

Delivering today Building for the future

2023 Third Quarter Report

ChoiceProperties



Creating Enduring Value

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 have a proven strategy to maximize the value of our portfolio and create enduring value for all our stakeholders. Our business is strong, and we are well positioned to continue to deliver on our Strategic Framework and achieve our goals.

Our priorities of maintaining our market-leading portfolio, sustaining operational excellence and delivering on our development pipeline remain the same, while our near-term focus areas are reflective of who we are and where we are going. While delivering on our priorities we continue to focus on strengthening our unmatched foundation.



Proven Strategic Framework

Canada's Preeminent REIT

GOALS

Creating Enduring Value	Preservation of capital	Stable and growing cash flows	Increases in NAV and distribution over time
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PRIORITIES

- 1 Maintaining** market-leading portfolio
- 2 Sustaining** operational excellence
- 3 Delivering** development pipeline

VALUES



Care

Ownership

Respect

Excellence

FOUNDATION

Strategic relationship with one of Canada's largest retailers

Experienced, engaged and diverse team

Embedded ESG practices



Industry-leading balance sheet



Our Near-Term Focus

We continue to focus on improving the quality of our portfolio, delivering a best-in-class operational platform, and driving growth through development. Through these actions, we are well-positioned to grow cash flows and deliver stable and growing distributions.



PRIORITIES

1

**Maintaining
market-leading
portfolio**

2

**Sustaining
operational
excellence**

3

**Delivering
development
pipeline**

Building for the Future

Maximizing value
in our core asset
classes

Improving quality
through balanced
capital recycling

Delivering best-
in-class property
operations
capabilities

Executing on our
near-term Industrial
opportunity

Creating value
by advancing our
Mixed-Use and
Residential platform

Foundation | Strengthening our unmatched foundation

MEASURING SUCCESS

- Stable and growing cash flows from existing portfolio
- Growth through development pipeline
- Maintaining our industry leading balance sheet
- Stable and growing distributions

Management's Discussion and Analysis

3045 Mavis Road
Mississauga, ON



“We delivered positive operating and financial results in the third quarter. Our performance is supported by stable cash flows, reflecting the strength of our necessity-based portfolio and demand for our well-located industrial assets. In a volatile economic environment, Choice is well positioned to execute on our strategic priorities and deliver strong and consistent operating performance.”

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 7 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 and nine months ended September 30, 2023 and accompanying notes (“Q3 2023 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, 2022. In addition, this MD&A should be read in conjunction with the Trust’s “Forward-Looking Statements” as listed below. Choice Properties’ Q3 2023 Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS” or “GAAP”), as applicable to interim periods, including IAS 34, Interim Financial Reporting 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 Third Quarter 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, including the

COVID-19 pandemic, 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, 2022. Selected highlights of such risks and uncertainties include:

- changes in economic conditions, including changes in interest rates and inflation rates, and supply chain constraints;
- failure by Choice Properties to realize the anticipated benefits associated with its strategic priorities and major initiatives, including failure to develop quality assets and effectively manage development, redevelopment, and renovation initiatives and the timelines and costs related to such initiatives;
- failure to adapt to environmental and social risks, including failure to execute against the Trust’s environmental and social equity initiatives, and in the context of the Trust’s environmental, social and governance disclosures, additional factors such as the availability, accessibility and sustainability of comprehensive and high-quality data, and the development of applicable national and international laws, policies and regulations;
- 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;
- 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;
- failure by Choice Properties to effectively and efficiently manage its property and leasing management processes and
- the inability of Choice Properties to make acquisitions and dispositions of properties in accordance with its near and long-term strategies.

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, the exchangeable Class B limited partnership units of Allied Properties Exchangeable Limited Partnership (“Allied Units”), a subsidiary of Allied Properties Real Estate Investment Trust (“Allied”) 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. The Allied Units are recorded at fair value based on market trading prices of the publicly traded units of Allied. 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, 2022. 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 MD&A. 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 September 30, 2023, GWL held a 61.7% 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.sedarplus.ca.

The information in this MD&A is current to November 8, 2023, unless otherwise noted.

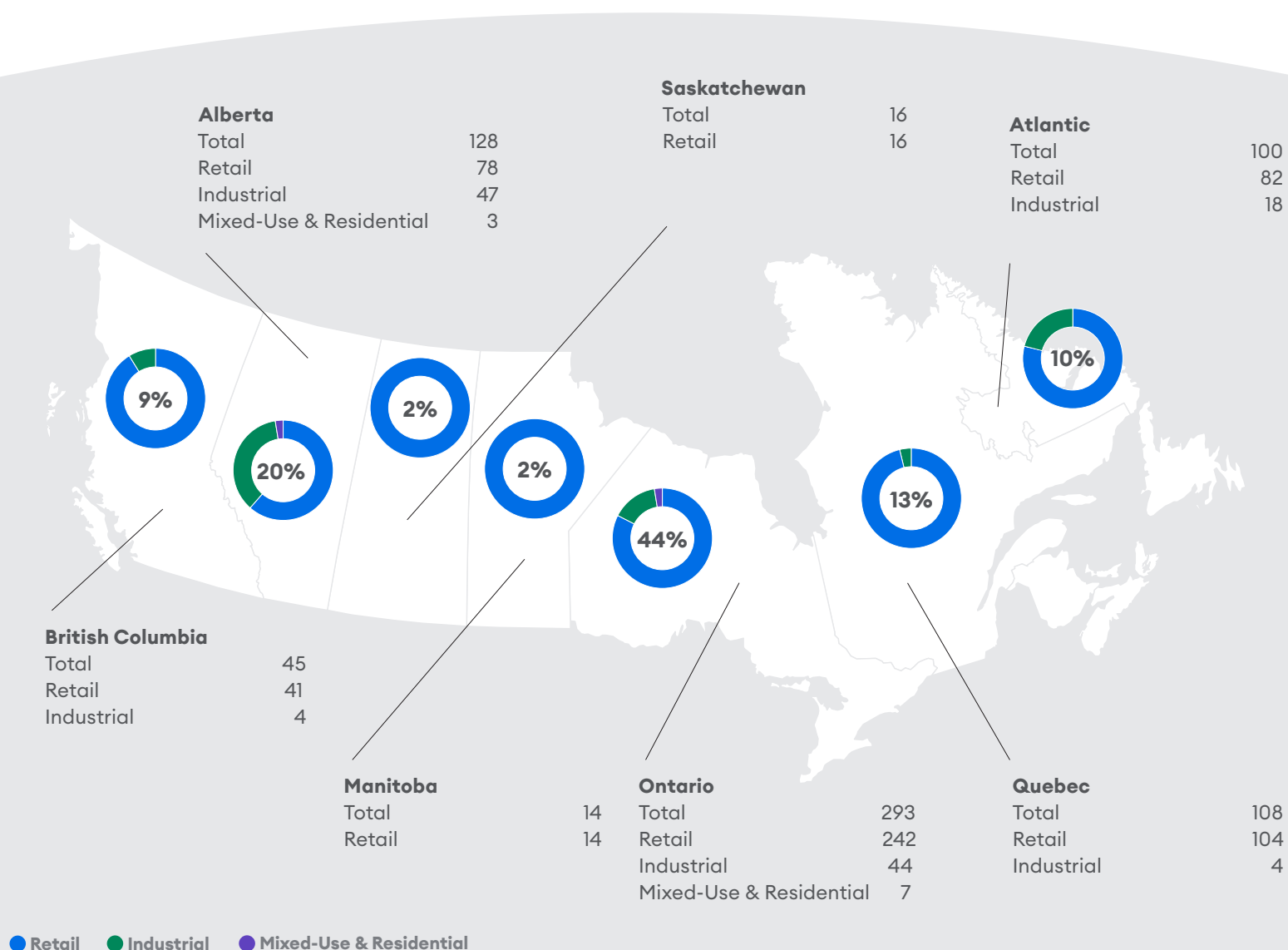
All amounts in this MD&A are reported in thousands of Canadian dollars, except where otherwise noted.

