Choice Properties Real Estate Investment Trust Reports Solid Results for the First Quarter of 2018

Toronto, April 25, 2018 /CNW/ - Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") (TSX: CHP.UN) today announced its consolidated financial results for the first quarter ended March 31, 2018. 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 $215.0 million, an increase of $11.6 million or 5.7% compared with $203.4 million in the first quarter of 2017;
- Reported net income of $627.0 million, an increase of $602.7 million compared with net income of $24.3 million in the first quarter of 2017. The first quarter of 2018 included a net fair value adjustment gain of $588.5 million (2017 - net loss of $26.0 million);
- Reported Funds from Operations ("FFO")(1) per unit diluted of $0.255, a decrease of $0.009, or 3.4%, compared with $0.264 in the first quarter of 2017;
- Completed five property acquisition transactions from third-party vendors for an aggregate purchase price of $29.4 million, excluding transaction costs, which added approximately 91,000 square feet of gross leasable area ("GLA");
- Constructed 32,000 square feet of GLA , delivering seven new ancillary retail units and a Shoppers Drug Mart;
- Maintained ancillary occupancy and increased organic Net Operating Income ("NOI")(1) for the quarter by 2.3% to $145.1 million from $141.9 million in the first quarter of 2017;
- Issued $1,950 million and retired $400 million of senior unsecured debentures, extending the weighted average term to maturity to 6.1 years from 4.5 years, with an increase of 0.05% to the weighted average interest rate, and repaid and cancelled a $250 million senior unsecured committed revolving credit facility;
- The Distribution Reinvestment Plan ("DRIP") is temporarily suspended commencing with distributions declared in May 2018; and
- Entered into an agreement to acquire Canadian Real Estate Investment Trust ("CREIT"), which is expected to close on May 4, 2018.

"Choice Properties' progress this quarter is a reflection of the strength of our operations, the quality of our portfolio and the potential of our pipeline. We delivered another quarter of growth with a 2.3% increase in organic NOI driven by the underlying fundamentals of our real estate business," said John Morrison, President and Chief Executive Officer. "Our plans to combine CREIT with Choice Properties to create Canada's preeminent diversified REIT will build on our strong base of business with an expanded portfolio of quality real estate and a best-in-class platform to drive long-term value."

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

Financial and Operational Summary

As at or for the three months ended March 31 ($ thousands except where otherwise indicated) (unaudited)		2018		2017
Number of properties		**548**		536
Gross Leasable Area ("GLA") (in millions of square feet)		**44.2**		43.7
Occupancy		**98.8%**		98.8%
Rental revenue[i]	**$**	**215,027**	$	203,433
Net Operating Income ("NOI")[1]	**$**	**149,783**	$	142,424
Net Income[i]	**$**	**626,991**	$	24,250
Net Income[i] per unit diluted	**$**	**1.513**	$	0.059
Funds from Operations ("FFO")[1] per unit diluted	**$**	**0.255**	$	0.264
Adjusted Cash Flow from Operations ("ACFO")[1]	**$**	**83,600**	$	90,776
Adjusted Cash Flow from Operations[1] payout ratio		**91.5%**		80.3%
Distribution declared per unit	**$**	**0.1850**	$	0.1775
Total assets (in millions)	**$**	**11,121**	$	9,380
Debt to total assets[ii]		**51.9%**		46.3%
Debt service coverage[ii]		**3.5x**		3.6x

(i) Net income, for the three months ended March 31, 2018, included positive fair value adjustments of $555,200 and $33,260 for Exchangeable Units and Investment Properties, respectively. The quarter also included acquisition transactions costs of $12,054. Net income before acquisition transaction costs and adjustments to fair value[1] was $50,585 for the three months ended March 31, 2018.

Net income, for the three months ended March 31, 2017, included a negative fair value adjustment of $117,656 for Exchangeable Units and a positive fair value adjustment of $92,843 for investment properties. The quarter also included a negative fair value adjustment of $1,250 for investment property held in an equity accounted joint venture. Net income before acquisition transaction costs and adjustments to fair value[1] was $50,313 for the three months ended March 31, 2017.

