ChoiceProperties

2022 First Quarter Report

West Block
Toronto, ON

Creating Enduring Value

Our Purpose

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.

Stability and Growth

Choice Building Blocks

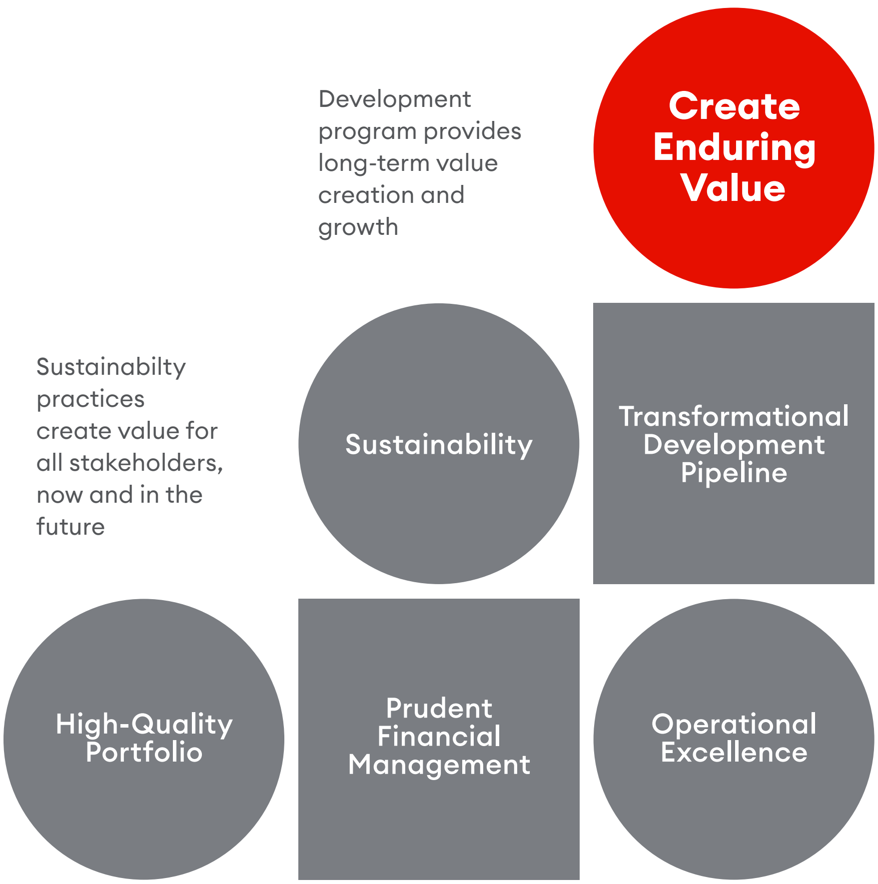
Our Choice Building Blocks illustrate our strategic framework, which aims to deliver stability and growth to our stakeholders.

Our Business Strategy

The combination of stability and growth is at the core of our commitment to creating enduring value for our stakeholders and the communities in which we operate. Our business strategy aims to achieve Net Asset Value appreciation, stable NOI growth and capital preservation, all with a long term focus.

Our business strategy is guided by a shared set of values and a sense of social responsibility.

Development program provides long-term value creation and growth



Sustainabilty practices create value for all stakeholders, now and in the future

Portfolio delivers a reliable and growing cash flow

Industry leading balance sheet creates financial flexibility

Operational excellence ensures income stability from an engaged, strong tenant base, and long-term Net Asset Value appreciation

CORE Values

Our actions are grounded by a shared commitment to Care, Ownership, Respect and Excellence amongst our colleagues.

Fighting Climate Change

We continue to take meaningful steps to minimize our environmental footprint in order to preserve our planet's resources for current and future generations.

Advancing Social Equity

We hold ourselves accountable for advancing diversity, equity and inclusion for all stakeholders. We view the collection of varied experiences, talents and perspectives as a strength.

Ethics & Compliance

We are dedicated to strong governance practices designed to maintain high standards of oversight, accountability, ethics and compliance.

Management's Discussion and Analysis

3045 Mavis Road
Mississauga, ON

"We continuously evaluate our assets and maintain an active capital recycling program. In doing so, we are able to deliver a high-performing portfolio and invest in our robust development pipeline."

Rael L. Diamond
President & Chief Executive Officer

(1) See Section 14, "Non-GAAP Financial Measures", of this MD&A
(2) To be read in conjunction with the "Forward-Looking Statements" included in the Notes for Readers located on page 6 of this MD&A

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Notes for Readers

Please refer to the Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") unaudited interim period condensed consolidated financial statements for the three months ended March 31, 2022 and accompanying notes ("Q1 2022 Financial Statements") when reading this Management's Discussion and Analysis ("MD&A"), as well as the Trust's Audited Financial Statements and MD&A for the year ended December 31, 2021. In addition, this MD&A should be read in conjunction with the Trust's "Forward-Looking Statements" as listed below. Choice Properties' Q1 2022 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") and were authorized for issuance by the Board of Trustees ("Board").

In addition to using performance measures determined in accordance with IFRS, Choice Properties' management also measures performance using certain additional non-GAAP measures and provides these measures in this MD&A so that investors may do the same. Such measures do not have any standardized definitions prescribed under IFRS and are, therefore, unlikely to be comparable to similar measures presented by other real estate investment trusts or enterprises. Please refer to Section 14, "Non-GAAP Financial Measures" for a list of defined non-GAAP financial measures and reconciliations thereof.

This Annual Report, including this MD&A, contains forward-looking statements about Choice Properties' objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities, and legal and regulatory matters. Specific statements with respect to anticipated future results and events can be found in various sections of this MD&A, including but not limited to, Section 3, "Investment Properties", Section 5, "Results of Operations", Section 6, "Leasing Activity", Section 7, "Results of Operations - Segment Information", Section 12, "Environmental, Social and Governance ("ESG")", and Section 13, "Outlook". Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "should", "aspire", "pledge, "aim", and similar expressions, as they relate to Choice Properties and its management.

Forward-looking statements reflect Choice Properties' current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Choice Properties' expectation of operating and financial performance is based on certain assumptions, including assumptions about the Trust's future growth potential, prospects and opportunities, industry trends, future levels of indebtedness, tax laws, economic conditions and competition. Management's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Choice Properties can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

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 this MD&A and the Trust's Annual Information Form ("AIF") for the year ended December 31, 2021. Selected highlights of such risks and uncertainties include:

- changes in economic conditions, including changes in interest and inflation rates, and supply chain constraints;
- the duration and impact of the COVID-19 pandemic on the business, operations and financial condition of Choice Properties and its tenants, as well as on consumer behaviours and the economy in general;
- failure by Choice Properties to effectively and efficiently manage its property and leasing management processes;
- the inability of Choice Properties to make acquisitions and dispositions of properties in accordance with its near and long-term strategies;
- failure by Choice Properties to anticipate, identify and react to demographic changes, including shifting consumer preferences toward digital commerce, which may result in a decrease in demand for physical space by retail tenants; and
- the inability of Choice Properties' information technology infrastructure to support the requirements of Choice Properties' business, failure by Choice Properties to identify and respond to business disruptions, or the occurrence of any internal or external security breaches, denial of service attacks, viruses, worms or other known or unknown cyber security or data breaches.

This is not an exhaustive list of the factors that may affect Choice Properties' forward-looking statements. Other risks and uncertainties not presently known to Choice Properties could also cause actual results or events to differ materially from those expressed in its forward-looking statements.

Choice Properties' financial results are impacted by adjustments to the fair value of the Class B LP units of Choice Properties Limited Partnership (the "Exchangeable Units"), unit-based compensation and investment properties. Exchangeable Units and unit-based compensation liabilities 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. Investment properties are recorded at fair value based on valuations performed by the Trust's internal valuations team. These adjustments to fair value impact certain of the GAAP reported figures of the Trust, including net income.

Additional risks and uncertainties are discussed in Choice Properties' materials filed with the Canadian securities regulatory authorities from time to time, including without limitation, the Trust's AIF for the year ended December 31, 2021. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Choice Properties' expectations only as of the date of this Annual Report. Except as required by applicable law, Choice Properties does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Choice Properties is an unincorporated, open ended mutual fund trust governed by the laws of the Province of Ontario and established pursuant to an amended and restated declaration of trust dated April 30, 2021, as may be amended, supplemented or restated from time to time (the "Declaration of Trust"). Choice Properties' Trust Units are listed on the Toronto Stock Exchange ("TSX") and are traded under the symbol "CHP.UN".

George Weston Limited ("GWL") is the controlling unitholder of the Trust and the controlling shareholder of Loblaw Companies Limited ("Loblaw"), the Trust's largest tenant. As of March 31, 2022, GWL held a 61.7% direct effective interest in Choice Properties. Choice Properties' ultimate parent is Wittington Investments, Limited ("Wittington"), the controlling shareholder of GWL.

Additional information about Choice Properties has been filed electronically with the Canadian securities regulatory authorities through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online at www.sedar.com.

The information in this MD&A is current to April 28, 2022, unless otherwise noted.

All amounts in this MD&A are reported in thousands of Canadian dollars, except where otherwise noted.

301 Moore Avenue
Toronto, ON

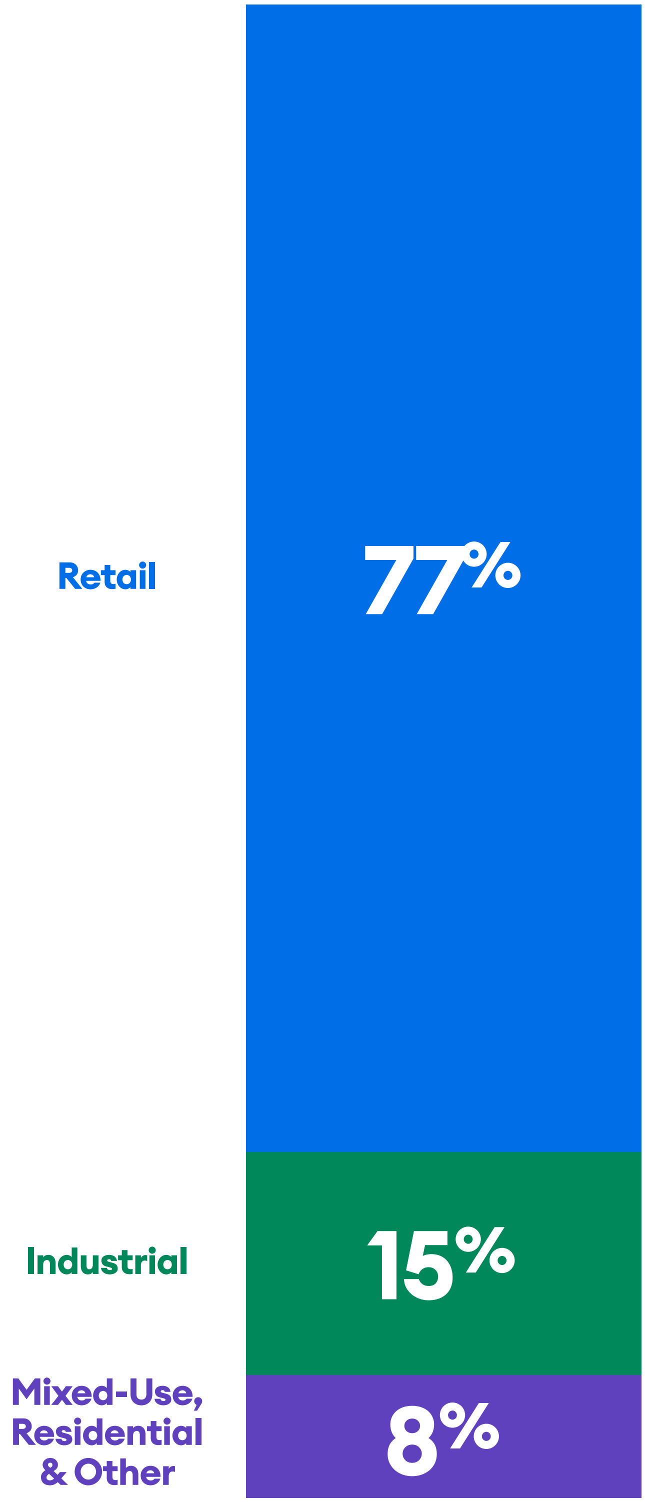
High-Quality Portfolio

Canada's Largest REIT

Choice Properties is Canada's largest REIT. Our portfolio is comprised of retail properties primarily leased to necessity-based tenants, as we benefit from our strategic relationship with Loblaw Companies Limited, one of Canada's largest retailers. We also own a portfolio of high-quality industrial, mixed-use and residential assets concentrated in attractive markets across Canada.

699
Properties

64.0M
Sq. Ft. of GLA



(i) As a % of total NOI on a cash basis[1]

Resilient Retail Portfolio

The retail portion of the our portfolio is the foundation for maintaining reliable cash flow. Our portfolio is primarily leased to grocery stores, pharmacies, and other necessity-based tenants, and stability is attained through a strategic relationship and long-term leases with Loblaw, one of Canada's largest retailers. This relationship provides us with access to future tenancy and related opportunities with Loblaw, Shoppers Drug Mart and other members of the Loblaw group of companies.

1460 East Hastings Street
Vancouver, BC

Retail Category	% of Retail NOI	Tenants
Grocery Stores & Pharmacy	70%	Loblaws, Shoppers Drug Mart, Sobeys, metro, Rexall, save on foods
Specialty Retailers	6%	Canadian Tire, staples, Indigo, petvalu, Best Buy, Michaels
Value Retailers	5%	Dollarama, Walmart, Costco Wholesale, Winners, Giant Tiger, Dollar Tree
Essential Personal Service	5%	LCBO, TD, Scotiabank, SAQ, CIBC, RBC
Fitness & Other Personal Services	4%	GoodLife Fitness, LA Fitness, Orangetheory Fitness, H&R Block, Great Clips, Kumon
Restaurants and Cafes	4%	Recipe, rbi restaurant brands international, Starbucks, McDonald's, A&W, Subway
Furniture & Home	4%	Lowe's, Leon's, HomeSense, Sleep Country, The Home Depot, Bed Bath & Beyond
Other	2%	
Total	**100%**	

Calculated as a % of total NOI on a cash basis[1] for the three months ended March 31, 2022

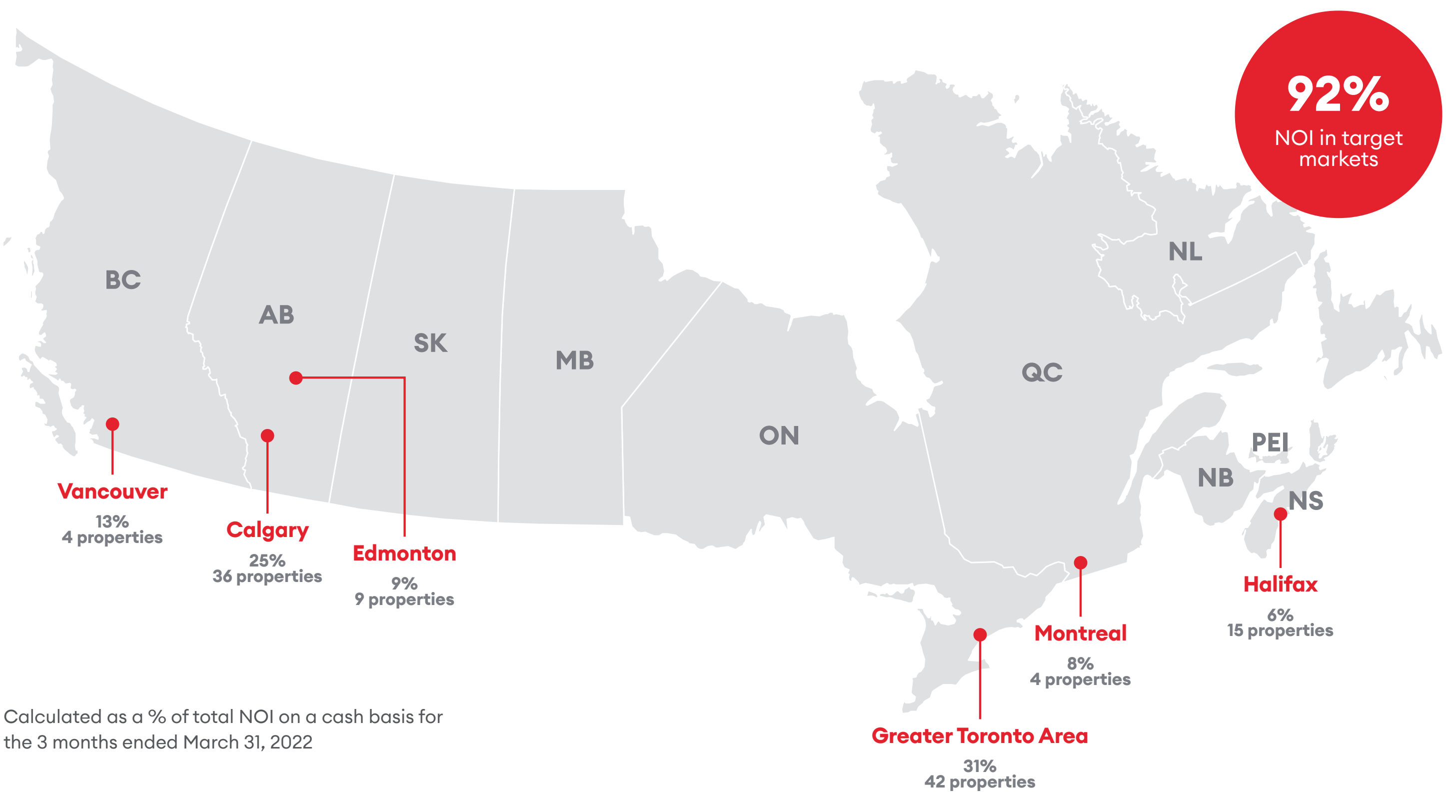
Growing Industrial Portfolio

Choice Properties' industrial portfolio is centered around large, purpose-built distribution facilities for Loblaw and high-quality "generic" industrial assets that readily accommodate the diverse needs of a broad range of tenants. The term "generic" refers to a product that appeals to a wide range of potential users, so that the leasing or re-leasing time frame is reduced.

Our industrial properties are located in target distribution markets across Canada, where demand is the highest and we can build a critical mass to enjoy management efficiencies and to accommodate the expansion or contraction requirements of the tenant base.

Great Plains Business Park
Calgary, AB

Building Critical Mass in Target Distribution Markets



Calculated as a % of total NOI on a cash basis for the 3 months ended March 31, 2022

Mixed-Use, Residential & Other

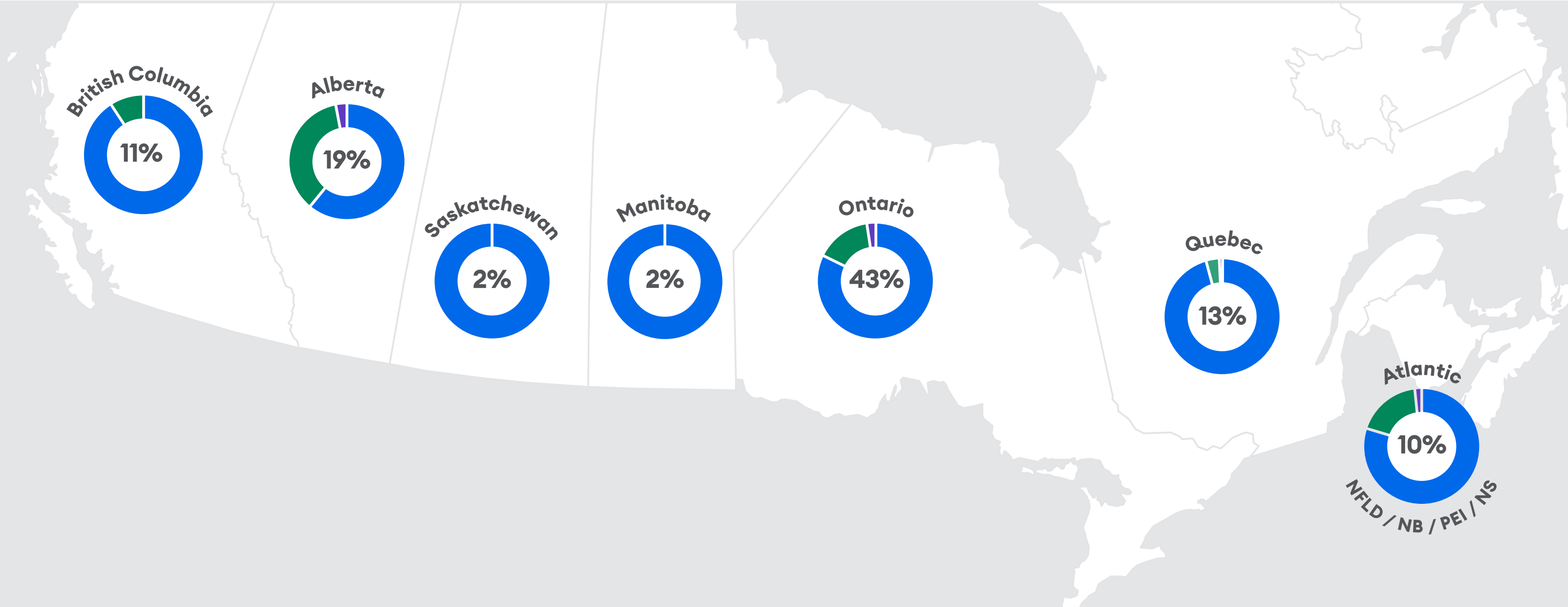
Our rental residential properties provide additional income diversification and generate further investment opportunities for portfolio growth. Many of the opportunities to develop residential properties stem from densifying existing retail sites with residential buildings. Our residential properties are transit accessible and well located in Canada's largest cities. They include both newly developed purpose-built rental buildings and residential-focused mixed-use communities.

Our mixed-use segment also includes assets with an office component which are primarily leased to entities within the Weston Group of companies.

West Block
Toronto, ON

Ownership by Asset Class

Net operating income, cash basis[(1)(i)], shown in percentage below



● Retail ● Industrial ● Mixed-Use, Residential & Other

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic
Total	**44**	**126**	**17**	**14**	**289**	**109**	**101**
Retail	40	77	17	14	238	104	81
Industrial	4	45	0	0	43	4	18
Mixed-Use, Residential & Other	0	4	0	0	7	1	2

571 Retail

114 Industrial

14 Mixed-Use, Residential & Other

(i) For the three months ended March 31, 2022


2994 Peddie Road
Milton, ON

Operational Excellence

At Choice Properties, we strive to understand the needs and values of our tenants to provide best in class service. We manage our properties to the highest standard, creating spaces that promote the success and well-being of our tenants and the surrounding community. To sustain operational excellence we prioritize building efficiency and to prioritize climate resilience. We partner with our tenants, contractors and suppliers to proactively monitor and manage resource consumption through our environmental programs focused on reducing emissions and waste.

Delivering operational excellence, coupled with pro-active leasing, results in high occupancy rates, income stability and long-term net asset value appreciation.

Pioneer Park
Kitchener, ON

	Occupancy	Sq. Ft. GLA
Retail	97.4%	44.0M
Industrial	97.1%	17.2M
Mixed-Use, Residential & Other (i)	87.1%	2.8M
Total	97.0%	64.0M

(i) Office properties are included in the Mixed-Use, Residential & other for reporting purposes, occupancy disclosed excludes residential units

The Weston Centre
Toronto, ON

Transformational Development Program

Choice Industrial Centre
Surrey, BC

Activating Our Potential

Development initiatives are a key component of our business plan, positioning Choice Properties for long-term growth and value creation. Our income producing properties offer significant intensification and redevelopment opportunities in Canada's largest markets, enabling us to add high-quality real estate to our portfolio at a reasonable cost. Our long-term pipeline of potential mixed-use developments allow us to transform and revitalize neighbourhoods into communities that are self-sustaining and inclusive.

Choice Properties has internal development capabilities as well as established relationships with strong real estate developers who share our commitment to building healthy, resilient communities. From project concept through to operations, we consider the environmental and social impact of our developments. By implementing environmental design features and taking a community-based approach to development, we aspire to deliver a product that positively influences the entire area for generations.

Developing with Purpose

Mixed-Use

Transforming Communities

Mixed-use developments are a critical part of Choice Properties' long-term growth strategy. These projects allow us to transform neighbourhoods into communities that are self-sustaining and inclusive. These developments will deliver attractive residential and commercial spaces in close proximity to public transportation. Our projects are in various phases of planning and rezoning, and we continue to work on finalizing any necessary land assemblies.

Greenfield Development

Adapting to Market Trends

Choice Properties' development activities include greenfield projects that are primarily focused on new generation logistics facilities in key distribution markets across Canada. An advantage of greenfield developments is that they lend themselves to phased construction, creating flexibility to time developments with changing market conditions.

Intensification

Delivering Steady Growth

Our intensifications are focused on adding at-grade retail density at our existing retail properties. These projects provide the opportunity to add new tenants and further expand our high-quality tenant mix. Our pipeline of intensification projects provides steady growth to our business.

Residential

Diversifying Our Portfolio

Residential development further diversifies our portfolio. These developments are primarily purpose-built rental assets with close proximity to major transit, local amenities, and well-established communities.

On the Move

We look forward to delivering on our active development projects that will strengthen our portfolio across each asset class.

18
Projects Under Development

$300M
Total Investment (2)

1M
Sq. Ft.

348
Residential Units

Choice Industrial Centre

Surrey, BC

New generation logistic facility targeting LEED silver certification

Mount Pleasant Village

Brampton, ON

Residential development designed to deliver geothermal heating and embodied carbon reduction

Element

Ottawa, ON

Purpose-built rental project in the well-established Westboro neighborhood of Ottawa

Environmental, Social & Governance Program

"Building a sustainable and equitable future is integral to our mission of creating enduring value."

Ana Radic
Executive Vice President, Leasing and Operations

Our commitment to Environmental, Social and Governance ("ESG") practices is aligned with our purpose of creating enduring value through the ownership, operation and development of high-quality commercial and residential properties.

Recognizing that our responsibility extends beyond the spaces we own, and to a broad set of stakeholders, Choice Properties aspires to develop healthy, resilient communities through its dedication to social, economic and environmental sustainability.

More information about Choice Properties' ESG practices and programs can be found in our 2021 Environmental, Social and Governance Report available at www.choicereit.ca/sustainability.

Focused Pillars

Choice Properties focuses its ESG program around two pillars where we can best create enduring value and which align with our stakeholder interests: Fighting Climate Change and Advancing Social Equity.

Fighting Climate Change

Choice Properties' goal of creating enduring value is aligned with the need to promote a more sustainable future in order to prevent the effects of climate change in our communities and on our business.

Choice Properties has committed to setting ambitious science-based targets through the Science Based Targets initiative (SBTi) Net-Zero Standard, and expects to do so in 2022. We pledged to set targets across our entire value chain, including our own operational emissions, and those from our tenants and developments (Scope 1, 2, and 3), and to establish a pathway to achieve net-zero emissions by 2050. This commitment builds on the progress Choice Properties has made over the past few years since issuing our first emissions reduction targets in 2019.

Choice Properties continues to take meaningful steps to minimize our environmental impact by improving the operational efficiency of our portfolio, embedding sustainable design features in our new developments, and certifying a substantial portion of our portfolio under green building standards including LEED and BOMA BEST.

Advancing Social Equity

Choice Properties is committed to advancing diversity, equity and inclusion ("DEI") for all stakeholders. This commitment is demonstrated through programs focused on our colleagues and culture, and programs that enhance the community fabric in which we operate.

Choice Properties has established a DEI Framework which identifies four focus areas through which the Trust can meaningfully advance DEI through our business. As part of this Framework, Choice Properties has set and made progress towards ambitious DEI targets that commit to recruiting, advancing and retaining colleagues who self-identify as women and visible minorities within our organization at the Board of Trustees, Executive and Senior Management levels.

The Trust's commitment to advancing social equity in our communities can be seen through our Choice Cares program. Through Choice Cares, we have contributed over $1 million and over 3,750 paid volunteer time to various Canadian charities hand-picked by our colleagues.

Choice Properties looks forward to expanding our community building program by taking a multi-sector collaborative approach to development. For example, at our Grenville and Grosvenor development in Toronto, Ontario we are working closely with local government to deliver an affordable housing component.

Prudent Financial Management

Woodside Power Centre
Markham, ON

"Our prudent capital structure delivers an industry leading balance sheet and provides us with the financial flexibility and capacity to fund our transformational development program."

Mario Barrafato
Chief Financial Officer

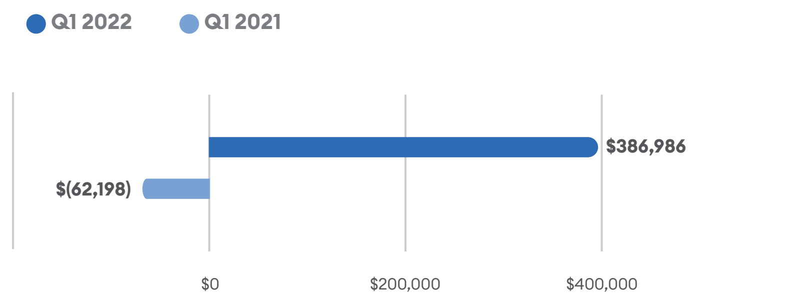
Harvest Pointe
Edmonton, AB

Key Performance Indicators and Financial Information

The analysis of the indicators focuses on trends and significant events affecting the financial condition and results of operations.

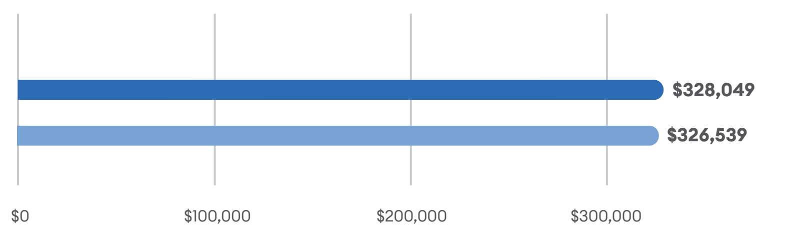
↗ Net Income (Loss)

The quarterly increase compared to the prior year was mainly due to a $243.5 million favourable change in the fair value of investment properties and a $106.5 million increase in income from equity accounted joint ventures, driven by fair value gains in the Trust's industrial, development, and retail portfolios. Additionally, there was a $98.9 million favourable change in the adjustment to the fair value of the Trust's Exchangeable Units, drvien by changes in the Trust's unit price.



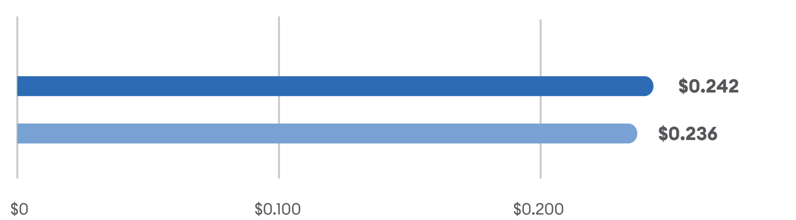
↗ Rental Revenue (GAAP)

The quarterly increase in revenue was primarily due to higher rental rates on renewals in the retail portfolio and increased capital recoveries. The increase was partially offset by foregone revenue from dispositions, and a decrease in lease surrender revenue.