301 Moore Avenue
Toronto, ON



A Snapshot of Choice

Canada's Preeminent REIT



704

High-quality properties
across Canada

64.2M

sq. ft. of GLA⁽ⁱ⁾

97.7%

Occupancy

18M+

sq. ft. development pipeline

70+

Sites with future
development potential

BBB ^(High)

DBRS rating

7.3x

Adjusted Debt to
EBITDAFV, net of cash

Net-Zero

By 2050

(i) GLA excludes ground leases

ChoiceProperties

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Market Leading Portfolio

Canada's Preeminent 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.

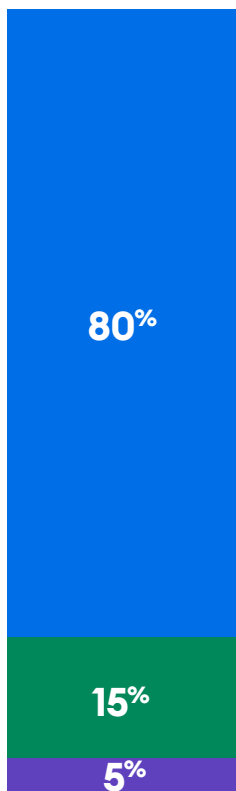
704

Properties

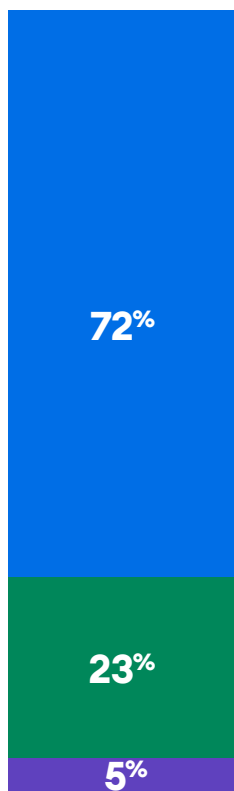
64.2M

sq. ft. of GLA⁽ⁱ⁾

NOI, Cash Basis⁽ⁱⁱ⁾



Income Producing Properties Asset Value⁽ⁱⁱⁱ⁾



Legend



Retail

Predominately necessity-based grocery anchored retail



Industrial

Flexible well-located industrial portfolio



Mixed-Use & Residential

Transit oriented mixed-use and residential portfolio^(iv)

(i) GLA excludes ground leases

(ii) As a % of total NOI, Cash Basis⁽ⁱ⁾ for the three months ended September

(iii) As a % of total asset value⁽ⁱ⁾ excluding development as at September

(iv) Office properties are included in Mixed-Use & Residential for reporting

Winning Retail Portfolio

Necessity-based, well-located assets supported by strong anchor tenants



The retail portion of 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. 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.



44.4M

sq. ft. of GLA⁽ⁱ⁾

577

Properties

\$11.0B

Fair value

97.7%

Occupancy

Strong Necessity-Based Retail Anchor Tenants

Reliable and stable cash flow

+63%

of revenue from Loblaw banners



+67%

of revenue is from grocery and pharmacy



+81%

of revenue from necessity-based retail



Calculated as a % of the retail segment's gross rental revenue as at September 30, 2023 (section 6)

(i) GLA excludes ground leases

High-Demand Industrial

High-quality generic industrial assets in key distribution markets



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 timeframe 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 accommodate the expansion or contraction requirements of our tenant base.

17.8M

sq. ft. of GLA⁽ⁱ⁾

98.3%

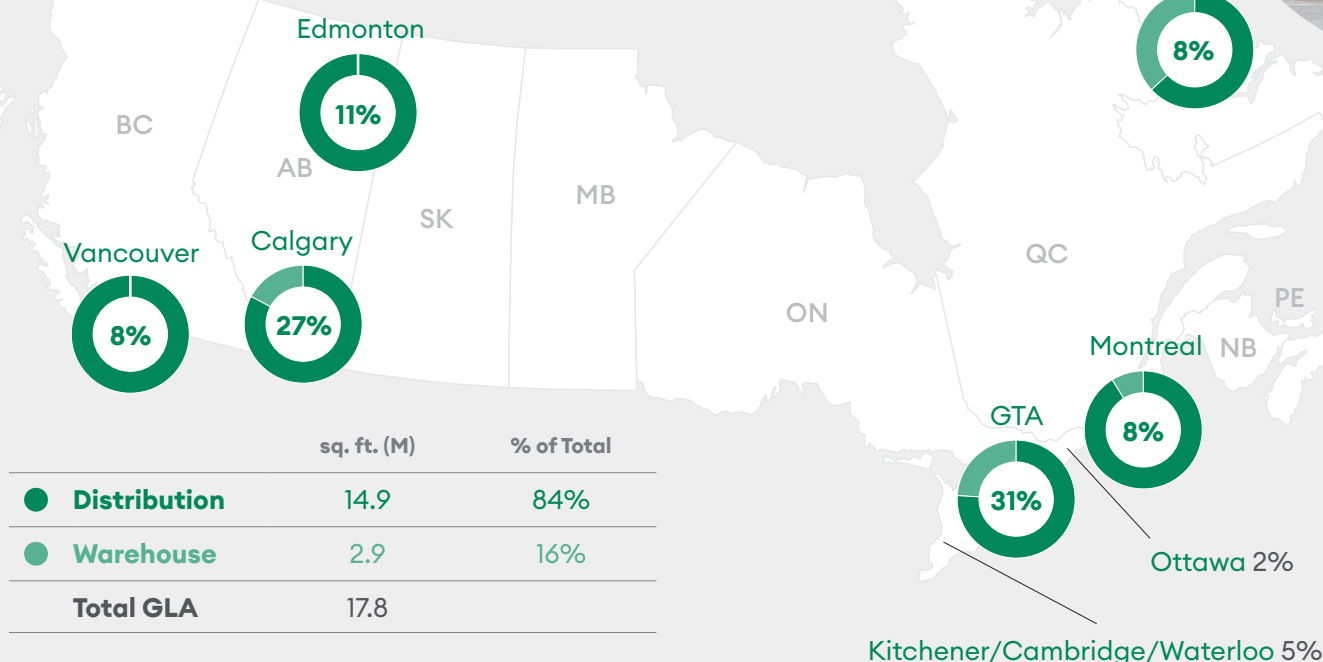
Occupancy

\$3.6B

Fair value

117

Properties



Calculated as a % of total GLA as at September 30, 2023. Warehouse includes certain Small Bay assets

(i) GLA excludes ground leases

Mixed-Use & Residential

Purpose built rental
in key markets



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.