(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** - First quarter rental revenue totaled $215.0 million, an increase of $11.6 million or 5.7% compared with $203.4 million in the first quarter of 2017. Properties owned throughout both comparative periods contributed $9.1 million to the increase.
- **Net Operating Income**[1] - NOI[1] for the first quarter of 2018 was $149.8 million, an increase of $7.4 million, or 5.2%, compared with the first quarter of 2017, including an increase in NOI[1] of $2.4 million from new developments and $1.8 million from properties acquired subsequent to December 31, 2017. Excluding NOI[1] from acquisitions and developments, NOI[1] was $145.1 million, $3.2 million, or 2.3%, higher than the $141.9 million achieved in the first quarter of 2017. This improvement was primarily driven by rent steps in Loblaw leases and higher average rents per square foot on ancillary leases.
- **Net Income** - Net income for the first quarter of 2018 was $627.0 million compared to a net income of $24.3 million in the first quarter of 2017. Adjustments to fair value measures were the primary cause of the variance between these comparative periods.
- **Net Income before Acquisition Transaction Costs and Adjustments to Fair Value**[1] - First quarter net income before acquisition transaction costs and adjustments to fair value[1] of $50.6 million compared with $50.3 million reported in the first quarter of 2017. The change was driven by an increase of net property income and the favourable adjustment to the fair value of unit-based compensation included in general and administrative expenses, 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 first quarter of 2018 was $105.7 million or $0.255 per unit diluted, compared with $108.8 million or $0.264 per unit diluted in the first quarter of 2017. The year-over-year decline in FFO[1] of $0.009 per unit diluted was primarily due to higher net interest expense, excluding distributions on Exchangeable Units, partially offset by growth in net property income.
- **Adjusted Cash Flow from Operations**[1] - ACFO[1] for the first quarter of 2018 was $83.6 million, representing an excess of $7.1 million over distributions paid during the quarter, which is a decrease of $10.8 million compared to an excess of $17.9 million in the first quarter of 2017. The year-over-year decrease in ACFO[1] is driven by higher net interest expense and negative fluctuations in the timing of cash flows from operating working capital, partially offset by growth in net property income.
- **Distributions** - Distributions per unit declared during the quarter totaled $0.1850, for an ACFO[1] payout ratio of 91.5% (2017 - $0.1775 and 80.3%, respectively). At its most recent meeting on April 25, 2018, the Board of Trustees temporarily suspended the DRIP commencing with any distributions declared in May 2018.

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

Operational Results for the Quarter:

- **Acquisitions** - In the first quarter of 2018, Choice Properties completed two acquisitions of investment properties from third-party vendors for an aggregate purchase price of $6.8 million, which added approximately 42,000 square feet of GLA leased to Loblaw. In addition, a retail property and two parcels of land were acquired from third-party vendors at locations adjacent to existing Choice owned sites.
- **Development Progress -** In the first quarter of 2018, Choice Properties constructed 32,000 square feet, delivering seven new retail spaces for third-party tenants and a Shoppers Drug Mart. This construction contributed to the completion of 2018 development projects, started in prior years, with 81,000 square feet of GLA.
- **Leasing Activity -** In the first quarter of 2018, Choice Properties entered into leases for approximately 153,000 square feet of GLA with an average lease term of 8.2 years. This total included approximately 49,000 square feet of lease renewals, with an average increase over expiring base rent rates of 7.2%, and approximately 43,000 square feet for new developments at an average base rent per square foot of $30.21.
- **Occupancy -** At March 31, 2018, the Trust's portfolio occupancy rate was 98.8%, the same rate as at March 31, 2017.

