



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

**Toronto, February 13, 2019 /CNW/** - Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") (TSX: CHP.UN) today announced its consolidated financial results for the fourth quarter ended December 31, 2018. The 2018 Fourth Quarter Report to Unitholders is available in the Investor Relations section of the Trust's website at [www.choicereit.ca](http://www.choicereit.ca), and also has been filed with SEDAR and is available at [www.sedar.com](http://www.sedar.com).

Commenting on the results, Stephen Johnson, President and Chief Executive Officer said, "We are pleased with both the financial results and the operational results for the fourth quarter, and for the full year of 2018; and as well, the integration of CREIT and Choice Properties continues to progress well." Mr. Johnson added, "Operationally, same-asset net operating income was up 1.4% for the quarter and period end portfolio occupancy remained strong at 97.7%. Also of note, our development program delivered 106,000 square feet of new leasable area, and our capital recycling continued with the sale of \$107 million of non-core assets, and the acquisition of \$78 million of high quality income producing properties."

### Summary of Financial Results:

For the periods ended December 31  
(\$ thousands)  
(unaudited)

	Three Months		Year End	
	2018	2017	2018	2017
<b>GAAP basis</b>				
Net income	\$ 281,099	\$ 36,533	\$ 649,577	\$ 405,345
Net income per unit diluted	0.419	0.088	1.111	0.981
Rental revenue	322,793	211,231	1,148,273	830,630
Cash flow from operating activities	235,694	194,285	683,632	503,676
Adjustment to fair value of investment properties	(18,548)	(2,710)	(88,575)	159,458
<b>Proportionate share basis<sup>(1)</sup></b>				
Rental revenue <sup>(1)</sup>	338,147	211,231	1,187,536	830,630
Net Operating Income ("NOI") <sup>(1)(2)</sup>	232,916	153,038	825,058	585,486
NOI <sup>(1)(2)</sup> for Same Properties <sup>(3)</sup> , excluding development activities	148,126	146,011	586,836	573,308
Adjustment to fair value of investment properties <sup>(2)</sup>	(19,788)	(2,205)	(93,829)	158,713
Funds from operations ("FFO") <sup>(2)</sup>	171,872	116,843	603,840	442,935
FFO <sup>(2)</sup> per unit diluted	0.256	0.282	1.033	1.072
Adjusted funds from operations ("AFFO") <sup>(2)</sup>	110,332	86,408	483,378	356,490
AFFO <sup>(2)</sup> per unit diluted	0.165	0.209	0.827	0.863
AFFO <sup>(2)</sup> payout ratio - diluted	112.1%	88.5%	89.5%	84.6%
Distributions declared	123,612	76,312	431,392	300,452

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 538 and 533 income producing properties that were owned throughout the three months and years ended December 31, 2018 and December 31, 2017, respectively.

### Quarterly Results:

- **Net Income** - Net income for the fourth quarter of 2018 was \$281.1 million compared to net income of \$36.5 million in the fourth quarter of 2017. The adjustment to the fair value of Exchangeable Units was 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 higher net interest expense, primarily attributable to the additional debt financing incurred to facilitate the acquisition, as well as acquisition transaction costs and other related expenses.

- **Funds from Operations** - FFO, a non-GAAP measure, for the fourth quarter of 2018 was \$171.9 million or \$0.256 per unit diluted, compared with \$116.8 million or \$0.282 per unit diluted in the fourth quarter of 2017. The year-over-year decrease in FFO of \$0.026 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 End Results:**

- **Net Income** - Net income for the year ended December 31, 2018 was \$649.6 million compared to net income of \$405.3 million in the fourth 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 in net property income associated with the acquisition of CREIT, partially offset by higher net interest expense, primarily attributable to the additional debt financing incurred to facilitate the acquisition, as well as acquisition transaction costs and other related expenses, which included the accelerated amortization of debt premium on conversion of the Class C LP Units.
- **Funds from Operations** - FFO, a non-GAAP measure, for the year ended December 31, 2018 was \$603.8 million or \$1.033 per unit diluted, compared with \$442.9 million or \$1.072 per unit diluted for the year ended December 31, 2017. The \$160.9 million increase in FFO is primarily due to the incremental net property income associated with the acquisition of CREIT coupled with \$10.2 million in non-recurring lease surrender income, offset by an increase in interest expense related to the additional financing incurred to facilitate the acquisition, as well as a \$2.9 million call premium for the early repayment of the Series A senior unsecured debentures. On a per unit diluted basis, FFO declined due to the change in capital structure as a result of the CREIT acquisition.

#### **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' 2018 Fourth Quarter Report to Unitholders, which includes the consolidated financial statements and MD&A for the Trust and is available at [www.choicereit.ca](http://www.choicereit.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Conference Call and Webcast**

Management will host a conference call the following day on Thursday, February 14, 2019 at 11:00AM (ET) with a simultaneous audio webcast. To access via teleconference, please dial (647) 427-7450 or (888) 231-8191 toll free. A playback will be made available two hours after the event at (416) 849-0833, access code: 5394967. The link to the audio webcast will be available on [www.choicereit.ca](http://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 753 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](http://www.choicereit.ca) and Choice Properties' issuer profile at [www.sedar.com](http://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") and adjusted funds from operations ("AFFO"), are defined in Section 21, "Non-GAAP Financial Measures", of the Choice Properties MD&A for the year ended December 31, 2018, and are reconciled to the most comparable IFRS measure.

Choice Properties' audited consolidated financial statements and MD&A for the year ended December 31, 2018 are available on Choice Properties' website at [www.choicereit.ca](http://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

t: (416) 628-7878 e: Stephen.Johnson@choicereit.ca

Rael Diamond

Chief Operating Officer

t: (416) 628-7861 e: Rael.Diamond@choicereit.ca

Mario Barrafato

Chief Financial Officer

t: (416) 628-7872 e: Mario.Barrafato@choicereit.ca