stable and growing cash flows and our strong balance sheet to grow the business and deliver value to all stakeholders. Our focus on execution has consistently delivered steady and stable results and we are pleased to announce our second increase in distributions within the last twelve months"

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

Financial and Operational Summary

For the three months ended June 30 ($ thousands except where otherwise indicated) (unaudited)		2016		2015
Number of properties		**529**		513
Gross Leasable Area ("GLA") (in millions of square feet)		**42.5**		41.3
Occupancy		**98.8%**		98.5%
Rental revenue	**$**	**197,348**	$	183,084
Net Operating Income ("NOI")(i)	**$**	**136,727**	$	126,861
Net Income (Loss)(ii)	**$**	**(559,709)**	$	188,735
Net Income (Loss)(ii) per unit diluted	**$**	**(1.363)**	$	0.472
Funds from Operations ("FFO")(i) per unit diluted	**$**	**0.249**	$	0.240
Adjusted Funds from Operations ("AFFO")(i) per unit diluted	**$**	**0.204**	$	0.191
Adjusted Funds from Operations(i) payout ratio		**82.3%**		85.1%
Distribution declared per unit	**$**	**0.1675**	$	0.1625
Total assets (in millions)	**$**	**8,950**	$	8,465
Debt to total assets(iii)		**46.5%**		45.1%
Debt service coverage(iii)		**3.6x**		3.5x

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

(ii) Net income (loss) included a negative adjustment of $580,311 and a positive adjustment of $159,999 for the fair value of Exchangeable Units, and negative adjustments of $23,750 and $16,836 for the fair value of investment properties, for the three months ended June 30, 2016 and June 30, 2015, respectively. Net income before adjustments to fair value(1) was $44,352 and $45,572 for the three months ended June 30, 2016 and June 30, 2015, respectively.

(iii) 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) - NOI(1) for the second quarter of 2016 was $136.7 million, an increase of $9.9 million, or 7.8%, compared with the second quarter of 2015 including NOI(1) of $4.5 million from acquisitions completed subsequent to the first quarter of 2015. Same Properties(1), same GLA, NOI(1) of $129.4 million was $4.0 million or 3.2% higher than the $125.4 million achieved in the second quarter of 2015. This improvement was primarily driven by improvements in ancillary occupancy, higher average rents per square foot on new ancillary leases, rent steps in Loblaw leases, and growth in capital recoveries.
- **Net Income before Adjustments to Fair Value**(1) - Second quarter net income before adjustments to fair value(1) of $44.4 million compared with $45.6 million reported in the second quarter of 2015.
- **Funds from Operations**(1) - FFO(1) for second quarter of 2016 was $102.3 million or $0.249 per unit diluted, compared with $95.9 million or $0.240 per unit diluted in the second quarter of 2015. The year-over-year improvement in FFO(1) of $0.009 per unit diluted was primarily driven by growth in NOI(1).
- **Adjusted Funds from Operations**(1) - AFFO(1) for the second quarter of 2016 was $83.6 million or $0.204 per unit diluted, compared with $76.4 million or $0.191 per unit diluted in the second quarter of 2015. Similar to FFO(1), the improvement in AFFO(1) was primarily driven by growth in NOI(1).

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

Operational Results for the Quarter:

- **Accretive acquisitions** - As previously announced, Choice Properties acquired a portfolio of 10 properties from Loblaw. The aggregate purchase price of the portfolio was $117.1 million and added approximately 681,000 square feet of GLA and approximately $7.0 million in stabilized NOI to the Trust's portfolio.
- **Retail Development -** During the second quarter of 2016, Choice Properties constructed 262,000 square feet of new GLA providing 19 new retail space for tenants in St. Jean Richelieu, Quebec; Barrie, Burlington and Stoney Creek, Ontario; Regina, Saskatchewan; Lloydminster and Edmonton, Alberta; and Surrey, British Columbia; and included the Trust's first greenfield developments comprising 82,000 square feet for a food store and a drug store in Barrie, Ontario, which opened for business in June, 2016, and 120,000 square feet for a food store in Surrey, British Columbia, which is expected to open in the third quarter of 2016. The new GLA constructed in the quarter contributed to the completion of 10 projects which yielded a weighted average return of 8% based on a total capital investment of approximately $110.8 million.
- **Development Pipeline -** The GLA expected to be completed during the remainder of 2016 totals approximately 369,000 and includes the 201,000 square foot expansion of an industrial warehouse leased to Loblaw in Boucherville, Quebec.
- **Leasing Profile -** During the second quarter of 2016, Choice Properties entered into leases for approximately 404,000 square feet of GLA with an average lease term of 12.0 years. This included approximately 91,000 square feet of renewing leases which represented a renewal rate of 63.9% for the quarter with an average increase over expiring base rent rates of 10.7%.
- **Occupancy -** At June 30, 2016, the Trust's portfolio occupancy rate was 98.8%, compared to 98.6% as at December 31, 2015 and 98.5% as at June 30, 2015.