2.0M

sq. ft. of GLA⁽ⁱ⁾

\$0.8B

Fair value

10

Properties

88.6%

Occupancy⁽ⁱⁱ⁾

(i) 2.0 million sq. ft. of GLA includes 0.5 million sq. ft. associated with Choice's 646 residential units

(ii) Occupancy shown is for retail and office portion of Mixed-Use properties, residential units are excluded

ChoiceProperties





2994 Peddie Road
Milton, ON






Sustaining Operational Excellence

At Choice Properties, we strive to understand the needs and values of our tenants so that we can 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 communities in which we operate. To sustain operational excellence we prioritize building efficiency and 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 proactive leasing, results in high occupancy rates, income stability and long-term net asset value appreciation.

Recognized Management Excellence

We prioritize the health and safety of our colleagues, tenants, visitors and other stakeholders by utilizing evidence-based best practices recognized by the Fitwel Viral Response module, a third-party application platform. Moreover, we use green building standards such as LEED and BOMA BEST to showcase exemplary operational practices.

	Occupancy	sq. ft. GLA ⁽ⁱ⁾	Value
 Retail	97.7%	44.4M	\$11.0B
 Industrial	98.3%	17.8M	3.6B
 Mixed-Use & Residential⁽ⁱⁱ⁾	88.6%	2.0M	0.8B
 Development⁽ⁱⁱⁱ⁾	-	-	1.1B
 Total^(iv)	97.7%	64.2M	\$16.5B

(i) GLA excludes ground leases

(ii) Occupancy shown is for retail and office portion of Mixed-Use properties, residential units are excluded.
2.0 million sq. ft. of GLA includes 0.5 million sq. ft. associated with Choice's 646 residential units

(iii) Properties Under Development

(iv) Information presented here and throughout this report represents information as at September 30, 2023



The Weston Centre
Toronto, ON

Transformational Development Program

Rendering of
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. Many of 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 enables 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.

Leveraging Green Technology

We strive to reduce our environmental impact by incorporating sustainable technologies into our new developments. Across the country, we are investigating opportunities to integrate energy from renewable sources into our properties – this includes geothermal in the Greater Toronto Area, and solar in numerous provinces including Alberta.



Developing with Purpose

Diversifying our tenant base while delivering steady growth

Retail

Delivering steady growth and maintaining portfolio quality

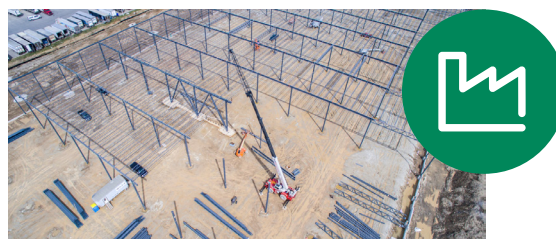
Our retail projects include intensifications focused on adding at-grade retail density at our existing retail properties and greenfield projects. These projects provide the opportunity to expand our retail footprint and add new tenants, further diversifying our high-quality tenant mix.



Industrial

Capitalizing on market trends with 7.4M sq. ft. of high-quality industrial developments in core markets

Choice Properties' industrial 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.



Mixed-Use & Residential

Transforming communities with long-term development opportunities

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.



Development Pipeline 18.5M sq.ft.

Active

sq. ft.	2.7M
Retail	0.3M
Industrial	2.2M
Mixed-Use & Residential	0.2M

Zoned and Ready

sq. ft.	9.0M
Retail	0.2M
Industrial	5.2M
Mixed-Use & Residential	3.6M

In Planning

sq. ft.	6.8M
Retail	n/a
Industrial	n/a
Mixed-Use & Residential	6.8M

Total⁽ⁱ⁾

sq. ft.	18.5M
Retail	0.5M
Industrial	7.4M
Mixed-Use & Residential	10.6M

(i) At the Trust's Share

On the Move

We are focused on delivering our **active** development projects that will strengthen our portfolio across each asset class.

19

Projects under active development

\$508M

Estimated total investment⁽²⁾

2.7M

sq. ft. estimated upon completion^{(i) (2)}

348

Estimated number of residential units



Choice Eastway Industrial Centre

Greater Toronto Area, ON

Automated, multi-temperature industrial facility



Choice Industrial Centre

Surrey, BC

New generation logistic facility targeting LEED



Mount Pleasant Village

Brampton, ON

Residential development designed to deliver geothermal heating and reduce embodied carbon

Advancing Accessibility Together

Choice Properties is proud to be one of the founding members of the Accelerating Accessibility Coalition (“AAC”). The AAC will help bring the voices of Canadians living with disabilities to the forefront of shaping our built environment, as its members include accessibility leaders such as AccessNow, Rick Hansen Foundation, StopGap Foundation, among others. We are putting our commitment to accessibility into action through achieving Rick Hansen Foundation Accessibility Certified Gold – Pre-construction Approval at Uniti, the rental portion of our Mount Pleasant Village development.

(i) Including 1.9M sq. ft. associated with ground leases

Immense Opportunity

Choice Properties continues to grow and create value through its pipeline of **potential** commercial and mixed-use developments.

Mixed-Use & Residential

10.4M

sq. Ft. Potential Density⁽ⁱ⁾

12,000

Potential Residential Units⁽ⁱ⁾



Golden Mile

Toronto, ON

Zoning Approved (section 3.6)



25 Photography Drive

Toronto, ON

Industrial

287

Net Developable Acres⁽ⁱ⁾

5.2M

sq. Ft. Potential Development⁽ⁱ⁾



Choice Caledon Business Park

Caledon, ON

Zoning Approved (section 3.6)

(i) At the Trust's Share



Environmental, Social & Governance Program

“Building a **sustainable and **equitable** future is integral to our ability to create spaces that improve how our tenants live, work, and connect and the enduring value that comes from it.”**

Ana Radic
Chief Operating Officer

Environmental, Social and Governance (“ESG”) practices are aligned with our commitment to create 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 latest Environmental, Social and Governance Report available at www.choicereit.ca/sustainability.

Focused Pillars

Fighting Climate Change

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

We have established ambitious science-based net-zero greenhouse gas emissions targets. In 2022, we became one of the first entities in Canada to have our net-zero targets validated by the Science Based Targets initiative (SBTi). Our targets cover our entire value chain, including our own operational emissions, and those from our tenants and developments. We are committed to achieving net-zero emissions by 2050, including by reducing absolute scope 1, 2 and 3 emissions by 90% by 2050 from a 2019 base year. 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 energy and water 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.



