Choice Properties Real Estate Investment Trust Reports Solid Results for the Second Quarter of 2017

Toronto, July 19, 2017 /CNW/ - Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") (TSX: CHP.UN) today announced its condensed consolidated financial results for the second quarter ended June 30, 2017. The Trust's Quarterly 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 rental revenue of $208.6 million, an increase of $11.3 million or 5.7% compared with $197.3 million in the second quarter of 2016;
- Reported net income of $41.5 million, an increase of $601.2 million compared with a net loss of $559.7 million in the second quarter of 2016. The second quarter of 2017 included a net fair value adjustment loss of $7.7 million (2016 - net loss of $604.1 million);
- Reported Funds from Operations ("FFO")(1) per unit diluted of $0.262, an increase of $0.013, or 5.2%, compared with $0.249 in the second quarter of 2016;
- Acquired an investment property, from a third-party vendor, adding approximately 36,000 square feet of gross leasable area ("GLA") for a purchase price of $8.4 million, at a capitalization rate of 6.5%;
- Constructed 114,000 square feet of GLA, for 2017 projects, delivering 24 new ancillary retail units and one Shoppers Drug Mart in Surrey, British Columbia; and
- Maintained ancillary occupancy and increased organic Net Operating Income ("NOI")(1) for the quarter by 1.2% to $136.4 million from $134.9 million in 2016.

"Choice Properties reported another successful quarter of solid operational performance and continued growth in financial results," said John Morrison, President and Chief Executive Officer. "With the ongoing benefit of a large, stable and predictable portfolio of long-term leases, we are focused on execution and furthering our strategy to expand our portfolio and to add value for all of our stakeholders. As we maintain the momentum of our ongoing acquisition, development and active management programs, we are making headway in our mixed-use redevelopment projects with our first community outreach campaign launched during the quarter."

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

Financial and Operational Summary

As at or for the three months ended June 30 ($ thousands except where otherwise indicated) (unaudited)		2017		2016
Number of properties		**537**		529
Gross Leasable Area ("GLA") (in millions of square feet)		**43.8**		42.5
Occupancy		**98.9%**		98.8%
Rental revenue	**$**	**208,626**	$	197,348
Net Operating Income ("NOI")(1)	**$**	**144,012**	$	136,727
Net Income (loss)(i)	**$**	**41,467**	$	(559,709)
Net Income (loss)(i) per unit diluted	**$**	**0.100**	$	(1.366)
Funds from Operations ("FFO")(1) per unit diluted	**$**	**0.262**	$	0.249
Adjusted Cash Flow from Operations ("ACFO")(1)	**$**	**87,838**	$	80,060
Adjusted Cash Flow from Operations(1) payout ratio		**85.4%**		85.5%
Distribution declared per unit	**$**	**0.1825**	$	0.1675
Total assets (in millions)	**$**	**9,512**	$	8,950
Debt to total assets(ii)		**45.8%**		46.5%
Debt service coverage(ii)		**3.6x**		3.6x

(i) Net income (loss) included no adjustment and a negative adjustment of $580,311 for the fair value of Exchangeable Units, and a negative adjustment of $7,689 and a negative adjustment of $23,750 for the fair value of investment properties for the three months ended June 30, 2017 and June 30, 2016, respectively. Net income before adjustments to fair value(1) was $49,156 and $44,352 for the three months ended June 30, 2017 and June 30, 2016, 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** - Second quarter rental revenue totalled $208.6 million, an increase of $11.3 million or 5.7% compared with $197.3 million in the second quarter of 2016. Properties owned throughout both comparative periods contributed $7.8 million to the increase.
- **Net Operating Income**(1) - NOI(1) for the second quarter of 2017 was $144.0 million, an increase of $7.3 million, or 5.3%, compared with the second quarter of 2016. The increase in NOI(1) was primarily driven by $2.2 million from properties acquired subsequent to March 31, 2016 and $3.6 million from new developments. Excluding NOI(1) from acquisitions and developments, NOI(1) was $136.4 million, $1.5 million, or 1.2%, higher than the $134.9 million achieved in the second quarter of 2016. This improvement was primarily driven by growth in capital recoveries, rent steps in Loblaw leases and higher average rents per square foot on new ancillary leases.
- **Net Income (Loss)** - Net income for the second quarter of 2017 was $41.5 million compared to a net loss of $559.7 million in the second quarter of 2016. Adjustments to fair value measures were the primary cause of the variance between these comparative periods.
- **Net Income before Adjustments to Fair Value**(1) - Second quarter net income before adjustments to fair value(1) of $49.2 million compared with $44.4 million reported in the second quarter of 2016. The increase was driven by an increase of net property income, partially offset by an increase to net interest expense and other financing charges, including distributions on Exchangeable Units.
- **Funds from Operations**(1) - FFO(1) for the second quarter of 2017 was $108.4 million or $0.262 per unit diluted, compared with $102.3 million or $0.249 per unit diluted in the second quarter of 2016. The year-over-year improvement in FFO(1) of $0.013 per unit diluted was primarily driven by growth in net property income partially offset by higher net interest expense, excluding distributions on Exchangeable Units.
- **Adjusted Cash Flow from Operations**(1) - ACFO(1) for the second quarter of 2017 was $87.8 million, representing an excess of $12.8 million over distributions paid during the quarter, which is an increase of $1.2 million compared to an excess of $11.6 million in the second quarter of 2016. The year-over-year improvement in ACFO(1) is indicative of growth in NOI(1) and minor fluctuations in the timing of cash flows from working capital.
- **Distributions** - Distributions per unit declared during the quarter totalled $0.1825, for an ACFO(1) payout ratio of 85.4% (2016 - $0.1675 and 85.5%, respectively).