Capital Structure:

- **Capacity to Invest for Further Growth -** As at March 31, 2018, the Trust's debt service coverage ratio(2) was 3.5 times. With stable cash flows from operations and access to several funding sources, including from our senior unsecured committed revolving credit facility, the Trust believes it has the financial capacity to meet ongoing obligations and invest for further growth.
- On January 12, 2018, Choice Properties issued $300 million and $350 million aggregate principal amount of Series I and J senior unsecured debentures due March 21, 2022 and January 10, 2025, respectively. The Series I unsecured debentures bear interest at a rate of 3.010% per annum and the Series J unsecured debentures bear interest at a rate of 3.546% per annum.
- On February 12, 2018, Choice Properties completed the early retirement of Series A senior unsecured debentures at a redemption price equal to $402.9 million plus accrued and unpaid interest.
- On March 8, 2018, Choice Properties issued $550 million and $750 million aggregate principal amount of Series K and L senior unsecured debentures due September 9, 2024 and March 8, 2028, respectively. The Series K unsecured debentures bear interest at a rate of 3.556% per annum, and the Series L unsecured debentures bear interest at a rate of 4.178% per annum. The net proceeds of the issuance are held in escrow pending the completion of the acquisition of CREIT. In the event that the escrow release conditions are not met, the Series K and L senior unsecured debentures will be repaid at par, plus accrued interest.

Agreement to Acquire Canadian Real Estate Investment Trust

As previously announced on February 14, 2018, Choice Properties entered into an arrangement agreement to acquire all the assets and assume all the liabilities of CREIT, including long term debt and all residual liabilities. CREIT will then redeem all of its outstanding units for an aggregate of $22.50 in cash and 2.4904 Trust Units per unit of CREIT on a fully prorated basis.

The aggregate consideration will consist of approximately 58% in Trust Units and 42% in cash. CREIT unitholders will have the ability to choose whether to receive $53.75 in cash or 4.2835 Trust Units for each CREIT unit held, subject to proration. The maximum amount of cash to be paid will be approximately $1,651,312 and approximately 183 million Trust Units will be issued, based on the fully diluted number of CREIT units outstanding on the date of the closing of the transaction.

The Acquisition Transaction was approved by CREIT unitholders at a special meeting held on April 11, 2018 and the plan of arrangement was approved by the Ontario Superior Court of Justice (Commercial List) on April 24, 2018. As more fully described in the arrangement agreement, the completion of the Acquisition Transaction depends on a number of conditions being satisfied or waived, including, among others, the Competition Act approval being obtained. While work will continue towards final approval under the Competition Act, and may continue post-closing, the Acquisition Transaction is expected to close on May 4, 2018, however, there can be no certainty, nor can Choice Properties provide any assurance, that all of the closing conditions will be satisfied or, if satisfied, when they will be satisfied. If the Acquisition Transaction is not completed, Choice Properties will not receive any reimbursement from CREIT for the fees, costs and expenses it has incurred in connection with the Acquisition Transaction. If the Acquisition Transaction is not completed or is materially delayed, the market price of the Trust Units may be materially adversely affected. While the Acquisition Transaction is pending, Choice Properties and CREIT are subject to customary interim operating covenants.

Outlook

Choice Properties expects to continue to drive value creation through strategic acquisitions, value-add 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 over time.

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. With these key differentiators, Choice Properties believes that it is well positioned to achieve its strategic goals within a potentially rising interest rate environment and despite an increasingly competitive landscape, underscored by ever changing square footage requirements in the retail industry.

For 2018, Choice Properties expects to:

- Acquire additional properties from Loblaw and third-party vendors when opportunities arise;
- Invest approximately $198 million to complete developments in 2018 and toward development projects in the existing pipeline of properties, including mixed-use projects, targeted for completion in future years;
- Maintain a total occupancy rate for the current portfolio of approximately 98%, with the occupancy rate for ancillary GLA in the 90% range; and
- Continue to align growth in distributions with stable, growing cash flows.

