Choice Properties Real Estate Investment Trust Reports Solid Results for the Third Quarter of 2016

Toronto, November 8, 2016 /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, 2016. The Trust's Third 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 rental revenue of $196.3 million, an increase of $9.0 million or 4.8% compared with $187.3 million in the third quarter of 2015;
- Reported net income of $213.7 million, an increase of $387.1 million compared with a loss of $173.4 million in the third quarter of 2015, which included fair value adjustments of a $168.4 million gain and a $219.4 million loss, respectively;
- Reported Funds from Operations ("FFO")(1) per unit diluted of $0.248, an increase of $0.007 or 2.9% compared with $0.241 in the third quarter of 2015;
- Increased annual distributions by 6.0% to $0.71 per unit, effective as of the July 29, 2016 distribution payable August 15, 2016;
- Completed the construction of 273,000 square feet of Gross Leasable Area ("GLA"), including 201,000 square feet for the expansion of the distribution centre for Loblaw in Boucherville, Quebec that yielded a return of 7.5%;
- Acquired an income producing property from a third party for $20.0 million adding approximately 67,000 square feet of GLA and approximately $1.27 million in stabilized net operating income ("NOI")(1); and
- Improved ancillary occupancy and increased organic NOI(1) by 1.8% to $131.9 million from $129.6 million in the third quarter of 2015.

"We continue to execute on our strategy and deliver results as planned. The 2.9% year-over-year growth in FFO/unit reported for the third quarter reflects the strength of our business model and our focus on growth and value creation." said John Morrison, President and Chief Executive Officer. "We continue to make progress on all fronts, including acquisitions, active management and development in particular, as we remain on track to complete approximately 750,000 square feet of new retail GLA for 2016, to yield a weighted average return of 8% with a total capital investment of approximately $224 million."

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

Financial and Operational Summary

As at or for the three months ended September 30 ($ thousands except where otherwise indicated) (unaudited)		2016		2015
Number of properties		**530**		515
Gross Leasable Area ("GLA") (in millions of square feet)		**42.9**		41.4
Occupancy		**98.8%**		98.5%
Rental revenue	**$**	**196,275**	$	187,285
Net Operating Income ("NOI")[(1)]	**$**	**137,835**	$	129,986
Net Income (Loss)[(i)]	**$**	**213,718**	$	(173,362)
Net Income (Loss)[(i)] per unit diluted	**$**	**0.521**	$	(0.426)
Funds from Operations ("FFO")[(1)] per unit diluted	**$**	**0.248**	$	0.241
Adjusted Funds from Operations ("AFFO")[(1)] per unit diluted	**$**	**0.200**	$	0.194
Adjusted Funds from Operations[(1)] payout ratio		**88.8%**		83.8%
Distribution declared per unit	**$**	**0.1775**	$	0.1625
Total assets (in millions)	**$**	**9,156**	$	8,603
Debt to total assets[(ii)]		**45.9%**		44.9%
Debt service coverage[(ii)]		**3.6x**		3.6x

(i) Net income (loss) included a positive adjustment of $123,673 and a negative adjustment of $220,896 for the fair value of Exchangeable Units, and positive adjustments of $44,757 and $1,527 for the fair value of investment properties, for the three months ended September 30, 2016 and September 30, 2015, respectively. Net income before adjustments to fair value[(1)] was $45,288 and $46,007 for the three months ended September 30, 2016 and September 30, 2015, respectively.

(ii) 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:

- **Rental Revenue** - Third quarter rental revenue totaled $196.3 million, an increase of $9.0 million or 4.8% compared with $187.3 million in the third quarter of 2015. Properties owned throughout both the comparative periods contributed $5.2 million to the increase.
- **Net Operating Income**[(1)] - NOI[(1)] for the third quarter of 2016 was $137.8 million, an increase of $7.8 million, or 6.0%, compared with the third quarter of 2015, including NOI[(1)] of $2.7 million from properties acquired subsequent to the second quarter of 2015 and $2.8 million from new developments. Excluding the NOI[(1)] from acquisitions and developments subsequent to June 30, 2015, NOI[(1)] of $131.9 million was $2.3 million or 1.8% higher than the $129.6 million achieved in the third quarter of 2015. This improvement was primarily driven by growth in capital recoveries and improvements in ancillary occupancy, higher average rents per square foot on new ancillary leases, and rent steps in Loblaw leases.
- **Net Income** - The net income for the third quarter of 2016 was $213.7 million compared to a net loss of $173.4 million in the third quarter of 2015. Adjustments to fair value measures are the primary driver of the variance between periods.
- **Net Income before Adjustments to Fair Value**[(1)] - Third quarter net income before adjustments to fair value[(1)] of $45.3 million compared with $46.0 million reported in the third quarter of 2015. Increases to net interest expense and other financing charges, including distributions on Exchangeable Units, offset the NOI[(1)] increases achieved.
- **Funds from Operations**[(1)] - FFO[(1)] for the third quarter of 2016 was $101.9 million or $0.248 per unit diluted, compared with $98.3 million or $0.241 per unit diluted in the third quarter of 2015. The year-over-year improvement in FFO[(1)] of $0.007 per unit diluted was primarily driven by growth in NOI[(1)] partially offset by higher net interest expense.
- **Adjusted Funds from Operations**[(1)] - AFFO[(1)] for the third quarter of 2016 was $82.0 million or $0.200 per unit diluted, compared with $79.0 million or $0.194 per unit diluted in the same quarter of 2015. Similar to FFO[(1)], the improvement in AFFO[(1)] was primarily driven by growth in NOI[(1)] partially offset by higher net interest expense.

