

CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST REPORTS RESULTS FOR THE SECOND QUARTER OF 2018

Toronto, July 18, 2018 /CNW/ - Choice Properties Real Estate Investment Trust (“Choice Properties” or the “Trust”) (TSX: CHP.UN) announced today its consolidated financial results for the second quarter ended June 30, 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.

“The highlight of the quarter was the completion of the transaction on May 4, which combined the businesses of Choice and CREIT,” said Stephen Johnson, President and Chief Executive Officer. “Choice is now Canada’s preeminent diversified REIT, with a portfolio of high-quality real estate assets and an extensive property development pipeline.”

FINANCIAL PERFORMANCE:

(\$000s except per-unit amounts and other data)	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net income (loss)	(321,133)	41,467	305,858	65,717
Net income (loss) per unit diluted	(0.557)	0.100	0.617	0.159
GAAP basis				
Rental revenue	294,648	208,814	509,896	412,421
Net operating income (cash basis)	205,790	144,200	355,794	286,798
Adjustment to fair value of investment properties	(69,068)	(7,877)	(36,029)	84,792
Proportionate share basis ⁽¹⁾				
Rental revenue	304,313	208,814	519,561	412,421
Net operating income (cash basis)	211,902	144,200	361,906	286,798
Adjustment to fair value of investment properties	(69,493)	(7,877)	(36,454)	83,542
Funds from operations (FFO)	156,600	108,360	262,285	217,196
FFO per unit diluted	0.272	0.262	0.529	0.526
Adjusted funds from operations (AFFO)	140,333	95,897	235,693	193,126
AFFO per unit diluted	0.243	0.232	0.475	0.468
Adjusted cash flow from operations (ACFO)	152,754	97,467	247,652	199,133
ACFO payout ratio	70.6%	77.0%	74.4%	74.3%
Cash retained after distributions	44,964	22,412	63,376	51,156

⁽¹⁾ A non-GAAP measure, includes amounts from directly held properties and equity accounted investments.

Quarterly results

- **Net Loss** for the second quarter of 2018 was \$321.1 million compared to net income of \$41.5 million in the second quarter of 2017. Adjustments to the fair value of exchangeable units and investment properties were the primary cause of the variance between these comparative periods. The remaining change resulted from an increase of net property income associated with the Acquisition of Canadian Real Estate Investment Trust (“CREIT”), partially offset by transaction costs which included the accelerated amortization of debt premium and an increase to net interest expense and other financing charges (including distributions on Exchangeable Units).

- **FFO** for the second quarter of 2018 was \$156.6 million or \$0.272 per unit diluted, compared with \$108.4 million or \$0.262 per unit diluted in the second quarter of 2017. The 2018 results are inclusive of non-recurring lease surrender income of \$10.2 million earned in the current quarter and \$4.2 million of incremental interest expense from debt financing, offset by \$1.1 million of interest earned on amounts placed in security deposits in advance of closing the CREIT acquisition. Excluding these items, FFO for the quarter would have been \$149.5 million or \$0.260 per unit diluted.

Year-To-Date Results

- **Net Income** for the six months ended June 30, 2018 was \$305.9 million, an increase of \$240.2 million when compared to net income for the same period last year. The increase was primarily due to favourable adjustments to the fair value of exchangeable units and investment properties, partially offset by transaction costs associated with the acquisition of CREIT, which included the accelerated amortization of debt premium and an increase to net interest expense and other financing charges (including distributions on Exchangeable Units).
- **FFO** for the six months ended June 30, 2018 was \$262.3 million or \$0.529 per unit diluted, compared with \$217.2 million or \$0.526 per unit diluted in the prior year. The 2018 results are inclusive of non-recurring lease surrender income of \$10.2 million earned in the current period and \$5.6 million of incremental interest expense from debt financing, and the call premium of \$2.9 million for the early repayment of Series A senior unsecured debentures. Excluding these items, FFO for the year-to-date period would have been \$260.6 million or \$0.526 per unit diluted.

Management Discussion and Analysis and Condensed Consolidated Financial Statements and Notes

Information appearing in this news release is a select summary of the consolidated results of the Trust. This news release should be read in conjunction with Choice Properties' Second Quarter 2018 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 19, 2018 at 11:00AM (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: 3091748. 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, Canada's preeminent diversified real estate investment trust, is the owner, manager and developer of a high-quality portfolio comprising 757 properties totaling 67.0 million square feet of gross leasable area. Choice Properties owns a portfolio comprised of retail properties predominantly leased to necessity-based tenants; industrial, office and residential assets concentrated in attractive markets; and an unmatched development pipeline. Choice Properties' strategic alliance with its principal tenant, Loblaw Companies Limited, the country's leading retailer, is a key competitive advantage providing long-term growth opportunities. For more information, visit Choice Properties' website at www.choicereit.ca and Choice Properties' issuer profile at www.sedar.com.

Non-GAAP Financial Measures and Additional Financial Information

In addition to using performance measures determined in accordance with International Financial Reporting Standards ("IFRS" or "GAAP"), Choice Properties also measures its performance using certain additional non-GAAP measures, and provides these measures in this press release so that investors may do the same. Such measures and related per-unit amounts are not defined by IFRS and therefore should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS. Furthermore, the supplemental measures used by Management may not be comparable to similar

measures presented by other real estate investment trusts or enterprises. These terms, which include the proportionate share basis of accounting, net operating income ("NOI"), funds from operations ("FFO"), adjusted funds from operations ("AFFO") and adjusted cash flow from operations ("ACFO"), are defined in Section 16, "Non-GAAP Financial Measures", of the Choice Properties MD&A for the period ended June 30, 2018 and are reconciled to the most comparable IFRS measure.

Choice Properties Condensed Consolidated Financial Statements and MD&A for the period ended June 30, 2018 are available on Choice Properties' website at www.choicereit.ca. Readers are directed to these documents for financial details and a fulsome discussion on Choice Properties' results.

Cautionary Statements Regarding Forward-looking Statements

This news release contains forward-looking statements relating to Choice Properties' operations and the environment in which the Trust operates, which are based on management's expectations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. Management undertakes no obligation to publicly update any such statement, to reflect new information or the occurrence of future events or circumstances, except as required by law.

Contact

For further information, please contact:

Stephen Johnson
President and Chief Executive Officer
416-628-7878
Stephen.Johnson@choicereit.ca

Rael Diamond
Chief Operating Officer
416-628-7861
Rael.Diamond@choicereit.ca

Mario Barrafato
Chief Financial Officer
416-628-7872
Mario.Barrafato@choicereit.ca