(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 and events, including the proposed arrangement transaction to acquire CREIT, can be found in various sections of this press release and in the MD&A of Choice Properties' 2017 Annual 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, tax laws, economic conditions and 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 10, "Enterprise Risks and Risk Management", in the MD&A of Choice Properties' 2017 Annual Report. Such risks and uncertainties include:

- changes in timing to obtain municipal approvals, development costs, and tenant leasing and occupancy of properties under development, redevelopment, or intensification;
- failure to manage its growth effectively in accordance with its growth strategy or acquire assets on an accretive basis;
- failure by Choice Properties to complete the acquisition of CREIT or to realize the anticipated strategic benefits;
- changes in economic conditions, including changes in interest rates and the rate of inflation;
- shifting consumer preferences toward electronic commerce may result in a decrease in demand for physical space by retail tenants;
- failure to realize benefits from investments in Choice Properties' new Information Technology ("IT") systems, the inability of Choice Properties' IT infrastructure to support the requirements of Choice Properties' business;
- changes in Choice Properties' competitiveness in the real estate market or the unavailability of desirable commercial real estate assets;
- failure of third-party vendors, developers, co-owners or strategic partners to provide adequate services at optimal rates, complete projects or fulfill contractual obligations;
- the inability of Choice Properties Limited Partnership to make distributions or other payments or advances;
- the inability of Choice Properties to obtain financing;
- the inability of Choice Properties to maintain and leverage its relationship with Loblaw Companies Limited ("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;
- 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);*
- changes in Choice Properties' capital expenditure and fixed cost requirements; and
- changes in Choice Properties' degree of financial leverage.

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 2017 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 2017 Annual Report.

Same Properties Investment properties owned by the Trust during both the current and comparative periods.

Same Properties with the Same GLA Investment properties owned by the Trust during both the current and comparative periods excluding any development activities at the properties which increased GLA.

Net Operating Income NOI is defined as rental revenue, excluding straight-line rent, from investment properties less property operating costs and amounts attributable to non-controlling interests. 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 Acquisition Transaction Costs and Adjustments to Fair Value Net Income (or net loss) as calculated under IFRS excluding acquisition transactions costs, as calculated under IFRS for business combinations, and 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 2018. 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 2018. 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 three months ended March 31 (in thousands of Canadian dollars, except per unit amounts) (unaudited)		**2018**		2017
Rental Revenue	**$**	**215,027**	$	203,433
Reverse - Straight-line rental revenue		**(8,098)**		(9,298)
Property operating costs		**(57,146)**		(51,711)
Net Operating Income(1)		**149,783**		142,424
NOI(1) from property acquisition and disposition transactions		**(1,944)**		(193)
NOI(1) Same Properties		**147,839**		142,231
NOI(1) from developed GLA		**(2,750)**		(338)
NOI(1) for Same Properties, with the same GLA	**$**	**145,089**	$	141,893
Net Income	**$**	**626,991**	$	24,250
Acquisition transaction costs		**12,054**		—
Adjustment to fair value of Exchangeable Units		**(555,200)**		117,656
Adjustment to fair value of investment properties		**(33,260)**		(92,843)
Adjustment to fair value of investment property held in equity accounted joint venture		**—**		1,250
Net Income before Acquisition Transaction Costs and Adjustments to Fair Value(1)		**50,585**		50,313
Adjustment to fair value of unit-based compensation		**(5,148)**		1,254
Interest otherwise capitalized for development in equity accounted joint venture		**246**		93
Distributions on Exchangeable Units		**59,030**		56,443
Amortization of tenant improvement allowances		**221**		174
Internal expenses for leasing		**751**		559
Funds from Operations(1)	**$**	**105,685**	$	108,836
FFO(1) per unit - diluted	**$**	**0.255**	$	0.264
FFO(1) payout ratio - diluted		**72.5%**		67.2%
Distribution declared per unit	**$**	**0.1850**	$	0.1775
Weighted average Units outstanding - diluted		**414,441,099**		412,164,820

