CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST REPORTS RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

Toronto, Ontario February 10, 2021 /CNW/ - Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") (TSX: CHP.UN) today announced its consolidated financial results for the year ended December 31, 2020. The 2020 Annual Report to Unitholders is available in the Investors 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 and operational results for the quarter and year ended December 31, 2020, as our portfolio of high-quality real estate assets continued to produce strong earnings and stable rent collections. In addition to posting strong results, we completed over $1 billion of real estate transactions this year through our capital recycling program, demonstrating our commitment and ability to improve the overall quality of our portfolio," said Rael Diamond, President and Chief Executive Officer of the Trust. "However, the strength of our results notwithstanding, we remain cautious due to the ongoing risks and uncertainties associated with the COVID-19 pandemic and the impact they may have on the economy and our business."

Summary of GAAP Basis Financial Results

($ thousands except where otherwise indicated) (unaudited)	Three Months			Year Ended		
	December 31, 2020	December 31, 2019	Change	**December 31, 2020**	December 31, 2019	Change
Net income (loss)	**$ 116,570**	$ 293,261	$ (176,691)	**$ 450,685**	$ (581,357)	$ 1,032,042
Net income (loss) per unit diluted	**0.162**	0.419	(0.257)	**0.637**	(0.843)	1.480
Rental revenue	**321,862**	317,986	3,876	**1,270,614**	1,288,554	(17,940)
Fair value gain (loss) on Exchangeable Units[(1)]	**(86,370)**	206,680	(293,050)	**354,286**	(932,009)	1,286,295
Fair value gains (losses) excluding Exchangeable Units[(2)]	**104,948**	9,352	95,596	**(217,808)**	(11,543)	(206,265)
Cash flows from operating activities	**255,960**	207,460	48,500	**621,184**	580,556	40,628
Weighted average Units outstanding - diluted	**718,026,576**	700,544,380	17,482,196	**707,764,714**	689,285,790	18,478,924

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 fourth quarter of 2020 was $116.6 million compared to $293.3 million in 2019. The decrease was mainly due to an unfavourable change of $293.1 million in the adjustment to the fair value on the Exchangeable Units, partially offset by a $109.8 million favourable change in the fair value of investment properties, including properties held within equity accounted joint ventures. For the quarter, bad debt expense was $2.7 million on a GAAP basis ($3.5 million on a proportionate share basis).

Annual Results

Net income for the year ended December 31, 2020 was $450.7 million, compared to a loss of $581.4 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, reduced interest and financing charges, and a favourable change in other fair value adjustments, 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 Canada Emergency Commercial Rent Assistance ("CECRA") program for eligible tenants, which ended on September 30, 2020. During the year ended December 31, 2020, the Trust recorded a bad debt expense of $23.7 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			Year Ended		
	December 31, 2020	December 31, 2019	Change	**December 31, 2020**	December 31, 2019	Change
Rental revenue[(1)]	**$ 337,907**	$ 333,744	$ 4,163	**$ 1,332,657**	$ 1,354,383	$ (21,726)
Net Operating Income ("NOI"), cash basis[(1)(3)]	**230,353**	234,949	(4,596)	**908,081**	941,320	(33,239)
Same-Asset NOI, cash basis[(1)(3)]	**201,167**	205,876	(4,709)	**795,532**	808,597	(13,065)
Adjustment to fair value of investment properties[(1)]	**103,931**	(5,891)	109,822	**(256,837)**	(15,250)	(241,587)
Occupancy (% of GLA)	**97.1 %**	97.7%	(0.6)%	**97.1 %**	97.7 %	(0.6)%
Funds from operations ("FFO")[(2)]	**171,519**	165,795	5,724	**652,007**	680,278	(28,271)
FFO[(2)] per unit diluted	**0.239**	0.237	0.002	**0.921**	0.987	(0.066)
Adjusted funds from operations ("AFFO")[(2)]	**136,054**	129,187	6,867	**566,469**	587,695	(21,226)
AFFO[(2)] per unit diluted	**0.189**	0.184	0.005	**0.800**	0.853	(0.053)
AFFO[(2)] payout ratio - diluted	**97.7%**	100.3%	(2.6)%	**92.6%**	86.8%	5.8%
Cash distributions declared	**162,411**	151,267	11,144	**554,157**	532,054	22,103
Weighted average number of Units outstanding - diluted	**718,026,576**	700,544,380	17,482,196	**707,764,714**	689,285,790	18,478,924

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 Results

For the three months ended December 31, 2020, Funds from Operations ("FFO", a non-GAAP measure) was $171.5 million or $0.239 per unit diluted compared to $165.8 million or $0.237 per unit diluted for the three months ended December 31, 2019. FFO increased in the current quarter primarily due to the reduction in net interest expense and other financing charges resulting from deleveraging activities, partially offset by higher bad debt expense. In addition, 2019 results included non-recurring charges relating to the reimbursement of revenue to Loblaw for incorrectly allocated solar rooftop leases and an allowance for expected credit losses on a mortgage receivable.