Embedding ESG

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 Addressing Social Equity.

Addressing 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.

We have 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, we have set and made progress towards ambitious DEI targets that commit to recruiting, advancing and retaining women and those that self-identify as visible minorities within our organization including 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. Since 2019, through Choice Cares, our activities have contributed over \$1.65 million and over 5,040 paid volunteer hours to various Canadian charities selected by our colleagues.

Choice Properties looks forward to expanding our community building program by taking a multi-sector collaborative approach to development. An example of this approach is our Uniti development in Brampton, ON which has achieved the Rick Hansen Foundation Accessibility Certified Gold – Pre-Construction Approval for its design, which considers the needs of those living with disabilities.



Prudent Financial Management

TD Bank
Mississauga, ON



“We have demonstrated our ability to successfully access the debt markets, maintaining our balanced debt ladder and strong liquidity position. The quality of our portfolio and health of our tenants combined with our industry leading balance sheet continues to position Choice well despite a challenging economic environment.”

Mario Barrafato
Chief Financial Officer



Harvest Pointe
Edmonton, AB

Key Performance Indicators and Financial Information

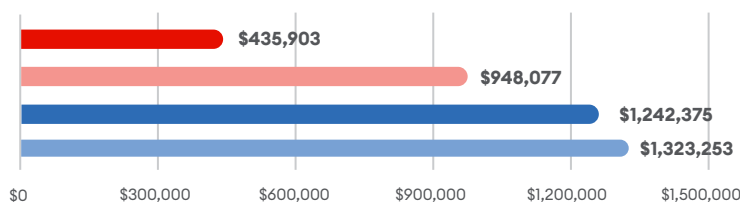
The analysis of the indicators focuses on trends and significant events affecting the financial condition and results of operations.

● Q3 2023 ● Q3 2022 ● YTD Q3 2023 ● YTD Q3 2022

Net Income

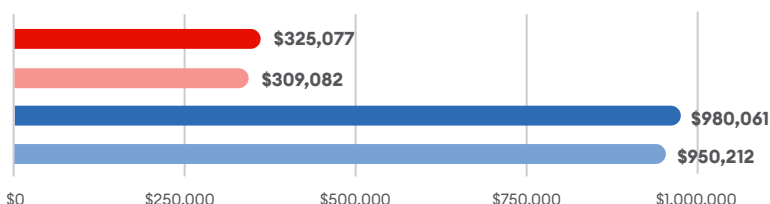
Net income decreased for the quarter compared to the prior year primarily due to non-cash changes in fair value including: a \$225.6 million unfavourable change in the adjustment to fair value of the Trust's Exchangeable Units⁽ⁱ⁾ due to the change in the Trust's Unit price and lower fair value gains recognized on investment properties to \$26.8 million in the current period from \$141.3 million in the third quarter of 2022. In addition, there was a \$206.5 million decrease in income from equity accounted joint ventures as a result of lower fair value gains on investment properties held within equity accounted joint ventures.

Net income decreased year-to-date compared to the prior year primarily due to non-cash changes in fair value including: a \$307.3 million decrease in income from equity accounted joint ventures primarily due to the fair value gains recognized in the industrial development portfolio in 2022, and a \$205.8 million unfavourable change in the adjustment to fair value of the Trust's Exchangeable Units⁽ⁱ⁾ due to the change in the Trust's Unit price. The decrease was partially offset by a \$268.9 million favourable change in the adjustment to fair value of investment properties and a \$137.0 million favourable change in the adjustment to the fair value of the investment in the real estate securities of Allied Properties REIT ("Allied"), driven by the mark-to-market loss recorded in 2023 being lower than the mark-to-market loss recorded in 2022.



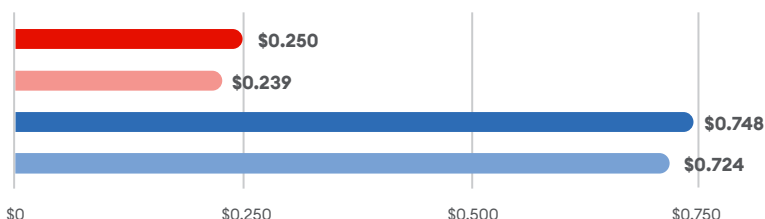
Rental Revenue (GAAP)

Rental revenue increased for the quarter and year-to-date primarily due to increased rental revenue from higher rental rates on renewals, new leasing, and contractual rent steps, mainly in the retail and industrial portfolios. The increase was also impacted by higher capital and operating recoveries, acquisitions and completed developments, and higher lease surrender revenue. The year-to-date increase was partially offset by foregone revenue from the Trust's sale of six office properties to Allied in the first quarter of 2022 (the "Allied Transaction"), and other dispositions completed in the current and prior year.



FFO Per Unit Diluted⁽ⁱ⁾

FFO per unit diluted⁽ⁱ⁾ increased for the quarter and year-to-date primarily due to the increase in Same-Asset NOI, higher lease surrender revenue, and an increase in interest income. The increase was partially offset by increases in interest expense and general and administrative expenses. The year-to-date increase was negatively impacted by the Allied Transaction. The net impact of the Allied Transaction includes the loss of NOI, partially offset by the distribution and interest income earned from the limited partnership units and promissory note received from Allied in exchange for the properties sold.

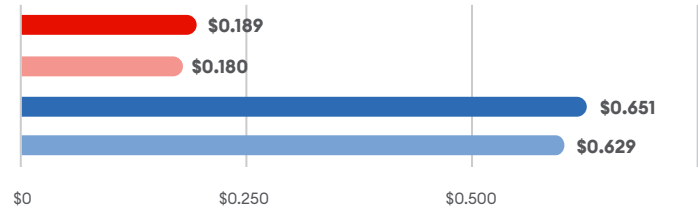


(i) Exchangeable Units are required to be classified as financial liabilities at fair value through profit and loss under GAAP. They are recorded at their fair value based on the market trading price of the Trust Units, which results in a negative impact to the financial results when the Trust Unit price rises and a positive impact when the Trust Unit price declines.

*As at and for the three months and nine months ended September 30, 2023 and 2022 (\$ thousands except where otherwise

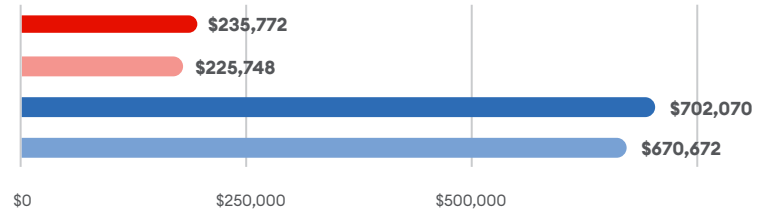
➤ AFFO Per Unit Diluted⁽¹⁾

AFFO per unit diluted⁽¹⁾ increased 5.0% and 3.5% for the quarter and year-to-date, respectively, primarily due to increases in FFO as noted above and a favourable straight-line rental revenue adjustment, partially offset by higher capital spending in the current year.