↗ FFO Per Unit Diluted[(1)]

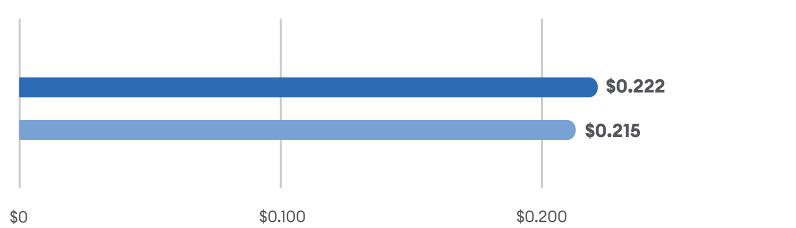
Funds from operations increased by $4.5 million year-over-year primarily due to higher net operating income from the revenue increases noted above, a decline in bad debt expense, a decline in interest expense due to a lower level of borrowing, and an increase in interest income, partially offset by an increase in general and administrative expenses.



↗ AFFO Per Unit Diluted[(1)]

Adjusted funds from operations increased compared to the prior year on a quarterly basis due to the increase in FFO as noted above, and a decrease in straight line rental revenue adjustment, partially offset by an increase in spending on tenant improvements and leasing costs

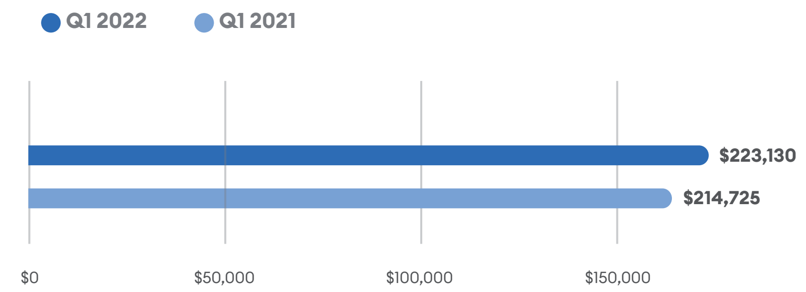
For the three months ended March 31, 2022, the AFFO payout ratio was 83.3% compared to 86.1% in the prior year.



* As at and for the three months ended March 31, 2022 and 2021 ($ thousands except where otherwise indicated)

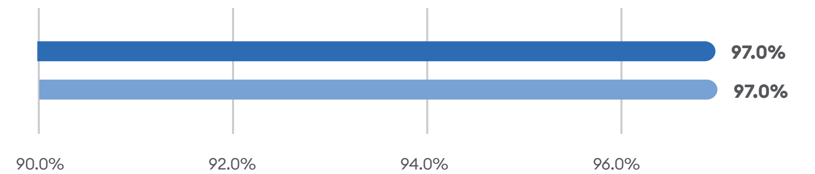
Same-Asset NOI, Cash Basis(1)

The increase of 3.9% for the three months ended March 31, 2022 was mainly due to increased revenue from contractual rent steps, a decrease in bad debt expense, and higher rental rates on renewals in the retail portfolio.



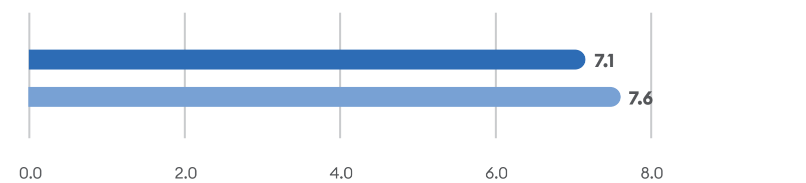
Period End Occupancy

Overall period end occupancy was stable compared to the prior year as positive absorption in the Ontario and Alberta industrial portfolios, and contributions from development transfers, were partially offset by vacancies in the mixed-use, residential and other portfolio.



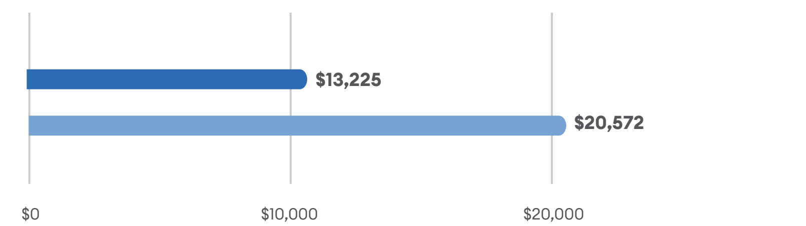
Adjusted Debt to EBITDAFV(1)

The improvement is primarily due to an increase in net operating income compared to the prior year, coupled with a reduction in debt primarily from the redemption of the $200 million series 9 senior unsecured debentures in June 2021. The redemption was funded with the proceeds of dispositions completed in 2021.



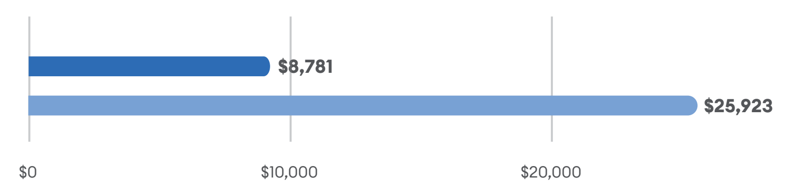
Development Spending (Proportionate)(1)

Development activity reflects spending on active projects during the three months ended March 31, 2022.



Transfers From Properties Under Development to Income Producing (Proportionate)(1)

During the three months ended March 31, 2022, the Trust transferred approximately 23,000 square feet of new retail space from properties under development to income producing.



Grandview Central
Surrey, BC

First Quarter Financial Performance

During the three months ended March 31, 2022

Operating

- Reported net income for the quarter of $387.0 million, compared to net loss of $62.2 million in the prior year. The increase is primarily due to favourable adjustments to the fair value of investment properties of $302.2 million as compared to $58.8 million in the prior year. An increase in income from equity accounted joint ventures of $106.5 million and a favourable change in adjustment to the fair value of Exchangeable Units of $98.9 million also contributed to the increase in net income.
- Reported FFO per unit diluted[1] for the quarter was $0.242, an increase of $0.006 per unit diluted from the prior year quarter.
- AFFO per unit diluted[1] for the quarter was $0.222, compared to $0.215 in the prior year. The increase reflects the increase in FFO and a decrease in straight line rental revenue adjustment.
- Same-asset NOI on a cash basis[1] increased by 3.9% over the same quarter in the prior year, mainly due to increased revenue from contractual rent steps, a decrease in bad debt expense, and higher renewal rates in the retail portfolio.
- Period end occupancy remained strong at 97.0%, with retail at 97.4%, industrial at 97.1% and mixed-use, residential and other at 87.1%.
- Net fair value gain on investment properties was $412.7 million on a proportionate share basis[1] primarily due to fair value gains on the industrial portfolio due to strong demand fundamentals and capitalization rate compression.

Investing

- The Trust completed $854.4 million of transactions in Q1, comprised of the following:
  - Sold six office assets to Allied Properties Real Estate Investment Trust ("Allied") in exchange for 11.8 million units[i] valued at $550.7 million of an affiliated entity of Allied and a promissory note with a face value of $200.0 million. Fair value of the net consideration received was $733.8 million;
  - As a holder of the Class B Units, the Trust is entitled to distributions paid by Allied. The units are recorded at their fair value based on market trading price of the Allied's publicly traded units;
  - Acquired a partner's 3% interest, and cancelled the same partner's option to increase their interest, in the Brixton and East Liberty residential projects for $17.1 million and $18.7 million, respectively;
  - Completed the strategic acquisition of a retail asset in Montreal and an industrial asset in Ottawa from Loblaw for $29.6 million; and
  - Disposed of three non-core retail and industrial assets for proceeds of $55.2 million.
- Ongoing investment in the development program with $13.2 million of spending during the quarter on a proportionate share basis[1].
- Transferred $10.2 million of properties under development to income producing status during the quarter, delivering approximately 23,000 square feet of new GLA on a proportionate share basis[1].

Financing

- Discharged three mortgages totaling $52.3 million at a weighted average rate of 3.3%.
- Ended quarter with Adjusted debt to total assets[1] at 39.5%, and Adjusted debt to EBITDAFV[1] and debt service coverage ratios[1] of 7.2 and 3.4 times, respectively.
- Strong liquidity position with approximately $1.4 billion of available credit and a $12.4 billion pool of unencumbered properties.

(i) The Trust received approximately 11.8 million Class B units of Allied Properties Exchangeable Limited Partnership ("Class B Units"), an affiliated entity of Allied. The units are exchangeable into, and are economically equivalent to, publicly traded trust units of Allied ("Allied Units"). There are no restriction on the exchange of Class B Units into Allied Units, but the Allied Units (if exchanged) are subject to a lock-up on the closing of the Transaction, such that 25% of the Class B Units or Allied Units, as applicable, will be released from lock up every three months following the first anniversary of closing of the transaction.


25 Photography Drive
Toronto, ON

1. KEY PERFORMANCE INDICATORS AND SELECTED FINANCIAL INFORMATION

Choice Properties has identified key financial and operating performance indicators that were derived from, and should be read in conjunction with, the condensed consolidated financial statements of the Trust as at and for the three months ended March 31, 2022 and 2021. The analysis of the indicators focuses on trends and significant events affecting the financial condition and results of operations of the Trust.

As at or for the three months ended March 31 ($ thousands except where otherwise indicated)		2022		2021
Number of income producing properties		**699**		715
GLA (in millions of square feet)		**64.0**		66.2
Occupancy*		**97.0%**		97.0%
Total assets (GAAP)	**$**	**16,429,693**	$	15,738,670
Total liabilities (GAAP)	**$**	**(12,786,310)**	$	(12,348,480)
Rental revenue (GAAP)	**$**	**328,049**	$	326,539
Net income (loss)	**$**	**386,986**		(62,198)
Net income (loss) per unit diluted	**$**	**0.535**	$	(0.086)
FFO[(1)] per unit diluted*	**$**	**0.242**	$	0.236
FFO[(1)] payout ratio*		**76.4%**		78.4%
AFFO[(1)] per unit diluted*	**$**	**0.222**	$	0.215
AFFO[(1)] payout ratio*		**83.3%**		86.1%
Distribution declared per Unit	**$**	**0.185**	$	0.185
Weighted average number of Units outstanding – diluted[(i)]		**723,466,930**		722,930,485
Adjusted debt to total assets[(ii)*]		**39.5%**		42.3%
Debt service coverage[(ii)*]		**3.4x**		3.2x
Adjusted Debt to EBITDAFV[(1)(iii)(iii)*]		**7.2x**		7.6x
Indebtedness[(iv)] – weighted average term to maturity*		**5.3 years**		5.6 years
Indebtedness[(iv)] – weighted average interest rate*		**3.59%**		3.64%

* Denotes a key performance indicator

(i) Includes Trust Units and Exchangeable Units.
(ii) Debt ratios exclude Exchangeable Units, see Section 4, “Liquidity and Capital Resources”. The ratios are non-GAAP financial measures calculated based on the Trust Indentures, as supplemented.
(iii) Adjusted Debt to EBITDAFV, net of cash, was 7.1x at March 31, 2022, and 7.4x at March 31, 2021
(iv) Indebtedness reflects senior unsecured debentures and mortgages only.

2. BALANCE SHEET

The following table reconciles Choice Properties' balance sheet on a GAAP basis to a proportionate share basis(1) as at the dates indicated:

	As at March 31, 2022			As at December 31, 2021		
($ thousands)	GAAP Basis	Reconciliation	Proportionate Share Basis(1)	GAAP Basis	Reconciliation	Proportionate Share Basis(1)
Assets						
Investment properties	$ 14,490,000	$ 1,269,000	$ 15,759,000	$ 14,930,000	$ 1,113,000	$ 16,043,000
Equity accounted joint ventures	700,331	(700,331)	—	564,378	(564,378)	—
Financial real estate assets	91,910	(91,910)	—	86,603	(86,603)	—
Residential development inventory	11,929	—	11,929	10,142	—	10,142
Mortgages, loans and notes receivable	402,116	(12,773)	389,343	354,901	(7,972)	346,929
Investment in real estate securities	550,660	—	550,660	—	—	—
Intangible assets	22,119	—	22,119	28,000	—	28,000
Accounts receivable and other assets	144,398	(2,393)	142,005	114,275	(1,844)	112,431
Cash and cash equivalents	16,230	18,924	35,154	84,304	39,976	124,280
Total Assets	$ 16,429,693	$ 480,517	$ 16,910,210	$ 16,172,603	$ 492,179	$ 16,664,782
Liabilities and Equity						
Long term debt	$ 6,174,127	$ 450,473	$ 6,624,600	$ 6,230,010	$ 444,428	$ 6,674,438
Credit facility	51,894	—	51,894	—	—	—
Exchangeable Units	6,130,733	—	6,130,733	6,011,997	—	6,011,997
Trade payables and other liabilities	429,556	30,044	459,600	620,405	47,751	668,156
Total Liabilities	12,786,310	480,517	13,266,827	12,862,412	492,179	13,354,591
Equity						
Unitholders' equity	3,643,383	—	3,643,383	3,310,191	—	3,310,191
Non-controlling interests	—	—	—	—	—	—
Total Equity	3,643,383	—	3,643,383	3,310,191	—	3,310,191
Total Liabilities and Equity	$ 16,429,693	$ 480,517	$ 16,910,210	$ 16,172,603	$ 492,179	$ 16,664,782

Balance Sheet Analysis (GAAP Basis)

Line Item	$ Change	Variance Commentary
Investment properties	$ (440,000)	The decrease compared to December 31, 2021 is primarily attributable to dispositions of $789.0 million, $733.8 million of which relates to the disposition of six office assets to Allied. This decrease was partially offset by a favourable fair value adjustment on investment properties of $302.2 million, acquisitions of $27.2 million, and development and operating and capital expenditures of $19.0 million.
Equity accounted joint ventures	135,953	During the quarter, the Trust: (i) Completed the acquisition of an additional 3% ownership interest in two residential projects in Ontario for $25.2 million bringing the Trust's ownership interest to 50%; (ii) Recognized favourable adjustments in the fair value for properties held in equity accounted joint ventures of $108.3 million.
Financial real estate assets	5,307	The increase was mainly attributable to the acquisition of an asset from Loblaw for $2.3 million in March 2022, coupled with a favourable fair value adjustment of $2.4 million in the first quarter.
Residential development inventory	1,787	The increase was attributable to development expenditures incurred for a residential condominium project in Brampton, ON.
Mortgages, loans and notes receivable	47,215	The increase was primarily due to the issuance of a promissory note, with a fair value of $193.2 million, as a part of the disposition of six office assets to Allied. The Trust also made various advances to third-party borrowers totaling $24.0 million and accrued $1.3 million of interest, net of interest repayments. These advances were partially offset by the repayment of GWL's prior year outstanding notes receivable balance of $168.3 million in the current period. In addition, repayments were made during the year on other mortgages and loans receivable, totaling $2.9 million.
Investment in Real Estate Securities	550,660	As part of the consideration received for the disposal of six office assets to Allied the Trust received 11,809,145 exchangeable Class B limited partnership units with a value of $550.7 million.
Intangible assets	(5,881)	The decrease was primarily due to the Trust de-recognizing a portion of its intangible asset in relation to two of the office properties disposed of during the quarter.
Working Capital	152,898	Net change was primarily due to the settlement of the $168.3 million note receivable from GWL against the Trust's distribution payable to GWL.
Long term debt and credit facility	(3,989)	Net decrease was primarily attributable to the principal repayments of mortgages that matured in the quarter, partially offset by draws on the credit facility and construction loans during the quarter.
Exchangeable Units	118,736	As this liability is measured at fair value, the change was due to the increase in the unit price for Choice Properties since December 31, 2021.
Unitholders' equity	333,192	Net increase was primarily due to year-to-date net income, partially offset by the distributions to Unitholders.

3. INVESTMENT PROPERTIES

To expand the portfolio and participate in development opportunities, Choice Properties owns varying interests in real estate entities that hold investment properties. Under GAAP, many of these interests are recorded as equity accounted joint ventures and, as such, the Trust's share of the investment properties owned by these entities is presented on the balance sheet as a summarized value, not as part of the total investment properties. In addition, the Trust also has financial real estate assets which are not included with investment properties as prepared under GAAP. Refer to Section 14.1, "Investment Properties Reconciliation", for a reconciliation of the continuity of investment properties determined in accordance with GAAP.

The following continuity schedule presents Choice Properties' portfolio inclusive of its financial real estate assets and equity accounted joint ventures prepared on a proportionate share basis(1) for the periods ended, as indicated:

As at or for the period ended March 31, 2022 ($ thousands)	Income producing properties	Properties under development	Investment Properties(i)
GAAP balance, beginning of period	$14,707,000	$ 223,000	$ 14,930,000
Adjustments to reflect investment properties held in equity accounted joint ventures and as financial real estate assets on a proportionate share basis(i)	893,000	220,000	1,113,000
Non-GAAP proportionate share balance(1), beginning of period	15,600,000	443,000	16,043,000
Acquisitions of investment properties(ii)	38,168	27,218	65,386
Capital expenditures			
Development capital(iii)	—	11,679	11,679
Building improvements	1,411	—	1,411
Capitalized interest(iv)	—	1,546	1,546
Property capital	2,606	—	2,606
Direct leasing costs	1,955	—	1,955
Tenant improvement allowances	6,837	—	6,837
Amortization of straight-line rent	910	—	910
Transfers from properties under development(v)	10,150	(10,150)	—
Transfers to properties under development	(22,945)	22,945	—
Dispositions	(789,010)	—	(789,010)
Adjustment to fair value of investment properties	294,918	117,762	412,680
Non-GAAP proportionate share balance(1), March 31, 2022	**$15,145,000**	**$ 614,000**	**$ 15,759,000**

(i) Refer to Section 14.1, "Investment Properties Reconciliation" for a reconciliation of the continuity of investment properties determined in accordance with GAAP.
(ii) Includes acquisition costs.
(iii) Development capital included $1,765 of site intensification payments paid to Loblaw for the three months ended March 31, 2022 (December 31, 2021 - $2,208).
(iv) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 3.62% (December 31, 2021 - 3.64%).
(v) Transfers from properties under development for the three months ended March 31, 2022, included fair value adjustments recognized within properties under development of $1,377 (December 31, 2021 - $6,948).

Included in certain investment properties acquired from Loblaw is excess land with development potential. Choice Properties will compensate Loblaw, over time, with intensification payments determined by a site intensification payment grid as outlined in the Strategic Alliance Agreement (see Section 9, "Related Party Transactions"), should Choice Properties pursue activity resulting in the intensification of the excess land. The fair value of this excess land has been recorded in the consolidated financial statements.

3.1 Valuation Method

Investment properties are measured at fair value, primarily determined using the discounted cash flow method. Under this methodology, discount rates are applied to the projected annual operating cash flows, generally over a minimum term of ten years, including a terminal value based on a capitalization rate applied to the estimated NOI[(1)] in the terminal year. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

The portfolio is internally valued with external appraisals performed each quarter for a portion of the portfolio. The majority of the properties will be subject to an external appraisal at least once over a four-year period. When an external valuation is obtained, the internal valuation team assesses all major inputs used by the independent valuators in preparing their valuation reports and holds discussions with the independent valuators on the reasonableness of their assumptions. Where warranted, adjustments will be made to the internal valuations to reflect the assumptions contained in the external valuations. The Trust will record the internal value in its consolidated financial statements.

Valuations are most sensitive to changes in capitalization rates. The valuation inputs, including capitalization rates, discount rates, and market leasing assumptions, are supported by quarterly reports from independent nationally recognized valuation firms. Below are the weighted averages of key rates used in the valuation models for the Trust's investment properties (including financial real estate assets and those properties held within equity accounted joint ventures) by asset class:

As at March 31, 2022	**Retail**	**Industrial**	**Mixed-Use, Residential & Other**	**Total Investment Properties**
Discount rate	**6.93%**	**5.84%**	**6.01%**	**6.65%**
Terminal capitalization rate	**6.19%**	**5.15%**	**5.44%**	**5.93%**
Overall capitalization rate	**6.03%**	**4.89%**	**5.10%**	**5.73%**

As at December 31, 2021	Retail	Industrial	Mixed-Use, Residential & Other	Total Investment Properties
Discount rate	6.94%	5.98%	5.30%	6.59%
Terminal capitalization rate	6.20%	5.28%	4.61%	5.86%
Overall capitalization rate	6.04%	5.05%	4.68%	5.72%

Valuation Commentary

The Trust recorded a favourable adjustment to the fair value of investment properties of $302.2 million for the three months ended March 31, 2022, on a GAAP basis. The adjustment on a proportionate share basis[(1)] for the same period was $412.7 million. The Trust revalued its portfolio primarily through adjustments to contractual changes in cash flows, changes in market rent assumptions, pending transactions and macro considerations.

For the three months ended March 31, 2022, fair value gains of $294.9 million on a proportionate share basis[(1)] were recognized within income producing properties, primarily due to fair value gains in the industrial portfolio. In response to the continued strong demand for industrial space, the Trust adjusted its market rent assumptions and yield expectations to reflect the accelerated rental rate growth and capital appreciation of industrial assets. The Trust also recognized fair value gains in the retail portfolio as a result of improving fundamentals and in relation to transactions completed in the quarter.

In addition, the Trust recognized fair value gains of $117.8 million on a proportionate share basis[(1)] within its development portfolio, primarily driven by observed market transactions and the completion of development milestones.

3.2 Investment Property Transactions

Acquisitions of Investment Properties

The following table summarizes the investment properties acquired in the three months ended March 31, 2022:

($ thousands except where otherwise indicated)						Consideration		
Location	Date of Acquisition	Segment	Ownership Interest Acquired	GLA (square feet)	Purchase Price incl. Related Costs	Debt Assumed from Seller	Assumed Liabilities	Cash
Acquisitions from related parties								
Ottawa, ON	Mar 1	Industrial under development	100%	N/A	$ 27,218	$ —	$ —	$ 27,218
Montreal, QC(i)	Mar 9	Retail	100%	15,526	2,343	—	483	1,860
Total acquisitions from related parties				**15,526**	**29,561**	**—**	**483**	**29,078**
Equity accounted joint ventures								
Toronto, ON(ii)	Jan 14	Mixed-Use, Residential and Other	3%	7,956	18,735	3,526	1,015	14,194
Toronto, ON(ii)	Jan 14	Mixed-Use, Residential and Other	3%	11,488	17,090	5,152	921	11,017
Acquisitions in equity accounted joint ventures				19,444	35,825	8,678	1,936	25,211
Total acquisitions				**34,970**	**$ 65,386**	**$ 8,678**	**$ 2,419**	**$ 54,289**

(i) This property is classified as financial real estate asset under GAAP.
(ii) Represents the 3% additional ownership interest acquired from a third party, increasing the Trust's ownership interest in these properties to 50%. The purchase price and related consideration also included the nullification of a third party's option to acquire an additional 13.67% of the Trust's ownership in these properties. This acquisition resulted in ownership of an additional 25 residential units.

Dispositions of Investment Properties

The following table summarizes the investment properties sold in the three months ended March 31, 2022:

($ thousands except where otherwise indicated)					Consideration				
Location	Date of Disposition	Segment	Ownership Interest Disposed	Sale Price excl. Selling costs	Debt Assumed by Purchaser	Promissory Note	Real Estate Securities	De-recognition of Intangible Asset	Cash
Investment properties									
Edmonton, AB	Jan 31	Industrial	100%	$ 9,700	$ —	$ —	$ —	$ —	$ 9,700
Edmonton, AB	Feb 25	Industrial	100%	19,750	—	—	—	—	19,750
Campbell River, BC	Feb 28	Retail	50%	25,750	14,805	—	—	—	10,945
Portfolio of 6 assets across Canada(i)	Mar 31	Mixed-Use, Residential & Other	50%-100%	733,810	—	193,155	550,660	(5,631)	(4,374)
Total dispositions				**$ 789,010**	**$ 14,805**	**$ 193,155**	**$ 550,660**	**$ (5,631)**	**$ 36,021**

(i) The Trust disposed of its interests in a portfolio of six office assets to Allied Properties Real Estate Investment Trust ("Allied"). The consideration received consisted of exchangeable Class B limited partnership units of Allied Properties Exchangeable Limited Partnership, an affiliated entity of Allied (Note 10) and a promissory note (Note 9).

3.3 Completed Developments

For the three months ended March 31, 2022, Choice Properties completed two retail developments with a total investment of $8.8 million in development projects at cost, delivering 22,709 square feet of retail space with an expected stabilized yield of 7.6%(2). At Glen Erin Drive, Mississauga, ON, the Trust completed 17,120 square feet of retail space occupied by a Shoppers Drug Mart. This grocery anchored retail centre is well situated in a primary retail node in Mississauga, ON. At Erin Ridge, St. Albert, AB, the Trust delivered 5,589 square feet retail space, occupied by a quick service restaurant and liquor store.

The Trust discloses the expected stabilized yield(2) for each of its completed projects and projects under active development. Expected stabilized yield is calculated by dividing the expected stabilized net rental income for each development by the estimated total project costs. Stabilized net rental income is based on contracted rental rates on leased units, and market rental rates on non-leased units which are based on the Trust's market knowledge and, where applicable, supported by external market studies. Estimated project costs include land costs, soft and hard construction costs, development and construction management fees, tenant allowances and inducements, capitalized financing costs, and other carrying costs.

During the three months ended March 31, 2022, there were no material changes to the previously disclosed ranges for expected stabilized yields for completed developments and there were no events in the period that would cause actual results to materially differ from those previously disclosed.

For the three months ended March 31, 2022, Choice Properties transferred the following from properties under development to income producing properties as presented on a proportionate share basis(1):

($ thousands except where otherwise indicated)

Project / Location	Completion date	Ownership %	Transferred GLA (square feet)	Cost of assets transferred	Expected stabilized yield(2)
Commercial					
Retail					
Glen Erin Dr., Mississauga, ON	Q1 2022	100 %	17,120	$ 6,107	7.5 %
Erin Ridge, St. Albert, AB(i)	Q1 2022	50 %	5,589	2,674	7.8 %
Subtotal commercial development			**22,709**	**8,781**	**7.6 %**
Total transferred properties at cost			**22,709**	**$ 8,781**	**7.6 %**
Total transferred properties at fair value				**$ 10,150**	

(i) Phased development project. No material changes from previously disclosed expected stabilized yield range.

3.4 Development Activities

Development initiatives are a key component of Choice Properties' business model, providing the Trust with an opportunity to add high quality real estate at a reasonable cost. The Trust continues to drive long-term growth and value creation through the development of commercial and residential projects and has a significant long-term pipeline of potential mixed-use projects. The Trust views its development activities through the stages of the development lifecycle, including the process of potential site identification, planning and rezoning, construction, and finally to development completion.

Choice Properties' development program on a proportionate share basis(1) as at March 31, 2022, is summarized below:

($ thousands except where otherwise indicated)		GLA(i)(ii) (square feet)	Investment(i)(iii)		
Project type	**Section**	**Estimated upon completion(2)**	**To-date**	**Estimated cost to completion(2)**	**Estimated total**
Projects under active development					
Commercial	3.5	726,000	$ 25,287	$ 122,300	$ 147,587
Residential	3.5	236,000	46,187	104,000	150,187
Subtotal projects under active development		**962,000**	**71,474**	**226,300**	**297,774**
Developments in planning					
Commercial	3.6		215,734		
Mixed-Use and Residential	3.7	10,450,000	108,826		
Subtotal developments in planning		**10,450,000**	**324,560**		
Total development - cost		**11,412,000**	**$ 396,034**		
Total development - fair value(iv)			**$ 614,000**		

(i) Choice Properties' share.
(ii) Estimated GLA is based on current development plans and final development square footage may differ. For developments in planning, GLA is an estimate and may differ as the developments complete the rezoning and entitlement process.
(iii) Compiled on a non-GAAP proportionate share basis(1). Investment to-date compiled on a cash basis, excluding adjustments to fair value of on-going projects.
(iv) Total development fair value excludes residential development inventory of $11,929 as at March 31, 2022 ($10,142 - December 31, 2021).

3.5 Properties Under Active Development

Projects under active development are sites under construction or sites with appropriate approvals in place which are expected to commence construction in the next six to twelve months. Currently, the Trust has 16 active commercial projects and two active residential projects. Upon completion, the projects under active development are expected to deliver a total of 726,000 square feet of commercial space and 348 residential units at the Trust's ownership share. The Trust has invested a total of $71.5 million to date and is expected to invest an additional $226.3 million over the next three years to complete these projects(2).

Projects Under Active Development – Commercial

The Trust continues to invest in commercial development projects through intensification of its existing retail assets and development of greenfield industrial land. The Trust currently has 726,000 square feet of active commercial development, which is expected to be completed in the next one to two years(2).

The following table details the Trust's commercial projects under active development on a proportionate share basis[1] as of March 31, 2022:

($ thousands except where otherwise indicated)				GLA[i] (square feet)		Investment[i][ii]			
	Project / Location	Ownership %	Expected completion date [iii]	Estimated upon completion[2]	% Leased	To-date	Estimated cost to completion[2]	Estimated total	Expected stabilized yield[2][iv]
	Retail								
1	Erin Ridge, St. Albert, AB[v]	50%	H2 2022	Land	100 %	$ 152	$ 300	$ 452	12.0%-12.5%
2	Harvest Pointe, Edmonton, AB[v]	50%	H1 2022 & H2 2023	8,000	100 %	1,771	1,800	3,571	5.50%-6.00%
3	Cornerstone, Olds, AB	50%	H2 2022	N/A[vi]	100 %	—	400	400	9.00%-9.50%
4	Hwy 88 West, Bradford, ON	100%	H2 2022	13,000	100 %	20	4,800	4,820	6.75%-7.25%
5	Calgary Trail, Edmonton, AB	100%	H1 2023	15,000	100 %	—	3,700	3,700	6.25%-6.75%
6	Sunwapta Centre, Edmonton, AB	50%	H1 2023	N/A[vi]	100 %	884	400	1,284	9.00%-9.50%
7	Oshawa Gateway, Oshawa, ON	50%	H1 2023	7,000	100 %	1,403	2,100	3,503	6.25%-6.75%
8	Jocelyn Rd., Port Hope, ON	100%	H1 2023	15,000	100 %	—	4,600	4,600	6.75%-7.25%
9	Portland St., Dartmouth, NS	100%	H1 2023	5,000	100 %	12	1,700	1,712	8.50%-9.00%
10	Joseph Howe Dr., Halifax, NS	100%	H1 2023	5,000	100 %	52	1,400	1,452	11.00%-11.50%
11	20th Sideroad, Innisfil, ON	100%	H1 2023	N/A[v]	100 %	20	700	720	21.50%-22.00%
12	Harvest Hills Market, Edmonton, AB[v]	50%	H2 2023	8,000	100 %	1,025	3,600	4,625	7.50%-8.00%
13	Guelph St., Georgetown, ON	100%	H2 2023	26,000	100 %	—	7,900	7,900	8.50%-9.00%
14	Oxford St. E., London, ON	100%	H2 2023	15,000	100 %	—	4,900	4,900	6.75%-7.25%
	Subtotal retail developments			**117,000**		**5,339**	**38,300**	**43,639**	**7.50%-8.00%**
	Industrial								
1	Horizon Business Park, Edmonton, AB[v]	50%	H1 2022 & H2 2023	256,000	33 %	10,396	22,200	32,596	6.00%-6.50%
2	Choice Industrial Centre, Surrey, BC[vii]	100%	H2 2023	353,000	— %	9,552	61,800	71,352	7.25%-7.75%
	Subtotal industrial developments			**609,000**		**19,948**	**84,000**	**103,948**	**6.75%-7.25%**
	Total active commercial developments			**726,000**		**$ 25,287**	**$ 122,300**	**$ 147,587**	**7.00%-7.50%**

(i) Choice Properties' share.
(ii) Compiled on a non-GAAP proportionate share basis[1]. Investment to-date was compiled on a cash basis, excluding adjustments to fair value of on-going projects.
(iii) H1 represents the first six months of the year. H2 represents the last six months of the year.
(iv) Unless otherwise noted, there were no material changes in previously reported expected stabilized yields.
(v) Development project with phased completion. Reported expected stabilized yield may vary as phases are completed or as future phases are added to the development.
(vi) The development is a land lease which is excluded from the total portfolio square footage for lease reporting purposes.
(vii) In the quarter, the Trust finalized the development plan for this project resulting in an increase in estimated total project cost and expected stabilized yield.