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

For the three months ended March 31 ($ thousands) (unaudited)		2018		2017
Cash flows from operating activities	**$**	**128,239**	$	37,954
Interest paid		**(96,389)**		(92,696)
Cash flows from operating activities less interest paid		**31,850**		(54,742)
Add (deduct) impact of the following:				
Net interest expense and other financing charges in excess of interest paid(1)		**(11,388)**		(3,465)
Distributions on Exchangeable Units included in net interest expense and other financing charges		**59,030**		56,443
Interest and other income in excess of interest received(1)		**904**		47
Interest otherwise capitalized for development in equity accounted joint venture		**246**		93
Share of income from joint venture		**72**		60
Portion of internal expenses for leasing relating to development activity		**375**		280
Property capital expenditures - incurred		**(452)**		(360)
Property capital expenditures - normalized(2)		**(11,298)**		(10,890)
Leasing capital expenditures - incurred		**(1,024)**		(1,390)
Acquisition transaction costs		**12,054**		—
Adjustment for changes in non-cash working capital items which are not indicative of sustainable operating cash flows(3)		**3,231**		104,700
Adjusted Cash Flow from Operations(4)	**$**	**83,600**	$	90,776
Total distributions declared	**$**	**76,486**	$	72,922
ACFO(4) payout ratio		**91.5%**		80.3%

(1) The timing of the recognition of interest expense and income differs from the payment and collection. The ACFO calculations for the periods ended March 31, 2018 and March 31, 2017 were adjusted for this factor to make the quarters more comparable.

(2) Seasonality impacts the timing of capital expenditures. The ACFO calculations for the periods ended March 31, 2018 and March 31, 2017 were adjusted for this factor to make the quarters more comparable based on the annual anticipated spend of approximately $1.00 per square foot.

(3) ACFO is adjusted each quarter for fluctuations in non-cash working capital due to the timing of transactions for realty taxes prepaid or payable, and prepaid insurance. The payments for these operating expenses tend to have quarterly, seasonal fluctuations that even out on an annual basis. ACFO is also adjusted each quarter to remove fluctuations in non-cash working capital due to capital expenditure accruals, which are not related to sustainable operating activities.

(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 First Quarter 2018 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 2017 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 March 31, 2018**	As at December 31, 2017
Assets		
Non-current Assets		
Investment properties	**$ 9,651,000**	$ 9,551,000
Equity accounted joint venture	**36,491**	32,339
Accounts receivable and other assets	**5,718**	5,565
Notes receivable	**2,608**	2,556
	9,695,817	9,591,460
Current Assets		
Accounts receivable and other assets	**30,585**	21,419
Notes receivable	**97,184**	304,225
Security deposits	**1,295,075**	—
Cash and cash equivalents	**2,426**	6,407
	1,425,270	332,051
Total Assets	**$ 11,121,087**	$ 9,923,511
Liabilities and Unitholders' Equity		
Non-current Liabilities		
Long term debt and Class C LP Units	**$ 3,987,257**	$ 3,336,942
Credit facilities	**382,000**	311,000
Exchangeable Units	**3,704,524**	4,259,724
Trade payables and other liabilities	**1,655**	2,713
	8,075,436	7,910,379
Current Liabilities		
Long term debt and Class C LP Units	**1,293,932**	400,088
Credit facilities	**—**	250,000
Trade payables and other liabilities	**204,256**	426,063
	1,498,188	1,076,151
Total Liabilities	**9,573,624**	8,986,530
Equity		
Unitholders' equity	**1,538,762**	928,280
Non-controlling interests	**8,701**	8,701
Total Equity	**1,547,463**	936,981
Total Liabilities and Equity	**$ 11,121,087**	$ 9,923,511