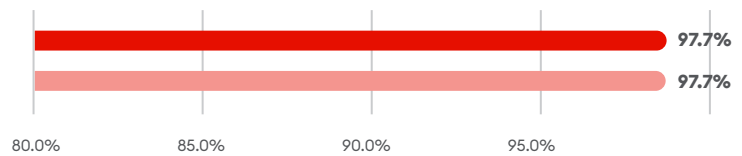
➤ Same-Asset NOI, Cash Basis⁽¹⁾

Same-Asset NOI, cash basis⁽¹⁾ increased 4.4% and 4.7% for the quarter and year-to-date, respectively, primarily due to increased revenue from higher rental rates on renewals, contractual rent steps, and new leasing in the retail and industrial portfolios. The increase was also impacted by higher capital and operating recoveries.



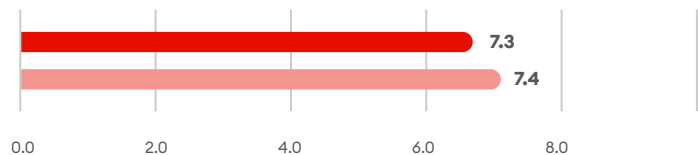
➤ Period End Occupancy

Overall period end occupancy remained stable compared to the prior year period. Positive absorption in the current quarter was driven by an existing tenant expanding to occupy 122,000 sq. ft. of vacant space at a Greater Toronto Area multi-tenant industrial property. In the second quarter of 2023, the Trust elected not to renew the tenant previously in the unit, and instead leased the entirety of the property to another tenant at a higher rate.



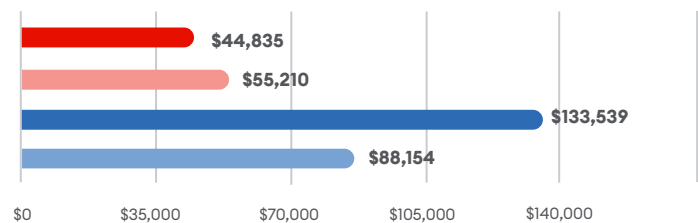
➤ Adjusted Debt to EBITDAFV, Net of Cash⁽¹⁾

Adjusted Debt to EBITDAFV, net of cash⁽¹⁾ was relatively stable compared to the prior year. Debt increased compared to the prior year primarily from higher development spend year-to-date and net acquisition activity, offset by same-asset NOI growth and higher interest income. As a result of recent financing activities the Trust held excess cash at the end of the third quarter that will be utilized over the coming quarters.



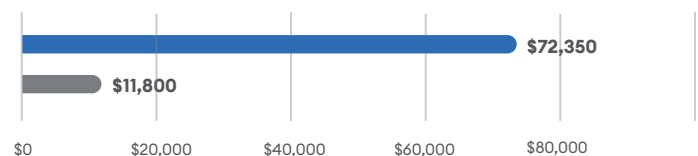
➤ Development Spending (Proportionate)⁽¹⁾

Development activity reflects the quarter and year-to-date spending on active projects. Development spending may vary depending on the stage of the projects currently in progress.



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

Year-to-date, the Trust transferred approximately 352,446 square feet of new retail and industrial space from properties under development to income producing.





Third Quarter Highlights

For the three months ended September 30, 2023

Operating

- Reported FFO per unit diluted⁽ⁱ⁾ for the quarter was \$0.250, an increase of \$0.011 per unit diluted or 4.6% from the prior year.
- AFFO per unit diluted⁽ⁱ⁾ for the quarter was \$0.189, compared to \$0.180 in the prior year. The year-to-date AFFO payout ratio was 86.1% compared to 88.3% in the prior year.
- Same-Asset NOI on a cash basis⁽ⁱⁱ⁾ increased by 4.4% from the third quarter 2022.
 - Retail increased by 3.4%;
 - Industrial increased by 9.1%; and
 - Mixed-Use & Residential increased by 6.8%.
- Overall period end occupancy of 97.7%, with retail at 97.7%, industrial at 98.3% and mixed-use & residential at 88.6%⁽ⁱ⁾.
- Included in the third quarter results is lease surrender revenue of \$6.2 million, comprised of:
 - \$4.8 million from the termination of a 99,650 sq. ft. lease at a Calgary, AB retail property where the tenant had previously ceased operations. Choice proactively managed the site, electing to terminate the lease early and reposition the space as three separate units in order to achieve higher rents and increase traffic to the shopping centre; and
 - \$1.4 million related to the right-sizing of a Mississauga, ON Loblaw grocery store. Choice and Loblaw collaborated to optimize the size of the grocery store. Choice was then able to backfill the space vacated by Loblaw with a new tenant at a higher rental rate.
- The net fair value gain on investment properties in the quarter was \$26.4 million on a proportionate share basis⁽ⁱ⁾ primarily due to fair value gains from updates to leasing and cash flow assumptions at specific retail and industrial properties, partially offset by fair value losses due to capitalization rate adjustments on certain office and industrial properties, and a fair value loss recognized in relation to the disposition of an office property.

Investing

- The Trust completed \$9.4 million of transactions in the quarter:
 - The acquisition of a retail property in Hamilton, ON for \$7.5 million; and
 - The disposition of a retail property, previously classified as asset held for sale, for proceeds of \$1.9 million.
- The Trust invested \$44.8 million in its development program during the quarter on a proportionate share basis⁽ⁱ⁾.
- The Trust transferred \$60.6 million of properties under development to income producing status, delivering approximately 322,296 square feet of new GLA on a proportionate share basis⁽ⁱ⁾, including the final phase of the Trust's Horizon Business Park Industrial development in Edmonton, AB.
- Subsequent to quarter-end, the Trust:
 - Completed the dispositions of four properties, classified as assets held for sale at quarter-end, for aggregate proceeds of \$92.8 million; and
 - Transferred two projects from properties under development to income producing status, delivering approximately 353,000 square feet of new GLA and 126 residential units on a proportionate share basis⁽ⁱ⁾:
 - Element: 126 residential units in located in Ottawa, ON
 - Choice Industrial Centre: 353,000 sq. ft. new generation logistic facility located in Surrey, BC.

Financing

- Completed the issuance of \$350.0 million Series T senior unsecured debentures bearing interest at 5.699% with a 10.5-year term. Proceeds from the issuance were used to repay the balance drawn on the Trust's credit facility.
- Repaid upon maturity the \$200.0 million Series B senior unsecured debentures, bearing interest at 4.903%.
- Obtained CMHC-insured mortgages secured by two Toronto residential properties (the Brixton and Liberty House), held within joint ventures, of \$162.1 million at share, bearing interest at an average rate of 4.126% and a term of 10 years. The proceeds were primarily used to repay construction loans secured by the two properties.
- Extended the maturity date for the credit facility from September 1, 2027 to September 1, 2028.
- Ended the quarter with Adjusted Debt to Total Assets⁽ⁱ⁾ at 40.6%, Adjusted Debt to EBITDAFV⁽ⁱ⁾ ratio of 7.4x (net of cash - 7.3x), and Debt Service Coverage ratio⁽ⁱ⁾ of 3.0x times.
- Strong liquidity position with \$1.5 billion of available credit and a \$12.4 billion pool of unencumbered properties.

