CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST REPORTS RESULTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2020

Toronto, Ontario November 4, 2020 /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, 2020. The 2020 Third 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.

"We are pleased with our financial results for the quarter, which reflect solid earnings, increased rent collections, lower bad debt expense and the resumption of investment activity after a difficult second quarter," said Rael Diamond, President and Chief Executive Officer of the Trust. Mr. Diamond further noted that "Choice Properties completed or entered into agreements to dispose of $341.3 million of properties, and to acquire $333.9 million of new properties, consistent with our ongoing commitment to strengthening our balance sheet by improving the quality of our portfolio and reducing leverage. That said, the strength of our quarter must be tempered by the ongoing impact of the COVID-19 pandemic on the economy and the risk that it represents to our business. We will maintain our conservative approach and continue to focus on the well-being of our employees and tenants."

Summary of GAAP Basis Financial Results

($ thousands except where otherwise indicated) (unaudited)	Three Months			Nine Months		
	September 30, 2020	September 30, 2019	Change	**September 30, 2020**	September 30, 2019	Change
Net income (loss)	**$ 97,186**	$ (210,796)	$ 307,982	**$ 334,115**	$ (874,618)	$ 1,208,733
Net income (loss) per unit diluted	**0.137**	(0.301)	0.438	**0.472**	(1.276)	1.748
Rental revenue	**308,956**	323,306	(14,350)	**948,752**	970,568	(21,816)
Fair value gain (loss) on Exchangeable Units[(1)]	**(15,599)**	(296,371)	280,772	**440,656**	(1,138,689)	1,579,345
Fair value gains (losses) excluding Exchangeable Units[(2)]	**29,512**	(6,384)	35,896	**(322,756)**	(20,895)	(301,861)
Cash flows from operating activities	**79,837**	129,409	(49,572)	**389,273**	373,096	16,177
Weighted average Units outstanding - diluted	**711,582,778**	700,010,054	11,572,724	**707,537,645**	685,491,674	22,045,971

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 income for the third quarter of 2020 was $97.2 million compared to a loss of $210.8 million in 2019. The increase was mainly due to a favourable change of $280.8 million in the adjustment to fair value on the Exchangeable Units and a favourable change in the fair value of investment properties, including properties held within equity accounted joint ventures. This was partially offset by an increase in bad debt expense due to negotiated rent abatements and amounts forgiven under the Canada Emergency Commercial Rent Assistance ("CECRA") rent relief program. For the quarter, bad debt expense was $4.0 million on an GAAP basis ($4.7 million on a proportionate share basis).

Year-to-Date Results

Net income for the nine months ended September 30, 2020 was $334.1 million, compared to a loss of $874.6 million in the prior year. The increase was mainly due to a favourable change of $1.6 billion in the adjustment to fair value on Exchangeable Units and reduced interest and financing charges, partially offset by an unfavourable change in the fair value of investment properties, including properties held within equity accounted joint ventures, increased bad debt expense, and non-recurring items recorded in the second quarter which included early redemption premiums paid on two senior unsecured debentures maturing in 2021 and an allowance for expected losses related to a specific mortgage receivable.

The Trust has continued to support its tenants that have been negatively impacted by the pandemic by providing rent relief through rent deferrals and other arrangements, including participating in the CECRA program for eligible tenants. Year-to-date, the Trust has recorded a bad debt expense of $19.3 million on a proportionate share basis that reflects the support provided to tenants as well as the increased collectability risk for certain tenants with amounts past due.

Summary of Proportionate Share[1] Financial Results

As at or for the period ended ($ thousands except where otherwise indicated) (unaudited)	Three Months			Nine Months		
	September 30, 2020	September 30, 2019	Change	**September 30, 2020**	September 30, 2019	Change
Rental revenue[1]	**$ 324,130**	$ 340,524	$ (16,394)	**$ 994,750**	$ 1,020,639	$ (25,889)
Net Operating Income ("NOI"), cash basis[1][3]	**229,891**	239,047	(9,156)	**677,853**	706,371	(28,518)
Same-Asset NOI, cash basis[1][3]	**209,116**	210,922	(1,806)	**618,914**	628,040	(9,126)
Adjustment to fair value of investment properties[1]	**18,305**	(12,233)	30,538	**(360,768)**	(9,359)	(351,409)
Occupancy (% of GLA)	**97.0 %**	97.7%	(0.7)%	**97.0 %**	97.7 %	(0.7)%
Funds from operations ("FFO")[2]	**169,173**	174,982	(5,809)	**480,488**	514,483	(33,995)
FFO[2] per unit diluted	**0.238**	0.250	(0.012)	**0.679**	0.751	(0.072)
Adjusted funds from operations ("AFFO")[2]	**147,594**	152,032	(4,438)	**430,540**	458,508	(27,968)
AFFO[2] per unit diluted	**0.207**	0.217	(0.010)	**0.609**	0.669	(0.060)
AFFO[2] payout ratio - diluted	**89.9%**	85.2%	4.7 %	**91.0%**	83.0%	8.0%
Cash distributions declared	**132,628**	129,470	3,158	**391,746**	380,787	10,959
Weighted average number of Units outstanding - diluted	**711,582,778**	700,010,054	11,572,724	**707,537,645**	685,491,674	22,045,971