Capital Structure:

- **Capacity to Invest for Further Growth -** As at June 30, 2016, 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.
- **Distributions -** Distributions per unit declared during the quarter totaled $0.1675, for an AFFO(1) payout ratio of 82.3% (2015 - $0.1625 and 85.1%). With continued expectations for sustainable increases in cash flows, Choice Properties' Board of Trustees approved a 6.0% increase in annual distributions to $0.71 per unit effective for the July 29, 2016 distribution payable on August 15, 2016.

Outlook

Choice Properties' outlook continues to be for steady, stable growth with the potential for incremental value creation through leasing and development opportunities.

Choice Properties expects to provide Unitholders with stable cash flow and sustainable growth in distributions. The Trust has a sizable asset base that is geographically diverse across Canada. It also has long-term leases and a strategic alliance with Loblaw and an existing development pipeline. Combined with a solid balance sheet, a long and staggered debt profile and investment grade credit, Choice Properties is confident it has the capacity to meet current obligations and to invest for future growth.

The vast majority of Choice Properties' sites are anchored by Loblaw, Canada's largest food and drug retailer. Loblaw represents approximately 90% of the Trust's gross leasable area and base rent. Leases with Loblaw have 10 to 20 year initial terms with multiple five-year renewal options and include rent escalations that will reach a steady-state of 1.5% annual growth by mid-2018, or 7.7% every five years. For the remaining 10% of its GLA, not leased to Loblaw, and its pipeline of development opportunities, Choice Properties targets tenants with strong covenants to complement the non-discretionary food and drug offering of its anchor tenant. With the current uncertainty in the Canadian and Global economies, certain retailers have taken a more conservative stance with respect to expansion. Even with the slowing in business investments, Choice Properties sites, including those in Western provinces undergoing economic recession, remain a draw for national tenants that benefit from the proximity to a Loblaw bannered store. The Trust's primary focus is on properties that are well-positioned to respond to changing consumer preferences and plans to attract and retain quality tenants at its existing sites and to develop new space for tenants.

The Canadian economy has been characterized by a long period of low interest rates and a volatile economy underscored by the downturn in the resource sector. The more recent global uncertainty driven by Britain's vote to exit the European Union is expected to negatively impact Canada's economic growth trajectory, which will likely delay any increase to interest rates by the Bank of Canada. In this low interest rate environment, the Trust believes that capitalization rates will remain range-bound, particularly for quality retail real estate which remains in scarce supply. Choice Properties expects to continue to complete accretive acquisitions of strategic sites from Loblaw and third party vendors.

(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' Second Quarter 2016 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, 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. 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, including any re-development of the same properties.

Same Properties - Same GLA Properties that were owned throughout both the current and comparative periods are grouped as same properties for comparative calculations, excluding any re-development of the same properties.

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 before Adjustments to Fair Value Net Income (or net loss) as calculated under GAAP excluding adjustments to fair value of Exchangeable Units, investment properties and investment property held in equity-accounted joint venture.

