CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST REPORTS RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2020

Toronto, Ontario July 20, 2020 /CNW/ - Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") (TSX: CHP.UN) today announced its consolidated financial results for the second quarter ended June 30, 2020. The 2020 Second Quarter Report to Unitholders is available in the Investor Relations section of the Trust's website at www.choicereit.ca, and has been filed on SEDAR at www.sedar.com.

"During this unprecedented time, we have continued to take thoughtful actions to mitigate the effects of the COVID-19 pandemic on our day-to-day business operations, while focusing on the best interests of our employees, tenants and other stakeholders," said Rael Diamond, President and Chief Executive Officer of the Trust. Mr. Diamond added, "During the quarter we undertook a number of proactive measures to mitigate risk including strengthening our balance sheet by extending our weighted average term of debt through the issuance of unsecured debentures and supporting our tenants who have been negatively impacted by the pandemic through our provision of rental assistance. Excluding the costs associated with these measures, our second quarter operating results were strong and reflect the stability inherent in our income producing portfolio of properties."

Summary of GAAP Basis Financial Results

($ thousands except where otherwise indicated) (unaudited)	Three Months			Six Months		
	June 30, 2020	June 30, 2019	Change	**June 30, 2020**	June 30, 2019	Change
Net income (loss)	**$ (95,813)**	$ 238,310	$ (334,123)	**$ 236,929**	$ (663,822)	$ 900,751
Net income (loss) per unit diluted	**(0.137)**	0.347	(0.484)	**0.338**	(0.990)	1.328
Rental revenue	**314,885**	324,289	(9,404)	**639,796**	647,262	(7,466)
Fair value gain (loss) on Exchangeable Units[(1)]	**70,193**	148,186	(77,993)	**456,255**	(842,318)	1,298,573
Fair value losses excluding Exchangeable Units[(2)]	**(216,603)**	(4,094)	(212,509)	**(352,268)**	(14,511)	(337,757)
Cash flows from operating activities	**205,289**	149,516	55,773	**309,436**	243,687	65,749
Weighted average Units outstanding - diluted	**700,600,087**	687,422,545	13,177,542	**700,604,088**	670,451,259	30,152,829

1. Exchangeable Units are recorded at their fair value based on the market trading price of the Trust Units, which results in a negative impact to the financial results when the Trust Unit price rises and a positive impact when the Trust Unit price declines.
2. Fair value gains (losses) excluding Exchangeable Units includes adjustments to fair value of investment properties and unit-based compensation.

Quarterly Results

Net loss for the second quarter of 2020 was $95.8 million compared to income of $238.3 million in 2019. The decrease was mainly due to an unfavourable change in the fair value of investment properties, including properties held within equity accounted joint ventures and an unfavourable change in the adjustment to fair value on Exchangeable Units.

During the second quarter the Trust undertook numerous measures to mitigate risk, which resulted in one-time charges totaling $28.7 million on a GAAP basis ($29.2 million on a proportionate share basis[(1)]). These included:

a. Strengthening our balance sheet by extending our weighted average term of debt through the issuance of the $500 million Series P senior unsecured debentures maturing in May 2027, while redeeming in full the $100 million Series B-C senior unsecured debentures maturing in January 2021 and the $250 million Series C senior unsecured debentures maturing in February 2021. These early redemptions resulted in penalties totaling $6.8 million;

b. Supporting our tenants who have been negatively impacted by the pandemic, which includes (i) providing qualifying small businesses and independent tenants with rent relief through rent deferrals and other arrangements, and (ii) supporting eligible tenants by participating in the Canada Emergency Commercial Rent Assistance ("CECRA") program. Notwithstanding the ongoing support being provided, we recognize there are costs and increased collectability risk for certain tenants with amounts past due and have taken a bad debt provision of $14.1 million on a GAAP basis ($14.6 million on a proportionate share basis[(1)]) in the current quarter reflecting our review of these accounts; and

c. Protecting our investment in a mortgage receivable by placing a bid to acquire the underlying property which is currently in receivership. For accounting purposes, the carrying value for the mortgage receivable has been revised to the bid price, which resulted in a $7.8 million credit loss during the quarter.