(i) Occupancy shown is for retail and office portion of Mixed-Use properties, residential units are excluded

(ii) At the Trust's share



25 Photography Drive

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 unaudited condensed consolidated financial statements of the Trust as at and for the three and nine months ended September 30, 2023 and 2022. 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 September 30 (\$ thousands except where otherwise indicated)	2023	2022
Number of income producing properties	704	701
GLA (in millions of square feet)	64.2	64.0
Occupancy*	97.7 %	97.7 %
Total assets (GAAP)	\$ 17,259,515	\$ 16,445,514
Total liabilities (GAAP)	\$ 12,374,143	\$ 11,982,114
Rental revenue (GAAP)	\$ 325,077	\$ 309,082
Net income	\$ 435,903	\$ 948,077
Net income per unit diluted	\$ 0.602	\$ 1.310
FFO ⁽ⁱ⁾ per unit diluted*	\$ 0.250	\$ 0.239
FFO ⁽ⁱ⁾ payout ratio*	75.0 %	77.3 %
AFFO ⁽ⁱ⁾ per unit diluted*	\$ 0.189	\$ 0.180
AFFO ⁽ⁱ⁾ payout ratio*	99.4 %	102.7 %
Distribution declared per unit	\$ 0.188	\$ 0.185
Weighted average number of units outstanding – diluted ⁽ⁱ⁾	723,664,818	723,577,162
Adjusted debt to total assets ^{(ii)*}	40.6 %	41.0 %
Debt service coverage ^{(iii)*}	3.0x	3.1x
Adjusted Debt to EBITDAFV ^{(i)(iii)*}	7.4x	7.4x
Indebtedness ^(iv) – weighted average term to maturity*	6.0 years	5.5 years
Indebtedness ^(iv) – weighted average interest rate*	4.03 %	3.77 %

* 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 7.3x at September 30, 2023 and 7.4x at September 30, 2022.

(iv) Indebtedness reflects only senior unsecured debentures, fixed rate mortgages and fixed rate construction loans.

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:

(\$ thousands)	As at September 30, 2023			As at December 31, 2022		
	GAAP Basis	Reconciliation	Proportionate Share Basis ⁽¹⁾	GAAP Basis	Reconciliation	Proportionate Share Basis ⁽¹⁾
Assets						
Investment properties	\$ 14,842,000	\$ 1,702,000	\$ 16,544,000	\$ 14,444,000	\$ 1,710,000	\$ 16,154,000
Equity accounted joint ventures	879,146	(879,146)	—	995,822	(995,822)	—
Financial real estate assets	196,263	(196,263)	—	109,509	(109,509)	—
Residential development inventory	27,422	—	27,422	18,785	—	18,785
Mortgages, loans and notes receivable	757,175	(100,983)	656,192	680,475	(96,072)	584,403
Investment in real estate securities	211,738	—	211,738	302,314	—	302,314
Intangible assets	14,825	—	14,825	21,369	—	21,369
Accounts receivable and other assets	178,924	(5,426)	173,498	132,117	(2,116)	130,001
Assets held for sale	92,754	—	92,754	50,400	—	50,400
Cash and cash equivalents	59,268	20,690	79,958	64,736	23,379	88,115
Total Assets	\$ 17,259,515	\$ 540,872	\$ 17,800,387	\$ 16,819,527	\$ 529,860	\$ 17,349,387
Liabilities and Equity						
Long term debt	\$ 6,730,080	\$ 503,972	\$ 7,234,052	\$ 6,294,101	\$ 496,493	\$ 6,790,594
Credit facility	—	—	—	257,617	—	257,617
Exchangeable Units	5,018,573	—	5,018,573	5,841,809	—	5,841,809
Trade payables and other liabilities	625,490	36,900	662,390	601,847	33,367	635,214
Total Liabilities	12,374,143	540,872	12,915,015	12,995,374	529,860	13,525,234
Equity						
Unitholders' equity	4,885,372	—	4,885,372	3,824,153	—	3,824,153
Total Equity	4,885,372	—	4,885,372	3,824,153	—	3,824,153
Total Liabilities and Equity	\$ 17,259,515	\$ 540,872	\$ 17,800,387	\$ 16,819,527	\$ 529,860	\$ 17,349,387

Balance Sheet Analysis (GAAP Basis)