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 June 30 (in thousands of Canadian dollars, except per unit amounts) (unaudited)	Three Months 2016	Three Months 2015	Six Months 2016	Six Months 2015
Rental revenue	**$ 197,348**	$ 183,084	**$ 389,586**	$ 364,758
Reverse - Straight-line rental revenue	**(9,845)**	(9,311)	**(18,728)**	(18,130)
Property operating costs	**(50,776)**	(46,912)	**(101,686)**	(94,482)
Net Operating Income[1]	**$ 136,727**	$ 126,861	**$ 269,172**	$ 252,146
Net Income (Loss)	**$ (559,709)**	$ 188,735	**$ (692,364)**	$ (22,315)
Adjustment to fair value of Exchangeable Units	**580,311**	(159,999)	**761,064**	94,204
Adjustment to fair value of investment properties	**23,750**	16,836	**37,373**	17,448
Adjustment to fair value of investment property held in equity accounted joint venture	**—**	—	**(13,640)**	—
Net Income before Adjustments to Fair Value[1]	**44,352**	45,572	**92,433**	89,337
Adjustment to fair value of unit-based compensation	**3,990**	(424)	**5,023**	(83)
Interest otherwise capitalized for development in equity accounted joint venture[2]	**158**	—	**158**	—
Distributions on Exchangeable Units	**53,115**	50,274	**106,230**	100,048
Amortization of tenant improvement allowances	**98**	74	**200**	76
Internal expenses for leasing[3]	**603**	372	**1,071**	747
Funds from Operations[1]	**$ 102,316**	$ 95,868	**$ 205,115**	$ 190,125
Funds from Operations[1]	**$ 102,316**	$ 95,868	**$ 205,115**	$ 190,125
Straight-line rental revenue	**(9,845)**	(9,311)	**(18,728)**	(18,130)
Effective interest rate amortization of finance charges	**508**	(275)	**83**	(588)
Unit-based compensation expense	**819**	320	**1,633**	879
Property capital expenditures - incurred	**(1,759)**	(2,564)	**(1,775)**	(2,586)
Property and leasing capital expenditures - normalized[4]	**(8,241)**	(6,179)	**(18,225)**	(16,121)
Leasing capital expenditures - incurred	**(191)**	(1,459)	**(1,635)**	(1,697)
Adjusted Funds from Operations[1]	**$ 83,607**	$ 76,400	**$ 166,468**	$ 151,882
FFO[1] per unit - diluted	**$ 0.249**	$ 0.240	**$ 0.501**	$ 0.478
AFFO[1] per unit - diluted	**$ 0.204**	$ 0.191	**$ 0.407**	$ 0.382
AFFO[1] payout ratio	**82.3%**	85.1%	**82.3%**	85.1%
Distribution declared per unit	**$ 0.1675**	$ 0.1625	**$ 0.3350**	$ 0.3250
Weighted average Units outstanding - basic	**408,666,849**	399,299,063	**408,465,600**	397,494,443
Weighted average Units outstanding - diluted	**410,771,612**	400,068,141	**409,405,429**	397,918,582
Number of Units outstanding, end of quarter	**408,860,283**	405,659,341	**408,860,283**	405,659,341

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

(2) Interest expensed in the Trust, relating to qualifying development projects underway in the equity accounted joint venture, was eligible to be added back to FFO in accordance with the Real Property Association of Canada White Paper on Funds from Operations for IFRS issued in April 2014.

(3) Internal expenses for leasing, primarily salaries, 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.

(4) Seasonality impacts the timing of capital expenditures. The AFFO[1] calculations for the three and six months ended June 30, 2016 and June 30, 2015 were adjusted for this factor to make the quarters more comparable.

Selected Financial Information

The following includes quarterly financial information prepared by management in accordance with IFRS and based on the Trust's Second Quarter 2016 Report to Unitholders. 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
Condensed Consolidated Balance Sheets

(unaudited) (in thousands of Canadian dollars)	**As at** **June 30, 2016**	As at December 31, 2015
Assets		
Non-current Assets		
Investment properties	**$ 8,721,000**	$ 8,561,000
Equity accounted joint venture	**22,990**	9,350
Accounts receivable and other assets	**6,326**	9,874
Notes receivable	**2,267**	2,179
	8,752,583	8,582,403
Current Assets		
Accounts receivable and other assets	**42,822**	6,240
Notes receivable	**154,236**	272,892
Cash and cash equivalents	**—**	44,354
	197,058	323,486
Total Assets	**$ 8,949,641**	$ 8,905,889
Liabilities and Unitholders' Equity		
Non-current Liabilities		
Long term debt and Class C LP Units	**$ 3,726,107**	$ 3,579,202
Credit facility	**142,000**	—
Exchangeable Units	**4,502,959**	3,741,895
Trade payables and other liabilities	**4,322**	1,354
	8,375,388	7,322,451
Current Liabilities		
Bank indebtedness	**4,232**	—
Long term debt due within one year	**202,557**	302,188
Trade payables and other liabilities	**237,775**	438,177
	444,564	740,365
Total Liabilities	**8,819,952**	8,062,816
Equity		
Unitholders' equity	**121,933**	835,317
Non-controlling interests	**7,756**	7,756
Total Equity	**129,689**	843,073
Total Liabilities and Equity	**$ 8,949,641**	$ 8,905,889