Year-to-Date Results
Net income for the six months ended June 30, 2020 was $236.9 million, compared to a loss of $663.8 million in the prior year. The increase was mainly due to a favourable change of $1.3 billion in the adjustment to fair value on Exchangeable Units, partially offset by an unfavourable change in the fair value of investment properties, including properties held within equity accounted joint ventures and the non-recurring items recorded in the second quarter, as noted above.

Summary of Proportionate Share[(1)] Financial Results

As at or for the period ended ($ thousands except where otherwise indicated) (unaudited)	Three Months			Six Months		
	June 30, 2020	June 30, 2019	Change	**June 30, 2020**	June 30, 2019	Change
Rental revenue[(1)]	**$ 330,203**	$ 340,515	$ (10,312)	**$ 670,620**	$ 680,115	$ (9,495)
Net Operating Income ("NOI"), cash basis[(1)(3)]	**216,431**	234,715	(18,284)	**447,962**	467,324	(19,362)
Same-Asset NOI, cash basis[(1)(3)]	**198,083**	209,059	(10,976)	**409,798**	417,119	(7,321)
Adjustment to fair value of investment properties[(1)]	**(230,867)**	(2,604)	(228,263)	**(379,073)**	2,874	(381,947)
Occupancy (% of GLA)	**96.8%**	97.7%	(0.9)%	**96.8%**	97.7%	(0.9)%
Funds from operations ("FFO")[(2)]	**140,645**	170,241	(29,596)	**311,315**	339,501	(28,186)
FFO[(2)] per unit diluted	**0.201**	0.248	(0.047)	**0.444**	0.506	(0.062)
Adjusted funds from operations ("AFFO")[(2)]	**131,173**	151,803	(20,630)	**282,946**	306,476	(23,530)
AFFO[(2)] per unit diluted	**0.187**	0.221	(0.034)	**0.404**	0.457	(0.053)
AFFO[(2)] payout ratio - diluted	**98.8%**	84.0%	14.8 %	**91.6%**	82.0%	9.6 %
Cash distributions declared	**129,557**	127,572	1,985	**259,118**	251,317	7,801
Weighted average number of Units outstanding - diluted	**700,600,087**	687,422,545	13,177,542	**700,604,088**	670,451,259	30,152,829

1. A non-GAAP measurement which includes amounts from directly held properties and equity accounted joint ventures.
2. A non-GAAP measurement.
3. Includes a provision for bad debts and rent abatements.

Quarterly and Year-to-Date Results
For the three months ended June 30, 2020, Funds from Operations (a non-GAAP measure) was $140.6 million or $0.201 per unit diluted compared to $170.2 million or $0.248 per unit diluted for the three months ended June 30, 2019, while for the six months ended June 30, 2020, FFO was $311.3 million or $0.444 per unit diluted compared to $339.5 million or $0.506 per unit diluted for the six months ended June 30, 2019.

Funds from operations decreased primarily due to a reduction in net operating income attributable to the disposition of a 30-property portfolio in the third quarter of 2019 and the non-recurring items totaling $29.2 million recorded during the current quarter as discussed above.

In addition, the decline on a per unit basis was also impacted by the higher weighted average number of units outstanding as a result of the May 2019 equity offering where proceeds were used to lower debt levels.

COVID-19 Update

As one of Canada's largest landlords, we have an important role to play in helping our tenants who have been negatively impacted by the pandemic. As previously disclosed, in March 2020, we agreed to assist qualifying small businesses and independent tenants who requested rent relief with rent deferrals for 60 days, effective April 1, 2020. We have further supported our tenants by participating in the Canada Emergency Commercial Rent Assistance ("CECRA") program, which provides a 75% rent abatement for qualifying small businesses for 4 months commencing April 1, 2020, of which one-third is funded by landlords and two-thirds by the Federal government. We have also been in discussions with our larger tenants on a case-by-case basis to determine rent payment solutions.