Projects Under Active Development - Residential

Choice Properties has two residential projects under active development. At Mount Pleasant Village in Brampton, Ontario, construction continues with the structural completion on the sixth floor of the condominium building and second floor of rental building. At Element in Ottawa, Ontario, progress continues with on-going interior framing, electrical and mechanical work. Both projects are targeted to be completed by the second half of 2023.

The following table details the Trust's residential projects under active development on a proportionate share basis(1) as of March 31, 2022:

($ thousands except where otherwise indicated)					GLA(i) (square feet)	Investment(i)(ii)			
Project / Location	**Ownership %**	**Type**	**Expected completion date**	**Estimated number of units(i)**	**Estimated upon completion(2)**	**To-date**	**Estimated cost to completion(2)**	**Estimated total**	**Expected stabilized yield(2)**
Mount Pleasant Village, Brampton, ON	50%	Rental	H2 2023	151	101,000	15,955	47,000	62,955	4.25%-4.75%
Mount Pleasant Village, Brampton, ON	50%	Inventory	H2 2023	71	49,000	11,161	22,000	33,161	
Element, Ottawa, ON	50%	Rental	H2 2023	126	86,000	19,071	35,000	54,071	4.75%-5.25%
Total residential				**348**	**236,000**	**$ 46,187**	**$ 104,000**	**$ 150,187**	**4.50%-5.00%**

(i) Choice Properties' share.
(ii) Compiled on a non-GAAP proportionate share basis(1). Investment to-date was compiled on a cash basis, excluding adjustments to fair value of on-going projects.

3.6 Commercial Development in Planning

Beyond the projects under active development, Choice Properties continues to grow and create value through its pipeline of potential commercial developments. As of March 31, 2022, the Trust has identified 14 sites with potential for future commercial development. This includes 12 opportunities at existing retail sites and 2 industrial sites. In the quarter, the Trust purchased an 18.8 acres industrial site in Ottawa, Ontario for $27.2 million. The site is located in a well established industrial node in Ottawa with direct access to major highway. Subsequent to the quarter, the Trust acquired its share of approximately 97 acres of land, for $85 million adjacent to Trust's future industrial developable lands in Caledon, Ontario. The development plan for each property is subject to the Trust's completion of its full review of each opportunity. An expected project scope may change over time or the Trust may decide not to proceed with that development upon completion of full due diligence. To date, the Trust has invested a total of $215.7 million on these sites.

($ thousands except where otherwise indicated)		
Project Type	**Number of Sites**	**Investment To-date(i)(ii)**
Retail	12	$ 41,308
Industrial	2	174,426
Total commercial development in planning	**14**	**$ 215,734**

(i) Choice Properties' share.
(ii) Compiled on a non-GAAP proportionate share basis(1). Investment to-date was compiled on a cash basis, excluding adjustments to fair value of on-going projects.

3.7 Residential and Mixed-Use Development in Planning

Mixed-use development represents a key component of Choice Properties' long-term development strategy. The Trust endeavours to create enduring value through high-quality mixed-used assets with a significant rental residential component. Leveraging the Trust's sizable portfolio in key urban markets, Choice Properties believes there are considerable value creation opportunities through rezoning existing grocery anchored assets into mixed-use sites. The development plan for each project is subject to municipal review and approval which may take several years to realize.

Once zoning and entitlement is obtained, the Trust can further create value by pursuing ground up development, repositioning existing retail and maximizing available density for residential and mixed-used development. Choice Properties is working through the zoning and entitlement process for several of its future projects.

During the quarter, the Trust achieved Official Zoning By-Law amendment approval for a residential project at Grenville and Grosvenor in Toronto, Ontario. This residential development is located in downtown Toronto within walking distance to TTC subway stations, retail amenities, municipal offices and hospitals. The Trust anticipates construction to commence in the next 6-12 months.

The Trust has obtained zoning approval on two residential developments and has submitted applications for eight residential and mixed-use projects. A total of $108.8 million has been invested to date on land acquisition and initial development and planning costs.

The following table details the Trust's residential and mixed-use development projects by zoning status:

($ thousands except where otherwise indicated)					Estimated GLA(i)(ii) ('000 square feet)			Investment to-date (i)(iii)
Project / Location	**Type**	**Ownership %**	**Acreage**	**Estimated number of units**	**Commercial**	**Residential**	**Total**	
Zoning approved								
1 Grenville & Grosvenor, Toronto, ON	Residential	50 %	0.5	385	17	320	337	30,549
2 Sheppard Ave. W., Toronto, ON	Residential	50 %	0.3	100	5	64	69	$ 6,590
Subtotal zoning approved			**0.8**	**485**	**22**	**384**	**406**	**37,139**
Zoning applications submitted								
1 Broadview Ave.,Toronto, ON	Mixed-use	100 %	3.3	500	23	409	432	2,911
2 Dundas St. W., Toronto, ON	Mixed-use	100 %	13.0	2,600	900	1,600	2,500	37,890
3 Golden Mile, Toronto, ON	Mixed-use	100 %	19.0	3,800	300	3,200	3,500	10,211
4 Parkway Forest Dr., Toronto, ON	Residential	50 %	0.6	170	—	95	95	284
5 Photography Dr., Toronto, ON	Mixed-use	100 %	7.7	2,400	50	2,000	2,050	3,340
6 Warden Ave., Toronto, ON	Residential	100 %	6.5	1,500	10	1,100	1,110	10,996
7 Woodbine Ave., Toronto, ON	Mixed-use	100 %	1.7	400	23	334	357	3,765
Subtotal zoning applications submitted			**51.8**	**11,370**	**1,306**	**8,738**	**10,044**	**69,397**
Zoning applications to be submitted								
1 North Rd., Coquitlam, BC	Mixed-use	100 %	7.8	—	—	—	—	887
2 South Service Rd., Mississauga, ON	Mixed-use	100 %	10.4	—	—	—	—	1,403
Subtotal zoning applications to be submitted			**18.2**	**—**	**—**	**—**	**—**	**2,290**
Total mixed-use projects in planning			**70.8**	**11,855**	**1,328**	**9,122**	**10,450**	**$ 108,826**

(i) Choice Properties' share.
(ii) Estimated GLA is based on current development plans and final development square footage may differ. For projects in planning, GLA is an estimate and may differ as the projects complete the rezoning and entitlement process.
(iii) Investment to date is comprised of incremental land assembly and development planning costs.

Zoning Applications Approved

Obtaining zoning is a significant milestone in the development lifecycle. Zoning approval allows the Trust to unlock significant land value through the realization of residential density potential. Once zoning is approved, the next phase of the development process is obtaining all necessary permits, which allows the project to proceed to active development with construction commencement.

Project / Location	Description
Grenville & Grosvenor, Toronto, ON	The approximately 1 acre site is located in the area of Yonge Street and College Street in downtown Toronto. The current development plan contemplates two residential towers providing a total 0.7 million square feet of total ground floor area, including 17,000 square feet of commercial GLA and approximately 770 rental residential units. Approximately 30% of the residential units will be affordable housing units.
Sheppard Avenue West, Toronto, ON	The 0.6 acre site is located at the northeast corner of Allen Road and Sheppard Avenue West in Toronto. The site is approximately 400 meters from the Sheppard West TTC subway station and in close proximity to Downsview Park and Downsview Airport. The current development plans include a 15 storey residential building comprising 10,000 square feet of commercial GLA and approximately 200 residential units at a 100% ownership share.

Zoning Applications Submitted

Choice Properties has submitted zoning applications for five mixed-use and two residential developments in Toronto, Ontario. As of March 31, 2022, the Trust has invested a total of $69.4 million to date on land acquisition and initial development and planning costs.

Project / Location	Description
Broadview Avenue, Toronto, ON	The approximately 3 acre site is located at the southwest corner of Danforth Avenue and Broadview Avenue in Toronto's east end and is situated less than 150 metres from the Broadview TTC subway station. The current development proposal includes one residential tower, a new grocery store and a public park. The submitted application proposes 0.4 million square feet of total ground floor area, and approximately 500 residential units. The Trust continues to refine the vision for a mixed-use, transit oriented development that will transform an underutilized site while highlighting the natural heritage and green connections of the existing community. The Official Plan, Zoning By-law Amendment and Draft Plan of Subdivision Applications were submitted to the City of Toronto.
Dundas Street West, Toronto, ON	The approximately 13 acre site is located at the southeast corner of Dundas Street West and Bloor Street West in Toronto. The site is at the intersection of several major transit corridors including a TTC subway station, a GO train station and the Union-Pearson Express train. The current redevelopment plans contemplate a large mixed-use community integrated with the surrounding transit services with a focus on high density residential, office, retail and other community uses. The submitted application proposes approximately 2.5 million square feet of total ground floor area, including 0.9 million square feet of commercial GLA, and approximately 2,600 residential units. The development plan contemplates neighbourhood retail and community uses, including a 2.5 acre public park and a newly built high school. The Official Plan Application was submitted to the City of Toronto and Choice Properties is preparing a Rezoning Application for submission to the City.
Golden Mile, Toronto, ON	The approximately 19 acre site is located along Eglinton Avenue in the Golden Mile district of Toronto. The current redevelopment plans contemplate a large, mixed-use master-plan community to be built in phases with a focus on high density residential and retail uses. The site is directly adjacent to new transit stations along the first phase of the Eglinton Crosstown LRT, which is currently under construction. The current plan includes approximately 3.5 million square feet of total ground floor area, with 0.3 million square feet of commercial GLA and approximately 3,800 residential units. The development will transform the area through the introduction of the Golden Mile Community Innovation District by bringing together expertise from all stakeholders including community organizations, the local councillor, and post-secondary educational institutions. The development will create a community comprising retail, residential, institutional and office uses along with privately owned public spaces including a new park. The Official Plan and Zoning By-law Amendment Applications were submitted to the City of Toronto and the Trust is working with the City on their Secondary Planning Study for the Golden Mile Area.

Project / Location	Description
Parkway Forest Drive, Toronto, ON	The approximately 3 acre site is located at the southeast intersection of Parkway Forest Drive and Sheppard Avenue East in Toronto. The site is located 350 meters from the Don Mills TTC subway station and currently features a 19-storey rental building and ten rental townhouses. The proposed development will replace five of the existing townhouses with a 29-storey residential building comprised of 339 units. This intensification will support future growth in the City of Toronto by providing additional rental housing stock in a transit-connected neighbourhood. The Official Plan Amendment, Zoning By-law Amendment and Draft Plan of Subdivision Applications were submitted to the City of Toronto.
Photography Drive, Toronto, ON	The approximately 7.7 acres site is located at the southwest corner of Eglinton Avenue West and Black Creek Drive in Toronto. The site is within close proximity to several major transit corridors, including the Kitchener GO Line, UP Express and the future Eglinton Crosstown LRT. The proposed redevelopment is comprised of seven mixed-use buildings including residential and retail uses. The application includes a total gross floor area of approximately 2.1 million square feet and 2,400 residential units. Choice Properties continues to refine the vision for a mixed-use, inclusive community where people can live and access amenities, services, transit, and a brand new grocery store, all within walking distance. The Official Plan and Zoning By-law Amendment Applications were submitted to the City of Toronto.
Warden Avenue, Toronto, ON	The approximately 6.5 acre site is located south of the intersection of St. Clair Avenue and Warden Avenue in Toronto and 500 meters from the Warden TTC Subway Station. The current development plan includes over 1,500 residential units, over 1 million square feet of gross floor area and a proposal for a public park. Choice Properties has submitted an Official Plan Amendment and Zoning By-law Amendment to the City of Toronto.
Woodbine Avenue, Toronto, ON	The approximately 1.7 acre site is located at the north east intersection of Woodbine Avenue and Danforth Avenue in the Danforth neighbourhood of Toronto. The site is directly adjacent to the Woodbine TTC subway station. The current redevelopment plan includes at grade grocery retail, upgraded TTC access and two mixed-use residential buildings with a potential density of approximately 400 residential units. The design of this project will incorporate the urban design significance of the Danforth neighbourhood and sustainable architecture. The current plan includes a large privately owned public space located off Woodbine Avenue, which provides a seamless transition from the existing neighbourhood to the new retail offering proposed at grade. The Rezoning Application was submitted to the City of Toronto and the Trust is in the final stage of discussions with the City Planning and is working towards a Site Plan Application.

3.8 Future Pipeline

Choice Properties' long-term development strategy is to create value through residential and mixed-use development. Beyond the projects that are currently in planning, the Trust has identified more than 70 sites encompassing over 500 acres in its existing portfolio that provide potential for incremental residential and mixed-use density through the intensification of an existing asset. Over 90% of the identified sites are in the greater Toronto, Montreal and Vancouver areas, providing the opportunity to grow the residential platform in Canada's largest cities. Choice Properties is actively reviewing and prioritizing these sites to proceed with the rezoning and entitlement process.

3.9 Development Project Capital

Choice Properties expects to invest a total of approximately $715.0 million at the Trust's ownership share(1), by the end of the year 2024(2).

($ thousands)	2022	2023	2024	Total
Intensification	$ 20,000	$ 42,000	$ 57,000	$ 119,000
Greenfield	130,000	100,000	73,000	303,000
Residential	66,000	103,000	38,000	207,000
Mixed-Use	15,000	19,000	52,000	86,000
Estimated total capital annual spend(i)	**$ 231,000**	**$ 264,000**	**$ 220,000**	**$ 715,000**

(1) Compiled on a non-GAAP proportionate share basis(1).

3.10 Mortgages, Loans and Notes Receivable

As a means to generate acquisition opportunities, Choice Properties has established a program with a group of strong real estate developers whereby Choice Properties provides mezzanine and/or co-owner financing. Such financing activities generally provide Choice Properties with an option or other rights to acquire an interest in the developed income producing property. Mortgages and loans receivable represent amounts advanced under mezzanine loans, joint venture financing, vendor take-back financing and other arrangements.

As at March 31, 2022 ($ thousands)	GAAP Basis	Proportionate Share Basis[(1)(i)]	GAAP Basis Weighted average term to maturity (years)	GAAP Basis Weighted average interest rate (%)
Mortgages receivable	402,116	389,343	1.6	4.41 %
Mortgages, loans and notes receivable	**402,116**	**389,343**		

[(i)] Adjustment to proportionate share basis[(1)] eliminates a mortgage receivable advanced to an equity accounted joint venture at the Trust's share.

As at December 31, 2021 ($ thousands)	GAAP Basis	Proportionate Share Basis[(1)]	GAAP Basis Weighted average term to maturity (years)	GAAP Basis Weighted average interest rate (%)
Mortgages receivable	186,567	178,595	1.7	7.11 %
Notes receivable from GWL	168,334	168,334	—	— %
Mortgages, loans and notes receivable	354,901	346,929		

Holders of Exchangeable Units may, in lieu of receiving all or a portion of their distributions, choose to be loaned an amount from Choice Properties Limited Partnership, and to have such distributions made on the first business day following the end of the fiscal year in which such distribution would otherwise have been made. The loans do not bear interest and are due and payable in full on the first business day following the end of the fiscal year during which the loan was made. During the three months ended March 31, 2022, GWL did not elect to receive distributions from Choice Properties Limited Partnership in the form of loans. Non-interest bearing short-term notes totalling $168,334 with respect to the loans received in the 2021 fiscal year were settled against distributions payable by the Trust to GWL in January 2022.

On March 31 2022, the Trust advanced a promissory note, with a face value of $200,000 (fair value of $193,155) as a part of the disposition of its interests in a portfolio of six office assets to Allied (Sections 3.2 and 3.11). The note bears interest at a rate of 1% for the remainder of the 2022 calendar year and 2% subsequently until its maturity on December 31, 2023. The promissory note is included in the mortgages receivable as it is secured by the six office assets.

The Trust has issued approximately $399,395 of secured mortgages to third-party borrowers. These loans are with borrowers who are strategic partners and counterparties of the Trust and are secured by real property assets.

3.11 Investment in Real Estate Securities

On March 31, 2022, the Trust disposed of six office assets to Allied (Note 3). As consideration, the Trust was issued 11,809,145 exchangeable Class B limited partnership units of Allied Properties Exchangeable Limited Partnership ("Class B Units"), an affiliated entity of Allied with a value of $550,660 on the transaction date, and a promissory note with a fair value of $193,155 (Note 9). Following the transaction the Trust holds approximately a 8.5% effective interest in Allied through its ownership of the Class B Units. The Trust does not have significant influence over Allied.

The Class B Units are exchangeable into, and are economically equivalent to, the publicly traded trust units of Allied ("Allied Units"), and were accompanied by a corresponding number of special voting units of Allied. There are no restrictions on the exchange of Class B Units into Allied Units, but the Allied Units (if exchanged) are subject to a lock-up from the closing of the Transaction, such that 25% of the Class B Units or Allied Units, as applicable, will be released from lock up every three months following the first anniversary of closing of the Transaction. As a holder of the Class B Units, the Trust is entitled to distributions paid by Allied.

The Class B Units are recorded at their fair value based on market trading prices of Allied's publicly traded units. As at March 31, 2022 the Trust held 11,809,145 Class B Units with a value of $550,660 (December 31, 2021 - nil and $nil).

4. LIQUIDITY AND CAPITAL RESOURCES

4.1 Major Cash Flow Components

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Cash and cash equivalents, beginning of period - GAAP basis	$ **84,304**	207,219	$ (122,915)
Cash flows from operating activities	**113,117**	148,632	(35,515)
Cash flows from (used in) investing activities	**(55,866)**	(23,357)	(32,509)
Cash flows from (used in) financing activities	**(125,325)**	(169,919)	44,594
Cash and cash equivalents, end of period - GAAP basis	$ **16,230**	$ 162,575	$ (146,345)

Cash Flows from Operating Activities

Three Months

The decrease in cash flows from operating activities is mainly due to higher working capital requirements, coupled with an increase in general and administrative expenses, partially offset by decrease in cash interest payments and an increase in net rental income.

Cash flows from operating activities are partially used to fund ongoing operations and expenditures for leasing capital and property capital[(2)].

Cash Flows from (used in) Investing Activities

Three Months

The increase in cash used in investing activities was primarily due to a decrease in net repayments for mortgages, loans, and notes receivable of $55.1 million, an increase in acquisitions and capital spending of $31.8 million, partially offset by net decrease in contributions to equity accounted joint ventures of $48.3 million and a increase in disposition proceeds of $6.0 million.

Cash Flows from (used in) Financing Activities

Three Months

The decrease in cash used in financing activities was primarily due to an increase in advances made on the credit facility of $55.0 million, a decrease in cash distributions paid on the Exchangeable Units of $22.9 million and decrease in contribution from non-controlling interest $7.8 million. The decrease was partially offset by increase in net repayments on mortgages payable of $40.3 million.

4.2 Liquidity and Capital Structure

Choice Properties expects to fund its ongoing operations and finance future growth primarily through the use of: (i) existing cash; (ii) cash flows from operations; (iii) short term financing through the committed credit facility; (iv) the issuance of unsecured debentures and equity (including Exchangeable Units), subject to market conditions; and (v) secured mortgages. Given reasonable access to capital markets, Choice Properties does not foresee any impediments in obtaining financing to satisfy its short- and long-term financial obligations, including its capital investment commitments[(2)].

($ thousands)	As at March 31, 2022	As at December 31, 2021	Change
Cash and cash equivalents - proportionate share basis[(1)]	$ **35,154**	$ 124,280	$ (89,126)
Unused portion of the credit facility	**1,445,000**	1,500,000	(55,000)
Liquidity	$ **1,480,154**	$ 1,624,280	$ (144,126)
Unencumbered assets - proportionate share basis[(1)]	$ **12,400,000**	$ 12,800,000	$ (400,000)

Base Shelf Prospectus

On March 4, 2020, Choice Properties filed a Short Form Base Shelf Prospectus allowing for the issuance of up to $2,000,000 of Units and debt securities, or any combination thereof over a 25-month period.

4.3 Components of Total Adjusted Debt

Choice Properties' debt structure was as follows:

As at March 31, 2022 ($ thousands)	GAAP Basis	Proportionate Share Basis[1]	Proportionate Share Basis[1] Weighted average term to maturity (years)	Proportionate Share Basis[1] Weighted average interest rate (%)
Construction loans	$ 4,679	$ 178,909	0.5	2.27%
Credit facility	55,000	55,000	4.2	2.05%
Less: Debt placement costs	(3,106)	(3,106)		
Variable rate debt	56,573	230,803	1.4	2.22%
Construction loans	11,103	11,103	9.1	2.08 %
Senior unsecured debentures	5,125,000	5,125,000	5.2	3.56%
Mortgages payable	1,052,449	1,331,053	5.9	3.70%
Less: Debt placement costs, discounts and premiums	(19,104)	(21,465)		
Fixed rate debt	6,169,448	6,445,691	5.4	3.59%
Total adjusted debt, net	**$ 6,226,021**	**$ 6,676,494**		

As at December 31, 2021 ($ thousands)	GAAP Basis	Proportionate Share Basis[1]	Proportionate Share Basis[1] Weighted average term to maturity (years)	Proportionate Share Basis[1] Weighted average interest rate (%)
Construction loans	$ 12,906	$ 180,709	1.0	2.06%
Credit facility	—	—	—	—%
Less: Debt placement costs[i]	—	—		
Variable rate debt	12,906	180,709	1.0	2.06%
Senior unsecured debentures	5,125,000	5,125,000	5.4	3.56%
Mortgages payable	1,112,310	1,391,398	5.9	3.69%
Less: Debt placement costs, discounts and premiums	(20,206)	(22,669)		
Fixed rate debt	6,217,104	6,493,729	5.5	3.59%
Total adjusted debt, net	$ 6,230,010	$ 6,674,438		

[i] Unamortized debt placement costs for the credit facility as at December 31, 2021 of $3,555 were included in other assets.

Construction Loans

For the purpose of financing the development of certain retail, industrial and residential properties, various investments in equity accounted joint ventures and co-ownerships have variable and fixed rate non-revolving construction facilities in which certain subsidiaries of the Trust guarantee its own share. These construction loans, which mature throughout 2022 and 2031, have a maximum amount available to be drawn at the Trust's ownership interest of $299,237 of which $233,547 relates to equity accounted joint ventures as at March 31, 2022 (December 31, 2021 - $293,151 and $227,462, respectively).

As at March 31, 2022, $190,012, of which $174,230 relates to equity accounted joint ventures, was drawn and the construction loans had a weighted average effective interest rate of 2.27% (December 31, 2021 - 2.06%) and a weighted average term to maturity of 0.5 years (December 31, 2021 - 1.0 years).

Credit Facility

Choice Properties has a $1,500,000 senior unsecured committed revolving credit facility maturing June 24, 2026, provided by a syndicate of lenders. The credit facility bears interest at variable rates of either Prime plus 0.20% or Bankers' Acceptance rate plus 1.20%. The pricing is contingent on the credit ratings for Choice Properties from either DBRS and S&P remaining at BBB (high). The credit facility is subject to an annual commitment fee of approximately $3,500, however the fee is reduced in proportion to the amount drawn on the facility. As at March 31, 2022, $55,000 was drawn under the syndicated facility (December 31, 2021 - $nil).

The credit facility contains certain financial covenants. As at March 31, 2022, the Trust was in compliance with all its financial covenants for the credit facility.

Summary of Total Adjusted Debt Activities

The following outlines the net changes to the components of Choice Properties' variable rate debt on a GAAP basis and non-GAAP proportionate share basis(1) during the three months ended March 31, 2022:

	GAAP Basis		Adjustment to Proportionate Share Basis(1)	Proportionate Share Basis(1)
For the three months ended March 31 ($ thousands)	Credit facility	Construction loans	Construction loans(i)	Total Adjusted debt, variable rate
Principal balance outstanding, beginning of period	$ —	$ 4,686	$ 167,803	$ 172,489
Net advances (repayments)	55,000	(7)	6,427	61,420
Principal balance outstanding, end of period	**$ 55,000**	**$ 4,679**	**$ 174,230**	**$ 233,909**

(i) Adjustment to proportionate share basis(1) reflects construction loans within equity accounted joint ventures.

The following outlines the changes to the components of Choice Properties' fixed rate debt on a GAAP basis and non-GAAP proportionate share basis(1) during the three months ended March 31, 2022**:**

	GAAP Basis			Adjustment to Proportionate Share Basis(1)	Proportionate Share Basis(1)
For the three months ended March 31 ($ thousands)	Senior unsecured debentures	Mortgages payable	Construction loans	Mortgages payable(i)	Total Adjusted debt, fixed rate
Principal balance outstanding, beginning of period	$ 5,125,000	$ 1,112,310	$ 8,220	$ 279,088	$ 6,524,618
Issuances and advances	—	—	2,883	70,242	73,125
Repayments	—	(45,056)	—	(70,726)	(115,782)
Assumed by purchaser	—	(14,805)	—	—	(14,805)
Principal balance outstanding, end of period	**$ 5,125,000**	**$ 1,052,449**	**$ 11,103**	**$ 278,604**	**$ 6,467,156**

(i) Adjustment to proportionate share basis(1) reflects mortgages payable within equity accounted joint ventures.

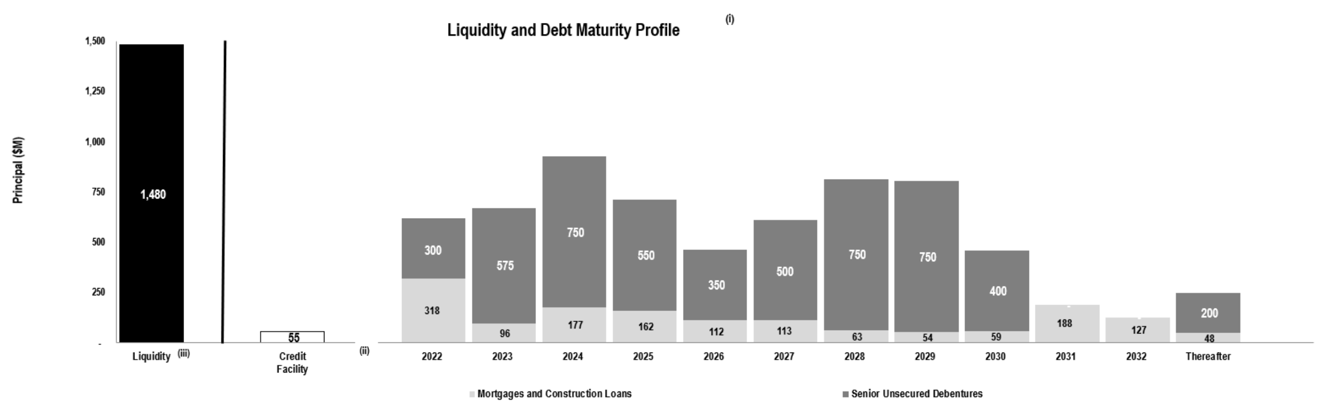
Schedules of Repayments and Cash Flow Activities

The schedule of principal repayment of total long term debt, on a GAAP basis and non-GAAP proportionate share basis(1), based on maturity, is as follows:

	GAAP Basis				Adjustment to Proportionate Share Basis(1)		Proportionate Share Basis(1)
As at March 31, 2022 ($ thousands)	Credit facility	Senior unsecured debentures	Mortgages payable	Construction loans	Mortgages payable(i)	Construction loans(i)	Total
2022	$ —	$ 300,000	$ 156,976	$ 4,679	$ 5,763	155,751	**$ 623,169**
2023	—	575,000	76,954	—	11,126	7,686	**670,766**
2024	—	750,000	158,185	—	7,738	10,793	**926,716**
2025	—	550,000	153,493	—	8,013	—	**711,506**
2026	55,000	350,000	64,547	—	47,157	—	**516,704**
Thereafter	—	2,600,000	442,294	11,103	198,807	—	**3,252,204**
Total adjusted debt outstanding	**$ 55,000**	**$ 5,125,000**	**$ 1,052,449**	**$ 15,782**	**$ 278,604**	**$ 174,230**	**$ 6,701,065**

(i) Adjustment to proportionate share basis(1) reflects mortgages payable and construction loans within equity accounted joint ventures.

In order to reduce refinancing risk, Choice Properties attempts to stagger debt maturities and future financing obligations to ensure no large maturities or financing needs occur in any one year.



(i) Presented on a proportionate share basis(1).
(ii) The credit facility matures on June 24, 2026.
(iii) Includes cash and cash equivalents.

4.4 Financial Condition

Choice Properties is subject to certain financial and non-financial covenants in its senior unsecured debentures and credit facility that include maintaining certain leverage and debt service ratios. These ratios are monitored by management on an ongoing basis to ensure compliance. Choice Properties was in compliance with all these covenants as at March 31, 2022 and December 31, 2021.

The Trust's compliance with leverage and coverage ratios, as they relate to its debentures, are shown below:

		As at March 31, 2022	As at December 31, 2021
Adjusted Debt to Total Assets(i)	Limit: Maximum excluding convertible debt is 60.0%	**39.5%**	40.1%
Debt Service Coverage Ratio(i)	Limit: Minimum 1.5x	**3.4x**	3.3x
Adjusted Debt to EBITDAFV(1)(i)(ii)(iv)		**7.2x**	7.2x
Interest Coverage Ratio(1)(iii)		**3.9x**	3.7x

(i) Debt ratios exclude Exchangeable Units. The ratios are non-GAAP financial measures calculated based on the Trust Indentures, as supplemented.

(ii) Refer to Section 14.8, "Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value", for a reconciliation of net income to EBITDAFV used in this ratio.