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

Operational Results for the Quarter:

- **Accretive Acquisitions** - Choice Properties acquired from a third party an income producing property that is adjacent to an existing Trust site in August, 2016. The purchase price was $20.0 million and added approximately 67,000 square feet of GLA and approximately $1.27 million in stabilized NOI[(1)] to the Trust's portfolio.
- Subsequent to the quarter, Choice Properties completed the previously announced acquisition of a portfolio of four investment properties and a parcel of land for immediate development, from Loblaw for an aggregate purchase price of $40.9 million, excluding transaction costs, which was settled through the issuance of 878,713 Exchangeable Units and cash. The new portfolio was accretive with an estimated stabilized NOI[(1)] of approximately $2.6 million, representing an implied capitalization rate of 6.5%. The acquired properties expand the portfolio by approximately 394,000 square feet with an occupancy rate of 99.7% when acquired. The acquisition offers opportunities to develop up to 344,000 square feet of incremental GLA including the ongoing greenfield development of a new 28,510 square foot Loblaw food store on a parcel of land in Edmonton, Alberta.
- **Development Progress -** During the third quarter of 2016, Choice Properties constructed 273,000 square feet of GLA for tenant possession. This includes 201,000 square feet for the expansion of an industrial warehouse leased to Loblaw in Boucherville, Quebec at a cost of $46 million yielding a return of 7.5%.
- **Development Pipeline -** Choice Properties remains on track to complete the construction of approximately 750,000 square feet of new GLA as part of the projects designated for completion in 2016, of which 575,000 square feet has already been delivered to tenants.
- **Leasing Activity -** During the third quarter of 2016, Choice Properties entered into leases for approximately 489,000 square feet of GLA with an average lease term of 12.0 years. This included approximately 153,000 square feet of renewing leases which represented a renewal rate of 69.7% for the quarter with an average increase over expiring base rent rates of 1.3%. Excluding the impact of a large format tenant representing approximately 24,000 square feet which renewed at a lower base rent, the average increase for renewing rents was 8.1% for the quarter.
- **Occupancy -** At September 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 September 30, 2015.

Capital Structure:

- **Capacity to Invest for Further Growth -** As at September 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 sources; 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 $0.1775, for an AFFO[(1)] payout ratio of 88.8% (2015 - $0.1625 and 83.8%), which reflects the 6.0% increase in the annual distribution effective as of the record date of July 29, 2016.

Outlook

Choice Properties' outlook continues to be for steady, stable growth enhanced by the Trust's capacity to capitalize on leasing and development opportunities to further fuel growth and create incremental value.

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, that is 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. Despite the slowing in business investments, Choice Properties sites, including those in Western provinces experiencing an economic recession, remain in demand for national tenants that benefit from the proximity to a Loblaw bannered store. Choice Properties plans to attract and retain quality tenants at its existing sites and to develop new space for tenants. The Trust's primary focus is on properties that are well-positioned to respond to changing consumer preferences.

The Canadian economy has experienced a protracted period of low interest rates and a volatile economy underscored by the downturn in the resource sector. Given the Bank of Canada's recent downward revisions to the country's GDP growth profile through to mid-2018, a sudden rise in interest rates over the near- to mid-term is not expected. 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' Third 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 IFRS when analyzing 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.

These measures do not have a standardized meaning prescribed by IFRS 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 IFRS.

These non-GAAP measures are more fully defined and discussed in the Trust's Third Quarter 2016 Management's Discussion and Analysis.

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 IFRS 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.

Choice Properties calculates FFO by adjusting net income (or net loss) for items that do not arise from operating activities, such as adjustments to fair value.