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

(unaudited) (in thousands of Canadian dollars)	Three months ended March 31, 2018	Three months ended March 31, 2017
Net Property Income		
Rental revenue from investment properties	$ 215,027	$ 203,433
Property operating costs	(57,146)	(51,711)
	157,881	151,722
Other Income and Expenses		
General and administrative expenses	(1,198)	(5,996)
Property management and other administration fees charged to related party	247	150
Amortization of other assets	(248)	(233)
Net interest expense and other financing charges	(107,777)	(96,161)
Interest and other income	1,608	771
Share of income (loss) from joint venture	72	(1,190)
Acquisition transaction costs	(12,054)	—
Adjustment to fair value of Exchangeable Units(1)	555,200	(117,656)
Adjustment to fair value of investment properties	33,260	92,843
Net Income and Comprehensive Income	$ 626,991	$ 24,250
Net Income and Comprehensive Income attributable to:		
Choice Properties' Unitholders	$ 626,991	$ 24,250
Non-controlling interests	—	—
	$ 626,991	$ 24,250

(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 March 31, 2018**	Three months ended March 31, 2017
Operating Activities		
Net income	**$ 626,991**	$ 24,250
Straight-line rental revenue	**(8,098)**	(9,298)
Amortization of tenant improvement allowances	**221**	174
Amortization of other assets	**248**	233
Net interest expense and other financing charges	**107,777**	96,161
Interest and other income	**(1,608)**	(771)
Value of unit-based compensation granted	**(4,136)**	2,181
Share of (income) loss from joint venture	**(72)**	1,190
Adjustment to fair value of Exchangeable Units	**(555,200)**	117,656
Adjustment to fair value of investment properties	**(33,260)**	(92,843)
Interest and other income received	**704**	724
Net change in non-cash working capital	**(5,328)**	(101,703)
Cash Flows from Operating Activities	**128,239**	37,954
Investing Activities		
Acquisitions of investment properties	**(27,875)**	(9,834)
Additions to investment properties	**(27,485)**	(20,554)
Additions to fixtures and equipment	**(411)**	(72)
Change in security deposits	**(1,295,075)**	—
Equity investment contribution	**(4,080)**	(1,000)
Cash Flows used in Investing Activities	**(1,354,926)**	(31,460)
Financing Activities		
Long term debt		
Issued - Senior unsecured debentures, net of debt placement costs	**1,940,089**	—
Principal repayments - Senior unsecured debentures	**(400,000)**	(200,000)
Principal repayments - Mortgage	**(90)**	(315)
Credit facilities		
Net (repayments) advances	**(179,000)**	321,000
Notes receivable		
Issued to related party	**(70,593)**	(68,006)
Repaid by related party	**277,588**	263,574
Cash paid on vesting of restricted units	**(1,057)**	—
Interest paid	**(96,389)**	(92,696)
Distributions paid on Exchangeable Units	**(231,338)**	(217,324)
Distributions paid to Unitholders	**(16,504)**	(11,068)
Cash Flows from (used in) Financing Activities	**1,222,706**	(4,835)
Change in cash and cash equivalents	**(3,981)**	1,659
Cash and cash equivalents, beginning of period	**6,407**	5,113
Cash and Cash Equivalents, end of period	**$ 2,426**	$ 6,772

Management Discussion and Analysis and Consolidated 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' First Quarter 2018 Report to Unitholders, which includes the unaudited interim period condensed consolidated financial statements s 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 April 26, 2018 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: 2089204. 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".

Annual and Special Meeting of Unitholders

Choice Properties' Annual and Special Meeting of Unitholders will take place on May 2, 2018 at 2:00PM (ET), at Vantage Venues (formerly St. Andrew's Club & Conference Centre), 150 King Street West, 16th Floor, Toronto, Ontario, Canada. A simultaneous audio webcast of the event will be available in the "Events and Webcast" section under "News and Events" of www.choicereit.ca. To access the webcast via teleconference, please dial (647) 427-7450. Playback will be available two hours after the event at (416) 849-0833, access code: 2274959.

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 44.2 million square feet of gross leasable area and consists of 548 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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