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

Operational Results for the Quarter:

- **Accretive Acquisition** - On June 14, 2017, Choice Properties acquired a retail property in Brooks, Alberta from a third-party vendor, for a purchase price of $8.4 million. The acquisition added approximately 36,000 square feet of ancillary GLA including a 25,134 square foot Loblaw food store. The acquired property was immediately accretive, with a capitalization rate of 6.5%, based on an estimated stabilized NOI[(1)] of approximately $0.5 million.
- **Development Progress -** In the second quarter of 2017, Choice Properties constructed 114,000 square feet of GLA for 2017 projects, delivering 24 new retail spaces for third-party tenants, primarily in a greenfield site in Surrey, British Columbia and intensification sites in Prince Edward Island, Quebec, and southern Ontario, plus one Shoppers Drug Mart in British Columbia. Approximately 90% of the remaining development for the 2017 projects is already pre-leased.
- **Leasing Activity -** In the second quarter of 2017, Choice Properties entered into leases for approximately 162,000 square feet of GLA with an average lease term of 8.6 years. This total included approximately 33,000 square feet of lease renewals, with an average increase over expiring base rent rates of 1.6%, and approximately 94,000 square feet for new developments at an average base rent per square foot of $25.38.
- **Occupancy -** At June 30, 2017, the Trust's portfolio occupancy rate was 98.9%, compared to 98.8% as at June 30, 2016.

Capital Structure:

- **Capacity to Invest for Further Growth -** As at June 30, 2017, the Trust's debt service coverage ratio[(2)] was 3.6 times. With stable cash flows from operations and access to several funding sources, including $750 million from two senior unsecured committed revolving credit facilities, the Trust believes it has the financial capacity to meet ongoing obligations and invest for further growth.

Outlook

Choice Properties continues to drive value creation through accretive acquisitions, strategic development and active management of its portfolio of properties. This strategy supports the Trust's goal to expand its asset base and increase monthly distributions to unitholders.

Choice Properties is well positioned to meet its current obligations and to invest for future growth. The Trust's competitive advantages include: a sizable asset base that is geographically diverse across Canada; long-term leases and a strategic alliance with Loblaw; and an existing development pipeline, supported by sound financial management focused on maintaining a solid balance sheet and its investment grade credit ratings.

In 2017, Choice Properties expects to:

- Acquire additional properties from Loblaw and third-party vendors on an accretive basis when opportunities arise;
- Invest approximately $172 million in development projects, including mixed-use projects, expected to be completed in 2017 and future years;
- Complete the development of approximately 347,000 square feet of GLA with an expected yield ranging from 7% to 9%; and
- Maintain a total occupancy rate of approximately 98%, with the occupancy rate for ancillary GLA in the 90% range.

(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, opportunities, and legal and regulatory matters. 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 2017 Report. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive" , "will", "may", "should" and similar expressions, as they relate to Choice Properties and its management.