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 property capital expenditures, required for sustaining productive capacity 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.

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 **2016**	 2015	Nine Months **2016**	 2015
Rental revenue	**$ 196,275**	$ 187,285	**$ 585,861**	$ 552,043
Reverse - Straight-line rental revenue	**(8,695)**	(9,405)	**(27,423)**	(27,535)
Property operating costs	**(49,745)**	(47,894)	**(151,431)**	(142,376)
Net Operating Income[1]	**$ 137,835**	$ 129,986	**$ 407,007**	$ 382,132
Net Income (Loss)	**$ 213,718**	$ (173,362)	**$ (478,646)**	$ (195,677)
Adjustment to fair value of Exchangeable Units	**(123,673)**	220,896	**637,391**	315,100
Adjustment to fair value of investment properties	**(44,757)**	(1,527)	**(7,384)**	15,921
Adjustment to fair value of investment property held in equity accounted joint venture	**—**	—	**(13,640)**	—
Net Income before Adjustments to Fair Value[1]	**45,288**	46,007	**137,721**	135,344
Adjustment to fair value of unit-based compensation	**(489)**	592	**4,534**	509
Interest otherwise capitalized for development in equity accounted joint venture[2]	**82**	—	**240**	—
Distributions on Exchangeable Units	**56,287**	51,295	**162,517**	151,343
Amortization of tenant improvement allowances	**165**	74	**365**	150
Internal expenses for leasing[3]	**546**	358	**1,617**	1,105
Funds from Operations[1]	**$ 101,879**	$ 98,326	**$ 306,994**	$ 288,451
Straight-line rental revenue	**(8,695)**	(9,405)	**(27,423)**	(27,535)
Effective interest rate amortization of finance charges	**513**	(325)	**596**	(913)
Unit-based compensation expense	**660**	617	**2,293**	1,496
Property capital expenditures - incurred	**(24,074)**	(5,227)	**(25,849)**	(7,813)
Property and leasing capital expenditures - normalized[4]	**14,074**	(2,571)	**(4,151)**	(18,692)
Leasing capital expenditures - incurred	**(2,395)**	(2,403)	**(4,030)**	(4,100)
Adjusted Funds from Operations[1]	**$ 81,962**	$ 79,012	**$ 248,430**	$ 230,894
FFO[1] per unit - diluted	**$ 0.248**	$ 0.241	**$ 0.749**	$ 0.720
AFFO[1] per unit - diluted	**$ 0.200**	$ 0.194	**$ 0.606**	$ 0.576
AFFO[1] payout ratio	**88.8%**	83.8%	**84.6%**	84.6%
Distribution declared per unit	**$ 0.1775**	$ 0.1625	**$ 0.5125**	$ 0.4875
Weighted average Units outstanding - basic	**409,046,270**	406,013,090	**408,660,570**	400,365,196
Weighted average Units outstanding - diluted	**410,254,616**	406,503,007	**409,618,643**	400,811,437
Number of Units outstanding, end of period	**409,244,667**	406,379,516	**409,244,667**	406,379,516

(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[1] 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 nine months ended September 30, 2016 and September 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 Third 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** **September 30, 2016**	As at December 31, 2015
Assets		
Non-current Assets		
Investment properties	**$ 8,869,000**	$ 8,561,000
Equity accounted joint venture	**18,990**	9,350
Accounts receivable and other assets	**6,085**	9,874
Notes receivable	**2,313**	2,179
	8,896,388	8,582,403
Current Assets		
Accounts receivable and other assets	**35,942**	6,240
Notes receivable	**221,534**	272,892
Cash and cash equivalents	**1,784**	44,354
	259,260	323,486
Total Assets	**$ 9,155,648**	$ 8,905,889
Liabilities and Unitholders' Equity		
Non-current Liabilities		
Long term debt and Class C LP Units	**$ 3,726,450**	$ 3,579,202
Credit facility	**203,000**	—
Exchangeable Units	**4,379,286**	3,741,895
Trade payables and other liabilities	**2,019**	1,354
	8,310,755	7,322,451
Current Liabilities		
Long term debt due within one year	**202,199**	302,188
Trade payables and other liabilities	**310,399**	438,177
	512,598	740,365
Total Liabilities	**8,823,353**	8,062,816
Equity		
Unitholders' equity	**324,539**	835,317
Non-controlling interests	**7,756**	7,756
Total Equity	**332,295**	843,073
Total Liabilities and Equity	**$ 9,155,648**	$ 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 September 30, 2016**	Three months ended September 30, 2015	**Nine months ended September 30, 2016**	Nine months ended September 30, 2015
Net Property Income				
Rental revenue from investment properties	**$ 196,275**	$ 187,285	**$ 585,861**	$ 552,043
Property operating costs	**(49,745)**	(47,894)	**(151,431)**	(142,376)
Net Property Income	**146,530**	139,391	**434,430**	409,667
Other Expenses				
General and administrative expenses	**(5,286)**	(6,042)	**(21,921)**	(16,617)
Amortization of other assets	**(231)**	(235)	**(697)**	(565)
Net interest expense and other financing charges	**(95,725)**	(87,107)	**(274,091)**	(257,141)
Share of income from joint venture	**—**	—	**13,640**	—
Adjustment to fair value of Exchangeable Units(1)	**123,673**	(220,896)	**(637,391)**	(315,100)
Adjustment to fair value of investment properties	**44,757**	1,527	**7,384**	(15,921)
Net Income (Loss) and Comprehensive Income (Loss)	**$ 213,718**	$ (173,362)	**$ (478,646)**	$ (195,677)