(iii) Refer to Section 14.7, "Net Interest Expense and Other Financing Charges Reconciliation", for a reconciliation of proportionate share basis[1] to GAAP basis for net interest expense and other financing charges used in the ratio.

(iv) Adjusted Debt to EBITDAFV, net of cash, was 7.1x at March 31, 2022 and 7.1x at December 31, 2021.

4.5 Credit Ratings

Choice Properties' debt securities are rated by two independent credit rating agencies: DBRS and S&P. Choice Properties' ratings are linked to and equivalent to those of Loblaw, largely because of Loblaw's significant relationship with the Trust, and the contractual arrangements and the strategic relationship between the Trust and Loblaw.

On June 21, 2021, S&P confirmed the Choice Properties rating at BBB with a stable outlook, while on September 17, 2021, DBRS confirmed the Choice Properties rating at BBB (high) with a stable trend. A credit rating of BBB- or higher is an investment grade rating.

The following table sets out the current credit ratings for Choice Properties as at March 31, 2022:

	DBRS		**S&P**	
Credit ratings (Canadian standards)	Credit rating	Trend	Credit rating	Outlook
Issuer rating	BBB (high)	Stable	BBB	Stable
Senior unsecured debentures	BBB (high)	Stable	BBB	N/A

4.6 Unit Equity

Unit equity, for the purposes of this MD&A, includes both Units and Exchangeable Units, which are economically equivalent to Units and receive equal distributions. The following is a continuity of Choice Properties' unit equity:

	Three months ended March 31, 2022	Year ended December 31, 2021
Units, beginning of period	327,588,847	326,941,663
Units issued under unit-based compensation arrangements	391,749	837,071
Units repurchased for unit-based compensation arrangements	(222,147)	(189,887)
Units, end of period	327,758,449	327,588,847
Exchangeable Units, beginning of period	395,786,525	395,786,525
Units issued to related party as part of investment properties acquisition	—	—
Exchangeable Units, end of period	395,786,525	395,786,525
Total Units and Exchangeable Units, end of period	723,544,974	723,375,372

Normal Course Issuer Bid ("NCIB")
Choice Properties may from time to time purchase Units in accordance with the rules prescribed under applicable stock exchange or regulatory policies. On November 17, 2021, Choice Properties received approval from the TSX to purchase up to 27,558,665 Units during the twelve-month period from November 19, 2021 to November 18, 2022, by way of a NCIB over the facilities of the TSX or through alternative trading systems. Choice Properties intends to file a Notice of Intention to make a NCIB with the TSX upon the expiry of its current NCIB.

Units Issued under Unit-Based Compensation Arrangements
Units were issued as part of settlements under the Unit Option Plan and grants under the Unit-Settled Restricted Unit Plan, as applicable.

Units Repurchased for Unit-Based Compensation Arrangement
The Trust acquired Units under its NCIB during the three months ended March 31, 2022 and the year ended December 31, 2021, which were then granted to certain employees in connection with the Unit-Settled Restricted Unit Plan, and are subject to vesting conditions and disposition restrictions.

Distributions
The distributions declared for the three months ended March 31, 2022 and 2021, including distributions to holders of Exchangeable Units, were as follows:

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Total distributions declared	$ 133,836	$ 133,706	$ 130

Choice Properties' Board retains full discretion with respect to the timing and quantum of distributions, however the total income distributed will not be less than the amount necessary to ensure the Trust will not be liable to pay income taxes under Part I of the *Income Tax Act (Canada)*. The taxable income allocated to the Trust and Exchangeable Unitholders may vary in certain taxation years. Over time, such differences, in aggregate, are expected to be minimal.

At its most recent meeting on April 27, 2022, the Board reviewed and approved the current rate of distributions of $0.74 per unit per annum. In determining the amount of distributions to be made to Unitholders, Choice Properties' Board considers many factors, including provisions in its Declaration of Trust, macro-economic and industry specific environments, the overall financial condition of the Trust, future capital requirements, debt covenants, and taxable income. In accordance with Choice Properties' Distribution Policy, management and the Board regularly review Choice Properties' rate of distributions to assess the stability of cash and non-cash distributions.

Distribution Reinvestment Plan ("DRIP")
Choice Properties instituted a DRIP that allows eligible Unitholders to elect to automatically reinvest their regular monthly cash distributions in additional Units. On April 25, 2018, the Board suspended the DRIP commencing with the distribution declared in May 2018. The DRIP will remain suspended until further notice.

4.7 Adjusted Cash Flow from Operations ("ACFO")

Adjusted Cash Flow from Operations(1) excludes most of the short-term fluctuations in non-cash working capital, such as property tax instalments, and the timing of semi-annual debenture instalments, although some fluctuations between quarters for operational cash flows still exist. ACFO(1) also adjusts cash flows from operating activities for the working capital required for operating capital expenditures to maintain productive capacity of the investment properties which adds volatility to the values due to seasonality of capital projects. Management includes this non-GAAP measure in its assessment of cash flow available for distributions. Refer to Section 14.5, "Adjusted Cash Flow from Operations", for a reconciliation of ACFO(1) to cash flows from operating activities, as determined in accordance with GAAP.

The table below summarizes the ACFO(1) metrics:

For the periods ended March 31 ($ thousands)	Three Months		
	2022	2021	Change
Adjusted Cash Flow from Operations(1)	**$ 159,192**	152,219	$ 6,973
Cash distributions declared	**(133,836)**	(133,706)	(130)
Cash retained after cash distributions	**$ 25,356**	$ 18,513	$ 6,843
ACFO(1) payout ratio	**84.1 %**	87.8 %	(3.7)%

Three Months

ACFO increased compared to the prior year primarily as a result of a $48.4 million favourable adjustment for changes in sustainable non-cash working capital, partially offset by a decrease in cash flows from operations of $35.5 million and increase in net interest expense and other financing charges in excess of interest paid of $8.9 million.

The ACFO payout ratio decreased primarily due to the increase in ACFO, as noted above.

4.8 Financial Instruments

Designated hedging derivatives consist of interest rate swaps to hedge the interest rate associated with an equivalent amount of variable rate mortgages. During the three months ended March 31, 2022, an interest rate swap was settled upon maturity of the underlying variable rate mortgage. As at March 31, 2022, the interest rates ranged from 2.8% to 4.4% (December 31, 2021 - 2.8% to 4.4%).

The impact of the hedging instruments on the consolidated balance sheets was as follows:

($ thousands)	**Maturity Date**	**Notional Amount**	**As at March 31, 2022**	As at December 31, 2021
Derivative assets				
Interest rate swaps	Jan 2025 - Jun 2030	**$ 122,344**	**$ 7,881**	$ 3,266
Derivative liabilities				
Interest rate swaps	Aug 2022 - Feb 2024	**54,376**	**390**	1,925

During the three months ended March 31, 2022, Choice Properties recorded an unrealized fair value gain in other comprehensive income of $6,150 (March 31, 2021 - unrealized fair value loss of $708).

4.9 Off-Balance Sheet Arrangements

Choice Properties issues letters of credit to support guarantees related to its investment properties including maintenance and development obligations to municipal authorities. As at March 31, 2022, the aggregate gross potential liability related to these letters of credit totalled $33,647 (December 31, 2021 - $32,579).

5. RESULTS OF OPERATIONS

Choice Properties' results, as reported under GAAP, for the three months ended March 31, 2022 and March 31, 2021 are summarized below:

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change	% Change
Net Operating Income				
Rental revenue	$ 328,049	$ 326,539	$ 1,510	0.5 %
Property operating costs	(99,551)	(100,136)	585	(0.6)%
	228,498	226,403	2,095	0.9 %
Other Income and Expenses				
Interest income	7,491	4,148	3,343	80.6 %
Fee income	1,091	1,039	52	5.0 %
Net interest expense and other financing charges	(130,803)	(133,563)	2,760	(2.1)%
General and administrative expenses	(10,840)	(9,574)	(1,266)	13.2 %
Share of income (loss) from equity accounted joint ventures	114,596	8,069	106,527	1,320.2 %
Amortization of intangible assets	(250)	(250)	—	— %
Transaction costs and other related expenses	(5,236)	—	(5,236)	— %
Other fair value gains (losses), net	(1,066)	477	(1,543)	N/M
Adjustment to fair value of Exchangeable Units	(118,736)	(217,683)	98,947	(45.5)%
Adjustment to fair value of investment properties	302,243	58,743	243,500	414.5 %
Income (Loss) before Income Taxes	386,988	(62,191)	449,179	(722.3)%
Income tax expense	(2)	(7)	5	(71.4)%
Net Income (Loss)	$ 386,986	$ (62,198)	$ 449,184	(722.2)%

Three Months

The quarterly increase compared to the prior year was primarily due to a $243.5 million favourable change in the fair value of investment properties, a $106.5 million increase in income from equity accounted joint ventures, and a $98.9 million favourable change in the adjustment to the fair value of the Trust's Exchangeable Units.

Adjustments to fair value can vary widely from quarter-to-quarter as they are impacted by market factors such as the Trust's Unit price and market capitalization rates.

Rental Revenue and Property Operating Costs

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Net Operating Income			
Rental revenue	$ 328,049	$ 326,539	$ 1,510
Property operating costs	(99,551)	(100,136)	585
	$ 228,498	$ 226,403	$ 2,095

Three Months

The increase in net rental income for the quarter was primarily driven by an increase in capital recoveries, successful realty tax appeals, higher rental rates on renewal in the retail portfolio, and a decline in bad debt expense recorded for tenants affected by the pandemic compared to the prior year.

Rental revenue is comprised primarily of base rent, including straight-line rent, and recoveries from tenants for property taxes, insurance, operating costs and qualifying capital expenditures. Growth in rental revenue is materially impacted by newly acquired or constructed assets.

Property operating costs are comprised primarily of expenses to manage and maintain the properties for the benefit of the tenants, including realty taxes and insurance, that are recoverable under the leases of most tenants. Non-recoverable operating costs do not directly benefit the tenants and include property management fees paid by the Trust for properties managed by its partners.

Interest Income

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Interest income on mortgages and loans receivable	$ 3,478	$ 2,686	$ 792
Interest income earned from financial real estate assets	1,296	1,100	196
Interest income (loss) from financial real estate assets due to changes in value	2,361	—	2,361
Other interest income	356	362	(6)
Interest Income	**$ 7,491**	$ 4,148	$ 3,343

Three Months

The increase is primarily due to a favourable change in fair value recognized on financial real estate assets of $2.4 million, coupled with a $0.8 million increase on interest from mortgages and loans receivable from a higher outstanding balance.

Fee Income

Fees charged to third parties include property management fees, leasing fees and project management fees relating to co-owned properties which serves as a cash flow supplement to enhance returns from the co-owned assets. Fee income from third parties is impacted by changes in the portfolio along with the timing of leasing transactions and project activity. Choice Properties provides Wittington with property management services for certain properties with third-party tenancies on a fee for service basis (see Section 9, “Related Party Transactions”).

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Fees charged to related party	$ 62	$ 127	$ (65)
Fees charged to third parties	1,029	912	117
Fee Income	**$ 1,091**	$ 1,039	$ 52

Three Months

The increase in fee income can be primarily attributed to an increase in leasing and project fees.

Net Interest Expense and Other Financing Charges

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Interest on senior unsecured debentures	$ 45,032	$ 46,914	$ (1,882)
Interest on mortgages and construction loans	10,861	12,086	(1,225)
Interest on credit facility	852	897	(45)
Interest on right-of-use lease liability	18	39	(21)
Amortization of debt discounts and premiums	247	110	137
Amortization of debt placement costs	1,304	1,042	262
Capitalized interest	(732)	(746)	14
	57,582	60,342	(2,760)
Distributions on Exchangeable Units to GWL	73,221	73,221	—
Net interest expense and other financing charges	$ 130,803	$ 133,563	$ (2,760)

Three Months

The quarterly decrease was primarily due to a general reduction in indebtedness while also benefiting from refinancing activity over the last year at lower interest rates. In addition, multiple mortgages matured without refinancing and one of the disposed properties was discharged in the current quarter with the purchaser assuming the debt. Thus decreasing the interest expenses on these mortgages.

General and Administrative Expenses

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Salaries, benefits and employee costs	$ 14,710	$ 12,623	$ 2,087
Investor relations and other public entity costs	557	603	(46)
Professional fees	849	1,099	(250)
Information technology costs	1,268	1,504	(236)
Services Agreement expense charged by related party(i)	975	799	176
Amortization of other assets	319	288	31
Office related costs	293	390	(97)
Other	302	93	209
	19,273	17,399	1,874
Less:			
Capitalized to properties under development	(2,238)	(1,635)	(603)
Allocated to recoverable operating expenses	(6,195)	(6,190)	(5)
General and administrative expenses	$ 10,840	$ 9,574	$ 1,266

(i) The Services Agreement is described in Section 9, “Related Party Transactions”.

Three Months

The quarterly increase was primarily due to higher salary and employee related costs, partially offset by a decrease in professional fees related to changes in service providers.

Other Fair Value Gains (Losses), Net

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Adjustment to fair value of unit-based compensation	$ (1,066)	$ 477	$ (1,543)
Other fair value gains (losses), net	$ (1,066)	$ 477	$ (1,543)

Three Months

In the current quarter the Trust recognized an unfavourable adjustment to the fair value of unit based compensation relative to the prior year.

6. LEASING ACTIVITY

Choice Properties' leasing activities are focused on driving value by:

- focusing on property operations and striving for superior service to tenants;
- managing properties to maintain high levels of occupancy;
- increasing rental rates when market conditions permit; and
- adding tenants in complementary business sectors to retail sites anchored by Loblaw food and drug stores.

The following table details the changes for in-place occupancy by segment for the three months ended March 31, 2022:

(in thousands of square feet except where otherwise indicated)	December 31, 2021									Three Months March 31, 2022		
	Leasable	Occupied	Occupied %	Expires	New	Renewals	Subtotal: Absorption	Portfolio changes(i)	Acquired / (Disposed) vacancy	**Leasable**	**Occupied**	**Occupied %**
Retail	44,152	43,035	97.5 %	(370)	43	266	(61)	(133)	(54)	**43,965**	**42,841**	**97.4 %**
Industrial	17,571	17,234	98.1 %	(390)	58	66	(266)	(252)	(109)	**17,210**	**16,716**	**97.1 %**
Mixed-Use, Residential & Other(ii)	3,535	3,119	88.2 %	(63)	27	24	(12)	(1,102)	(131)	**2,302**	**2,005**	**87.1 %**
Total	65,258	63,388	97.1 %	(823)	128	356	(339)	(1,487)	(294)	**63,477**	**61,562**	**97.0 %**

(i) Represents changes in occupied square footage arising from acquisitions, dispositions, intensifications, expansions, and transfers from properties under development.
(ii) Occupancy disclosed excludes residential units.

Three Months

Period end occupancy decreased slightly to 97.0% compared to December 31, 2021 97.1%. The Trust had temporary negative absorption in the Alberta and Ontario industrial portfolios during the quarter, and has committed new leases in Q2 2022 to backfill the negative absorption at higher rental rates.

The portfolio change of approximately 1,487 square feet primarily related to the strategic sale of six high-quality Office Properties to Allied Properties REIT during the quarter.

Choice Properties' principal tenant, Loblaw, represents 57.5% of its total GLA (December 31, 2021 - 56.0%). At March 31, 2022, the weighted average lease term-to-maturity on the Loblaw leases was 6.3 years (December 31, 2021 - 6.5 years).

(in millions of square feet except where otherwise indicated)	**As at March 31, 2022** Portfolio GLA	**Occupied GLA**	**Occupancy (%)**	As at December 31, 2021 Portfolio GLA	Occupied GLA	Occupancy (%)
Loblaw banners	**36.5**	**36.5**	**100.0%**	36.5	36.5	100.0%
Third-party tenants	**27.0**	**25.1**	**92.9%**	28.7	26.9	93.5%
Total commercial GLA	**63.5**	**61.6**	**97.0%**	65.2	63.4	**97.1%**

The lease maturity profile for Choice Properties' portfolio as at March 31, 2022, was as follows:

(in thousands of square feet except where otherwise indicated)	Third party GLA	Loblaw GLA	Total GLA	Expiring GLA as a % of total GLA	Expiring annualized base rent ($ 000's)	Average expiring base rent (per square foot)
Month-to-month	331	90	421	0.7 %	$ 5,283	$ 12.55
2022	1,316	40	1,356	2.1 %	18,241	13.45
2023	2,701	3,822	6,523	10.3 %	88,058	13.50
2024	3,174	2,854	6,028	9.5 %	80,862	13.41
2025	3,522	3,218	6,740	10.6 %	88,581	13.14
2026	3,410	2,665	6,075	9.6 %	92,370	15.20
2027	2,373	4,057	6,430	10.1 %	107,213	16.67
2028 & Thereafter	8,261	19,728	27,989	44.1 %	455,181	16.26
Occupied GLA	25,088	36,474	61,562	97.0 %	935,789	15.20
Vacant GLA	1,915	—	1,915	3.0 %	825	0.43
Total	**27,003**	**36,474**	**63,477**	**100.0 %**	**$ 936,614**	**$ 14.76**

	Retail segment		Industrial segment		Mixed-Use, Residential & Other segment[ii]		Total	
(in thousands of square feet except where otherwise indicated)	GLA	Expiring GLA as a % of total GLA	GLA	Expiring GLA as a % of total GLA	GLA	Expiring GLA as a % of total GLA	GLA	Expiring GLA as a % of total GLA
Month-to-month	366	0.6%	34	0.1%	21	—%	421	0.7 %
2022	544	0.9%	697	1.1%	115	0.2%	1,356	2.1 %
2023	4,365	6.9%	2,019	3.2%	139	0.2%	6,523	10.3 %
2024	4,142	6.5%	1,685	2.7%	201	0.3%	6,028	9.5 %
2025	4,521	7.1%	2,065	3.3%	154	0.2%	6,740	10.6 %
2026	4,773	7.5%	1,141	1.8%	161	0.2%	6,075	9.6 %
2027	5,829	9.2%	507	0.8%	94	0.1%	6,430	10.1 %
2028 & Thereafter	18,301	28.7%	8,568	13.6%	1,120	1.9%	27,989	44.1 %
Occupied GLA	42,841		16,716		2,005		61,562	97.0 %
Vacant GLA	1,124	1.8%	494	0.8%	297	0.5%	1,915	3.0 %
Total	**43,965**	**69.2%**	**17,210**	**27.4%**	**2,302**	**3.6%**	**63,477**	**100.0 %**

Top 10 Tenants

Choice Properties' ten largest tenants for the three months ended March 31, 2022, represented approximately 66.0% of gross rental revenue, as calculated on a proportionate share basis[1]. The names noted below may be the names of the parent entities and are not necessarily the parties to the leases.

	Tenants	% of Gross Rental Revenue	GLA (000's square feet)
1.	Loblaws	57.9 %	36,475
2.	Canadian Tire	1.9 %	1,358
3.	TJX Companies	1.1 %	608
4.	Dollarama	1.1 %	548
5.	Goodlife	0.8 %	386
6.	Staples	0.7 %	373
7.	Canada Cartage	0.7 %	633
8.	Liquor Control Board of Ontario (LCBO)	0.6 %	212
9.	FGF Brands, Inc.	0.6 %	1,176
10.	Sobeys	0.6 %	296
Total		**66.0 %**	**42,065**

7. RESULTS OF OPERATIONS - SEGMENT INFORMATION

7.1 Net Income and Segment NOI Reconciliation

Choice Properties operates in three reportable segments: Retail, Industrial and Mixed-use, Residential & Other. Management measures and evaluates the performance of the Trust based on net operating income which is presented by segment below at the proportionate share of the related revenue and expenses for these properties, while other net income (loss) items are reviewed on a consolidated GAAP basis.

In the first quarter of 2022, the Trust disposed of a portfolio of six office assets to Allied (Section 3.2), significantly reducing the size of its office portfolio. Concurrent with the disposition the Trust revised its internal reporting structure, combining its remaining office properties and residential properties into the mixed-use, residential, and other segment.

The following table reconciles net income on a proportionate share basis[1] to net income (loss) as determined in accordance with GAAP for the three months ended March 31, 2022:

($ thousands)	Retail	Industrial	Mixed-Use, Residential & Other	Proportionate Share Basis[1]	Consolidation and eliminations[i]	GAAP Basis
Rental revenue, excluding straight line rental revenue and lease surrender revenue	$ 259,522	$ 50,207	$ 33,861	**$ 343,590**	$ (16,450)	**$ 327,140**
Property operating costs	(77,164)	(13,795)	(15,354)	**(106,313)**	6,762	**(99,551)**
Net Operating Income, Cash Basis[1]	**182,358**	**36,412**	**18,507**	**237,277**	(9,688)	**227,589**
Straight line rental revenue	(278)	1,109	79	**910**	(399)	**511**
Lease surrender revenue	347	140	121	**608**	(210)	**398**
Net Operating Income, Accounting Basis	**182,427**	**37,661**	**18,707**	**238,795**	(10,297)	**228,498**
Other Income and Expenses						
Interest income				**3,548**	3,943	**7,491**
Fee income				**1,091**	—	**1,091**
Net interest expense and other financing charges				**(132,998)**	2,195	**(130,803)**
General and administrative expenses				**(10,840)**	—	**(10,840)**
Share of income (loss) from equity accounted joint ventures				**—**	114,596	**114,596**
Amortization of intangible assets				**(250)**	—	**(250)**
Transaction costs and other related expenses				**(5,236)**	—	**(5,236)**
Other fair value gains (losses), net				**(1,066)**	—	**(1,066)**
Adjustment to fair value of Exchangeable Units				**(118,736)**	—	**(118,736)**
Adjustment to fair value of investment properties				**412,680**	(110,437)	**302,243**
Income before Income Taxes				**386,988**	—	**386,988**
Income tax expense				**(2)**	—	**(2)**
Net Income (Loss)				**$ 386,986**	$ —	**$ 386,986**

(i) Reconciling items adjust Choice Properties' proportionate share of joint ventures and financial real estate assets to reflect the equity method of accounting and financial instrument accounting treatment under GAAP.

7.2 Net Operating Income Summary[1]

NOI[1] is a supplemental measure of operating performance widely used in the real estate industry. There is no industry-defined definition of NOI[1]. Refer to Section 14.2, "Net Operating Income", of this MD&A, for a definition of NOI[1] and a reconciliation to net income (loss) determined in accordance with GAAP.

Management also measures performance of operating segments using NOI[1] as calculated on a proportionate share basis[1] and, in particular, same-asset NOI which isolates Management's success at dealing with certain key performance factors. "Same-Asset" refers to those properties that were owned and operated by Choice Properties for the entire 15 months ended March 31, 2022, and where such properties had no changes to income as a result of acquisitions, dispositions, new developments, redevelopments and expansions, intensifications, transfers, or demolitions (collectively, "Transactions"). NOI related to Transactions for the period are presented separately from the same-asset financial results.

Choice Properties' NOI[1] is calculated on a proportionate share basis[1] to incorporate Choice Properties' investment in equity accounted joint ventures as if they were owned directly for the three months ended March 31, 2022 and March 31, 2021 as summarized below.

Summary - Accounting Basis

	Three Months			
For the periods ended March 31 ($ thousands)	**2022**	2021	Change	% Change
Rental revenue	**$ 319,511**	$ 311,413	$ 8,098	2.6 %
Straight line rental revenue	**361**	3,084	(2,723)	(88.3)%
Property operating costs excluding bad debt expense	**(96,245)**	(95,107)	(1,138)	1.2 %
Same-Asset NOI, Accounting Basis, excluding bad debt expense	**223,627**	219,390	4,237	1.9 %
Bad debt expense	**(136)**	(1,581)	1,445	(91.4)%
Same-Asset NOI, Accounting Basis	**223,491**	217,809	5,682	2.6 %
Transactions NOI including straight line rental revenue, excluding bad debt expense	**14,760**	17,002	(2,242)	
Bad debt expense	**(64)**	(355)	291	
Transactions NOI, Accounting Basis	**14,696**	16,647	(1,951)	
Lease surrender revenue	**608**	1,124	(516)	
Total NOI, Accounting Basis	**$ 238,795**	$ 235,580	$ 3,215	

Summary - Cash Basis

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change	% Change
Rental revenue	$ 319,511	$ 311,413	$ 8,098	2.6 %
Property operating costs excluding bad debt expense	(96,245)	(95,107)	(1,138)	1.2 %
Same-Asset NOI, Cash Basis, excluding bad debt expense	223,266	216,306	6,960	3.2 %
Bad debt expense	(136)	(1,581)	1,445	(91.4)%
Same-Asset NOI, Cash Basis	223,130	214,725	8,405	3.9 %
Transactions NOI excluding bad debt expense	14,211	15,263	(1,052)	
Bad debt expense	(64)	(355)	291	
Transactions NOI, Cash Basis	14,147	14,908	(761)	
Total NOI, Cash Basis	$ 237,277	$ 229,633	$ 7,644	

Three Months

Same-asset NOI, cash basis, increased 3.9% primarily due to increased revenue from contractual rent steps within the retail and industrial portfolios, a reduction in bad debt expense, higher capital recoveries, higher rental rates on renewals in the retail portfolio, and successful realty tax appeals.

The decrease in transactions NOI was primarily due to foregone NOI from properties sold in late 2021 and Q1 2022, partially offset by the contribution from acquisitions and development transfers completed in the last 12 months.

Retail Segment

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change	% Change
Rental revenue	$ 254,697	$ 248,474	$ 6,223	2.5 %
Property operating costs excluding bad debt expense	(76,070)	(75,945)	(125)	0.2 %
Same-Asset NOI, Cash Basis, excluding bad debt expense	178,627	172,529	6,098	3.5 %
Bad debt expense	(125)	(1,231)	1,106	(89.8)%
Same-Asset NOI, Cash Basis	178,502	171,298	7,204	4.2 %
Transactions NOI excluding bad debt expense	3,754	6,141	(2,387)	
Bad debt expense	102	(278)	380	
Transactions NOI, Cash Basis	3,856	5,863	(2,007)	
Total NOI, Cash Basis	$ 182,358	$ 177,161	$ 5,197	

Three Months

The 4.2% increase in same-asset NOI, cash basis, was primarily driven by increased revenue from contractual rent steps, successful realty tax appeals, higher capital recoveries, and higher rental rates on renewals, and a reduction in bad debt expense.

Transaction NOI declined primarily due to the foregone income from dispositions, partially offset by the contribution from acquisitions and development transfers completed.

Industrial Segment

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change	% Change
Rental revenue	$ 48,396	$ 46,773	$ 1,623	3.5 %
Property operating costs excluding bad debt expense	(13,033)	(12,132)	(901)	7.4 %
Same-Asset NOI, Cash Basis, excluding bad debt expense	35,363	34,641	722	2.1 %
Bad debt expense	4	(31)	35	N/M
Same-Asset NOI, Cash Basis	35,367	34,610	757	2.2 %
Transactions NOI excluding bad debt expense	1,075	1,639	(564)	
Bad debt expense	(30)	(65)	35	
Transactions NOI, Cash Basis	1,045	1,574	(529)	
Total NOI, Cash Basis	$ 36,412	$ 36,184	$ 228	

Three Months

Same-asset NOI, cash basis, increased by 2.2% primarily due to positive leasing activity in the Ontario region, partially offset by short-term vacancies in large bay locations in the Alberta region.

Transaction NOI decreased as compared to the prior year mainly due to the foregone income from dispositions in the current and prior quarter.

Mixed-Use, Residential & Other Segment

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change	% Change
Rental revenue	$ 16,418	$ 16,166	$ 252	1.6 %
Property operating costs excluding bad debt expense	(7,142)	(7,030)	(112)	1.6 %
Same-Asset NOI, Cash Basis, excluding bad debt expense	9,276	9,136	140	1.5 %
Bad debt expense	(15)	(319)	304	N/M
Same-Asset NOI, Cash Basis	9,261	8,817	444	5.0 %
Transactions NOI excluding bad debt expense	9,382	7,483	1,899	
Bad debt expense	(136)	(12)	(124)	
Transactions NOI, Cash Basis	9,246	7,471	1,775	
Total NOI, Cash Basis	$ 18,507	$ 16,288	$ 2,219	

Three Months

Same-asset NOI, cash basis, increased by 5.0% primarily due to a reduction in bad debt expense and positive leasing activity and rent steps in the Ontario region, partially offset by a decline in occupancy in the Quebec and Alberta regions.

Transaction NOI increased as compared to the prior year mainly due to contributions from a development transfer completed in the prior year.

7.3 Other Key Performance Indicators

FFO[(1)] and AFFO[(1)] are included in the Trust's summary of key performance indicators. See Section 14, "Non-GAAP Financial Measures", of this MD&A, for details on how these measures are defined, calculated and reconciled to GAAP financial measures and why management uses these measures. FFO[(1)] and AFFO[(1)] for the three months ended March 31, 2022 and March 31, 2021 are summarized below:

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Funds from Operations[(1)]	$ 175,136	$ 170,608	$ 4,528
FFO[(1)] per unit basic	$ 0.242	$ 0.236	$ 0.006
FFO[(1)] per unit diluted	$ 0.242	$ 0.236	$ 0.006
FFO[(1)] payout ratio - diluted	76.4 %	78.4 %	(2.0)%
Adjusted Funds from Operations[(1)]	$ 160,749	$ 155,316	$ 5,433
AFFO[(1)] per unit basic	$ 0.222	$ 0.215	$ 0.007
AFFO[(1)] per unit diluted	$ 0.222	$ 0.215	$ 0.007
AFFO[(1)] payout ratio - diluted	83.3 %	86.1 %	(2.8)%
Distribution declared per Unit	$ 0.185	$ 0.185	$ —
Weighted average Units outstanding - basic[(i)]	723,417,483	722,728,188	689,295
Weighted average Units outstanding - diluted[(i)]	723,466,930	722,930,485	536,445
Number of Units outstanding, end of period[(i)]	723,544,974	722,728,188	816,786

(i) Includes Trust Units and Exchangeable Units.

Funds from Operations ("FFO")[(1)]

FFO[(1)] is calculated in accordance with the Real Property Association of Canada's *Funds from Operations & Adjusted Funds from Operations for IFRS* issued in January 2022. From time to time the Trust may enter into transactions that materially impact the calculation and are excluded from the calculation for management's review purposes. Refer to Section 14.3, "Funds from Operations", for a reconciliation of FFO[(1)] to net income determined in accordance with GAAP.

Three Months

Funds from operations increased by $4.5 million compared to the prior year quarter primarily due to higher net operating income from higher rental rates on renewal in the retail portfolios, successful realty tax appeals, and higher capital recoveries, a $1.7 million decline in bad debt expense, a decline in interest expense due to a lower level of borrowing, and an increase in interest income, partially offset by an increase in general and administrative expenses.

Adjusted Funds from Operations ("AFFO")[(1)]

Choice Properties calculates AFFO[(1)] in accordance with the Real Property Association of Canada's *Funds from Operations & Adjusted Funds from Operations for IFRS* issued in January 2022. From time to time the Trust may enter into transactions that materially impact the calculation and are excluded from the calculation for management's review purposes. Refer to Section 14.4, "Adjusted Funds from Operations", for a reconciliation of AFFO[(1)] to net income determined in accordance with GAAP.