Forward-looking statements reflect Choice Properties' current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions, outlook and expected future developments, as well as other factors it believes are appropriate in the circumstances. Choice Properties' expectation of operating and financial performance is based on certain assumptions, including assumptions about future growth potential, prospects and opportunities, industry trends, future levels of indebtedness, current tax laws, current economic conditions and current competition. 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' 2016 Annual Report. Such risks and uncertainties include:

- changes in economic conditions, including changes in interest rates, and the rate of inflation;
- 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 2016 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 reports non-GAAP financial measures, including, but not limited to, Net Operating Income ("NOI"), Net Income before Adjustments to Fair Value, Funds from Operations ("FFO"), and Adjusted Cash Flow from Operations ("ACFO"). 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.

A comprehensive list of non-GAAP measures are defined and discussed in the Trust's 2016 Annual Report.

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's *White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS* issued in February 2017. 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.

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

Adjusted Cash Flow from Operations ACFO 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 ACFO in accordance with the Real Property Association of Canada's *White Paper on Adjusted Cashflow from Operations (ACFO) for IFRS* issued in February 2017. The purpose of the White Paper was to provide reporting issuers and investors with greater guidance on the definitions of ACFO and to help promote more consistent disclosure from reporting issuers.

Choice Properties considers ACFO an input to determining the appropriate level of distributions to Unitholders as it adjusts cash flows from operations for other sustainable economic cash flows.

Adjusted Cash Flow from Operations Payout Ratio ACFO Payout ratio is calculated as the total distributions declared, divided by the ACFO.

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 **2017**	 2016	Six Months **2017**	 2016
Rental revenue	**$ 208,626**	$ 197,348	**$ 412,059**	$ 389,586
Reverse - Straight-line rental revenue	**(9,320)**	(9,845)	**(18,618)**	(18,728)
Property operating costs	**(55,294)**	(50,776)	**(107,005)**	(101,686)
Net Operating Income[1]	**144,012**	136,727	**286,436**	269,172
NOI[1] from newly acquired properties	**(3,208)**	(991)	**(6,327)**	(991)
NOI[1] from new developments	**(4,359)**	(865)	**(8,080)**	(1,274)
NOI[1] for Same Properties, with same GLA	**$ 136,445**	$ 134,871	**$ 272,029**	$ 266,907
Net Income (Loss)	**$ 41,467**	$ (559,709)	**$ 65,717**	$ (692,364)
Adjustment to fair value of Exchangeable Units	**—**	580,311	**117,656**	761,064
Adjustment to fair value of investment properties	**7,689**	23,750	**(85,154)**	37,373
Adjustment to fair value of investment property held in equity accounted joint venture	**—**	—	**1,250**	(13,640)
Net Income before Adjustments to Fair Value[1]	**49,156**	44,352	**99,469**	92,433
Adjustment to fair value of unit-based compensation	**338**	3,990	**1,592**	5,023
Interest otherwise capitalized for development in equity accounted joint venture	**99**	158	**192**	158
Distributions on Exchangeable Units	**58,033**	53,115	**114,476**	106,230
Amortization of tenant improvement allowances	**188**	98	**362**	200
Internal expenses for leasing	**546**	603	**1,105**	1,071
Funds from Operations[1]	**$ 108,360**	$ 102,316	**$ 217,196**	$ 205,115
FFO[1] per unit - diluted	**$ 0.262**	$ 0.249	**$ 0.526**	$ 0.501
FFO[1] payout ratio - diluted	**69.6%**	67.2%	**68.4%**	66.9%
Distribution declared per unit	**$ 0.1825**	$ 0.1675	**$ 0.3600**	$ 0.3350
Weighted average Units outstanding - basic	**411,169,590**	408,666,849	**410,969,119**	408,465,600
Weighted average Units outstanding - diluted	**413,031,606**	409,798,046	**412,736,871**	409,405,429
Number of Units outstanding, end of period	**411,385,591**	408,860,283	**411,385,591**	408,860,283