The increase on a per unit basis is due to the increase in FFO as described above, partially offset by the impact of 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, as well as the units issued as consideration of the acquisition of two assets from Wittington Properties Limited in July 2020, and the issuance of Exchangeable Units to Weston Foods (Canada) Inc., a wholly-owned subsidiary of George Weston Limited ("GWL"), as consideration for the acquisition of six assets in the fourth quarter of 2020.

Annual Results

For the year ended December 31, 2020, FFO was $652.0 million or $0.921 per unit diluted compared to $680.3 million or $0.987 per unit diluted for the year ended December 31, 2019.

FFO decreased on an annual basis primarily due to an increase in bad debt expense, partially offset by lower borrowing costs from deleveraging activities and capital recycling.

The decline in FFO on a per unit basis also reflects the higher weighted average number of units outstanding as discussed above.

Transaction Activity

Since the end of the prior quarter, the Trust completed or entered into agreements to complete $332.4 million of dispositions and $219.3 million of acquisitions on a proportionate share basis(1). Notable transactions include:

- the previously announced disposition to an institutional partner of a 50% non-managing interest in a retail property portfolio for an aggregate sale price of $169.0 million, excluding transaction costs, comprised of eleven assets and 656,000 square feet;
- the previously announced disposition of two retail property portfolios comprised of eight assets and 496,000 square feet for an aggregate sale price of $107.4 million;
- the disposition of a retail property comprising 259,000 square feet for an aggregate sale price of $51.0 million;
- the previously announced acquisition of an industrial portfolio for an aggregate purchase price of $85.9 million comprised of four assets. The portfolio is 100% leased to a national logistics company with long-term leases in place;
- the acquisition of five retail assets from Loblaw Companies Limited for an aggregate purchase price of $45.7 million; and
- the acquisition of six industrial properties from Weston Foods (Canada) Inc., a subsidiary of GWL, for an aggregate purchase price of $79.1 million.

The Trust has also made ongoing investments in its development program with $45.1 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 $82.8 million of properties under development to income producing status, delivering 180,000 square feet of new GLA on a proportionate share basis(1).

OUTLOOK AND IMPACT OF COVID-19

While the duration and longer-term impact of the COVID-19 pandemic cannot be predicted at this time, Choice Properties remains confident that its business model and disciplined approach to financial management will enable it to weather the impact of the pandemic.

Our diversified portfolio of office, retail and industrial properties is 97.1% occupied and leased to high-quality tenants across Canada. Our retail portfolio is primarily leased to grocery stores, pharmacies or other necessity-based tenants, who continue to perform well in this environment and the diversification of income provided by our industrial and office assets provides stability to our overall portfolio This stability is evident by our rent collections, which were 98% for the fourth quarter of 2020.

Despite the ongoing impact of the COVID-19 pandemic, Choice Properties continues to advance our development initiatives, which will provide us with the best opportunity to add high-quality real estate to our portfolio at a reasonable cost. We have a mix of development projects ranging in size, scale and complexity, including retail intensification projects which provide incremental growth to our existing sites, to larger, more complex major mixed-use developments which will drive net asset value growth in the future.

We expect to complete construction on two of our rental residential projects underway in Toronto in 2021 and have commenced construction on two additional high-rise residential projects. We have invested approximately $182.7 million into residential developments to date, and will continue to invest in our development pipeline, with an additional $326.8 million of spending planned on six residential projects.

In addition to our ongoing residential development, we are evaluating opportunities within our portfolio to redevelop and transform some of our grocery anchored retail projects into large scale major mixed-use projects. We are in the early planning stages on four major mixed-use sites and we expect that these initiatives will be a significant part of our growth going forward.

Choice Properties has taken proactive steps to ensure its financial strength and stability during and after the pandemic. 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 fund all unsecured debt maturities until the third quarter of 2021 and repay amounts drawn on the Trust's revolving credit facility. From a liquidity perspective, the Trust has approximately $1.7 billion available comprised of $1.5 billion as the unused portion of the Trust's revolving credit facility and $223.7 million in cash and cash equivalents, in addition to approximately $12.2 billion in unencumbered assets.