Three Months

Adjusted funds from operations increased by $5.4 million compared to the prior year on a quarterly basis due to the $4.5 million increase in FFO noted above, and a decrease in straight line rental revenue adjustment, partially offset by an increase in spending on tenant improvements and direct leasing costs.

Property Capital and Leasing Expenditures

Choice Properties endeavours to fund operating capital requirements from cash flows from operations.

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Property capital	$ 2,606	$ 2,591	$ 15
Direct leasing costs	1,955	1,254	701
Tenant improvements	6,837	4,628	2,209
Total property capital and leasing expenditures, proportionate share basis(1)	$ 11,398	$ 8,473	$ 2,925

Property capital expenditures incurred to sustain the existing GLA for investment properties are considered to be operational and are deducted in the calculation of AFFO(1) and ACFO(1). During the three months ended March 31, 2022, Choice Properties incurred $2,606 of property capital expenditures, which may be recoverable from tenants under the terms of their leases over the useful life of the improvements (2021 - $2,591). Recoverable capital improvements may include items such as parking lot resurfacing and roof replacements. These items are recorded as part of investment properties and the recoveries from tenants are recorded as revenue.

Capital expenditures for leasing activities, such as direct leasing costs or leasing commissions and tenant improvement allowances, are considered to be operational and are deducted in the calculation of AFFO(1) and ACFO(1). Leasing capital expenditures vary with tenant demand and the balance between new and renewal leasing, as capital expenditures relating to securing new tenants is generally higher than the cost for renewing existing tenants.

8. QUARTERLY RESULTS OF OPERATIONS

The following is a summary of selected consolidated financial information for each of the eight most recently completed quarters.

Selected Quarterly Information

($ thousands except where otherwise indicated)	**First Quarter 2022**	Fourth Quarter 2021	Third Quarter 2021	Second Quarter 2021	First Quarter 2021	Fourth Quarter 2020	Third Quarter 2020	Second Quarter 2020
Number of income producing properties	**699**	709	718	717	715	713	707	706
Gross leasable area (in millions of square feet)	**64.0**	65.8	66.5	66.4	66.2	66.1	66.1	65.6
Occupancy	**97.0 %**	97.1 %	97.0 %	96.9 %	97.0 %	97.1 %	97.0 %	96.8 %
Rental revenue (GAAP)	**$ 328,049**	$ 325,763	$ 316,083	$ 323,936	$ 326,539	$ 321,862	$ 308,956	$ 314,885
Net income (loss)	**$ 386,986**	$ (163,087)	$ 163,672	$ 84,621	$ (62,198)	$ 116,570	$ 97,186	$ (95,813)
Net income (loss) per Unit	**$ 0.535**	$ (0.225)	$ 0.226	$ 0.117	$ (0.086)	$ 0.161	$ 0.136	$ (0.137)
Net income (loss) per Unit diluted	**$ 0.535**	$ (0.225)	$ 0.226	$ 0.117	$ (0.086)	$ 0.162	$ 0.137	$ (0.137)
Net operating income, cash basis(1)	**$ 237,277**	$ 236,674	$ 236,004	$ 233,188	$ 229,633	$ 230,353	$ 229,891	$ 216,431
FFO(1)	**$ 175,136**	$ 174,797	$ 172,651	$ 171,842	$ 170,608	$ 171,519	$ 169,173	$ 140,645
FFO(1) per Unit - diluted	**$ 0.242**	$ 0.242	$ 0.239	$ 0.238	$ 0.236	$ 0.239	$ 0.238	$ 0.201
AFFO(1)	**$ 160,749**	$ 118,924	$ 153,566	$ 158,700	$ 155,316	$ 136,054	$ 147,594	$ 131,173
AFFO(1) per Unit - diluted	**$ 0.222**	$ 0.164	$ 0.212	$ 0.219	$ 0.215	$ 0.189	$ 0.207	$ 0.187
Distribution declared per Unit	**$ 0.185**	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185
Market price per Unit - closing	**$ 15.49**	$ 15.19	$ 14.25	$ 14.29	$ 13.56	$ 13.01	$ 12.78	$ 12.74
Units outstanding, period end	**723,544,974**	723,375,372	723,302,244	723,148,168	722,728,188	722,728,188	716,903,446	700,403,446
Adjusted debt to total assets(i)	**39.5 %**	40.1 %	41.0 %	40.9 %	42.3 %	42.7 %	43.8 %	44.3 %
Debt service coverage(i)	**3.4x**	3.3x	3.3x	3.2x	3.2x	3.2x	3.0x	2.6x

(i) The Exchangeable Units are excluded from the debt ratio calculations. The ratios are non-GAAP financial measures calculated based on the Trust Indentures, as supplemented.

Choice Properties' quarterly results were impacted by acquisition and disposition activity and the development of additional GLA. In addition, net income (loss) was impacted by fluctuations in adjustments to fair value of Exchangeable Units, investment properties, and unit-based compensation and therefore was often not comparable from quarter to quarter.

9. RELATED PARTY TRANSACTIONS

Choice Properties' parent corporation is GWL, which as at March 31, 2022, held either directly or indirectly, a 61.7% effective interest in the Trust through ownership of 50,661,415 Units and all of the Exchangeable Units, which are economically equivalent to and exchangeable to Units. GWL is also the parent company of Loblaw, with ownership of 52.6% of Loblaw's outstanding common shares as at March 31, 2022. Choice Properties' ultimate parent is Wittington Investments, Limited, the controlling shareholder of GWL.

In the normal course of operations, Choice Properties enters into various transactions with related parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

Loblaw represents approximately 57.9% of Choice Properties' quarterly rental revenue on a proportionate share basis(1) and 57.5% of its commercial GLA as at March 31, 2022 (December 31, 2021 - 55.5% and 56.0%, respectively).

Acquisitions
During three months ended March 31, 2022, Choice Properties acquired a financial real estate asset for a purchase price of $2,200, excluding transaction costs and a development property for a purchase price of $25,663, excluding transaction costs from Loblaw.

Dispositions
During three months ended March 31, 2022, Choice Properties disposed of 1 retail properties which had a Loblaw lease for an aggregate sale price of $25,750, excluding transaction costs.

Services Agreement
For the three months ended March 31, 2022, GWL provided Choice Properties with corporate, administrative and other support services for an annualized cost of $3,901 (2021 - $3,094).

Strategic Alliance Agreement
The Strategic Alliance Agreement creates a series of rights and obligations between Choice Properties and Loblaw intended to establish a preferential and mutually beneficial business and operating relationship. The Strategic Alliance Agreement expires on July 5, 2023. The Strategic Alliance Agreement provides Choice Properties with important rights that are expected to meaningfully contribute to the Trust's growth. Subject to certain exceptions, rights include:

- Choice Properties has the right of first offer to purchase any property in Canada that Loblaw seeks to sell;
- Loblaw is generally required to present shopping centre property acquisitions in Canada to Choice Properties to allow the Trust a right of first opportunity to acquire the property itself; and
- Choice Properties has the right to participate in future shopping centre developments involving Loblaw.

Included in certain investment properties acquired from Loblaw is excess land with development potential. In accordance with the Strategic Alliance Agreement, Choice Properties will compensate Loblaw, over time, with intensification payments, as Choice Properties pursues development, intensification or redevelopment of such excess land. The payments to Loblaw are calculated in accordance with a payment grid that takes into account the region, market ranking and type of use for the property.

Property Management Agreement
Choice Properties provides Wittington with property management services for certain properties with third-party tenancies on a fee for service basis.

Site Intensification Payments
Choice Properties compensated Loblaw with intensification payments of $1,765 in connection with completed gross leasable area for which tenants took possession during the three months ended March 31, 2022 (year ended December 31, 2021 - $2,208).

Distributions on Exchangeable Units
GWL, directly or indirectly, holds all of the Exchangeable Units issued by Choice Properties Limited Partnership, a subsidiary of Choice Properties. During the three months ended March 31, 2022, distributions declared on the Exchangeable Units totalled $73,221 (March 31, 2021 - $73,221).

As at March 31, 2022, Choice Properties had distributions on Exchangeable Units payable to GWL of $24,407 (December 31, 2021 - 192,741)

Notes Receivable
Holders of Exchangeable Units may, in lieu of receiving all or a portion of their distributions, choose to be loaned an amount from Choice Properties Limited Partnership, and to have such distributions made on the first business day following the end

of the fiscal year in which such distribution would otherwise have been made. The loans do not bear interest and are due and payable in full on the first business day following the end of the fiscal year during which the loan was made. During the three months ended March 31, 2022, GWL did not elect to receive distributions from Choice Properties Limited Partnership in the form of loans. Non-interest bearing short-term notes totalling $168,334 with respect to the loans received in the 2021 fiscal year were settled against distributions payable by the Trust to GWL in January 2022.

Trust Unit Distributions
During the three months ended March 31, 2022, Choice Properties declared cash distributions of $9,372 on the Units held by GWL (March 31, 2021 - $9,372). As at March 31, 2022, $3,124 of Trust Unit distributions declared were payable to GWL (December 31, 2021 - $3,124). There were no non-cash distributions settled through the issuance of additional Trust Units during the three months ended March 31, 2022 (March 31, 2021 - $4,660).

During the three months ended March 31, 2022, Choice Properties declared cash distributions of $3,053 on the Units held by Wittington (March 31, 2021 - $3,053). As at March 31, 2022, $1,018 of Trust Unit distributions declared were payable to Wittington (December 31, 2021 - $1,018). There were no non-cash distributions settled through the issuance of additional Trust Units during the three months ended March 31, 2022 (March 31, 2021 - $nil).

10. INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Trust is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

In designing such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

Changes in Internal Control over Financial Reporting
There were no changes in Choice Properties' internal controls over financial reporting in the first quarter of 2022 that materially affected or are reasonably likely to materially affect the Trust's internal control over financial reporting.

11. ENTERPRISE RISKS AND RISK MANAGEMENT

A detailed full set of risks applicable to the Choice Properties business are included in the Trust's AIF for the year ended December 31, 2021 and MD&A in the 2021 Annual Report, which are hereby incorporated by reference. The 2021 Annual Report and AIF are available online on www.sedar.com. The risks and risk management strategies included in the AIF and Annual Report remain unchanged.

12. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Environmental, Social and Governance (“ESG”) practices are fully integrated into the Trust’s day-to-day business activities, and are aligned with the Trust’s purpose of creating enduring value for generations. ESG is embedded in the Trust’s corporate strategy, which seeks to maximize long-term value by taking a disciplined and sustainable approach to property operations and financial management, and by unlocking value through development activities. Some of the ways in which Choice through its ESG program seeks to create enduring value for stakeholders include:

- Protecting the planet for future generations while reducing resource consumption and costs;
- Attracting, retaining and empowering a diverse, engaged workforce to bring unique perspectives and experiences to strategic decisions;
- Preserving asset value and the reputation of the Trust by managing the risks of changing regulations and stakeholder expectations;
- Generating stable returns and long-term NAV appreciation by attracting like-minded tenants;
- Strengthening relationships with stakeholders by working collaboratively to achieve positive social, economic and environmental outcomes; and
- Enhancing long-term investment returns by allocating capital to sustainable opportunities and attracting a broader spectrum of investors.

The Board of Trustees and its Committees oversee the Trust’s approach, policies and practices related to the ESG program. The Trust’s President and Chief Executive Officer is the executive sponsor for the ESG program and oversees the integration of ESG strategy into the Trust's operations.

The Trust aspires to develop healthy, resilient communities through its dedication to social, economic and environmental sustainability. To achieve this aspiration, the Trust has refined its focus to two areas where it can have significant impact on environmental and social sustainability: Fighting Climate Change, and Addressing Social Equity.

Information regarding Choice Properties’ ESG practices is set out in the Trust’s 2021 Environmental, Social, and Governance Report, available on the Trust’s website at www.choicereit.ca.

Information regarding Choice Properties’ corporate governance practices is set out in the Trust’s Management Proxy Circular for the Annual Meeting of Unitholders scheduled to be held on April 28, 2022, available on the Trust's website at www.choicereit.ca.

13. OUTLOOK(2)

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. Our goal is to provide net asset value appreciation, stable net operating income growth and capital preservation, all with a long-term focus. Choice Properties is confident that our business model, stable tenant base, strong balance sheet and disciplined approach to financial management will continue to position us well for future success.

Our diversified portfolio of retail, industrial, residential and mixed-use properties is 97.0% occupied and leased to high-quality tenants across Canada. Our portfolio is primarily leased to necessity-based tenants and logistics providers, who are less sensitive to economic volatility and therefore provide stability to our overall portfolio. This stability is evident in our stable financial results over the past year and in the most recent quarter. We are encouraged by continued COVID-19 reopening measures, supported by high vaccination rates. This optimism is reflected in our tenant base as we are seeing positive leasing momentum across our portfolio.

Last year we made the strategic decision to focus our time and capital on the opportunities available in our core business of essential retail and industrial, growing residential platform and robust development pipeline. These are asset classes where we have the ability to achieve scale, allowing us to deliver operating efficiencies, generate further investment opportunities, and attract top talent. This decision led to our strategic sale of six high-quality office properties to Allied Properties REIT in the first quarter. We will no longer be focusing our reporting on office as a stand-alone asset class.

We continue to advance our development program, which provides us with the best opportunity to add high-quality real estate to our portfolio at a reasonable cost and drive net asset value appreciation over time. We have a mix of active development projects ranging in size, scale and complexity, including retail intensification projects, industrial development, and rental residential projects located in urban markets with a focus on transit accessibility. In residential, we continue to progress on the construction of two high-rise residential projects, one of which is in Brampton, Ontario located next to the Mount Pleasant GO Station and the other is in the Westboro neighbourhood in Ottawa, Ontario. We are also finding ways to grow our industrial platform through development. We have two active industrial projects, which we expect will deliver 0.6M square feet of new generation logistics space. Our industrial project at Horizon Business Park in Edmonton, Alberta, comprising two buildings totaling 0.3M square feet, is progressing, with first occupancy expected at the end of the second quarter of 2022. Subsequent to the first quarter, we commenced construction at our second active industrial site, a modern logistics facility located in a prime industrial node in Surrey, British Columbia comprising 0.3M square feet.

Beyond our active projects, we have a substantial pipeline of larger, more complex mixed-use developments and land held for future industrial development, which collectively are expected to drive meaningful net asset value growth in the future. We continue to advance the rezoning process for several mixed-use sites with 11 projects representing over 10.5M square feet now in different stages of the rezoning and planning process. We have achieved Official Zoning By-Law amendment approval for a significant mixed-use project at Grenville and Grosvenor in Toronto, Ontario during the quarter. Subsequent to the first quarter, we acquired an additional parcel of land adjacent to future developable industrial land in the GTA that was acquired in 2021, bringing the total future industrial land in this multi-phase industrial park to approximately 380 net developable acres, further expanding our pipeline of opportunity to grow our industrial portfolio.

Since the start of the year, there has been a significant increase in interest rates with the Bank of Canada ("BoC") already raising the overnight rate by 75 basis points and several further rate hikes anticipated for the remainder of 2022. Additionally, longer term rates have increased with the BoC 10-Year benchmark bond yield increasing from 1.6% at the beginning of 2022 to approximately 2.8% as of the date of this report. We continue to monitor the impact of the overall rising rate environment on our operating results and financial condition. We have approximately $623 million of debt obligations coming due in 2022 which we intend to refinance with longer term debt, primarily unsecured debentures and commercial mortgages. From a liquidity perspective, the Trust has approximately $1.5 of available liquidity, comprised of $1.4 billion from the unused portion of the Trust's revolving credit facility and $35.2 million in cash and cash equivalents, in addition to approximately $12.4 billion in unencumbered assets. Our ample liquidity, unencumbered assets and staggered debt maturity profile provide us with flexibility in the current environment.

14. NON-GAAP FINANCIAL MEASURES

The financial statements of Choice Properties are prepared in accordance with GAAP. However, in this MD&A, a number of measures are presented that do not have any standardized meaning under GAAP. Such measures and related per-unit amounts therefore should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with GAAP and may not be comparable to similar measures presented by other real estate investment trusts or enterprises. These terms are defined below and are cross referenced, as applicable, to a reconciliation elsewhere in this MD&A to the most comparable GAAP measure. Choice Properties believes these non-GAAP financial measures and ratios provide useful information to both management and investors in measuring the financial performance and financial condition of the Trust for the reasons outlined below.

Non-GAAP Measure	Description	Reconciliation
Proportionate Share	• Represents financial information adjusted to reflect the Trust's equity accounted joint ventures and financial real estate assets and its share of net income (losses) from equity accounted joint ventures and financial real estate assets on a proportionately consolidated basis at the Trust's ownership percentage of the related investment. • Management views this method as relevant in demonstrating the Trust's ability to manage the underlying economics of the related investments, including the financial performance and cash flows and the extent to which the underlying assets are leveraged, which is an important component of risk management.	Section 2, "Balance Sheet" Section 7.1, "Net Income and Segment NOI Reconciliation"
Net Operating Income ("NOI"), Accounting Basis	• Defined as property rental revenue including straight line rental revenue, reimbursed contract revenue and lease surrender revenue, less direct property operating expenses and realty taxes, and excludes certain expenses such as interest expense and indirect operating expenses in order to provide results that reflect a property's operations before consideration of how it is financed or the costs of operating the entity in which it is held. • Management believes that NOI is an important measure of operating performance for the Trust's commercial real estate assets that is used by real estate industry analysts, investors and management, while also being a key input in determining the fair value of the Choice Properties portfolio.	Section 7.1, "Net Income and Segment NOI Reconciliation"
NOI, Cash Basis	• Defined as property rental revenue excluding straight line rental revenue, direct property operating expenses and realty taxes and excludes certain expenses such as interest expense and indirect operating expenses in order to provide results that reflect a property's operations before consideration of how it is financed or the costs of operating the entity in which it is held. • Management believes NOI, Cash Basis is a useful measure in understanding period-over-period changes in income from operations due to occupancy, rental rates, operating costs and realty taxes.	Section 7.1, "Net Income and Segment NOI Reconciliation" Section 14.2, "Net Operating Income"
Same-Asset NOI, Cash Basis and Same-Asset NOI, Accounting Basis	• Same-asset NOI is used to evaluate the period-over-period performance of those properties owned and operated by Choice Properties since January 1, 2021, inclusive. • NOI from properties that have been (i) purchased, (ii) disposed, or (iii) subject to significant change as a result of new development, redevelopment, expansion, or demolition (collectively, "Transactions") are excluded from the determination of same-asset NOI. • Same-asset NOI, Cash Basis, is useful in evaluating the realization of contractual rental rate changes embedded in lease agreements and/or the expiry of rent-free periods, while also being a useful measure in understanding period-over-period changes in NOI due to occupancy, rental rates, operating costs and realty taxes, before considering the changes in NOI that can be attributed to the Transactions and development activities.	Section 7.2, "Net Operating Income Summary"

Funds from Operations ("FFO")	• Calculated in accordance with the Real Property Association of Canada's ("REALpac") *Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS* issued in January 2022. • Management considers FFO to be a useful measure of operating performance as it adjusts for items included in net income (or net loss) that do not arise from operating activities or do not necessarily provide an accurate depiction of the Trust's past or recurring performance, such as adjustments to fair value of Exchangeable Units, investment properties and unit-based compensation. From time to time the Trust may enter into transactions that materially impact the calculation and are eliminated from the calculation for management's review purposes. • Management uses and believes that FFO is a useful measure of the Trust's performance that, when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and realty taxes, acquisition activities and interest costs.	Section 14.3, "Funds from Operations" Section 14.9, "Selected Information for Comparative Purposes"
Adjusted Funds from Operations ("AFFO")	• Calculated in accordance with REALpac's *Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS* issued in January 2022. • Management considers AFFO to be a useful measure of operating performance as it further adjusts FFO for capital expenditures that sustain income producing properties and eliminates the impact of straight-line rent. AFFO is impacted by the seasonality inherent in the timing of executing property capital projects. • In calculating AFFO, FFO is adjusted by excluding straight-line rent adjustments, as well as costs incurred relating to internal leasing activities and property capital projects. Working capital changes, viewed as short-term cash requirements or surpluses, are deemed financing activities pursuant to the methodology and are not considered when calculating AFFO. • Capital expenditures which are excluded and not deducted in the calculation of AFFO comprise those which generate a new investment stream, such as constructing a new retail pad during property expansion or intensification, development activities or acquisition activities. • Accordingly, AFFO differs from FFO in that AFFO excludes from its definition certain non-cash revenues and expenses recognized under GAAP, such as straight-line rent, but also includes capital and leasing costs incurred during the period which are capitalized for GAAP purposes. From time to time the Trust may enter into transactions that materially impact the calculation and are eliminated from the calculation for management's review purposes.	Section 14.4, "Adjusted Funds from Operations" Section 14.9, "Selected Information for Comparative Purposes"
Adjusted Cash Flow from Operations ("ACFO")	• Calculated in accordance with REALpac's *Adjusted Cashflow from Operations (ACFO) for IFRS* issued in February 2019. • Management views ACFO as a useful measure of the cash generated from operations after providing for operating capital requirements, and in evaluating the ability of Choice Properties to fund distributions to Unitholders. ACFO adjusts cash flows from operations as calculated under GAAP including, but not limited to, removing the effects of distributions on Exchangeable Units, deducting amounts for property capital expenditures to sustain existing GLA and for leasing capital expenditures. • The resulting ACFO will include the impact of the seasonality of property capital expenditures and the impact of fluctuations from normal operating working capital, such as changes to net rent receivable from tenants, trade accounts payable and accrued liabilities. • From time to time the Trust may enter into transactions that materially impact the calculation and are eliminated from the calculation for management's review purposes.	Section 14.5 , "Adjusted Cash Flow from Operations"
FFO, AFFO and ACFO Payout Ratios	• FFO, AFFO and ACFO payout ratios are supplementary measures used by Management to assess the sustainability of the Trust's distribution payments. • The ratios are calculated using cash distributions declared divided by FFO, AFFO and ACFO, as applicable.	Section 7.3, "Other Key Performance Indicators"

Earnings before Interest, Taxes, Depreciation, Amortization and Fair Value ("EBITDAFV")	• Defined as net income attributable to Unitholders, reversing, where applicable, income taxes, interest expense, amortization expense, depreciation expense, adjustments to fair value and other adjustments as allowed in the Trust Indentures, as supplemented. • Management believes EBITDAFV is useful in assessing the Trust's ability to service its debt, finance capital expenditures and provide for distributions to its Unitholders.	Section 14.8, "Earnings before Taxes, Depreciation, Amortization and Fair Value"
Cash Retained after Distributions	• Represents the portion of ACFO retained within Choice Properties which can be used to invest in new acquisitions, development properties and capital activity.	Section 14.6, "Distribution Excess / Shortfall Analysis"
Total Adjusted Debt	• Defined as variable rate debt (construction loans and credit facility) and fixed rate debt (senior unsecured debentures and mortgages), as measured on a proportionate share basis[1], and does not include the Exchangeable Units which are included as part of Unit Equity on account of the Exchangeable Units being economically equivalent and receiving equal distributions to the Trust Units. • Total Adjusted Debt is also presented on a net basis to include the impact of other finance charges such as debt placement costs and discounts or premiums.	Section 4.3, "Components of Total Adjusted Debt"
Adjusted Debt to Total Assets	• Determined by dividing Total Adjusted Debt (as defined above) by total assets as presented on a proportionate share basis and can be interpreted as the proportion of the Trust's assets that are financed by debt. • Management believes this ratio is useful in evaluating the Trust's flexibility to incur additional financial leverage.	Section 4.4, "Financial Conditions" Section 14.9, "Selected Information for Comparative Purposes"
Debt Service Coverage	• Calculated as EBITDAFV divided by interest expense on the Total Adjusted Debt and all regularly scheduled principal payments made with respect to indebtedness during such period (other than any balloon, bullet or similar principal payable at maturity or which repays such indebtedness in full). This ratio is calculated based on the Trust Indentures, as supplemented. • The debt service coverage ratio is useful in determining the ability of Choice Properties to service the interest requirements of its outstanding debt.	Section 4.4, "Financial Conditions" Section 14.9, "Selected Information for Comparative Purposes"
Adjusted Debt to EBITDAFV, and Adjusted Debt to EBITDAFV, net of cash	• Calculated as Total Adjusted Debt divided by EBITDAFV. • This ratio is used to assess the financial leverage of Choice Properties, to measure its ability to meet financial obligations and to provide a snapshot of its balance sheet strength. • Management also presents this ratio with Total Adjusted Debt calculated as net of cash and cash equivalents at the measurement date.	Section 4.4, "Financial Condition"
Interest Coverage	• Calculated as EBITDAFV divided by interest expense on the Total Adjusted Debt incurred by Choice Properties for the period. • The interest coverage ratio is useful in determining Choice Properties' ability to service the interest requirements of its outstanding debt.	Section 4.4, "Financial Condition"

14.1 Investment Properties Reconciliation

To expand the portfolio and participate in development opportunities, Choice Properties owns varying interests in real estate entities which hold investment properties. Under GAAP, many of these interests are recorded as equity accounted joint ventures and, as such, the Trust's portion of the investment properties of these entities is presented on the balance sheet as a summarized value, not as part of the total investment properties. Similarly, Choice Properties owns real estate assets, whereby the acquisition involved a sale-leaseback arrangement with the seller. As a result of the arrangement the Trust did not meet the GAAP definition of control, and as such, these assets are presented on the balance sheet as financial real estate assets and not as part of investment properties. While the reconciliation for Choice Properties' balance sheet on a GAAP basis to a proportionate share basis(1) is detailed in Section 2, "Balance Sheet", the following continuity schedule presents Choice Properties' investment properties inclusive of its proportionate share ownership in equity accounted joint ventures and financial real estate assets for the three months ended March 31, 2022:

	Income Producing Properties			Properties Under Development			Total Investment Properties	
As at or for the three months ended March 31 ($ thousands except where otherwise indicated)	GAAP Basis	Adjustment to Proportionate Share Basis(1)(i)	Proportionate Share Basis(1)	GAAP Basis	Adjustment to Proportionate Share Basis(1)(i)	Proportionate Share Basis(1)	**GAAP Basis**	**Proportionate Share Basis(1)**
Balance, beginning of period	$ 14,707,000	$ 893,000	$ 15,600,000	$ 223,000	$ 220,000	$ 443,000	**$ 14,930,000**	**$ 16,043,000**
Acquisitions of investment properties(ii)	—	38,168	38,168	27,218	—	27,218	**27,218**	**65,386**
Capital expenditures								
Development capital	—	—	—	7,136	4,543	11,679	**7,136**	**11,679**
Building improvements	954	457	1,411	—	—	—	**954**	**1,411**
Capitalized interest	—	—	—	668	878	1,546	**668**	**1,546**
Property capital	2,364	242	2,606	—	—	—	**2,364**	**2,606**
Direct leasing costs	1,799	156	1,955	—	—	—	**1,799**	**1,955**
Tenant improvement allowances	6,117	720	6,837	—	—	—	**6,117**	**6,837**
Amortization of straight-line rent	511	399	910	—	—	—	**511**	**910**
Transfer from properties under development	10,150	—	10,150	(10,150)	—	(10,150)	**—**	**—**
Other transfers	(22,945)	—	(22,945)	22,945	—	22,945		
Dispositions	(789,010)	—	(789,010)	—	—	—	**(789,010)**	**(789,010)**
Adjustment to fair value of investment properties	275,060	19,858	294,918	27,183	90,579	117,762	**302,243**	**412,680**
Balance, as at March 31, 2022	**$ 14,192,000**	**$ 953,000**	**$ 15,145,000**	**$ 298,000**	**$ 316,000**	**$ 614,000**	**$ 14,490,000**	**$ 15,759,000**

(i) Adjustment to Proportionate Share Basis(1) reflects the Trust's investment properties inclusive of its proportionate share ownership in equity accounted joint ventures and financial real estate assets.

(ii) Includes acquisition costs.

14.2 Net Operating Income

The following table reconciles net income (loss), as determined in accordance with GAAP, to Net Operating Income, Cash Basis, for the periods ended as indicated. Refer to Section 7, "Results of Operations - Segment Information" and Section 14, "Non-GAAP Financial Measures", for further details about this non-GAAP measure.

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Net income (loss)	**$ 386,986**	$ (62,198)	$ 449,184
General and administrative expenses	**10,840**	9,574	1,266
Fee income	**(1,091)**	(1,039)	(52)
Net interest expense and other financing charges	**130,803**	133,563	(2,760)
Interest income	**(7,491)**	(4,148)	(3,343)
Share of income (loss) from equity accounted joint ventures	**(114,596)**	(8,069)	(106,527)
Amortization of intangible assets	**250**	250	—
Transaction costs and other related expenses	**5,236**	—	5,236
Other fair value gains (losses), net	**1,066**	(477)	1,543
Adjustment to fair value of Exchangeable Units	**118,736**	217,683	(98,947)
Adjustment to fair value of investment properties	**(302,243)**	(58,743)	(243,500)
Income tax expense	**2**	7	(5)
Net Operating Income, Accounting Basis - GAAP	**228,498**	226,403	2,095
Straight line rental revenue	**(511)**	(4,477)	3,966
Lease surrender revenue	**(398)**	(1,124)	726
Net Operating Income, Cash Basis - GAAP	**227,589**	220,802	6,787
Adjustments for equity accounted joint ventures and financial real estate assets	**9,688**	8,831	857
Net Operating Income, Cash Basis - Proportionate Share[(1)]	**$ 237,277**	$ 229,633	$ 7,644

14.3 Funds from Operations

The following table reconciles net income, as determined in accordance with GAAP, to Funds from Operations for the periods ended as indicated. Refer to Section 7, "Results of Operations - Segment Information" and Section 14, "Non-GAAP Financial Measures", for further details about this non-GAAP measure.

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Net income (loss)	$ 386,986	$ (62,198)	$ 449,184
Amortization of intangible assets	250	250	—
Transaction costs and other related expenses	5,236	—	5,236
Other fair value gains (losses), net	1,066	(477)	1,543
Adjustment to fair value of Exchangeable Units	118,736	217,683	(98,947)
Adjustment to fair value of investment properties	(302,243)	(58,743)	(243,500)
Adjustment to fair value of investment property held in equity accounted joint ventures	(110,437)	(2,152)	(108,285)
Interest otherwise capitalized for development in equity accounted joint ventures	240	1,021	(781)
Exchangeable Units distributions	73,221	73,221	—
Internal expenses for leasing	2,079	1,996	83
Income tax expense	2	7	(5)
Funds from Operations	$ 175,136	$ 170,608	$ 4,528
FFO per Unit - diluted	$ 0.242	$ 0.236	$ 0.006
FFO payout ratio - diluted[(i)]	76.4 %	78.4 %	(2.0)%
Distribution declared per Unit	$ 0.185	$ 0.185	$ —
Weighted average Units outstanding - diluted[(ii)]	723,466,930	722,930,485	536,445

(i) FFO payout ratio is calculated as cash distributions declared divided by FFO.
(ii) Includes Trust Units and Exchangeable Units.