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

(unaudited) (in thousands of Canadian dollars)	**Three months ended June 30, 2016**	Three months ended June 30, 2015	**Six months ended June 30, 2016**	Six months ended June 30, 2015
Net Property Income				
Rental revenue from investment properties	**$ 197,348**	$ 183,084	**$ 389,586**	$ 364,758
Property operating costs	**(50,776)**	(46,912)	**(101,686)**	(94,482)
Net Property Income	**146,572**	136,172	**287,900**	270,276
Other Expenses				
General and administrative expenses	**(10,369)**	(4,718)	**(16,635)**	(10,575)
Amortization of other assets	**(243)**	(162)	**(466)**	(330)
Net interest expense and other financing charges	**(91,608)**	(85,720)	**(178,366)**	(170,034)
Share of income from joint venture	**—**	—	**13,640**	—
Adjustment to fair value of Exchangeable Units(1)	**(580,311)**	159,999	**(761,064)**	(94,204)
Adjustment to fair value of investment properties	**(23,750)**	(16,836)	**(37,373)**	(17,448)
Net Income (Loss) and Comprehensive Income (Loss)	**$ (559,709)**	$ 188,735	**$ (692,364)**	$ (22,315)

(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
Condensed Consolidated Statements of Cash Flows

(unaudited) (in thousands of Canadian dollars)	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Operating Activities				
Net income (loss)	**$ (559,709)**	$ 188,735	**$ (692,364)**	$ (22,315)
Straight-line rental revenue	**(9,845)**	(9,311)	**(18,728)**	(18,130)
Amortization of tenant improvement allowances	**98**	74	**200**	76
Amortization of other assets	**243**	162	**466**	330
Net interest expense and other financing charges	**91,608**	85,720	**178,366**	170,034
Value of unit-based compensation granted	**4,809**	(104)	**6,656**	796
Share of income from joint venture	**—**	—	**(13,640)**	—
Adjustment to fair value of Exchangeable Units	**580,311**	(159,999)	**761,064**	94,204
Adjustment to fair value of investment properties	**23,750**	16,836	**37,373**	17,448
Interest received	**40**	3	**76**	70
Net change in non-cash working capital	**(22,778)**	(15,632)	**(120,889)**	(36,060)
Cash Flows from Operating Activities	**108,527**	106,484	**138,580**	206,453
Investing Activities				
Acquisitions of investment properties	**(119,895)**	(101,818)	**(119,895)**	(197,538)
Additions to investment properties	**(34,769)**	(21,214)	**(56,395)**	(36,235)
Additions to fixtures and equipment	**(336)**	(282)	**(338)**	(529)
Notes receivable issued to third-party	**—**	—	**—**	(2,065)
Equity investment	**—**	(1,600)	**—**	(2,120)
Cash Flows used in Investing Activities	**(155,000)**	(124,914)	**(176,628)**	(238,487)
Financing Activities				
Long term debt				
Issued - Senior unsecured debentures, net of debt placement costs	**(285)**	(400)	**348,071**	248,486
Principal repayments - Senior unsecured debentures	**—**	—	**(300,000)**	—
Principal repayments - Mortgage	**(300)**	(246)	**(595)**	(488)
Gain on settlement of bond forward contracts	**—**	—	**2,682**	—
Credit facility				
Net advancements (repayments)	**126,000**	86,000	**142,000**	(36,000)
Debt placement costs	**(275)**	—	**(275)**	(10)
Change in bank indebtedness	**4,232**	8,936	**4,232**	8,936
Notes receivable				
Issued to related party	**(64,678)**	(61,336)	**(128,828)**	(122,658)
Repaid by related party	**—**	—	**248,463**	236,328
Trust Unit issuance costs	**(133)**	—	**(133)**	—
Cash received on exercise of options	**532**	321	**596**	321
Interest paid	**(13,335)**	(13,598)	**(98,884)**	(94,013)
Distributions paid on Exchangeable Units	**—**	—	**(202,204)**	(190,078)
Distributions paid to Unitholders	**(10,777)**	(10,113)	**(21,431)**	(20,122)
Cash Flows from (used in) Financing Activities	**40,981**	9,564	**(6,306)**	30,702
Change in cash and cash equivalents	**(5,492)**	(8,866)	**(44,354)**	(1,332)
Cash and cash equivalents, beginning of period	**5,492**	8,866	**44,354**	1,332
Cash and Cash Equivalents, end of period	**$ —**	$ —	**$ —**	$ —

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' Second Quarter 2016 Report to Unitholders, which includes the 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 July 21, 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: 34328190. 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 42.5 million square feet of gross leasable area and consists of 529 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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