While the impact of the COVID-19 pandemic persists, we are pleased with our financial results this past quarter, demonstrating that our business model, stable tenant base and disciplined approach to financial management continue to position us well.

Update on Rent Collection

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. Rent collection for the fourth quarter was at the higher end of collections within the industry and was primarily due to the stability of the Trust's necessity-based portfolio.

For the three months ended December 31, 2020, the Trust collected or expects to collect approximately 98% of contractual rents:

% Collected	Fourth Quarter 2020
Retail	**98%**
Industrial	**100%**
Office[(1)]	**97%**
Total	**98%**

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

In determining the expected credit losses on rent receivables, the Trust takes into account the payment history and future expectations of likely default events (i.e. asking for rental concessions, applications for rental relief through government programs such as the CECRA program, or stating they will not be making rental payments on the due date) based on actual or expected insolvency filings or company voluntary arrangements and likely deferrals of payments due, and potential abatements to be granted by the landlord under CECRA. These assessments are made on a tenant-by-tenant basis.

The Trust's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assessments. As a result, the value of the expected credit loss is subject to a degree of uncertainty and is made on the basis of assumptions which may not prove to be accurate given the uncertainty caused by COVID-19. Based on its review, the Trust recorded bad debt expense of $3.5 million in property operating costs, on a proportionate share basis[(1)], during the three months ended December 31, 2020, with a corresponding amount recorded as an expected credit loss against its rent receivables. Of the $3.5 million bad debt expense recorded in the fourth quarter, approximately $1.6 million related to uncollected amounts from recurring billings in the period, while the balance pertains to past due amounts for a national retailer and smaller tenants that have declared bankruptcy.

($ thousands)		**Nine months ended December 31, 2020**	**As a %**
Total recurring tenant billings	$	1,100,269	100.0 %
Less: CECRA collections		(10,467)	1.0 %
Less: Amounts received and deferrals repaid to date		(1,059,726)	96.3 %
Balance outstanding		30,076	2.7 %
Total rents expected to be collected pursuant to deferral arrangements		(5,194)	(0.4)%
Total rents to be collected excluding collectible deferrals		24,882	2.3 %
Less: Provision recorded related to recurring tenant billings		(20,883)	(1.9)%
Balance expected to be recovered in time	$	3,999	0.4 %

The Trust's provision for recurring tenant billings for the nine months ended December 31, 2020, is comprised of the following:

($ thousands)		**Nine months ended December 31, 2020**
Provisions for CECRA-eligible tenants (reflects 25% landlord share)	$	(5,371)
Provisions for tenants with negotiated rent abatements		(10,510)
Provisions for additional expected credit losses		(5,002)
Total provision recorded related to recurring tenant billings	$	(20,883)

Due to continued 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 and its tenants, as well as on consumer behaviours and the economy in general. For more information on the risks presented to the Trust by the COVID-19 pandemic, please see Section 12, "Enterprise Risks and Risk Management" of the Trust's MD&A for the year ended December 31, 2020 and its Annual Information Form for the year ended December 31, 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 14, "Non-GAAP Financial Measures", of the Choice Properties MD&A for the year ended December 31, 2020, and are reconciled to the most comparable GAAP measure.

Choice Properties' consolidated financial statements and MD&A for the year ended December 31, 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 Annual Report to Unitholders, which includes the 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, February 11, 2021 at 10:30AM (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: 9790288. The link to the audio webcast will be available on www.choicereit.ca in the "Investors" section under "Events & Webcasts".

About Choice Properties Real Estate Investment Trust
Choice Properties is a leading Real Estate Investment Trust that creates enduring value through the ownership, operation and development of high-quality commercial and residential properties.

We believe that value comes from creating spaces that improve how our tenants and communities come together to live, work, and connect. We strive to understand the needs of our tenants and manage our properties to the highest standard. We aspire to develop healthy, resilient communities through our dedication to social, economic, and environmental sustainability. In everything we do, we are guided by a shared set of values grounded in Care, Ownership, Respect and Excellence. 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 12, "Enterprise Risks and Risk Management" of the Trust's MD&A for the year ended December 31, 2020, which includes detailed risks and disclosure regarding COVID-19 and its impact on the Trust, and those described in the Trust's Annual Information Form for the year ended December 31, 2020.

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