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 September 30, 2020, Funds from Operations ("FFO", a non-GAAP measure) was $169.2 million or $0.238 per unit diluted compared to $175.0 million or $0.250 per unit diluted for the three months ended September 30, 2019, while for the nine months ended September 30, 2020, FFO was $480.5 million or $0.679 per unit diluted compared to $514.5 million or $0.751 per unit diluted for the nine months ended September 30, 2019.

FFO decreased in the current quarter and on a year-to-date basis primarily due to an increase in bad debt expense and a reduction in net operating income attributable to the disposition of a 30-property portfolio in the third quarter of 2019. The decline was partially offset by deleveraging activities of the Trust by using proceeds from dispositions and the May 2019 equity offering to reduce overall borrowing costs.

The decline in FFO on a per unit basis also reflects the higher weighted average number of units outstanding as a result of the May 2019 equity offering, the proceeds from which were used to lower debt levels, as well as the units issued as consideration of the previously announced acquisition of two assets from Wittington Properties Limited in July 2020.

Transaction Activity

Since the end of the prior quarter, the Trust completed or entered into agreements to complete $341.3 million of dispositions and $333.9 million of acquisitions on a proportionate share basis[1]. Notable transactions include:

- The previously announced acquisition of two real estate assets from Wittington Properties Limited for an aggregate purchase price of $208.9 million, which was satisfied in full by the issuance of 16.5 million Trust Units. The assets were (i) the remaining 60% interest in West Block, a mixed-use retail and office site in Toronto that is anchored by a Loblaws grocery store, and (ii) the Weston Centre, a multi-tenant office and retail site in Toronto, which is also the head office for Choice Properties;
- The acquisition of an industrial portfolio for an aggregate purchase price of $85.9 million comprising of four assets. The portfolio is 100% leased to a national logistics company with long-term leases in place;
- The disposition of a 50% non-managing interest in a retail property portfolio for an aggregate sale price of $151.1 million, excluding transaction costs, comprising of ten assets and 591,000 square feet to an institutional partner. The purchaser has the option to acquire three additional assets comprising 207,000 square feet for an aggregate sale price of $50.5 million; and
- Additionally, the Trust entered into an agreement to dispose of two retail property portfolios comprising eight assets and 507,000 square feet for an aggregate sale price of $107.4 million.

The Trust has also made ongoing investments in its development program with $34.2 million of spending during the quarter on intensification, greenfield, mixed use and residential development projects on a proportionate share basis[1]. During the quarter, the Trust also transferred $88.2 million of properties under development to income producing status, delivering 255,000 square feet of new GLA on a proportionate share basis[1].

COVID-19 Update

As one of Canada's largest landlords, the Trust continued to support its tenants who have been negatively impacted by the pandemic by providing rent relief through rent deferrals and other arrangements, including participating in the CECRA program. During the three months ended September 30, 2020, the Trust collected or expects to collect approximately 98% of contractual rents:

% Collected	Second Quarter 2020	Third Quarter 2020
Retail	**88 %**	**98 %**
Industrial	**97 %**	**99 %**
Office[(1)]	**89 %**	**95 %**
Total	**89 %**	**98 %**

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

Rent collection for the third quarter is at the higher end of collections within the industry and is primarily due to the stability of the Trust's necessity-based portfolio. For the quarter, Choice Properties reported a $4.7 million provision for certain past due amounts on a proportionate share basis[(1)] ($20.2 million in aggregate, on a proportionate share basis[(1)], for the nine months ended September 30, 2020) reflecting collectability risk and abatements to be granted under the CECRA program. Quarter-over-quarter, this is a decrease of $9.8 million.

The Trust's diversified portfolio of retail, industrial and office properties remains well occupied at 97.0% and leased to high quality tenants across Canada. Choice Properties' 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 the Trust's portfolio.

Choice Properties' strong balance sheet provides the flexibility necessary to help insulate the Trust in the face of broader market volatility. During 2020, the Trust made significant progress in further strengthening its balance sheet, including refinancing unsecured debt maturities, increasing the weighted average term of debt and increasing 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 the credit facility. From a liquidity perspective, the Trust has approximately $1.5 billion available under the credit facility and approximately $11.9 billion in unencumbered assets.

In light of the uncertainty surrounding 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 nine months ended September 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 nine months ended September 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 nine months ended September 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 Third 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 Thursday, November 5, 2020 at 10:00AM (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: 5442246. 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 725 properties totaling 66.1 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 nine months ended September 30, 2020, which includes detailed risks and disclosure regarding COVID-19 and its impact on the Trust.

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