FFO as calculated on a proportionate share basis[1]:

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Net operating income, cash basis	**$ 237,277**	$ 229,633	$ 7,644
Straight line rental revenue	**910**	4,823	(3,913)
Lease surrender revenue	**608**	1,124	(516)
Net operating income, accounting basis	**$ 238,795**	$ 235,580	$ 3,215
Interest income	**3,548**	2,815	733
Fee income	**1,091**	1,039	52
Net interest expense and other financing charges	**(132,998)**	(135,490)	2,492
Distributions on Exchangeable Units	**73,221**	73,221	—
Interest otherwise capitalized for development in equity accounted joint ventures	**240**	1,021	(781)
General and administrative expenses	**(10,840)**	(9,574)	(1,266)
Reversal of (allowance for) expected credit loss on mortgage receivable	**—**	—	—
Internal expenses for leasing	**2,079**	1,996	83
Funds from Operations	**$ 175,136**	$ 170,608	$ 4,528
FFO per Unit - diluted(i)	**$ 0.242**	$ 0.236	$ 0.006
FFO payout ratio - diluted(i)(ii)	**76.4 %**	78.4 %	(2.0)%
Distribution declared per Unit	**$ 0.185**	$ 0.185	$ —
Weighted average Units outstanding - diluted	**723,466,930**	722,930,485	536,445

(i) FFO payout ratio is calculated as cash distributions declared divided by FFO.
(ii) Includes Trust Units and Exchangeable Units.

14.4 Adjusted Funds from Operations

The following table reconciles FFO to AFFO for the periods ended as indicated. Refer to Section 7, "Results of Operations - Segment Information" and Section 14, "Non-GAAP Financial Measures", for further details about this non-GAAP measure.

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Funds from Operations	**$ 175,136**	$ 170,608	4,528
Internal expenses for leasing	**(2,079)**	(1,996)	(83)
Straight line rental revenue	**(511)**	(4,477)	3,966
Adjustment for proportionate share of straight line rental revenue from equity accounted joint ventures and financial real estate assets	**(399)**	(346)	(53)
Property capital	**(2,364)**	(2,684)	320
Direct leasing costs	**(1,799)**	(1,044)	(755)
Tenant improvements	**(6,117)**	(4,262)	(1,855)
Adjustment for proportionate share of operating capital expenditures from equity accounted joint ventures and financial real estate assets	**(1,118)**	(483)	(635)
Adjusted Funds from Operations	**$ 160,749**	$ 155,316	$ 5,433
AFFO per unit - diluted	**$ 0.222**	$ 0.215	$ 0.007
AFFO payout ratio - diluted(i)	**83.3 %**	86.1 %	(2.8)%
Distribution declared per Unit	**$ 0.185**	$ 0.185	$ —
Weighted average Units outstanding - diluted(ii)	**723,466,930**	722,930,485	536,445

(i) AFFO payout ratio is calculated as cash distributions declared divided by AFFO.
(ii) Includes Trust Units and Exchangeable Units.

14.5 Adjusted Cash Flow from Operations

The following table reconciles cash flows from operating activities, as determined in accordance with GAAP, to ACFO, for the periods ended as indicated. Refer to Section 4.7, "Adjusted Cash Flow from Operations" and Section 14, "Non-GAAP Financial Measures", for further details about this non-GAAP measure.

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Cash flows from operating activities	**$ 113,117**	$ 148,632	$ (35,515)
Net interest expense and other financing charges in excess of interest paid(i)	**(58,971)**	(50,054)	(8,917)
Distributions on Exchangeable Units included in net interest expense and other financing charges	**73,221**	73,221	—
Interest and other income in excess of interest received(i)	**3,714**	538	3,176
Interest otherwise capitalized for development in equity accounted joint ventures	**240**	1,021	(781)
Portion of internal expenses for leasing relating to development activity	**1,040**	998	42
Property capital expenditures on a proportionate share basis	**(2,606)**	(2,591)	(15)
Leasing capital expenditures on a proportionate share basis	**(8,792)**	(5,882)	(2,910)
Transaction costs and other related expenses	**5,236**	—	5,236
Adjustments for proportionate share of income from equity accounted joint ventures(ii)	**4,159**	5,917	(1,758)
Adjustment for changes in non-cash working capital items not indicative of sustainable operating cash flows(iii)	**28,834**	(19,581)	48,415
Adjusted Cash Flow from Operations	**$ 159,192**	$ 152,219	$ 6,973
Cash distributions declared	**133,836**	133,706	130
Cash retained after distributions	**$ 25,356**	$ 18,513	$ 6,843
ACFO payout ratio(iv)	**84.1 %**	87.8 %	(3.7)%

(i) The timing of the recognition of interest expense and income differs from the payment and collection. The ACFO calculations for the periods ended March 31, 2022 and March 31, 2021 were adjusted for this factor to make the periods more comparable(2).
(ii) Excludes adjustment to fair value of investment properties for equity accounted joint ventures.
(iii) ACFO is adjusted each quarter for fluctuations in non-cash working capital due to the timing of transactions for realty taxes prepaid or payable, and prepaid insurance. The payments for these operating expenses tend to have quarterly, seasonal fluctuations that even out on an annual basis. ACFO is also adjusted each quarter to remove fluctuations in non-cash working capital due to capital expenditure accruals, which are not related to sustainable operating activities.
(iv) ACFO payout ratio is calculated as the cash distributions declared divided by the ACFO.

Based on the Real Property Association of Canada's *Adjusted Cashflow from Operations (ACFO) for IFRS* issued in February 2019, Choice Properties adjusts ACFO for amounts included in the net change in non-cash working capital, a component of cash flows from operating activities, to eliminate fluctuations that are not indicative of sustainable cash available for distribution. The resulting remaining impacts on ACFO from changes in non-cash working capital are calculated below:

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Net change in non-cash working capital(i)	**$ (33,534)**	$ 13,846	$ (47,380)
Adjustment for changes in non-cash working capital items not indicative of sustainable operating cash flows	**28,834**	(19,581)	48,415
Net non-cash working capital increase included in ACFO	**$ (4,700)**	$ (5,735)	$ 1,035

(i) As calculated and disclosed in the Trust's condensed consolidated financial statements.

14.6 Distribution Excess / Shortfall Analysis

The tables below summarize the excess or shortfall of certain GAAP and non-GAAP measures over cash distributions declared:

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Cash flows from operating activities	$ **113,117**	148,632	$ (35,515)
Less: Cash distributions declared	**(133,836)**	(133,706)	(130)
Excess (shortfall) of cash flows provided by operating activities over cash distributions declared	$ **(20,719)**	$ 14,926	$ (35,645)

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Net income (loss)	$ **386,986**	$ (62,198)	$ 449,184
Add: Distributions on Exchangeable Units included in net interest expense and other financing charges	**73,221**	73,221	—
Net income (loss) attributable to Unitholders excluding distributions on Exchangeable Units	**460,207**	11,023	449,184
Less: Cash distributions declared	**(133,836)**	(133,706)	(130)
Excess (shortfall) of net income (loss) attributable to Unitholders, less distributions on Exchangeable Units, over cash distributions declared	$ **326,371**	$ (122,683)	$ 449,054

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Adjusted Cash Flow from Operations[1]	$ **159,192**	152,219	$ 6,973
Less: Cash distributions declared	**(133,836)**	(133,706)	(130)
Excess of ACFO after distributions	$ **25,356**	$ 18,513	$ 6,843

Choice Properties' shortfall of cash flows provided by operating activities over cash distributions declared for the three months ended three months ended March 31, 2022 was primarily due to the timing of the semi-annual interest payments on the senior unsecured debentures and fluctuations in non-cash working capital. Management believes the shortfall in the three months ended March 31, 2022 will not result in an economic return of capital in the 2022 fiscal year[2].

Management anticipates that distributions declared will, in the foreseeable future, continue to vary from net income as this GAAP measure includes adjustments to fair value and other non-cash items[2].

14.7 Net Interest Expense and Other Financing Charges Reconciliation

The following tables reconcile net interest expense and other financing charges on a proportionate share basis(1) to net interest expense and other financing charges as determined in accordance with GAAP for the three months ended March 31, 2022 and 2021:

For the three months ended March 31 ($ thousands)	2022 Proportionate Share Basis(1)	2022 Consolidation and eliminations(i)	2022 GAAP Basis	2021 Proportionate Share Basis(1)	2021 Consolidation and eliminations(i)	2021 GAAP Basis
Interest on senior unsecured debentures	$ 45,032	$ —	$ 45,032	$ 46,914	$ —	$ 46,914
Fees incurred on early repayment of debentures	—	—	—	—	—	—
Interest on mortgages and construction loans	13,909	(3,048)	10,861	14,063	(1,977)	12,086
Interest on credit facility	852	—	852	897	—	897
Subtotal (for use in Debt Service Coverage(1) calculation)	59,793	(3,048)	56,745	61,874	(1,977)	59,897
Distributions on Exchangeable Units(ii)	73,221	—	73,221	73,221	—	73,221
Subtotal (for use in EBITDAFV(1) calculation)	133,014	(3,048)	129,966	135,095	(1,977)	133,118
Interest on right of use lease liability	18	—	18	39	—	39
Amortization of debt discounts and premiums	319	(72)	247	164	(54)	110
Amortization of debt placement costs	1,257	47	1,304	1,064	(22)	1,042
Capitalized interest	(1,610)	878	(732)	(872)	126	(746)
Net interest expense and other financing charges	$ 132,998	$ (2,195)	$ 130,803	$ 135,490	$ (1,927)	$ 133,563

(i) Reconciling items adjust Choice Properties' proportionate share of joint ventures to reflect the equity method of accounting under GAAP.
(ii) Represents interest on indebtedness due to related parties.

14.8 Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value

The following table reconciles net income, as determined in accordance with GAAP, to EBITDAFV for the periods ended as indicated. Refer to Section 14, “Non-GAAP Financial Measures”, for further details about this non-GAAP measure.

For the periods ended March 31 ($ thousands)	Three Months 2022	2021	Change
Net income (loss)	**$ 386,986**	$ (62,198)	$ 449,184
Transaction costs and other related expenses	**5,236**	—	5,236
Other fair value gains (losses), net	**1,066**	(477)	1,543
Adjustment to fair value of Exchangeable Units	**118,736**	217,683	(98,947)
Adjustment to fair value of investment properties	**(302,243)**	(58,743)	(243,500)
Adjustment to fair value of investment property held in equity accounted joint ventures and financial real estate assets	**(110,437)**	(2,152)	(108,285)
Interest expense(i)	**133,014**	135,095	(2,081)
Amortization of other assets	**319**	288	31
Amortization of intangible assets	**250**	250	—
Income tax expense	**2**	7	(5)
Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value (EBITDAFV)	**$ 232,929**	$ 229,753	$ 3,176

(i) As calculated in Section 14.7, “Net Interest Expense and Other Financing Charges Reconciliation”.

14.9 Selected Information For Comparative Purposes

The following table reconciles net income, as determined in accordance with GAAP, to Funds from Operations for the periods ended as indicated. Refer to Section 7, "Results of Operations - Segment Information" and Section 14, "Non-GAAP Financial Measures", for further details about this non-GAAP measure.

	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021	Second Quarter 2021	First Quarter 2021	Fourth Quarter 2020	Third Quarter 2020	Second Quarter 2020	First Quarter 2020
Net income (loss)	$386,986	$ (163,087)	$163,672	$ 84,621	$ (62,198)	$116,570	$ 97,186	$ (95,813)	$332,742
Amortization of intangible assets	250	250	250	250	250	250	250	250	250
Foreign exchange gain reclassified from other comprehensive income	—	—	—	—	—	—	—	—	(1184)
Transaction costs and other related expenses	5,236	—	—	—	—	—	—	—	1589
Other fair value gains (losses), net	1,066	(666)	(159)	2,882	(477)	(1,347)	(353)	123	(633)
Adjustment to fair value of Exchangeable Units	118,736	372,039	(15,831)	288,924	217,683	86,370	15,599	(70,193)	(386,062)
Adjustment to fair value of investment properties	(302,243)	(96,275)	(34,944)	(268,855)	(58,743)	(103,601)	(29,159)	216,480	136,298
Adjustment to fair value of investment property held in equity accounted joint ventures	(110,437)	(12,952)	(16,428)	(11,946)	(2,152)	(330)	10,854	14,387	11,908
Interest otherwise capitalized for development in equity accounted joint ventures	240	393	815	944	1,021	1,005	961	1,599	1,547
Exchangeable Units distributions	73,221	73,221	73,221	73,221	73,221	72,502	72,143	72,144	72,143
Internal expenses for leasing	2,079	2,560	2,055	1,801	1,996	1,897	1,692	1,668	2,072
Income tax expense	2	(686)	—	—	7	(1,797)	—	—	—
Funds from Operations	$175,136	$ 174,797	$172,651	$171,842	$170,608	$171,519	$169,173	$140,645	$170,670
FFO per Unit - diluted	$ 0.242	$ 0.242	$ 0.239	$ 0.238	$ 0.236	$ 0.239	$ 0.238	$ 0.201	$ 0.244
FFO payout ratio - diluted(i)	76.4 %	76.6 %	77.5 %	77.8 %	78.4 %	77.5 %	78.4 %	92.1 %	75.8 %
Distribution declared per Unit	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185
Weighted average Units outstanding - diluted(ii)	723,466,930	723,363,313	723,346,150	723,265,565	722,930,485	718,026,576	711,582,778	700,600,087	700,625,695

(i) FFO payout ratio is calculated as cash distributions declared divided by FFO.
(ii) Includes Trust Units and Exchangeable Units.

The following table reconciles FFO to AFFO for the periods ended as indicated. Refer to Section 7, "Results of Operations - Segment Information" and Section 14, "Non-GAAP Financial Measures", for further details about this non-GAAP measure.

	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021	Second Quarter 2021	First Quarter 2021	Fourth Quarter 2020	Third Quarter 2020	Second Quarter 2020	First Quarter 2020
Funds from Operations	**$ 175,136**	$ 174,797	$ 172,651	$ 171,842	$ 170,608	$ 171,519	$ 169,173	$ 140,645	$ 170,670
Internal expenses for leasing	**(2,079)**	(2,560)	(2,055)	(1,801)	(1,996)	(1,897)	(1,692)	(1,668)	(2,072)
Straight line rental revenue	**(511)**	(339)	(419)	(2,658)	(4,477)	(3,217)	(3,177)	(3,527)	(4,025)
Adjustment for proportionate share of straight line rental revenue from equity accounted joint ventures and financial real estate assets	**(399)**	(792)	(767)	(306)	(346)	(889)	(538)	(276)	(339)
Property capital	**(2,364)**	(41,073)	(13,975)	(2,280)	(2,684)	(22,592)	(7,214)	(1,152)	(2,154)
Direct leasing costs	**(1,799)**	(2,258)	(1,272)	(1,852)	(1,044)	(1,051)	(2,356)	(706)	(2,406)
Tenant improvements	**(6,117)**	(8,265)	(208)	(3,644)	(4,262)	(4,711)	(6,566)	(1,688)	(6,304)
Adjustment for proportionate share of operating capital expenditures from equity accounted joint ventures and financial real estate assets	**(1,118)**	(586)	(389)	(601)	(483)	(1,108)	(36)	(455)	(1,597)
Adjusted Funds from Operations	**$ 160,749**	$ 118,924	$ 153,566	$ 158,700	$ 155,316	$ 136,054	$ 147,594	$ 131,173	$ 151,773
AFFO per unit - diluted	**$ 0.222**	$ 0.164	$ 0.212	$ 0.219	$ 0.215	$ 0.189	$ 0.207	$ 0.187	$ 0.217
AFFO payout ratio - diluted(i)	**83.3 %**	112.5 %	87.1 %	84.3 %	86.1 %	97.7 %	89.9 %	98.8 %	85.4 %
Distribution declared per Unit	**$ 0.185**	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185
Weighted average Units outstanding - diluted(ii)	**723,466,930**	723,363,313	723,346,150	723,265,565	722,930,485	718,026,576	711,582,778	700,600,087	700,625,695

(i) AFFO payout ratio is calculated as cash distributions declared divided by AFFO.
(ii) Includes Trust Units and Exchangeable Units.

Components of certain financial leverage ratios The following table includes the denominator applied to the calculation of Total Adjusted Debt to Total Assets ratio and Debt Service Coverage Ratios for the periods indicated. Refer to section 4.4 "Financial Condition" and Section 14, "Non-GAAP Financial Measures" for further details about this non-GAAP measure.

	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021	Second Quarter 2021	First Quarter 2021	Fourth Quarter 2020	Third Quarter 2020	Second Quarter 2020	First Quarter 2020
Total Assets - Proportionate Basis	**$ 16,910,210**	$ 16,664,782	$ 16,599,779	$ 16,395,858	$ 16,146,949	$ 16,037,280	$ 15,738,583	$ 15,555,233	$ 15,686,182
Debt Service Coverage Ratio - Denominator	**$ 68,639**	$ 72,362	$ 71,063	$ 72,830	$ 71,356	$ 72,724	$ 72,706	$ 80,623	$ 73,999

Financial Statements
(unaudited)

Mount Pleasant Village
Brampton, ON

Financial Results

Choice Properties Real Estate Investment Trust
Condensed Consolidated Balance Sheets
(unaudited)

(in thousands of Canadian dollars)	Note		As at March 31, 2022		As at December 31, 2021
Assets					
Investment properties	4	**$**	**14,490,000**	$	14,930,000
Equity accounted joint ventures	5		**700,331**		564,378
Financial real estate assets	7		**91,910**		86,603
Residential development inventory	8		**11,929**		10,142
Mortgages, loans and notes receivable	9		**402,116**		354,901
Investment in real estate securities	10		**550,660**		—
Intangible assets	11		**22,119**		28,000
Accounts receivable and other assets	12		**144,398**		114,275
Cash and cash equivalents	27 (c)		**16,230**		84,304
Total Assets		**$**	**16,429,693**	$	16,172,603
Liabilities and Equity					
Long term debt	13	**$**	**6,174,127**	$	6,230,010
Credit facility	14		**51,894**		—
Exchangeable Units	15		**6,130,733**		6,011,997
Trade payables and other liabilities	17		**429,556**		620,405
Total Liabilities			**12,786,310**		12,862,412
Equity					
Unitholders' equity	15		**3,643,383**		3,310,191
Total Equity			**3,643,383**		3,310,191
Total Liabilities and Equity		**$**	**16,429,693**	$	16,172,603

Contingent Liabilities and Financial Guarantees (Note 29)
Subsequent Events (Note 31)
See accompanying notes to the condensed consolidated financial statements

Approved on behalf of the Board of Trustees

[signed]
Gordon A. M. Currie
Chair, Board of Trustees

[signed]
Karen Kinsley
Chair, Audit Committee

Choice Properties Real Estate Investment Trust
Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(unaudited)

		Three Months	
(in thousands of Canadian dollars)	Note	**March 31, 2022**	March 31, 2021
Net Rental Income			
Rental revenue	19	**$ 328,049**	$ 326,539
Property operating costs	20	**(99,551)**	(100,136)
		228,498	226,403
Other Income and Expenses			
Interest income	21	**7,491**	4,148
Fee income	22	**1,091**	1,039
Net interest expense and other financing charges	23	**(130,803)**	(133,563)
General and administrative expenses	24	**(10,840)**	(9,574)
Share of income (loss) from equity accounted joint ventures	5	**114,596**	8,069
Amortization of intangible assets	11	**(250)**	(250)
Transaction costs and other related expenses	10	**(5,236)**	—
Other fair value gains (losses), net	25	**(1,066)**	477
Adjustment to fair value of Exchangeable Units	15	**(118,736)**	(217,683)
Adjustment to fair value of investment properties	4	**302,243**	58,743
Income (Loss) before income taxes		**386,988**	(62,191)
Income tax expense	16	**(2)**	(7)
Net Income (Loss)		**$ 386,986**	$ (62,198)

Net Income (Loss)		**$ 386,986**	$ (62,198)
Other Comprehensive Income (Loss)			
Unrealized gain (loss) on designated hedging instruments	26	**6,150**	(708)
Other comprehensive income (loss)		**6,150**	(708)
Comprehensive Income (Loss)		**$ 393,136**	$ (62,906)

See accompanying notes to the condensed consolidated financial statements

Choice Properties Real Estate Investment Trust
Condensed Consolidated Statements of Changes in Equity
(unaudited)

(in thousands of Canadian dollars)	Note	Trust Units	Cumulative net income	Accumulated other comprehensive loss	Cumulative distributions to Unitholders	Total Unitholders' equity	Non-controlling interests	Total equity
		Attributable to Choice Properties' Unitholders						
Equity, December 31, 2021		$ 3,660,941	$ 834,742	$ 1,357	$ (1,186,849)	$ 3,310,191	$ —	$ 3,310,191
Net Income (Loss)		—	386,986	—	—	386,986	—	386,986
Other comprehensive income		—	—	6,150	—	6,150	—	6,150
Distributions		—	—	—	(60,615)	(60,615)	—	(60,615)
Units issued under unit-based compensation arrangements	15	2,589	—	—	—	2,589	—	2,589
Reclassification of vested Unit-Settled Restricted Units liability to equity	15	1,249	—	—	—	1,249	—	1,249
Units repurchased for unit-based compensation arrangements	15	(3,167)	—	—	—	(3,167)	—	(3,167)
Equity, March 31, 2022		**$ 3,661,612**	**$ 1,221,728**	**$ 7,507**	**$ (1,247,464)**	**$ 3,643,383**	**$ —**	**$ 3,643,383**

(in thousands of Canadian dollars)	Note	Trust Units	Cumulative net income	Accumulated other comprehensive loss	Cumulative distributions to Unitholders	Total Unitholders' equity	Non-controlling interests	Total equity
		Attributable to Choice Properties' Unitholders						
Equity, December 31, 2020		$ 3,652,620	$ 811,734	$ (4,986)	$ (944,629)	$ 3,514,739	$ 7,801	$ 3,522,540
Net Income (Loss)		—	(62,198)	—	—	(62,198)	—	(62,198)
Other comprehensive loss		—	—	(708)	—	(708)	—	(708)
Distributions		—	—	—	(60,485)	(60,485)	—	(60,485)
Reclassification of vested Unit-Settled Restricted Units liability to equity	15	1,176	—	—	—	1,176	—	1,176
Units repurchased for unit-based compensation arrangements	15	(2,334)	—	—	—	(2,334)	—	(2,334)
Distribution from non-controlling interests	7	—	—	—	—	—	(7,801)	(7,801)
Equity, March 31, 2021		$ 3,651,462	$ 749,536	$ (5,694)	$ (1,005,114)	$ 3,390,190	$ —	$ 3,390,190

See accompanying notes to the condensed consolidated financial statements

Choice Properties Real Estate Investment Trust
Condensed Consolidated Statements of Cash Flows
(unaudited)

(in thousands of Canadian dollars)	Note	Three Months March 31, 2022	Three Months March 31, 2021
Operating Activities			
Net income (loss)		**$ 386,986**	$ (62,198)
Net interest expense and other financing charges	23	**130,803**	133,563
Interest paid		**(71,832)**	(83,509)
Interest income	21	**(7,491)**	(4,148)
Interest received		**3,777**	3,610
Share of (income) loss from equity accounted joint ventures	5	**(114,596)**	(8,069)
Items not affecting cash and other items	27 (a)	**(180,996)**	155,537
Net change in non-cash working capital	27 (b)	**(33,534)**	13,846
Cash Flows from Operating Activities		**113,117**	148,632
Investing Activities			
Acquisitions of investment properties	3	**(27,218)**	—
Acquisition of financial real estate asset	4, 9	**(1,860)**	—
Additions to investment properties	4	**(18,370)**	(17,931)
Additions to financial real estate assets	7	**(603)**	—
Additions to residential inventory	8	**(1,723)**	—
Contributions to equity accounted joint ventures	5	**(35,045)**	(140,303)
Distributions from equity accounted joint ventures	5	**13,973**	70,841
Mortgages, loans and notes receivable advances	9	**(24,053)**	(73,959)
Mortgages, loans and notes receivable repayments	9	**3,012**	107,995
Proceeds from dispositions	3	**36,021**	30,000
Cash Flows from (used in) Investing Activities		**(55,866)**	(23,357)
Financing Activities			
Net advances (repayments) of mortgages payable	13	**(45,056)**	18,705
Net advances on construction loans	13	**2,876**	(20,531)
Net advances (repayments) of credit facility	14	**55,000**	—
Cash received on exercise of options	18	**2,428**	—
Cash paid on vesting of restricted and performance units		**(3,612)**	(1,282)
Repurchase of Units for unit-based compensation arrangement	15	**(3,167)**	(2,334)
Distributions paid on Exchangeable Units		**(73,221)**	(96,191)
Distributions paid on Trust Units		**(60,573)**	(60,485)
Distribution to non-controlling interests	7	**—**	(7,801)
Cash Flows from (used in) Financing Activities		**(125,325)**	(169,919)
Change in cash and cash equivalents		**(68,074)**	(44,644)
Cash and cash equivalents, beginning of period		**84,304**	207,219
Cash and Cash Equivalents, End of Period	27 (c)	**$ 16,230**	$ 162,575

Supplemental disclosure of non-cash operating activities (Note 27)
See accompanying notes to the condensed consolidated financial statements

Note 1. Nature and Description of the Trust

Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") is an unincorporated, open-ended mutual fund trust governed by the laws of the Province of Ontario and established pursuant to a declaration of trust amended and restated as of April 30, 2021, as may be amended from time to time (the "Declaration of Trust"). Choice Properties, Canada's preeminent diversified real estate investment trust, is the owner, manager and developer of a high-quality portfolio of commercial retail, industrial, mixed-use and residential properties across Canada. The principal, registered, and head office of Choice Properties is located at 22 St. Clair Avenue East, Suite 700, Toronto, Ontario, M4T 2S5. Choice Properties' trust units ("Trust Units" or "Units") are listed on the Toronto Stock Exchange ("TSX") and are traded under the symbol "CHP.UN".

Choice Properties commenced operations on July 5, 2013, when it issued Units and debt for cash pursuant to an initial public offering (the "IPO") and completed the acquisition of 425 properties from Loblaw Companies Limited and its subsidiaries ("Loblaw"). Pursuant to a reorganization transaction on November 1, 2018, Loblaw spun out its 61.6% effective interest in Choice Properties to George Weston Limited ("GWL"). As at March 31, 2022, GWL held either directly or indirectly, a 61.7% effective interest in Choice Properties. Choice Properties' ultimate parent is Wittington Investments, Limited ("Wittington").

The principal subsidiaries of the Trust included in Choice Properties' condensed consolidated financial statements are Choice Properties Limited Partnership (the "Partnership"), Choice Properties GP Inc. (the "General Partner") and CPH Master Limited Partnership ("CPH Master LP").

Note 2. Significant Accounting Policies

The significant accounting policies and critical accounting estimates and judgments as disclosed in the 2021 audited annual consolidated financial statements for Choice Properties have been applied consistently in the preparation of these condensed consolidated financial statements. The condensed consolidated financial statements are presented in Canadian dollars.

Statement of Compliance

The condensed consolidated financial statements of Choice Properties are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and International Accounting Standard ("IAS") 34, "Interim Financial Reporting. These condensed consolidated financial statements should be read in conjunction with the Trust's audited consolidated financial statements and accompanying notes for the year ended December 31, 2021.

These condensed consolidated financial statements were authorized for issuance by the Board of Trustees ("Board") for Choice Properties on April 27, 2022.

Note 3. Investment Property and Other Transactions

The following table summarizes the investment properties acquired in the three months ended March 31, 2022:

($ thousands)						Consideration		
Location	**Date of Acquisition**	**Segment**	**Ownership Interest Acquired**	**Purchase Price**	**Purchase Price incl. Related Costs**	**Debt Assumed from Seller**	**Assumed Liabilities**	**Cash**
Investment Properties								
Ottawa, ON	Mar 1	Industrial under development	100%	$ 25,663	$ 27,218	$ —	$ —	$ 27,218
Acquisitions from related parties (Note 30)				**25,663**	**27,218**	**—**	**—**	**27,218**
Total acquisitions of investment properties				**25,663**	**27,218**	**—**	**—**	**27,218**
Equity accounted joint ventures								
Toronto, ON(i)	Jan 14	Mixed-Use, Residential and Other	3%	17,960	18,735	3,526	1,015	14,194
Toronto, ON(i)	Jan 14	Mixed-Use, Residential and Other	3%	16,270	17,090	5,152	921	11,017
Acquisitions in equity accounted joint ventures				**34,230**	**35,825**	**8,678**	**1,936**	**25,211**
Financial real estate assets								
Montreal, QC	Mar 9	Retail	100%	2,200	2,343	—	483	1,860
Acquisitions of financial real estate assets (Note 30)				**2,200**	**2,343**	**—**	**483**	**1,860**
Total acquisitions				**$ 62,093**	**$ 65,386**	**$ 8,678**	**$ 2,419**	**$ 54,289**

(i) Represents the 3% additional ownership interest acquired from a third party, increasing the Trust's ownership interest in these properties to 50%. The purchase price and related consideration also included the nullification of a third party's option to acquire an additional 13.67% of the Trust's ownership in these properties.

The following table summarizes the investment properties sold in the three months ended March 31, 2022:

($ thousands except where otherwise indicated)					Consideration				
Location	**Date of Disposition**	**Segment**	**Ownership Interest Disposed**	**Sale Price excl. Selling Costs**	**Debt Assumed by Purchaser**	**Promissory Note**	**Real Estate Securities**	**De-recognition of Intangible Asset**	**Cash**
Investment properties									
Edmonton, AB	Jan 31	Industrial	100%	$ 9,700	$ —	$ —	$ —	$ —	$ 9,700
Edmonton, AB	Feb 25	Industrial	100%	19,750	—	—	—	—	19,750
Campbell River, BC	Feb 28	Retail	50%	25,750	14,805	—	—	—	10,945
Portfolio of 6 assets across Canada(i)	Mar 31	Mixed-Use, Residential & Other	50%-100%	733,810	—	193,155	550,660	(5,631)	(4,374)
Dispositions of investment properties				**789,010**	**14,805**	**193,155**	**550,660**	**(5,631)**	**36,021**
Total dispositions				**$ 789,010**	**$ 14,805**	**$ 193,155**	**$ 550,660**	**$ (5,631)**	**$ 36,021**

(i) The Trust disposed of its interests in a portfolio of six office assets to Allied Properties Real Estate Investment Trust ("Allied"). The consideration received consisted of exchangeable Class B limited partnership units of Allied Properties Exchangeable Limited Partnership, an affiliated entity of Allied (Note 10) and a promissory note (Note 9).