Line Item	\$ Change	Variance Commentary
Investment properties	\$ 398,000	The increase was primarily attributable to a transfer from equity accounted joint ventures of \$192.8 million, a favourable fair value adjustment on investment properties of \$190.7 million, capital and leasing expenditures of \$157.8 million, and acquisitions of \$82.9 million. The increase was partially offset by dispositions of \$130.8 million and transfers to assets held for sale of \$92.8 million.
Equity accounted joint ventures	(116,676)	The decrease was primarily attributable to the Trust's acquisition of its partner's interest in Horizon Business Park LP during the first quarter of 2023. Upon completion of the acquisition, the Trust de-recognized the equity accounted joint venture and consolidated the assets and liabilities of the partnership. The decrease is partially offset by net contributions made to and income earned from equity accounted joint ventures.
Financial real estate assets	86,754	The increase was attributable to the acquisition of two assets from Loblaw for \$86.5 million during the first quarter of 2023.
Residential development inventory	8,637	The increase was attributable to development expenditures incurred for a residential condominium project in Brampton, ON.
Mortgages, loans and notes receivable	76,700	The increase was primarily due to \$67.6 million of vendor take-back mortgages advanced by the Trust on completed dispositions in the current year (Section 3.2), in addition to the \$221.6 million of notes advanced to GWL in the current year, net of the repayment of GWL's prior year outstanding notes receivable balance of \$170.8 million, and mortgage receivable net repayments of \$41.7 million.
Investment in real estate securities	(90,576)	The decrease was due to a fair value loss of \$90.6 million on the real estate securities in the period due to the decrease in the price of Allied's publicly traded units.
Intangible assets	(6,544)	The decrease was primarily due to the Trust de-recognizing a portion of its intangible assets in relation to the three office properties transacted on during the current year.
Assets held for sale	42,354	During the nine months ended September 30, 2023, the Trust disposed of four properties that were previously classified as assets held for sale, for aggregate proceeds of \$48.3 million. As at September 30, 2023, the Trust classified four properties with a total fair value of \$92.8 million as assets held for sale.
Working capital	17,696	The increase was primarily due to a decrease in accrued liabilities as a large portion of the Trust's annual capital expenditures occurs in the fourth quarter. The increase was partially offset by a net increase in the Exchangeable Unit distribution payable to GWL as distributions deferred year to date were greater than the prior year end balance.
Long term debt and credit facility	178,362	The increase was primarily attributable to the issuance of the \$550.0 million Series S senior unsecured debentures, the issuance of the \$350.0 million Series T senior unsecured debentures, net construction loan advances of \$42.7 million and net mortgage advances of \$70.4 million. The increase was partially offset by the repayment of the \$250.0 million Series G, \$125.0 million Series D-C, and \$200.0 million Series B senior unsecured debentures, in addition to the net repayment of \$260.0 million on the Trust's credit facility.
Exchangeable Units	(823,236)	As this liability is measured at fair value, the change was due to the decrease in the unit price for Choice Properties since December 31, 2022.
Unitholders' equity	1,061,219	The 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 September 30, 2023 (\$ thousands)	Three Months			Nine Months		
	Income Producing Properties	Properties Under Development	Investment Properties ⁽ⁱ⁾	Income Producing Properties	Properties Under Development	Investment Properties ⁽ⁱ⁾
GAAP balance, beginning of period	\$ 14,414,000	\$ 421,000	\$ 14,835,000	\$ 14,119,000	\$ 325,000	\$ 14,444,000
Adjustments to reflect investment properties held in equity accounted joint ventures and as financial real estate assets on a proportionate share basis ⁽ⁱⁱ⁾	954,000	724,000	1,678,000	989,000	721,000	1,710,000
Non-GAAP proportionate share balance ⁽¹⁾ , beginning of period	15,368,000	1,145,000	16,513,000	15,108,000	1,046,000	16,154,000
Acquisitions of investment properties ⁽ⁱⁱⁱ⁾	7,501	—	7,501	182,702	18,728	201,430
Capital expenditures						
Development capital ⁽ⁱⁱⁱ⁾	—	41,732	41,732	—	128,515	128,515
Building improvements	2,816	—	2,816	8,869	—	8,869
Capitalized interest ^(iv)	—	3,103	3,103	—	5,024	5,024
Property capital	31,591	—	31,591	39,113	—	39,113
Direct leasing costs	1,800	—	1,800	4,741	—	4,741
Tenant improvement allowances	8,696	—	8,696	19,870	—	19,870
Amortization of straight-line rent	86	—	86	(357)	—	(357)
Transfer to assets held for sale	(92,754)	—	(92,754)	(92,754)	—	(92,754)
Transfers from properties under development ^(v)	60,550	(60,550)	—	72,350	(72,350)	—
Dispositions	—	—	—	(130,772)	—	(130,772)
Adjustment to fair value of investment properties	12,714	13,715	26,429	189,238	17,083	206,321
Non-GAAP proportionate share balance⁽¹⁾, September 30, 2023	\$ 15,401,000	\$ 1,143,000	\$ 16,544,000	\$ 15,401,000	\$ 1,143,000	\$ 16,544,000

(i) Refer to Section 14.1, "Investment Properties Reconciliation" for a reconciliation of the continuity of investment properties determined in accordance with GAAP.

(ii) Inclusive of acquisition costs.

(iii) Development capital included \$600 and \$967 of site intensification payments made to Loblaw for the three and nine months ended September 30, 2023, respectively (December 31, 2022 - \$2,687).

(iv) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.04% (December 31, 2022 - 3.74%).

(v) Transfers from properties under development for the three and nine months ended September 30, 2023 included fair value adjustments recognized within properties under development of \$10,436 and \$11,591, respectively (December 31, 2022 - \$7,072).

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.

As at December 31, 2022, the Trust had classified three retail properties and one office property with an aggregate fair value of \$50,400 as assets held for sale. All four properties were disposed of during the nine months ended September 30, 2023 (see Section 3.2).

As at September 30, 2023, the Trust classified two industrial properties, one retail property and one office property with an aggregate fair value of \$92,754 as assets held for sale. Subsequent to the end of the third quarter, the Trust completed the disposition of all four properties for aggregate proceeds of \$92,754.

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. Overall capitalization rates are applied when undertaking the Direct Capitalization method of the Income Approach. This methodology applies the overall capitalization rate to a future estimated stabilized NOI. Currently, this method is only applied to value residential assets and certain ground leases.

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 valuers in preparing their valuation reports and holds discussions with the independent valuers 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 terminal capitalization rates and discount rates are the most relevant to the portfolio, under the application of the discounted cash flow method. The weighted average valuation metrics for the Trust's investment properties (including financial real estate assets and those properties held within equity accounted joint ventures) are listed below by asset class:

As at September 30, 2023	Retail	Industrial	Mixed-Use & Residential	Total Investment Properties
Discount rate	7.38%	6.15%	5.86%	7.01%
Terminal capitalization rate	6.57%	5.36%	5.25%	6.21%
Overall capitalization rate	6.37%	5.06%	5.00%	5.99%
As at December 31, 2022	Retail	Industrial	Mixed-Use & Residential	Total Investment Properties
Discount rate	7.42%	5.99%	5.86%	6.99%
Terminal capitalization rate	6.58%	5.24%	5.25%	6.19%
Overall capitalization rate	6.41%	4.94%	5.08%	5.99%

Valuation Commentary

For the three months ended September 30, 2023 the Trust recorded a favourable adjustment of \$26.8 million on a GAAP basis and a favourable adjustment of \$26.4 million on a proportionate share basis⁽¹⁾ to the value of investment properties.

For the nine months ended September 30, 2023 the Trust recorded a favourable adjustment of \$190.7 million on a GAAP basis and a favourable adjustment of \$206.3 million on a proportionate share basis⁽¹⁾ to the value of investment properties.

Fair value adjustments for the quarter and year-to-date reflected property-specific updates to leasing assumptions and, changes in contractual rents, and capitalization rates at specific retail and industrial properties, and adjustments to the capitalization rates of certain office and industrial properties. In addition, the Trust recognized fair value gains and losses as a result of transaction activity, specifically related to the disposition of certain office properties.

3.2 Investment Property and Other Transactions

Acquisitions of Investment Properties

The following table summarizes the investment properties acquired in the nine months ended September 30, 2023:

(\$ thousands except where otherwise indicated)						Consideration						
Location	Date of Acquisition	Segment	Ownership Interest Acquired	GLA (square feet)	Purchase Price incl. Related Costs	Investment Property	Debt Assumed from Seller	Mortgage Receivable Settlement	Assumed Liabilities	De-recognition of Intangible Assets	Cash	
Investment properties												
Vernon, BC	Jan 31	Retail	100%	46,504	\$ 12,697	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 12,697	
Calgary, AB ⁽ⁱ⁾	Jan 31	Retail	100%	146,627	42,476	—	—	—	—	—	42,476	
Calgary, AB ⁽ⁱ⁾	Jan 31	Retail	100%	161,540	43,976	—	—	—	—	—	43,976	
Acquisitions from related parties				354,671	99,149	—	—	—	—	—	99,149	
Toronto, ON	Feb 24	Retail	100%	19,735	23,049	—	—	—	—	—	23,049	
Whitby, ON	Mar 24	Retail	100%	46,512	17,876	—	—	—	—	—	17,876	
Calgary, AB ⁽ⁱⁱ⁾	Mar 30	Mixed-Use & Residential	50%	162,836	19,850	5,300	13,346	—	—	1,204	—	
Toronto, ON	Apr 4	Retail	100%	1,800	1,915	—	—	—	—	—	1,915	
Hamilton, ON	Aug 14	Retail	100%	22,968	7,501	—	—	—	—	—	7,501	
Acquisitions from third-parties				253,851	70,191	5,300	13,346	—	—	1,204	50,341	
Edmonton, AB	Mar 16	Industrial	50%	129,990	32,090	—	15,995	5,385	4,187	—	6,523	
Acquisitions in equity accounted joint ventures				129,990	32,090	—	15,995	5,385	4,187	—	6,523	
Total acquisitions of investment properties				738,512	\$ 201,430	\$ 5,300	\$ 29,341	\$ 5,385	\$ 4,187	\$ 1,204	\$156,013	

(i) These properties are classified as financial real estate assets under GAAP.

