



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

Toronto, November 7, 2018 /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, 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 third quarter of 2018 represents the first full calendar reporting period since the merger of Choice and CREIT was completed on May 4, 2018," said Stephen E. Johnson, President and Chief Executive Officer. "Our financial results for the quarter were in-line with expectations. As well, we were pleased with the progress made on the integration of Choice and CREIT, as we continue our work to position ourselves as Canada's preeminent REIT."

Summary of Financial Results:

For the periods ended September 30 (\$ thousands) (unaudited)	Three Months		Nine Months	
	2018	2017	2018	2017
GAAP basis				
Net income	\$ 62,620	\$ 303,095	\$ 368,478	\$ 368,812
Net income per unit diluted	0.093	0.733	0.664	0.893
Rental revenue	315,584	206,978	825,480	619,399
Cash flow from operating activities	233,586	164,042	449,951	309,537
Adjustment to fair value of investment properties	(33,998)	77,376	(70,027)	162,168
Proportionate share basis⁽¹⁾				
Rental revenue ⁽¹⁾	329,828	206,978	849,389	619,399
Net Operating Income ("NOI") ⁽¹⁾⁽²⁾	230,236	145,650	592,142	432,448
NOI ⁽¹⁾⁽²⁾ for Same Properties ⁽³⁾ , excluding development activities	146,205	143,952	439,379	427,702
Adjustment to fair value of investment properties ⁽²⁾	(37,587)	77,376	(74,041)	160,918
Funds from operations ("FFO") ⁽²⁾	169,683	108,896	431,968	326,092
FFO ⁽²⁾ per unit diluted	0.253	0.263	0.778	0.790
Adjusted funds from operations ("AFFO") ⁽²⁾	137,544	76,956	373,046	270,082
AFFO ⁽²⁾ per unit diluted	0.205	0.186	0.672	0.654
AFFO ⁽²⁾ payout ratio - diluted	90.2%	99.5%	82.6%	83.3%
Distributions declared	123,504	76,163	307,780	224,140

1. A non-GAAP measurement which includes amounts from directly held properties and equity accounted joint ventures.

2. A non-GAAP measurement.

3. Same Properties included 535 and 533 income producing properties that were owned throughout the three and nine months, respectively, ended September 30, 2018 and September 30, 2017.

Quarterly Results:

- **Net Income** - Net income for the third quarter of 2018 was \$62.6 million compared to net income of \$303.1 million in the third 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 acquisition transaction costs and other related expenses.

- **Funds from Operations** - FFO, a non-GAAP measure, for the third quarter of 2018 was \$169.7 million or \$0.253 per unit diluted, compared with \$108.9 million or \$0.263 per unit diluted in the third quarter of 2017. The year-over-year decrease in FFO of \$0.010 per unit diluted was primarily due to the higher weighted average number of units outstanding on a diluted basis and higher net interest expense, excluding distributions on Exchangeable Units, partially offset by the growth in net property income, attributable to the acquisition of CREIT.

Year-To-Date Results:

- **Net Income** - Net income for the nine months ended September 30, 2018 was \$368.5 million compared to net income of \$368.8 million in the third 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 CREIT, partially offset by acquisition transaction costs and other related expenses, which included the accelerated amortization of debt premium and an increase to net interest expense and other financing charges (including distributions on Exchangeable Units).
- **Funds from Operations** - FFO, a non-GAAP measure, for the nine months ended September 30, 2018 was \$432.0 million or \$0.778 per unit diluted, compared with \$326.1 million or \$0.790 per unit diluted in the third quarter of 2017. The 2018 results are inclusive of non-recurring lease surrender income of \$10.2 million earned in the prior quarter 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 \$430.3 million or \$0.775 per unit diluted.

Management's 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' Third 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 November 8, 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: 3092018. 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 751 properties totaling 66.8 million square feet of gross leasable area. The portfolio is comprised of retail properties, predominantly leased to necessity-based tenants, industrial, office and residential assets concentrated in attractive markets and offers 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 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 third quarter ended September 30, 2018, and are reconciled to the most comparable IFRS measure.

Choice Properties' unaudited interim period condensed consolidated financial statements and MD&A for the third quarter ended September 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.

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