Note 4. Investment Properties

($ thousands)	Note	Income producing properties	Properties under development	Three months ended March 31, 2022	Year ended December 31, 2021
Balance, beginning of period		$ 14,707,000	$ 223,000	$ 14,930,000	$ 14,389,000
Acquisitions - including purchase costs of $1,555 (2021 - $2,216)	3	—	27,218	27,218	54,939
Capital expenditures					
Development capital(i)		—	7,136	7,136	51,167
Building improvements		954	—	954	4,086
Capitalized interest(ii)	23	—	668	668	2,642
Property capital		2,364	—	2,364	60,012
Direct leasing costs		1,799	—	1,799	6,426
Tenant improvement allowances		6,117	—	6,117	16,379
Amortization of straight-line rent		511	—	511	7,893
Transfer from equity accounted joint ventures	5	—	—	—	143,103
Transfers from properties under development		10,150	(10,150)	—	—
Transfers to residential development inventory	8	—	—	—	(10,142)
Transfers to properties under development		(22,945)	22,945	—	—
Dispositions	3	(789,010)	—	(789,010)	(254,322)
Adjustment to fair value of investment properties		275,060	27,183	302,243	458,817
Balance, end of period		$ 14,192,000	$ 298,000	$ 14,490,000	$ 14,930,000

(i) Development capital included $1,765 of site intensification payments paid to Loblaw (December 31, 2021 - $2,208) (Note 30).
(ii) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 3.62% (December 31, 2021 - 3.64%).

Included in certain investment properties acquired from Loblaw is excess land with development potential. Choice Properties will compensate Loblaw, over time, with intensification payments determined by a site intensification payment grid as outlined in the Strategic Alliance Agreement (Note 30) should Choice Properties pursue activity resulting in the intensification of such excess land. The fair value of this excess land has been recorded in the condensed consolidated financial statements.

Valuation Methodology and Process

The investment properties (including those owned through equity accounted joint ventures) are measured at fair value using valuations prepared by the Trust's internal valuation team. The team reports directly to the Chief Financial Officer, with the valuation processes and results reviewed by Management at least once every quarter. The valuations exclude any portfolio premium or value for the management platform and reflect the highest and best use for each of the Trust's investment properties.

As part of Management's internal valuation program, the Trust considers external valuations performed by independent national real estate valuation firms for a cross-section of properties that represent different geographical locations and asset classes across the Trust's portfolio. On a quarterly basis, the valuation team reviews and updates, as deemed necessary, the valuation models to reflect current market data. Updates may be made to significant assumptions related to terminal capitalization rates, discount rates and future cash flow assumptions such as market rents, as well as current leasing and/or development activity, renewal probability, downtime on lease expiry, vacancy allowances, and expected maintenance costs.

When an external valuation is obtained, the internal valuation team assesses all major inputs used by the independent valuators in preparing their valuation reports and holds discussions with the independent valuators on the reasonableness of their assumptions. Where warranted, adjustments will be made to the internal valuations to reflect the assumptions contained in the external valuations. The Trust will record the internal value in its consolidated financial statements.

Income Producing Properties

Income producing properties are valued using the discounted cash flow method. Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life, generally over a minimum term of 10 years, including a terminal value based on the application of a terminal capitalization rate applied to estimated stabilized net operating income, a non-GAAP measure, in the terminal year. This method involves the projection of future cash flows for the specific asset. For the future cash flows a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The terminal capitalization rate is separately determined and may differ from the discount rate.

The duration of the future cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, new and renewed leasing and related re-leasing, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the related asset class. The future cash flows are typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The future cash flows, along with an estimate of the terminal value anticipated at the end of the projection period, are then discounted.

Properties Under Development

Properties under active development are generally valued with reference to market land values and costs invested to date. Where significant leasing and construction is in place and the future income stream is reasonably determinable, the development property is valued on a discounted cash flow basis which includes future cash outflow assumptions for future capital outlays, construction and development costs. Development risks such as planning, zoning, licenses, and building permits are considered in the valuation process. Properties not under active development, such as land parcels held for future development, are valued based on comparable sales of commercial land.

Significant Valuation Assumptions

The following table highlights the significant assumptions used in determining the fair value of the Trust's income producing properties by asset class:

	As at March 31, 2022		As at December 31, 2021	
Total Income Producing Properties	**Range**	**Weighted average**	Range	Weighted average
Discount rate	**4.50% - 11.45%**	**6.68%**	5.00% - 11.45%	6.68%
Terminal capitalization rate	**4.00% - 10.95%**	**5.96%**	4.25% - 10.95%	5.95%
Retail				
Discount rate	**4.50% - 11.45%**	**6.91%**	5.00% - 11.45%	6.92%
Terminal capitalization rate	**4.00% - 10.95%**	**6.18%**	4.25% - 10.95%	6.19%
Industrial				
Discount rate	**5.00% - 8.50%**	**5.82%**	5.00% - 8.50%	5.95%
Terminal capitalization rate	**4.25% - 7.75%**	**5.13%**	4.25% - 7.75%	5.26%
Mixed-Use, Residential & Other				
Discount rate	**4.50% - 8.75%**	**6.74%**	5.25% - 8.75%	6.25%
Terminal capitalization rate	**4.00% - 7.75%**	**6.15%**	4.25% - 7.75%	5.43%

The significant assumptions and inputs used in the valuation techniques to estimate the fair value of income producing properties are classified as Level 3 in the fair value hierarchy as certain inputs for the valuation are not based on observable market data points.

Independent Appraisals

Properties are typically independently appraised at the time of acquisition. In addition, Choice Properties has engaged independent nationally-recognized valuation firms to appraise its investment properties such that the majority of the portfolio will be independently appraised at least once over a four-year period.

The properties independently appraised each year represent a subset of the property types and geographic distribution of the overall portfolio. A breakdown of the aggregate fair value of investment properties independently appraised each quarter, in accordance with the Trust's policy, is as follows:

	2022		2021	
($ thousands except where otherwise indicated)	**Number of income producing properties**	**Fair value**	Number of income producing properties	Fair value
March 31	**19**	**$ 752,000**	18	$ 625,000
June 30	**—**	**—**	20	1,070,000
September 30	**—**	**—**	19	890,000
December 31	**—**	**—**	21	1,070,000
Total	**19**	**$ 752,000**	78	$ 3,655,000

Fair Value Sensitivity
The following table summarizes fair value sensitivity for the Trust's income producing properties which are most sensitive to changes in terminal capitalization rates and discount rates:

($ thousands)	Terminal Capitalization Rate			Discount Rate		
Sensitivity	**Capitalization Rate**	**Fair Value**	**Value**	**Discount Rate**	**Fair Value**	**Value**
(0.75)%	5.22 %	$ 15,437,000	$ 1,245,000	5.94 %	$ 15,046,000	$ 854,000
(0.50)%	5.47 %	14,979,000	787,000	6.19 %	14,743,000	551,000
(0.25)%	5.72 %	14,572,000	380,000	6.44 %	14,465,000	273,000
—%	5.97 %	14,192,000	—	6.69 %	14,192,000	—
0.25%	6.22 %	13,851,000	(341,000)	6.94 %	13,926,000	(266,000)
0.50%	6.47 %	13,533,000	(659,000)	7.19 %	13,661,000	(531,000)
0.75%	6.72 %	13,239,000	(953,000)	7.44 %	13,401,000	(791,000)

Note 5. Equity Accounted Joint Ventures

Choice Properties accounts for its investments in joint ventures using the equity method. These investments hold primarily development properties and some income producing properties. The table below summarizes the Trust's investment in joint ventures.

	As at March 31, 2022		As at December 31, 2021	
	Number of joint ventures	**Ownership interest**	Number of joint ventures	Ownership interest
Retail	**15**	**25% - 75%**	15	25% - 75%
Industrial	**1**	**50%**	1	50%
Mixed-Use, Residential & Other	**3**	**50%**	3	47% - 50%
Land, held for development	**2**	**50% - 85%**	2	50% - 85%
Total equity accounted joint ventures	**21**		21	
Choice Properties' investment in equity accounted joint ventures		**$ 700,331**		$ 564,378

The following table reconciles the changes in cash flows from equity accounted joint ventures:

($ thousands)	Note	**Three months ended March 31, 2022**	Year ended December 31, 2021
Balance, beginning of period		**$ 564,378**	$ 573,649
Contributions to equity accounted joint ventures		**35,045**	152,805
Distributions from equity accounted joint ventures		**(13,973)**	(124,751)
Total cash flow activities		**21,072**	28,054
Transfers from equity accounted joint venture to consolidated investments	4	**—**	(141,868)
Acquisition of equity accounted joint venture partner's interest upon settlement of mortgage receivable	3	**—**	4,846
Mortgage receivable advanced upon disposition of equity accounted joint venture	9	**—**	(6,098)
Contingent consideration payable recognized on acquisition within equity accounted joint venture	3	**—**	38,000
Accretion of contingent consideration payable		**285**	843
Share of income (loss) from equity accounted joint ventures		**114,596**	66,952
Total non-cash activities		**114,881**	(37,325)
Balance, end of period		**$ 700,331**	$ 564,378

Note 6. Co-Ownership Property Interests

Choice Properties has the following co-owned property interests and includes its proportionate share of the related assets, liabilities, revenue and expenses of these properties in the condensed consolidated financial statements.

	As at March 31, 2022		As at December 31, 2021	
	Number of co-owned properties	**Ownership interest**	Number of co-owned properties	Ownership interest
Retail	**37**	**50% - 75%**	38	50% - 75%
Industrial	**2**	**50% - 67%**	2	50% - 67%
Mixed-Use, Residential & Other	**10**	**50%**	12	50%
Total co-ownership property interests	**49**		52	

Note 7. Financial Real Estate Assets

($ thousands)	Note	**Three months ended March 31, 2022**	Year ended December 31, 2021
Balance, beginning of period		**$ 86,603**	$ 68,373
Acquisitions		**2,343**	15,134
Additions		**603**	540
Interest income (loss) from financial real estate assets due to changes in value	21	**2,361**	2,556
Balance, end of period		**$ 91,910**	$ 86,603

Financial real estate assets are land and buildings purchased by the Trust that did not meet the criteria of a transfer of control under IFRS 15, “Revenue from Contracts with Customers”, due to the sale-leaseback arrangement with the seller of the asset. In accordance with IFRS 16, “Leases”, the Trust recognized these acquisitions as financial instruments under IFRS 9, “Financial Instruments”. As at March 31, 2022 The weighted average discount rate and terminal capitalization rate used to determine the fair value of the Trust’s financial real estate assets are 6.55% and 6.04%. An increase of 0.75% in the discount rate or terminal capitalization rate would result in a decrease of $4,851 or $6,035 in the value of the financial real estate assets. While a decrease of 0.75% in the discount rate or terminal capitalization rate would result in an increase of $5,167 or $7,752 in the value of the financial real estate assets.

Note 8. Residential Development Inventory

Residential development inventory consists of a co-owned development project located in Brampton, Ontario, for the purpose of developing and selling residential condominium units.

The following table summarizes the activity in residential development inventory:

($ thousands)	Note	**Three months ended March 31, 2022**	Year ended December 31, 2021
Balance, beginning of period		**$ 10,142**	$ —
Development expenditures		**1,723**	—
Capitalized interest	23	**64**	—
Transfers from investment properties	4	**—**	10,142
Balance, end of period		**$ 11,929**	$ 10,142

Note 9. Mortgages, Loans and Notes Receivable

($ thousands)	Note	As at March 31, 2022	As at December 31, 2021
Mortgages receivable classified as amortized cost[(i)]		$ **298,627**	$ 89,944
Mortgages receivable classified as fair value through profit and loss ("FVTPL")		**103,489**	96,623
Notes receivable from GWL classified as amortized cost[(i)]	30	**—**	168,334
Mortgages, loans and notes receivable		$ **402,116**	$ 354,901
Classified as:			
Expected to be recovered in more than twelve months		$ **309,364**	$ 109,526
Expected to be recovered in less than twelve months		**92,752**	245,375
		$ **402,116**	$ 354,901

(i) The fair value of the mortgages, loans and notes receivable classified as amortized cost was $298,200 (December 31, 2021 - $257,800) (Note 26).

Mortgages and Loans Receivable

Mortgages and loans receivable represent amounts advanced under mezzanine loans, joint venture financing, vendor take-back financing and other arrangements. Choice Properties mitigates its risk by diversifying the number of entities and assets to which it loans funds.

	March 31, 2022		December 31, 2021	
	Weighted average effective interest rate	**Weighted average term to maturity (years)**	Weighted average effective interest rate	Weighted average term to maturity (years)
Mortgages receivable	**4.41%**	**1.6**	7.11%	1.7

Notes Receivable from GWL

Non-interest bearing short-term notes totalling $168,334 were repaid by GWL in January 2022 (Note 30).

Schedules of Maturity and Cash Flow Activities

The schedule of repayment of mortgages, loans and notes receivable based on maturity and redemption rights is as follows:

($ thousands)	2022	2023	2024	2025	2026	Thereafter	Total
Principal repayments							
Mortgages receivable	$ 47,826	$ 292,252	$ 53,484	$ —	$ —	$ 6,128	**$ 399,690**
Notes receivable from GWL	—	—	—	—	—	—	**—**
Total principal repayments	**47,826**	**292,252**	**53,484**	**—**	**—**	**6,128**	**399,690**
Interest accrued	2,426	—	—	—	—	—	**2,426**
Total repayments	**$ 50,252**	**$ 292,252**	**$ 53,484**	**$ —**	**$ —**	**$ 6,128**	**$ 402,116**

The following table reconciles the changes in cash flows from investing activities for mortgages, loans and notes receivable:

($ thousands)	Note	Mortgages receivable	Loans receivable	Notes receivable from GWL	March 31, 2022 Mortgages, loans and notes receivable	December 31, 2021 Mortgages, loans and notes receivable
Balance, beginning of period		$ 186,567	$ —	$ 168,334	**$ 354,901**	**$ 263,946**
Advances		23,938	115	—	**24,053**	**233,460**
Repayments		(2,897)	(115)	—	**(3,012)**	**(148,571)**
Interest received		(2,113)	(1)	—	**(2,114)**	**(7,912)**
Total cash flow activities		18,928	(1)	—	**18,927**	**76,977**
Reversal of expected credit loss on mortgage receivable		—	—	—	**—**	**1,502**
Settlement upon acquisition of investment property		—	—	—	**—**	**(4,846)**
Advance upon disposition of properties	3	193,155	—	—	**193,155**	**6,098**
Settlement against distributions payable		—	—	(168,334)	**(168,334)**	**—**
Interest accrued	21	3,466	1	—	**3,467**	**11,224**
Total non-cash activities		196,621	1	(168,334)	**28,288**	**13,978**
Balance, end of period		**$ 402,116**	**$ —**	**$ —**	**$ 402,116**	**$ 354,901**

Choice Properties invests in mortgages and loans to facilitate acquisitions. Credit risks arise if the borrowers default on repayment of their mortgages and loans to the Trust. Choice Properties' receivables, including mezzanine financings, are typically subordinate to prior ranking mortgage charges and generally represent equity financing for the Trust's co-owners or development partners. Not all of the Trust's mezzanine financing activities will result in acquisitions. At the time of advancing financing, the Trust's co-owners or development partners would typically have some of the equity invested in the form of cash with the balance being financed by third-party lenders and Choice Properties.

On March 31 2022, the Trust advanced a promissory note, with a face value of $200,000 (fair value of $193,155) as a part of the disposition of its interests in a portfolio of six office assets to Allied (Note 3). The note bears interest at a rate of 1% for the remainder of the 2022 calendar year and 2% subsequently until its maturity on December 31, 2023. The promissory note is included in the mortgages receivable as it is secured by the six office assets.

The Trust has issued approximately $399,395 of secured mortgages to third-party borrowers. These loans are with borrowers who are strategic partners and counterparties of the Trust and are secured by real property assets. In the event of a large commercial real estate market correction, the fair market value of an underlying property may be unable to support the investment. The Trust mitigates this risk by obtaining guarantees and registered mortgage charges, which are often cross-collateralized on several different commercial properties that are in various stages of development.

Note 10. Investment in Real Estate Securities

On March 31, 2022, the Trust disposed of six office assets to Allied (Note 3). As consideration, the Trust was issued 11,809,145 exchangeable Class B limited partnership units of Allied Properties Exchangeable Limited Partnership ("Class B Units"), an affiliated entity of Allied with a value of $550,660 on the transaction date, and a promissory note with a fair value of $193,155 (Note 9). Following the transaction the Trust holds approximately a 8.5% effective interest in Allied through its ownership of the Class B Units. The Trust does not have significant influence over Allied.

The Class B Units are exchangeable into, and are economically equivalent to, the publicly traded trust units of Allied ("Allied Units"), and were accompanied by a corresponding number of special voting units of Allied. There are no restrictions on the exchange of Class B Units into Allied Units, but the Allied Units (if exchanged) are subject to a lock-up from the closing of the Transaction, such that 25% of the Class B Units or Allied Units, as applicable, will be released from lock up every three months following the first anniversary of closing of the Transaction. As a holder of the Class B Units, the Trust is entitled to distributions paid by Allied.

The Class B Units are recorded at their fair value based on market trading prices of Allied's publicly traded units. A decrease of one dollar in the underlying price of Allied's publicly traded units would result in a decrease to assets and decrease in net income of $11,809 (2021 - $nil). As at March 31, 2022 the Trust held 11,809,145 Class B Units with a value of $550,660 (December 31, 2021 - nil and $nil).

Note 11. Intangible Assets

The intangible assets for Choice Properties relate to its third-party revenue streams associated with property and asset management contracts for co-ownership property interests and joint ventures. The Trust has the continuing rights, based on the co-ownership agreements, to property and asset management fees from investment properties where it manages the interests of co-owners.

On March 31, 2022, the Trust disposed of six office assets to Allied (Note 3). Included in the disposal is a co-owned property, of which the Trust generates cash flow from property management fees. The Trust had recognized an intangible asset based on the expectation of these future cash flows. Accordingly, management de-recognized $5,631 (Note 25) in the current period to reflect the reduced value of the intangible asset resulting from the disposal of the co-owned property. As at March 31, 2022, the carrying value was $22,119 (December 31, 2021 - $28,000), net of accumulated amortization of $2,250 (December 31, 2021 - $2,000).

Note 12. Accounts Receivable and Other Assets

($ thousands)	Note	**As at March 31, 2022**	As at December 31, 2021
Rent receivables(i) - net of expected credit loss of $14,478 (2021 - $17,066)		**$ 6,492**	$ 12,815
Accrued recovery income		**18,457**	14,476
Lease receivable		**22,614**	22,351
Other receivables		**19,702**	13,711
Cost-to-complete receivable	30	**8,501**	8,501
Due from related parties(ii)	30	**758**	2,044
Restricted cash		**2,343**	239
Prepaid property taxes		**16,311**	4,465
Prepaid insurance		**8,042**	813
Other assets		**14,808**	18,335
Right-of-use assets - net of accumulated amortization of $1,384 (2021 - $1,290)		**1,862**	1,956
Deferred tax asset	16	**2,673**	2,673
Deferred acquisition costs and deposits on land		**13,954**	8,630
Designated hedging derivatives	26	**7,881**	3,266
Accounts receivable and other assets		**$ 144,398**	$ 114,275
Classified as:			
Expected to be recovered in more than twelve months		**$ 48,550**	$ 42,098
Expected to be recovered in less than twelve months		**95,848**	72,177
		$ 144,398	$ 114,275

(i) Includes net rent receivable of $2,143 from Loblaw, $nil from GWL and $nil from Wittington (December 31, 2021 - $1,474, $nil and $nil) (Note 30).
(ii) Other receivables due from related parties include $360 from Loblaw and $398 from GWL (December 31, 2021 - $2,044 and $nil) (Note 30).

Rent receivables

In determining the expected credit losses the Trust takes into account the payment history and future expectations of likely default events (i.e. asking for rental concessions 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. 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 with the continued uncertainty caused by COVID-19.

Restricted cash

Restricted cash include property-specific deposits held by the Trust's solicitors in the name of the Trust. These funds will be released upon funding the construction of the residential inventory projects, after posting the requisite security, or upon closing of such projects. Funds held in trust may also relate to certain funds held in escrow pursuant to agreements of purchase and sale, which are to be used for the acquisition of investment properties.

Note 13. Long Term Debt

($ thousands)	As at March 31, 2022	As at December 31, 2021
Senior unsecured debentures	**$ 5,108,709**	$ 5,107,760
Mortgages payable	**1,049,636**	1,109,344
Construction loans	**15,782**	12,906
Long term debt	**$ 6,174,127**	$ 6,230,010
Classified as:		
Expected to be settled in more than twelve months	**$ 5,335,177**	$ 5,711,500
Expected to be settled in less than twelve months	**838,950**	518,510
	$ 6,174,127	$ 6,230,010

Senior Unsecured Debentures

($ thousands)

Series	Issuance / Assumption Date	Maturity Date	Effective Interest Rate	As at March 31, 2022	As at December 31, 2021
B	Jul. 5, 2013	Jul. 5, 2023	4.90%	**$ 200,000**	$ 200,000
D	Feb. 8, 2014	Feb. 8, 2024	4.29%	**200,000**	200,000
F	Nov. 24, 2015	Nov. 24, 2025	4.06%	**200,000**	200,000
G	Mar. 7, 2016	Mar. 7, 2023	3.20%	**250,000**	250,000
H	Mar. 7, 2016	Mar. 7, 2046	5.27%	**100,000**	100,000
J	Jan. 12, 2018	Jan. 10, 2025	3.55%	**350,000**	350,000
K	Mar. 8, 2018	Sep. 9, 2024	3.56%	**550,000**	550,000
L	Mar. 8, 2018	Mar. 8, 2028	4.18%	**750,000**	750,000
M	Jun. 11, 2019	Jun. 11, 2029	3.53%	**750,000**	750,000
N	Mar. 3, 2020	Mar. 4, 2030	2.98%	**400,000**	400,000
O	Mar. 3, 2020	Mar. 4, 2050	3.83%	**100,000**	100,000
P	May 22, 2020	May 21, 2027	2.85%	**500,000**	500,000
Q	Nov. 30, 2021	Nov. 30, 2026	2.46%	**350,000**	350,000
10	Jul. 4, 2013	Sep. 20, 2022	3.84%	**300,000**	300,000
D-C	May 4, 2018	Jan. 18, 2023	3.30%	**125,000**	125,000
Total principal outstanding				**5,125,000**	5,125,000
Debt discounts and premiums - net of accumulated amortization of $16,852 (2021 - $16,575)				**(684)**	(961)
Debt placement costs - net of accumulated amortization of $15,922 (2021 - $15,250)				**(15,607)**	(16,279)
Senior unsecured debentures				**$ 5,108,709**	$ 5,107,760

As at March 31, 2022, the senior unsecured debentures had a weighted average effective interest rate of 3.56% and a weighted average term to maturity of 5.2 years (December 31, 2021 - 3.56% and 5.4 years, respectively). Senior unsecured debentures Series B through Series Q were issued by the Trust, Series D-C was assumed by the Trust on May 4, 2018, following the acquisition of Canadian Real Estate Investment Trust, and Series 10 was issued by the Partnership.

Mortgages Payable

($ thousands)	As at March 31, 2022	As at December 31, 2021
Mortgage principal	**$ 1,052,449**	$ 1,112,310
Net debt discounts and premiums - net of accumulated amortization of $5,998 (2021 - $5,968)	**(1,330)**	(1,300)
Debt placement costs - net of accumulated amortization of $490 (2021 - $307)	**(1,483)**	(1,666)
Mortgages payable	**$ 1,049,636**	$ 1,109,344

As at March 31, 2022, the mortgages had a weighted average effective interest rate of 3.76% and a weighted average term to maturity of 5.2 years (December 31, 2021 - 3.75% and 5.2 years, respectively).

Construction Loans

As at March 31, 2022, $15,782 was outstanding on the construction loans (December 31, 2021 - $12,906), with a weighted average effective interest rate of 2.15% and a weighted average term to maturity of 6.4 years which are due on demand (December 31, 2021 - 2.08% and 6.0 years, respectively).

For the purpose of financing the development of certain retail, industrial and residential properties, various investments in equity accounted joint ventures and co-ownerships have variable and fixed rate non-revolving construction facilities in which certain subsidiaries of the Trust guarantee its own share. These construction loans, which mature throughout 2022 and 2031, have a maximum amount available to be drawn at the Trust's ownership interest of $299,237, of which $233,547 relates to equity accounted joint ventures as at March 31, 2022 (December 31, 2021 - $293,151 and $227,462, respectively).

Schedules of Repayments and Cash Flow Activities

The schedule of principal repayment of long term debt, based on maturity, is as follows:

($ thousands)	2022	2023	2024	2025	2026	Thereafter	Total
Senior unsecured debentures	$ 300,000	$ 575,000	$ 750,000	$ 550,000	$ 350,000	$ 2,600,000	**$ 5,125,000**
Mortgages payable	156,976	76,954	158,185	153,493	64,547	442,294	**1,052,449**
Construction loans	4,679	—	—	—	—	11,103	**15,782**
Total	**$ 461,655**	**$ 651,954**	**$ 908,185**	**$ 703,493**	**$ 414,547**	**$ 3,053,397**	**$ 6,193,231**

The following table reconciles the changes in cash flows from financing activities for long term debt:

				March 31, 2022	December 31, 2021
($ thousands)	**Senior unsecured debentures**	**Mortgages payable**	**Construction loans**	**Long term debt**	Long term debt
Balance, beginning of period	$ 5,107,760	$ 1,109,344	$ 12,906	**$ 6,230,010**	$ 6,485,521
Issuances and advances	—	—	5,464	**5,464**	392,292
Repayments	—	(45,056)	(2,588)	**(47,644)**	(648,907)
Debt placement costs	—	—	—	**—**	(2,700)
Total cash flow activities	—	(45,056)	2,876	**(42,180)**	(259,315)
Assumed by purchaser	—	(14,805)	—	**(14,805)**	—
Amortization of debt discounts and premiums	277	(30)	—	**247**	687
Amortization of debt placement costs	672	183	—	**855**	3,117
Total non-cash activities	949	(14,652)	—	**(13,703)**	3,804
Balance, end of period	**$ 5,108,709**	**$ 1,049,636**	**$ 15,782**	**$ 6,174,127**	$ 6,230,010

Note 14. Credit Facility

($ thousands)		As at March 31, 2022		As at December 31, 2021
Credit facility				
$1,500,000 syndicated	**$**	**55,000**	$	—
Debt placement costs - net of accumulated amortization of $9,207 (2021 - $8,758)(i)		**(3,106)**		—
Credit facility	**$**	**51,894**	$	—
Classified as:				
Expected to be settled in more than twelve months	**$**	**51,894**	$	—
Expected to be settled in less than twelve months		**—**		—
	$	**51,894**	$	—

(i) At December 31, 2021, as there were no drawings under the syndicated facility, the unamortized balance for debt placement costs of $3,555 was included in other assets (Note 12).

Choice Properties has a $1,500,000 senior unsecured committed revolving credit facility maturing June 24, 2026, provided by a syndicate of lenders. The credit facility bears interest at variable rates of either Prime plus 0.20% or Bankers' Acceptance rate plus 1.20%. The pricing is contingent on the credit ratings for Choice Properties from either DBRS and S&P remaining at BBB (high). The credit facility is subject to an annual commitment fee of approximately $3,500, however the fee is reduced in proportion to the amount drawn on the facility.As at March 31, 2022, $55,000 was drawn under the syndicated facility (December 31, 2021 - $nil).

The credit facility contains certain financial covenants. As at March 31, 2022, the Trust was in compliance with all its financial covenants for the credit facility.

Schedule of Cash Flow Activities

The following table reconciles the changes in cash flows from financing activities for the credit facility:

($ thousands)		March 31, 2022		December 31, 2021
Balance, beginning of period	**$**	**—**		185,869
Net advances (repayment) of $1,500,000 syndicated credit facility		**55,000**		(189,874)
Total cash flow activities		**55,000**		(189,874)
Amortization of debt placement costs		**449**		450
Reclassified to (from) other assets		**(3,555)**		3,555
Total non-cash activities		**(3,106)**		4,005
Balance, end of period	**$**	**51,894**	$	—

Note 15. Unitholders' Equity

Trust Units (authorized - unlimited)
Each Trust Unit ("Unit") represents a single vote at any meeting of Unitholders and entitles the Unitholder to receive a pro-rata share of all distributions. With certain restrictions, a Unitholder has the right to require Choice Properties to redeem its Units on demand. Upon receipt of a redemption notice by Choice Properties, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per unit as determined by a market formula and shall be paid in accordance with the conditions provided for in the Declaration of Trust.

Exchangeable Units (authorized - unlimited)
Exchangeable Units issued by the Partnership are economically equivalent to Units, receive distributions equal to the distributions paid on the Units and are exchangeable, at the holder's option, to Units. All Exchangeable Units are held, directly or indirectly, by GWL.

The 70,881,226 Exchangeable Units issued on May 4, 2018, in connection with the acquisition of Canadian Real Estate Investment Trust contain voting and exchange restrictions which will expire based on the following schedule:

Voting and exchange rights restriction period expiration dates	Number of Exchangeable Units eligible for voting and transfer
July 5, 2027	22,988,505
July 5, 2028	22,988,505
July 5, 2029	24,904,216

Special Voting Units
Each Exchangeable Unit is accompanied by one Special Voting Unit which provides the holder thereof with a right to vote on matters respecting the Trust equal to the number of Units that may be obtained upon the exchange of the Exchangeable Units for which each Special Voting Unit is attached.

Units Outstanding

	Note	**As at March 31, 2022**		As at December 31, 2021	
($ thousands except where otherwise indicated)		**Units**	**Amount**	Units	Amount
Units, beginning of period		**327,588,847**	**$ 3,660,941**	326,941,663	$ 3,652,620
Units issued under unit-based compensation arrangements	18	**391,749**	**2,589**	837,071	9,332
Reclassification of vested Unit-Settled Restricted Units liability to equity		**—**	**1,249**	—	1,548
Units repurchased for unit-based compensation arrangements	18	**(222,147)**	**(3,167)**	(189,887)	(2,559)
Units, end of period		**327,758,449**	**$ 3,661,612**	327,588,847	$ 3,660,941
Exchangeable Units, beginning of period		**395,786,525**	**$ 6,011,997**	395,786,525	$ 5,149,182
Adjustment to fair value of Exchangeable Units		**—**	**118,736**	—	862,815
Exchangeable Units, end of period		**395,786,525**	**$ 6,130,733**	395,786,525	$ 6,011,997
Total Units and Exchangeable Units, end of period		**723,544,974**		723,375,372	

Normal Course Issuer Bid ("NCIB")
Choice Properties may from time to time purchase Units in accordance with the rules prescribed under applicable stock exchange or regulatory policies. On November 17, 2021, Choice Properties received approval from the TSX to purchase up to 27,558,665 Units during the twelve-month period from November 19, 2021 to November 18, 2022, by way of a NCIB over the facilities of the TSX or through alternative trading systems. Choice Properties intends to file a Notice of Intention to make a NCIB with the TSX upon the expiry of its current NCIB.

Units Issued under Unit-Based Compensation Arrangements
Units were issued as part of settlements under the Unit Option Plan and grants under the Unit-Settled Restricted Unit Plan, as applicable (Note 18).

Units Repurchased for Unit-Based Compensation Arrangement
The Trust acquired Units under its NCIB during the three months ended March 31, 2022 and the year ended December 31, 2021, which were then granted to certain employees in connection with the Unit-Settled Restricted Unit Plan, and are subject to vesting conditions and disposition restrictions.