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

For the periods ended June 30 ($ thousands) (unaudited)	Three Months **2017**	 2016	Six Months **2017**	 2016
Cash flows from operating activities	**$ 107,541**	$ 108,527	**$ 145,495**	$ 138,580
Interest paid	**(12,240)**	(13,335)	**(104,936)**	(98,884)
Cash flows from operating activities less interest paid	**95,301**	95,192	**40,559**	39,696
Add (deduct) impact of the following:				
Net interest expensed and other financing charges in excess of interest paid[1]	**(86,345)**	(78,854)	**(89,810)**	(80,635)
Distributions on Exchangeable Units included in net interest expense and other financing charges	**58,033**	53,115	**114,476**	106,230
Gain on settlement of bond forward contracts	**—**	—	**—**	(2,682)
Interest income in excess or interest received[1]	**243**	541	**290**	1,077
Interest otherwise capitalized for development in equity accounted joint venture	**99**	158	**192**	158
Share of interest income from joint venture	**59**	—	**119**	—
Portion of internal expenses for leasing relating to development activity	**273**	302	**553**	536
Property capital expenditures - incurred	**(1,621)**	(1,759)	**(1,981)**	(1,775)
Property & leasing capital expenditures - normalized[2]	**(9,629)**	(8,241)	**(20,519)**	(18,225)
Leasing capital expenditures - incurred	**(976)**	(191)	**(2,366)**	(1,635)
Adjustment for changes in non-cash operating working capital items which are not indicative of sustainable cash flows[3]	**32,401**	19,797	**137,101**	115,669
Adjusted Cash Flow from Operations[4]	**$ 87,838**	$ 80,060	**$ 178,614**	$ 158,414
Total distributions declared	**$ 75,055**	$ 68,461	**$ 147,977**	$ 136,855
ACFO[4] payout ratio	**85.4%**	85.5%	**82.8%**	86.4%

(1) The timing of the recognition of interest expense and income differs from the payment and collection. The ACFO calculations for the three and six months ended June 30, 2017 and June 30, 2016 were adjusted for this factor to make the quarters more comparable.

(2) Seasonality impacts the timing of capital expenditures. The ACFO calculations for the three and six months ended June 30, 2017 and June 30, 2016 were adjusted for this factor to make the quarters more comparable.

(3) ACFO was adjusted to remove fluctuations in non-cash operating working capital due to the timing of transactions for capital expenditure accruals, realty taxes prepaid or payable, prepaid insurance, and construction inventory. These fluctuations generally net over the course of the year. ACFO was also adjusted to remove the variability created when rent was received in advance from Loblaw and the related sales taxes payable.

(4) See “Non-GAAP Financial Measures” beginning on page 5.

Selected Financial Information

The following includes quarterly financial information prepared by management in accordance with IFRS and based on the Trust's Second Quarter 2017 Report. This financial information does not contain all disclosures required by IFRS, and accordingly should be read in conjunction with the Trust's 2016 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, 2017**	As at December 31, 2016
Assets		
Non-current Assets		
Investment properties	**$ 9,233,000**	$ 9,098,000
Equity accounted joint venture	**19,699**	19,070
Accounts receivable and other assets	**5,517**	5,888
Notes receivable	**2,455**	2,360
	9,260,671	9,125,318
Current Assets		
Accounts receivable and other assets	**45,287**	14,882
Notes receivable	**163,437**	290,009
Assets held for sale	**35,000**	—
Cash and cash equivalents	**7,812**	5,113
	251,536	310,004
Total Assets	**$ 9,512,207**	$ 9,435,322
Liabilities and Unitholders' Equity		
Non-current Liabilities		
Long term debt and Class C LP Units	**$ 3,728,756**	$ 3,726,991
Credit facilities	**516,000**	172,000
Exchangeable Units	**4,400,960**	4,283,304
Trade payables and other liabilities	**2,039**	1,397
	8,647,755	8,183,692
Current Liabilities		
Bank indebtedness	**—**	—
Long term debt and Class C LP Units	**661**	201,723
Trade payables and other liabilities	**243,329**	472,762
	243,990	674,485
Total Liabilities	**8,891,745**	8,858,177
Equity		
Unitholders' equity	**612,691**	569,374
Non-controlling interests	**7,771**	7,771
Total Equity	**620,462**	577,145
Total Liabilities and Equity	**$ 9,512,207**	$ 9,435,322