Most of the Trust's leases require that rent be paid on the first day of each month. During the three months ended June 30, 2020 and for the month of July, we have collected or expect to collect approximately the following contractual rents:

% Collected	Second Quarter 2020	July 2020[(2)]
Retail	**88%**	**93%**
Industrial	**97%**	**99%**
Office[(1)]	**89%**	**89%**
Total	**89%**	**94%**

(1) Uncollected portion primarily relates to retail tenants in office buildings

(2) As at July 20, we have collected ~93% of rents due for the month of July

Rent collection for the second quarter was approximately 89% which is at the higher end of collections within the industry and is primarily due to the stability of our necessity-based portfolio. For the quarter, we have reported a $14.6 million provision for certain past due amounts on a proportionate share basis[(1)], reflecting increased collectability risk and potential abatements to be granted under the CECRA program.

Our diversified portfolio of retail, industrial and office properties remains well occupied at 96.8% and leased to high quality tenants across Canada. Our retail portfolio is primarily leased to either grocery stores, pharmacies or other necessity-based tenants with stable business operations who have been less financially impacted by the pandemic. To date, COVID-19 has had the most notable impact on retail tenants in the hospitality, fitness and fashion sectors, which represents a small portion of our portfolio.

There have been delays to our development initiatives as a result of the pandemic. Despite these delays, we remain confident that we will continue to add high quality real estate to our portfolio at a reasonable cost in the medium to long term.

Our strong balance sheet provides the flexibility necessary to help insulate Choice Properties in the face of broader market volatility. During 2020, we made significant progress in further strengthening our balance sheet, including refinancing our unsecured debt maturities, increasing our weighted average term of debt and increasing our available liquidity by issuing $1 billion of unsecured debentures, the proceeds of which were primarily used to address all unsecured debt maturities until the third quarter of 2021 and repay amounts drawn on our credit facility. From a liquidity perspective, we have approximately $1.5 billion available under our credit facility.

In light of the uncertainty surrounding the duration and severity of the pandemic, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Trust. For more information on the risks presented to the Trust by the COVID-19 pandemic, please see Section 11, "Enterprise Risks and Risk Management" of the Trust's MD&A for the three and six months ended June 30, 2020.

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 news 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 as it relates to "equity accounted joint ventures", net operating income ("NOI"), funds from operations ("FFO") and adjusted funds from operations ("AFFO"), are defined in Section 13, "Non-GAAP Financial Measures", of the Choice Properties MD&A for the three and six months ended June 30, 2020, and are reconciled to the most comparable IFRS measure.

Choice Properties' unaudited interim period condensed consolidated financial statements and MD&A for the three and six months ended June 30, 2020 are available on Choice Properties' website at www.choicereit.ca and on SEDAR at www.sedar.com. Readers are directed to these documents for financial details and a fulsome discussion on Choice Properties' results.

Management's Discussion and Analysis and Consolidated Financial Statements and Notes

Information appearing in this news release is a select summary of results. This news release should be read in conjunction with the Choice Properties 2020 Second Quarter 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

Management will host a conference call on Tuesday, July 21, 2020 at 11:00AM (ET) with a simultaneous audio webcast. To access via teleconference, please dial (647) 427-7450 or (888) 231-8191. A playback will be made available two hours after the event at (416) 849-0833 or (855) 859-2056, access code: 4818308. The link to the audio webcast will be available on 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 724 properties totaling 65.6 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 offers an impressive and substantial 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.

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.

Numerous risks and uncertainties could cause the Trust's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in Section 11, "Enterprise Risks and Risk Management" of the Trust's MD&A for the three and six months ended June 30, 2020, which includes detailed risks and disclosure regarding COVID-19 and its impact on the Trust.

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