Distributions
Choice Properties' Board retains full discretion with respect to the timing and quantum of distributions, however the total income distributed will not be less than the amount necessary to ensure the Trust will not be liable to pay income taxes under Part I of the *Income Tax Act (Canada)* (Note 16). The taxable income allocated to the Trust and Exchangeable Unitholders may vary in certain taxation years. Over time, such differences, in aggregate, are expected to be minimal.

In the three months ended March 31, 2022, Choice Properties declared cash distributions of $0.185 per unit (March 31, 2021 - $0.185), or $133,836 in aggregate, including distributions to holders of Exchangeable Units, which are reported as interest expense (March 31, 2021 - $133,706). Distributions declared to Unitholders of record at the close of business on the last business day of a month are paid on or about the 15th day of the following month.

The holders of Exchangeable Units may elect to defer receipt of all, or a portion of distributions declared by the Partnership until the first date following the end of the fiscal year. If the holder elects to defer, the Partnership will loan the holder the amount equal to the deferred distribution without interest, and the loan will be due and payable in full on the first business day following the end of the fiscal year the loan was advanced.

Distribution Reinvestment Plan ("DRIP")
Choice Properties instituted a DRIP that allows eligible Unitholders to elect to automatically reinvest their regular monthly cash distributions in additional Units. On April 25, 2018, the Board suspended the DRIP commencing with the distribution declared in May 2018. The DRIP will remain suspended until further notice.

Base Shelf Prospectus
On March 4, 2020, Choice Properties filed a Short Form Base Shelf Prospectus allowing for the issuance of up to $2,000,000 of Units and debt securities, or any combination thereof over a 25-month period.

Note 16. Income Taxes

The Trust is taxed as a "mutual fund trust" and a REIT under the *Income Tax Act (Canada)*. The Trustees intend to distribute all of the Trust's taxable income to the Unitholders and accordingly, the Trust is not taxable on its Canadian investment property income. The Trust is subject to taxation on certain taxable entities in Canada and the United States.

Income taxes recognized in the consolidated statements of income (loss) and comprehensive income (loss) was as follows:

	Three Months	
($ thousands)	**March 31, 2022**	March 31, 2021
Current income tax recovery (expense)	**$ (2)**	$ (7)
Income tax expense	**$ (2)**	$ (7)

A deferred income tax asset of $2,673 (Note 12) was recognized due to temporary differences between the carrying value and the tax basis of net assets held in the Trust's taxable subsidiaries (December 31, 2021 - $2,673).

Note 17. Trade Payables and Other Liabilities

($ thousands)	Note	**As at March 31, 2022**	As at December 31, 2021
Trade accounts payable		**$ 42,535**	$ 40,283
Accrued liabilities and provisions		**119,726**	106,744
Accrued acquisition transaction costs and other related expenses		**43,235**	38,643
Accrued capital expenditures		**45,814**	67,967
Accrued interest expense		**38,453**	53,402
Due to related party(i)	30	**25,734**	193,927
Contingent consideration		**39,128**	38,843
Unit-based compensation	18	**11,976**	14,285
Distributions payable(ii)		**20,386**	20,344
Lease liabilities		**1,800**	1,920
Tenant deposits		**21,533**	21,960
Deferred revenue		**18,846**	20,162
Designated hedging derivatives	26	**390**	1,925
Trade payables and other liabilities		**$ 429,556**	$ 620,405
Classified as:			
Expected to be settled in more than twelve months		**$ 19,333**	$ 22,332
Expected to be settled in less than twelve months		**410,223**	598,073
		$ 429,556	$ 620,405

(i) Includes distributions accrued on Exchangeable Units of $24,407 payable to GWL (December 31, 2021 - $192,741); $1,014 payable for shared costs incurred by GWL, the Services Agreement expense and other related party charges (December 31, 2021 - $835); and $313 of reimbursed contract revenue and other related party charges payable to Loblaw (December 31, 2021 - $351).

(ii) Includes distributions payable to GWL of $3,124 and Wittington of $1,018 (December 31, 2021 - $3,124 and $1,018) (Note 30).

Contingent Consideration

On March 30, 2021, the Trust acquired an 85% interest in future industrial development land in Caledon, Ontario, for $138,000 (Note 3). The purchase price comprised a $100,000 cash payment and a commitment to pay the remaining $38,000 balance based on certain milestones being met over the development lifecycle, which represented the then present value of the estimated amount payable. The present value of the estimated amount payable is $39,128 as at March 31, 2022.

Note 18. Unit-Based Compensation

($ thousands)	Three Months March 31, 2022	Three Months March 31, 2021
Unit Option plan	**$ 368**	$ (161)
Restricted Unit plans	**1,003**	506
Performance Unit plan	**659**	145
Trustee Deferred Unit plan	**742**	334
Unit-based compensation expense	**$ 2,772**	$ 824
Recorded in:		
General and administrative expenses	**$ 1,706**	$ 1,301
Adjustment to fair value of unit-based compensation	**1,066**	(477)
	$ 2,772	$ 824

As at March 31, 2022, the carrying value of the unit-based compensation liability was $11,976 (December 31, 2021 - $14,285) (Note 17).

Unit Option Plan

Choice Properties maintains a Unit Option plan for certain employees. Under this plan, Choice Properties may grant Unit Options totalling up to 19,744,697 Units, as approved at the annual and special meeting of Unitholders on April 29, 2015. The Unit Options vest in tranches over a period of four years. The following is a summary of Choice Properties' Unit Option plan activity:

	Three months ended March 31, 2022		Year ended December 31, 2021	
	Number of awards	**Weighted average exercise price/unit**	Number of awards	Weighted average exercise price/unit
Outstanding Unit Options, beginning of the period	**435,456**	**$ 12.84**	1,082,640	$ 12.54
Exercised	**(169,602)**	**13.97**	(647,184)	12.34
Cancelled	**—**	**—**	—	—
Expired	**—**	**—**	—	—
Outstanding Unit Options, end of the period	**265,854**	**$ 12.10**	435,456	$ 12.84
Unit Options exercisable, end of the period	**265,854**	**$ 12.10**	292,592	$ 13.13

Restricted Unit Plans

Choice Properties has a Restricted Unit Plan and a Unit-Settled Restricted Unit Plan as described below.

Restricted Unit Plan

Restricted Units ("RU") entitle certain employees to receive the value of the RU award in cash or Units at the end of the applicable vesting period, which is usually three years in length. The RU plan provides for the crediting of additional RUs in respect of distributions paid on Units for the period when a RU is outstanding. The fair value of each RU granted is measured based on the market value of a Trust Unit at the balance sheet date. No RUs had vested as at March 31, 2022 (December 31, 2021 - nil).

The following is a summary of Choice Properties' RU plan activity:

(Number of awards)	**Three months ended March 31, 2022**	Year ended December 31, 2021
Outstanding Restricted Units, beginning of the period	**439,574**	405,713
Granted	**76,080**	119,134
Reinvested	**4,859**	22,014
Exercised	**(202,439)**	(104,563)
Cancelled	**(4,863)**	(2,724)
Outstanding Restricted Units, end of the period	**313,211**	439,574

Unit-Settled Restricted Unit Plan
Under the terms of the Unit-Settled Restricted Unit ("URU") plan, certain employees are granted URUs which are subject to vesting conditions and disposition restrictions. Typically, full vesting of the URUs will not occur until the employee has remained with Choice Properties for three or five years from the date of grant. Depending on the nature of the grant, the URUs are subject to a six- or seven-year holding period during which the Units cannot be disposed. There were 1,207,060 URUs vested but still subject to disposition restrictions as at March 31, 2022 (December 31, 2021 - 996,896).

The following is a summary of Choice Properties' URU plan activity for units not yet vested:

(Number of awards)	**Three months ended March 31, 2022**	Year ended December 31, 2021
Outstanding Unit-Settled Restricted Units, beginning of the period	**600,919**	588,534
Granted	**222,147**	189,887
Vested	**(150,955)**	(177,502)
Outstanding Unit-Settled Restricted Units, end of the period	**672,111**	600,919

Performance Unit Plan
Performance Units ("PU") entitle certain employees to receive the value of the PU award in cash or Units at the end of the applicable performance period, which is usually three years in length, based on the Trust achieving certain performance conditions. The PU plan provides for the crediting of additional PUs in respect of distributions paid on Units for the period when a PU is outstanding. The fair value of each PU granted is measured based on the market value of a Trust Unit at the balance sheet date. There were no PUs vested as at March 31, 2022 (December 31, 2021 - nil).

The following is a summary of Choice Properties' PU plan activity:

(Number of awards)	**Three months ended March 31, 2022**	Year ended December 31, 2021
Outstanding Performance Units, beginning of the period	**197,609**	135,695
Granted	**82,197**	82,847
Reinvested	**2,635**	9,403
Exercised	**(46,978)**	(30,336)
Cancelled	**(1,805)**	—
Added by performance factor	**11,547**	—
Outstanding Performance Units, end of the period	**245,205**	197,609

Trustee Deferred Unit Plan
Non-management members of the Board are required to receive a portion of their annual retainer in the form of Deferred Units ("DU") and may also elect to receive up to 100% of their remaining fees in DUs. Distributions paid earn fractional DUs, which are treated as additional awards. The fair value of each DU granted is measured based on the market value of a Unit at the balance sheet date. All DUs vest when granted, however, they cannot be exercised while Trustees are members of the Board.

The following is a summary of Choice Properties' DU plan activity:

(Number of awards)	**Three months ended March 31, 2022**	Year ended December 31, 2021
Outstanding Trustee Deferred Units, beginning of the period	**389,462**	368,290
Granted	**17,410**	82,969
Reinvested	**4,770**	18,942
Exercised	**—**	(80,739)
Outstanding Trustee Deferred Units, end of the period	**411,642**	389,462

Note 19. Rental Revenue

Rental revenue is comprised of the following:

($ thousands)	Related Parties(i)	Third-party	Three months ended March 31, 2022	Related Parties(i)	Third-party	Three months ended March 31, 2021
Base rent	$ 129,052	$ 90,025	$ 219,077	$ 131,709	$ 88,856	$ 220,565
Property tax and insurance recoveries	37,206	25,943	63,149	38,112	26,293	64,405
Operating cost recoveries	18,657	23,252	41,909	16,052	21,963	38,015
Lease surrender and other revenue	9	3,905	3,914	16	3,538	3,554
Rental revenue	$ 184,924	$ 143,125	$ 328,049	$ 185,889	$ 140,650	$ 326,539

(i) Refer to Note 30, Related Party Transactions.

Choice Properties enters into long-term lease contracts with tenants for space in its properties. Initial lease terms are generally between three and ten years for commercial units and longer terms for food store anchors. Leases generally provide for the tenant to pay Choice Properties base rent, with provisions for contractual increases in base rent over the term of the lease, plus operating cost, property tax and insurance recoveries. Many of the leases with Loblaw are for stand-alone retail sites. Loblaw is directly responsible for the operating costs on such sites.

Note 20. Property Operating Costs

	Three Months	
($ thousands)	March 31, 2022	March 31, 2021
Property taxes and insurance	$ 66,997	$ 68,853
Recoverable operating costs	31,706	29,135
Non-recoverable operating costs	848	2,148
Property operating costs	$ 99,551	$ 100,136

Included in non-recoverable operating expenses are expected credit losses of $312 for the three months ended March 31, 2022, respectively (2021 - $1,640, respectively). Refer to Note 12 for discussion on rents receivable and the related expected credit losses.

Note 21. Interest Income

		Three Months	
($ thousands)	Note	March 31, 2022	March 31, 2021
Interest income from mortgages and loans receivable	9	$ 3,478	$ 2,686
Interest income earned from financial real estate assets		1,296	1,100
Interest income (expense) from financial real estate assets due to changes in value	7	2,361	—
Other interest income		356	362
Interest income		$ 7,491	$ 4,148

Note 22. Fee Income

		Three Months	
($ thousands)	Note	March 31, 2022	March 31, 2021
Fees charged to related party	30	$ 62	$ 127
Fees charged to third parties		1,029	912
Fee income		$ 1,091	$ 1,039

Note 23. Net Interest Expense and Other Financing Charges

($ thousands)	Note	Three Months March 31, 2022	Three Months March 31, 2021
Interest on senior unsecured debentures		**$ 45,032**	$ 46,914
Interest on mortgages and construction loans		**10,861**	12,086
Interest on credit facility		**852**	897
Interest on right-of-use lease liabilities		**18**	39
Amortization of debt discounts and premiums	13	**247**	110
Amortization of debt placement costs	14,15	**1,304**	1,042
Distributions on Exchangeable Units(i)	30	**73,221**	73,221
		131,535	134,309
Less: Capitalized interest(ii)	4	**(732)**	(746)
Net interest expense and other financing charges		**$ 130,803**	$ 133,563

(i) Represents interest on indebtedness due to GWL.
(ii) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 3.62% (2021 - 3.68%).

Note 24. General and Administrative Expenses

($ thousands)	Note	Three Months March 31, 2022	Three Months March 31, 2021
Salaries, benefits and employee costs(i)		**$ 12,472**	$ 10,988
Investor relations and other public entity costs		**557**	603
Professional fees		**849**	1,099
Information technology costs		**1,268**	1,504
Services Agreement charged by related party	30	**975**	799
Amortization of other assets		**319**	288
Office related costs		**293**	390
Other		**302**	93
Total		**17,035**	15,764
Less: Allocated to recoverable operating expenses		**(6,195)**	(6,190)
General and administrative expenses		**$ 10,840**	$ 9,574

(i) Salaries, benefits and employee costs is shown net of costs capitalized to properties under development.

Note 25. Other Fair Value Gains (Losses), Net

($ thousands)	Note	Three Months March 31, 2022	Three Months March 31, 2021
Adjustment to fair value of unit-based compensation	18	$ (1,066)	$ 477
Other fair value gains (losses), net		**$ (1,066)**	$ 477

Note 26. Financial Instruments

The following table presents the fair value hierarchy of financial assets and liabilities, excluding those classified as amortized cost that are short term in nature.

		As at March 31, 2022				As at December 31, 2021			
($ thousands)	Note	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Assets									
Fair value through profit and loss:									
Mortgages, loans and notes receivable	9	**$ —**	**$ —**	**$ 103,489**	**$ 103,489**	$ —	$ —	$ 96,623	$ 96,623
Lease receivable	12	**—**	**—**	**22,614**	**22,614**	—	—	22,351	22,351
Financial real estate assets	7	**—**	**—**	**91,910**	**91,910**	—	—	86,603	86,603
Investment in real estate securities	10	**550,660**	**—**	**—**	**550,660**	—	—	—	—
Designated hedging derivatives	12	**—**	**7,881**	**—**	**7,881**	—	3,266	—	3,266
Amortized cost:									
Mortgages, loans and notes receivable - SPPI	9	**—**	**—**	**298,200**	**298,200**	—	—	257,800	257,800
Cash and cash equivalents	27 (c)	**—**	**16,230**	**—**	**16,230**	—	84,304	—	84,304
Liabilities									
Fair value through profit and loss:									
Exchangeable Units	15	**6,130,733**	**—**	**—**	**6,130,733**	6,011,997	—	—	6,011,997
Unit-based compensation	18	**—**	**11,976**	**—**	**11,976**	—	14,285	—	14,285
Designated hedging derivatives	17	**—**	**390**	**—**	**390**	—	1,925	—	1,925
Amortized cost:									
Long term debt	13	**—**	**—**	**6,164,507**	**6,164,507**	—	—	6,526,570	6,526,570
Credit facility	14	**—**	**51,894**	**—**	**51,894**	—	—	—	—

The carrying value of the Trust's assets and liabilities approximated fair value except for long term debt. The fair value of Choice Properties' senior unsecured debentures was calculated using market trading prices for similar instruments, whereas the fair values for the mortgages was calculated by discounting future cash flows using appropriate discount rates. There were no transfers between levels of the fair value hierarchy during the periods.

Designated Hedging Derivatives

Designated hedging derivatives consist of interest rate swaps to hedge the interest rate associated with an equivalent amount of variable rate mortgages. During the three months ended March 31, 2022, an interest rate swap was settled upon maturity of the underlying variable rate mortgage. As at March 31, 2022, the interest rates ranged from 2.8% to 4.4% (December 31, 2021 - 2.8% to 4.4%).

The impact of the hedging instruments on the consolidated balance sheets was as follows:

($ thousands)	**Note**	**Maturity Date**	**Notional Amount**	**As at March 31, 2022**	As at December 31, 2021
Derivative assets					
Interest rate swaps	12	Jan 2025 - Jun 2030	**$ 122,344**	**$ 7,881**	$ 3,266
Derivative liabilities					
Interest rate swaps	17	Aug 2022 - Feb 2024	**54,376**	**390**	1,925

During the three months ended March 31, 2022, the Trust recorded an unrealized fair value gain in OCI of $6,150 (March 31, 2021 - fair value loss of $708).

Note 27. Supplemental Cash Flow Information

(a) Items not affecting cash and other items

		Three Months	
($ thousands)	Note	**March 31, 2022**	March 31, 2021
Straight line rental revenue	4	**$ (511)**	$ (4,477)
Unit based compensation expense included in general and administrative expenses	18	**1,706**	1,301
Amortization of intangible assets	11	**250**	250
Adjustment to fair value of Exchangeable Units	15	**118,736**	217,683
Adjustment to fair value of investment properties	4	**(302,243)**	(58,743)
Other fair value (gains) losses, net	25	**1,066**	(477)
Items not affecting cash and other items		**$ (180,996)**	$ 155,537

(b) Net change in non-cash working capital

		Three Months	
($ thousands)	Note	**March 31, 2022**	March 31, 2021
Net change in accounts receivable and other assets		**(29,063)**	(1,892)
Net change in trade payables and other liabilities		**(4,471)**	15,738
Net change in non-cash working capital		**$ (33,534)**	$ 13,846

(c) Cash and cash equivalents

($ thousands)	**As at March 31, 2022**	As at December 31, 2021
Cash	**$ 16,230**	$ 84,304
Cash and cash equivalents	**$ 16,230**	$ 84,304

Note 28. Segment Information

Choice Properties operates in three reportable segments: retail, industrial and mixed-use, residential, and other. The segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"), determined to be the senior leadership team, which is comprised of the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and Executive Vice President ("EVP") of the Trust. The CODM measures and evaluates the performance of the Trust based on net rental income.

In the first quarter of 2022, the Trust disposed of a portfolio of six office assets to Allied (Note 3), significantly reducing the size of its office portfolio. Concurrent with the disposition the Trust revised its internal reporting structure, combining its remaining office properties and residential properties into the mixed-use, residential, and other segment. Segment information for the period ended March 31, 2021 has been revised to reflect this change.

The table below presents net rental income for the three months ended March 31, 2022, in a manner consistent with internal reporting. The accounting policies of the segments presented here are the same as those described in Note 2 of the annual financial statements, except that segment rental revenue and segment property operating costs include the proportionate share of revenues and property operating costs of joint ventures and financial real estate assets.

($ thousands)	**Retail**	**Industrial**	**Mixed-Use, Residential & Other**	**Consolidation and eliminations**(i)	**Three months ended March 31, 2022**
Rental revenue	**$ 259,591**	**$ 51,456**	**$ 34,061**	**$ (17,059)**	**$ 328,049**
Property operating costs	**(77,164)**	**(13,795)**	**(15,354)**	**6,762**	**(99,551)**
Net Rental Income	**182,427**	**37,661**	**18,707**	**(10,297)**	**228,498**

(i) Reconciling items adjust Choice Properties' proportionate share of joint ventures to reflect the equity method of accounting under IFRS.

The table below presents net rental income for the three months ended March 31, 2021, in a manner consistent with internal reporting. The accounting policies of the segments presented here are the same as those described in Note 2 of the annual financial statements, except that segment rental revenue and segment property operating costs include the proportionate share of revenues and property operating costs of joint ventures and financial real estate assets.

	(restated)				
($ thousands)	Retail	Industrial	Mixed-Use, Residential & Other	Consolidation and eliminations(i)	Three months ended March 31, 2021
Rental revenue	$ 258,036	$ 51,003	$ 32,569	$ (15,069)	$ 326,539
Property operating costs	(78,927)	(13,137)	(13,964)	5,892	(100,136)
Net Rental Income	179,109	37,866	18,605	(9,177)	226,403

(i) Reconciling items adjust Choice Properties' proportionate share of joint ventures to reflect the equity method of accounting under IFRS.

Note 29. Contingent Liabilities and Financial Guarantees

Choice Properties is involved in and potentially subject to various claims by third-parties arising from the normal course of conduct of its business including regulatory, property and environmental claims. In addition, Choice Properties is potentially subject to regular audits from federal and provincial tax authorities, and as a result of these audits may receive assessments and reassessments. Although such matters cannot be predicted with certainty, management currently considers Choice Properties' exposure to such claims and litigation, to the extent not covered by Choice Properties' insurance policies or otherwise provided for, not to be material to the condensed consolidated financial statements, but they may have a material impact in future periods.

a. Legal Proceedings

Choice Properties is potentially the subject of various legal proceedings and claims that arise in the ordinary course of business. The outcome of all these proceedings and claims is uncertain. Based on information currently available, any proceedings and claims, individually and in the aggregate, are not expected to have a material impact on Choice Properties.

b. Guarantees

Choice Properties issues letters of credit to support guarantees related to its investment properties including maintenance and development obligations to municipal authorities. As at March 31, 2022, the aggregate gross potential liability related to these letters of credit totalled $33,647 (December 31, 2021 - $32,579).

Choice Properties' credit facility and senior unsecured debentures are guaranteed by each of the General Partner, the Partnership and any other person that becomes a subsidiary of Choice Properties (with certain exceptions). In the case of default by the Trust, the indenture trustee will be entitled to seek redress from the guarantors for the guaranteed obligations in the same manner and upon the same terms that it may seek to enforce the obligations of the Trust. These guarantees are intended to eliminate structural subordination, which would otherwise arise as a consequence of Choice Properties' assets being primarily held in various subsidiaries of the Trust.

c. Commitments

Choice Properties has entered into contracts for development and property capital projects and has other contractual obligations. The Trust is committed to future payments of approximately $335,000, of which $32,000 relates to equity accounted joint ventures as at March 31, 2022 (December 31, 2021 - $436,000 and $26,000, respectively).

d. Contingent Liabilities

The Trust held debt obligations in the amount of $249,755 in its equity accounted joint ventures as at March 31, 2022 (December 31, 2021 - $250,051). Generally, the Trust is only liable for its proportionate share of the obligations of the co-ownerships and equity accounted joint ventures in which it participates, except in limited circumstances. Credit risk arises in the event that the partners default on the payment of their proportionate share of such obligations. This credit risk is mitigated as the Trust generally has recourse under its co-ownership agreements and joint venture arrangements in the event of default of its partners, in which case the Trust's claim would be against both the underlying real estate investments and the partners that are in default. Management believes that the assets of its co-ownerships and joint ventures are sufficient for the purpose of satisfying any obligation of the Trust should the Trust's partner default.

Note 30. Related Party Transactions

Choice Properties' parent corporation is GWL, which as at March 31, 2022, held either directly or indirectly, a 61.7% effective interest in the Trust through ownership of 50,661,415 Units and all of the Exchangeable Units, which are economically equivalent to and exchangeable to Units. GWL is also the parent company of Loblaw, with ownership of 52.6% of Loblaw's outstanding common shares as at March 31, 2022. Choice Properties' ultimate parent is Wittington Investments, Limited.

In the normal course of operations, Choice Properties enters into various transactions with related parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

Transactions and Agreements with GWL

Services Agreement
For the three months ended March 31, 2022, GWL provided Choice Properties with corporate, administrative and other support services for an annualized cost of $3,901 (2021 - $3,094).

Distributions on Exchangeable Units
GWL, directly or indirectly, holds all of the Exchangeable Units issued by Choice Properties Limited Partnership, a subsidiary of Choice Properties. During the three months ended March 31, 2022, distributions declared on the Exchangeable Units totalled $73,221 (March 31, 2021 - $73,221).

As at March 31, 2022, Choice Properties had distributions on Exchangeable Units payable to GWL of $24,407 (December 31, 2021 - 192,741). The payable to GWL includes deferred distributions of $nil to be paid on the first business day of the 2023 fiscal year (December 31, 2021 - $168,334; 2022).

Notes Receivable
Holders of Exchangeable Units may, in lieu of receiving all or a portion of their distributions, choose to be loaned an amount from Choice Properties Limited Partnership, and to have such distributions made on the first business day following the end of the fiscal year in which such distribution would otherwise have been made. The loans do not bear interest and are due and payable in full on the first business day following the end of the fiscal year during which the loan was made. During the three months ended March 31, 2022, GWL did not elect to receive distributions from Choice Properties Limited Partnership in the form of loans. Non-interest bearing short-term notes totalling $168,334 with respect to the loans received in the 2021 fiscal year were settled against distributions payable by the Trust to GWL in January 2022.

Trust Unit Distributions
During the three months ended March 31, 2022, Choice Properties declared cash distributions of $9,372 on the Units held by GWL (March 31, 2021 - $9,372). As at March 31, 2022, $3,124 of Trust Unit distributions declared were payable to GWL (December 31, 2021 - $3,124). There were no non-cash distributions settled through the issuance of additional Trust Units during the three months ended March 31, 2022 (March 31, 2021 - $nil).

Transaction Summary as Reflected in the Consolidated Financial Statements
Transactions with GWL recorded in the consolidated statements of income (loss) and comprehensive income (loss) were comprised as follows:

		Three Months	
($ thousands)	Note	**March 31, 2022**	March 31, 2021
Rental revenue	19	**$ 758**	$ 3,421
Services Agreement expense	24	**(975)**	(799)
Distributions on Exchangeable Units	23	**(73,221)**	(73,221)

The balances due from (to) GWL and subsidiaries were as follows:

($ thousands)	Note	As at March 31, 2022	As at December 31, 2021
Notes receivable	9	$ —	$ 168,334
Other receivables	12	398	—
Exchangeable Units	15	(6,130,733)	(6,011,997)
Accrued liabilities	17	(1,014)	(835)
Distributions payable on Exchangeable Units	17	(24,407)	(192,741)
Distributions payable on Trust Units	17	(3,124)	(3,124)
Due to GWL and subsidiaries		$ (6,158,880)	$ (6,040,363)

Transactions and Agreements with Loblaw

Strategic Alliance Agreement
The Strategic Alliance Agreement creates a series of rights and obligations between Choice Properties and Loblaw intended to establish a preferential and mutually beneficial business and operating relationship. The Strategic Alliance Agreement expires on July 5, 2023. The Strategic Alliance Agreement provides Choice Properties with important rights that are expected to meaningfully contribute to the Trust's growth. Subject to certain exceptions, rights include:

- Choice Properties has the right of first offer to purchase any property in Canada that Loblaw seeks to sell;
- Loblaw is generally required to present shopping centre property acquisitions in Canada to Choice Properties to allow the Trust a right of first opportunity to acquire the property itself; and
- Choice Properties has the right to participate in future shopping centre developments involving Loblaw.

Included in certain investment properties acquired from Loblaw is excess land with development potential. In accordance with the Strategic Alliance Agreement, Choice Properties will compensate Loblaw, over time, with intensification payments, as Choice Properties pursues development, intensification or redevelopment of such excess land. The payments to Loblaw are calculated in accordance with a payment grid that takes into account the region, market ranking and type of use for the property.

Site Intensification Payments
Choice Properties compensated Loblaw with intensification payments of $1,765 in connection with completed gross leasable area for which tenants took possession during the three months ended March 31, 2022 (December 31, 2021 - $2,208).

Transaction Summary as Reflected in the Consolidated Financial Statements
Loblaw is the largest tenant for Choice Properties, representing approximately 56.0% of Choice Properties' rental revenue for the three months ended March 31, 2022 (March 31, 2021 - 55.8%) and 57.5% of its gross leasable area as at March 31, 2022 (March 31, 2021 - 55.2%). Transactions with Loblaw recorded in the consolidated statements of income (loss) and comprehensive income (loss) were comprised as follows:

		Three Months	
($ thousands)	Note	March 31, 2022	March 31, 2021
Rental revenue	19	$ 183,796	$ 182,076
Fee income	22	—	65

The balances due from (to) Loblaw were as follows:

($ thousands)	Note	As at March 31, 2022	As at December 31, 2021
Rent receivable	12	$ 2,143	$ 1,474
Other receivables	12	360	2,044
Accrued liabilities	17	—	(85)
Construction allowances payable	17	(11,771)	—
Reimbursed contract payable	17	(313)	(266)
Due from (to) Loblaw		$ (9,581)	$ 3,167

Transactions and Agreements with Wittington

Property Management Agreement
Choice Properties provides Wittington with property management services for certain properties with third-party tenancies on a fee for service basis.

Trust Unit Distributions
During the three months ended March 31, 2022, Choice Properties declared cash distributions of $3,053 on the Units held by Wittington (March 31, 2021 - $3,053). As at March 31, 2022, $1,018 of Trust Unit distributions declared were payable to Wittington (December 31, 2021 - $1,018). There were no non-cash distributions settled through the issuance of additional Trust Units during the three months ended March 31, 2022 and 2021.

Transaction Summary as Reflected in the Consolidated Financial Statements
Transactions with Wittington recorded in the consolidated statements of income (loss) and comprehensive income (loss) were comprised as follows:

		Three Months	
($ thousands)	Note	March 31, 2022	March 31, 2021
Rental revenue	19	$ 370	$ 392
Fee income	22	62	62

The balances due from (to) Wittington and subsidiaries were as follows:

($ thousands)	Note	As at March 31, 2022	As at December 31, 2021
Cost-to-complete receivable	12	8,501	8,501
Distributions payable	17	(1,018)	(1,018)
Due from Wittington and subsidiaries		$ 7,483	$ 7,483

Note 31. Subsequent Events

On April 19, 2022, the Trust completed the acquisition of a parcel of land in Caledon, Ontario within one of its equity accounted joint ventures. The Trust's share of the purchase price, at its 85% ownership interest, was $85,000.

Corporate Profile

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.

Conference Call and Webcast

Management will host a conference call on Thursday, April 28, 2022 at 9:00AM (ET) with a simultaneous audio webcast. To access via teleconference, please dial (240) 789-2714 or (888) 330-2454 and enter the event passcode: 4788974. The link to the audio webcast will be available on www.choicereit.ca/events-webcasts.

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Stock Exchange Listing and Symbol

The Trust's Units are listed on the Toronto Stock Exchange and trade under the symbol "CHP.UN".

Distribution Policy

Choice Properties' Board retains full discretion with respect to the timing and quantum of distributions. Declared distributions are paid to Unitholders of record at the close of business on the last business day of a month on or about the 15th day of the following month.

Registrar and Transfer Agent

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Investor Relations

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Additional financial information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR), www.sedar.com. Choice Properties holds a conference call shortly following the release of its quarterly results. These calls are archived in the Investor Relations section of the Trust's website, www.choicereit.ca.

Ce rapport est disponible en français.

Value for Generations

ChoiceProperties

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