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, 2017**	Three months ended June 30, 2016	**Six months ended June 30, 2017**	Six months ended June 30, 2016
Net Property Income				
Rental revenue from investment properties	**$ 208,626**	$ 197,348	**$ 412,059**	$ 389,586
Property operating costs	**(55,294)**	(50,776)	**(107,005)**	(101,686)
	153,332	146,572	**305,054**	287,900
Other Income and Expenses				
General and administrative expenses	**(6,257)**	(10,618)	**(12,253)**	(17,034)
Property management fee charged to related party	**184**	249	**334**	399
Amortization of other assets	**(233)**	(243)	**(466)**	(466)
Net interest expense and other financing charges	**(98,585)**	(92,189)	**(194,746)**	(179,519)
Interest Income	**656**	581	**1,427**	1,153
Share of income (loss) from joint venture	**59**	—	**(1,131)**	13,640
Adjustment to fair value of Exchangeable Units(1)	**—**	(580,311)	**(117,656)**	(761,064)
Adjustment to fair value of investment properties	**(7,689)**	(23,750)	**85,154**	(37,373)
Net Income (Loss) and Comprehensive Income (Loss)	**$ 41,467**	$ (559,709)	**$ 65,717**	$ (692,364)

(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, 2017**	Three months ended June 30, 2016	**Six months ended June 30, 2017**	Six months ended June 30, 2016
Operating Activities				
Net income (loss)	**$ 41,467**	$ (559,709)	**$ 65,717**	$ (692,364)
Straight-line rental revenue	**(9,320)**	(9,845)	**(18,618)**	(18,728)
Amortization of tenant improvement allowances	**188**	98	**362**	200
Amortization of other assets	**233**	243	**466**	466
Net interest expense and other financing charges	**98,585**	92,189	**194,746**	179,519
Interest income	**(656)**	(581)	**(1,427)**	(1,153)
Value of unit-based compensation granted	**1,178**	4,809	**3,359**	6,656
Share of loss (income) from joint venture	**(59)**	—	**1,131**	(13,640)
Adjustment to fair value of Exchangeable Units	**—**	580,311	**117,656**	761,064
Adjustment to fair value of investment properties	**7,689**	23,750	**(85,154)**	37,373
Interest received	**413**	40	**1,137**	76
Net change in non-cash working capital	**(32,177)**	(22,778)	**(133,880)**	(120,889)
Cash Flows from Operating Activities	**107,541**	108,527	**145,495**	138,580
Investing Activities				
Acquisitions of investment properties	**(8,441)**	(119,895)	**(18,275)**	(119,895)
Additions to investment properties	**(26,672)**	(34,769)	**(47,226)**	(56,395)
Additions to fixtures and equipment	**(36)**	(336)	**(108)**	(338)
Equity investment contribution	**(760)**	—	**(1,760)**	—
Cash Flows used in Investing Activities	**(35,909)**	(155,000)	**(67,369)**	(176,628)
Financing Activities				
Long term debt				
Issued - Senior unsecured debentures, net of debt placement costs	**—**	(285)	**—**	348,071
Principal repayments - Senior unsecured debentures	**—**	—	**(200,000)**	(300,000)
Principal repayments - Mortgage	**(322)**	(300)	**(637)**	(595)
Gain on settlement of bond forward contracts	**—**	—	**—**	2,682
Credit facilities				
Net advances	**23,000**	126,000	**344,000**	142,000
Debt placement costs	**—**	(275)	**—**	(275)
Change in bank indebtedness	**—**	4,232	**—**	4,232
Notes receivable				
Issued to related party	**(68,801)**	(64,678)	**(136,807)**	(128,828)
Repaid by related party	**—**	—	**263,574**	248,463
Trust Unit issuance costs	**—**	(133)	**—**	(133)
Cash received on exercise of options	**25**	532	**25**	596
Cash paid on vesting of restricted units	**(1,142)**	—	**(1,142)**	—
Interest paid	**(12,240)**	(13,335)	**(104,936)**	(98,884)
Distributions paid on Exchangeable Units	**—**	—	**(217,324)**	(202,204)
Distributions paid to Unitholders	**(11,112)**	(10,777)	**(22,180)**	(21,431)
Cash Flows from (used in) Financing Activities	**(70,592)**	40,981	**(75,427)**	(6,306)
Change in cash and cash equivalents	**1,040**	(5,492)	**2,699**	(44,354)
Cash and cash equivalents, beginning of period	**6,772**	5,492	**5,113**	44,354
Cash and Cash Equivalents, end of period	**$ 7,812**	$ —	**$ 7,812**	$ —

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 2017 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 July 20, 2017 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: 82441709. To access the conference call via webcast, a link is available at www.choicereit.ca in the "Events and Webcast" 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 retail and other commercial real estate across Canada. Choice Properties' portfolio spans approximately 43.8 million square feet of gross leasable area and consists of 537 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