(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 September 30, 2016**	Three months ended September 30, 2015	**Nine months ended September 30, 2016**	Nine months ended September 30, 2015
Operating Activities				
Net income (loss)	**$ 213,718**	$ (173,362)	**$ (478,646)**	$ (195,677)
Straight-line rental revenue	**(8,695)**	(9,405)	**(27,423)**	(27,535)
Amortization of tenant improvement allowances	**165**	74	**365**	150
Amortization of other assets	**231**	235	**697**	565
Net interest expense and other financing charges	**95,725**	87,107	**274,091**	257,141
Value of unit-based compensation granted	**171**	1,209	**6,827**	2,005
Share of income from joint venture	**—**	—	**(13,640)**	—
Adjustment to fair value of Exchangeable Units	**(123,673)**	220,896	**637,391**	315,100
Adjustment to fair value of investment properties	**(44,757)**	(1,527)	**(7,384)**	15,921
Interest received	**13**	9	**89**	79
Net change in non-cash working capital	**23,884**	20,659	**(97,005)**	(15,401)
Cash Flows from Operating Activities	**156,782**	145,895	**295,362**	352,348
Investing Activities				
Acquisitions of investment properties	**(19,920)**	(18,863)	**(139,815)**	(216,401)
Additions to investment properties	**(74,203)**	(47,899)	**(130,598)**	(84,134)
Additions to fixtures and equipment	**—**	—	**(338)**	(529)
Notes receivable issued to third-party	**—**	500	**—**	(1,565)
Equity investment	**4,000**	—	**4,000**	(2,120)
Cash Flows used in Investing Activities	**(90,123)**	(66,262)	**(266,751)**	(304,749)
Financing Activities				
Long term debt				
Issued - Senior unsecured debentures, net of debt placement costs	**(217)**	(76)	**347,854**	248,410
Principal repayments - Senior unsecured debentures	**—**	—	**(300,000)**	—
Principal repayments - Mortgage	**(306)**	(261)	**(901)**	(749)
Gain on settlement of bond forward contracts	**—**	—	**2,682**	—
Credit facility				
Net advancements (repayments)	**61,000**	47,000	**203,000**	11,000
Debt placement costs	**—**	(282)	**(275)**	(292)
Change in bank indebtedness	**(4,232)**	(8,936)	**—**	—
Notes receivable				
Issued to related party	**(66,792)**	(62,852)	**(195,620)**	(185,510)
Repaid by related party	**—**	—	**248,463**	236,328
Trust Unit issuance costs	**—**	—	**(133)**	—
Cash received on exercise of options	**136**	—	**732**	321
Interest paid	**(43,520)**	(36,802)	**(142,404)**	(130,815)
Distributions paid on Exchangeable Units	**—**	—	**(202,204)**	(190,078)
Distributions paid to Unitholders	**(10,944)**	(9,870)	**(32,375)**	(29,992)
Contribution from non-controlling interest	**—**	60	**—**	60
Cash Flows used in Financing Activities	**(64,875)**	(72,019)	**(71,181)**	(41,317)
Change in cash and cash equivalents	**1,784**	7,614	**(42,570)**	6,282
Cash and cash equivalents, beginning of period	**—**	—	**44,354**	1,332
Cash and Cash Equivalents, end of period	**$ 1,784**	$ 7,614	**$ 1,784**	$ 7,614

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 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 November 9, 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: 91187105. 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 43.3 million square feet of gross leasable area and consists of 535 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.

For further information:
Kim Lee
Vice President
Investor Relations and Business Intelligence
Choice Properties Real Estate Investment Trust
t (416) 324-7899 **e** kim.lee@choicereit.ca