(ii) The Trust completed an exchange of office properties with its partner. The exchange resulted in the Trust disposing of its 50% interest in Calgary Place (see disposition table below) in exchange for the partner's 50% interest in Altius Centre and a vendor take-back mortgage (Section 3.8).

Dispositions of Investment Properties

The following table summarizes the investment properties sold in the nine months ended September 30, 2023:

(\$ thousands except where otherwise indicated)											
						Consideration					
			Ownership Interest Disposed	GLA (square feet)	Sale Price excl. Selling Costs	Debt Assumed by Purchaser	Investment Property	De-recognition of Intangible Asset	Mortgage Receivable Advanced	Lease Termination Payment	Cash
Location	Date of Disposition	Segment									
Investment properties											
Courtenay, BC	Mar 8	Retail (land)	100%	N/A	\$ 4,613	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,613
Calgary, AB ⁽ⁱ⁾	Mar 30	Mixed-Use & Residential	50%	295,695	48,402	34,617	5,300	(2,655)	11,140	—	—
Scarborough, ON	May 12	Retail (land)	100%	N/A	3,557	—	—	—	—	—	3,557
		Mixed-Use & Residential									
Brampton, ON ⁽ⁱⁱ⁾	Jun 14	Residential	100%	125,000	74,200	—	—	—	51,000	(8,300)	31,500
Dispositions of investment properties				420,695	130,772	34,617	5,300	(2,655)	62,140	(8,300)	39,670
Assets held for sale											
Kingston, ON	Feb 21	Retail	100%	104,286	23,000	—	—	—	—	—	23,000
Cornwall, ON	Apr 21	Retail	100%	127,000	10,000	—	—	—	—	—	10,000
		Mixed-Use & Residential									
Dartmouth, NS	Jun 19	Residential	50%	103,546	13,360	7,678	—	(1,935)	5,495	—	2,122
Windsor, ON	Jul 7	Retail	100%	11,685	1,900	—	—	—	—	—	1,900
Dispositions of assets held for sale				346,517	48,260	7,678	—	(1,935)	5,495	—	37,022
Total dispositions of investment properties											
				767,212	\$ 179,032	\$ 42,295	\$ 5,300	\$ (4,590)	\$ 67,635	\$ (8,300)	\$76,692

- (i) The Trust completed an exchange of office properties with its partner. The exchange resulted in the Trust disposing of its 50% interest in Calgary Place in exchange for the partner's 50% interest in Altius Centre (see acquisition table above) and a vendor take-back mortgage (Section 3.8).
- (ii) This data centre asset was leased to Loblaw. In connection with the disposition, Choice made a lease termination payment of \$8,300 to Loblaw to terminate its lease early.

3.3 Completed Developments

For the nine months ended September 30, 2023, Choice Properties completed a total of \$60.8 million in development projects delivering 352,446 square feet of commercial space with a weighted average project yield of 6.8%. The Trust delivered six retail developments including two Shoppers Drug Mart stores in Ontario, as well as retail spaces in Alberta and serviced pads in Nova Scotia primarily occupied by a national retailer and financial institutions, respectively. In addition, the Trust delivered one industrial development at Horizon Business Park in Alberta, bringing this phased development to completion. During the first quarter, the Trust purchased the remaining 50% ownership interest in the development, now owning a 65-acre, six building project with over 1,250,000 square feet in Edmonton's premiere warehouse and logistics business park.

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 nine months ended September 30, 2023, 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, unless otherwise noted.

For the nine months ended September 30, 2023, 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					
Jocelyn Rd., Port Hope, ON	Q1 2023	100 %	15,003	\$ 4,979	6.9 %
Erin Ridge Shopping Centre, St. Albert, AB	Q1 2023	50 %	5,647	1,812	7.0 %
Portland St., Dartmouth, NS	Q1 2023	100 %	5,000	2,237	7.1 %
Joseph Howe Dr., Halifax, NS	Q1 2023	100 %	4,500	1,617	10.1 %
Oxford St. E., London, ON	Q3 2023	100 %	16,678	5,875	7.2 %
Harvest Hills Market, Edmonton, AB	Q3 2023	50 %	8,406	4,358	7.0 %
Subtotal retail development			55,234	20,878	7.3 %
Industrial					
Horizon Business Park, Edmonton, AB	Q3 2023	100 %	297,212	39,881	6.5 %
Subtotal industrial development			297,212	39,881	6.5 %
Total transferred properties at cost			352,446	\$ 60,759	6.8 %
Total transferred properties at fair value				\$ 72,350	

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 and drive net asset value appreciation over time. The Trust has 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. Choice Properties 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⁽ⁱ⁾ as at September 30, 2023 is summarized below:

GLA ⁽ⁱⁱ⁾ (square feet)				Investment ⁽ⁱⁱⁱ⁾		
(\$ thousands except where otherwise indicated)						
Project type	Section	Number of projects	Estimated upon completion ⁽²⁾	To-date	Estimated cost to completion ^{(2)(iv)}	Estimated total
Projects under active development						
Retail	3.5	14	247,000	\$ 3,940	\$ 52,444	\$ 56,384
Industrial	3.5	3	2,174,000	200,103	90,008	290,111
Residential	3.5	2	236,000	115,798	45,725	161,523
Subtotal projects under active development		19	2,657,000	319,841	188,177	508,018
Developments in planning						
Retail	3.6	14	183,000	38,170		
Industrial	3.6	2	5,218,000	215,726		
Mixed-Use & Residential	3.6	13	10,430,000	140,631		
Subtotal developments in planning		29	15,831,000	394,527		
Total development - cost		48	18,488,000	\$ 714,368		
Total development - fair value^(v)				\$ 1,143,000		

(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. Includes GLA associated with ground leases, which is excluded from total portfolio square footage for lease reporting purposes.

(iii) Compiled on a non-GAAP proportionate share basis⁽ⁱ⁾. Investment to-date compiled on a cash basis, excluding adjustments to fair value of on-going projects.

(iv) The Trust expects to invest approximately 53% during 2023 and the remainder in 2024.

(v) Total development fair value excludes residential development inventory of \$27,422 as at September 30, 2023 (December 31, 2022 - \$18,785).

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 19 active developments comprised of 14 retail, 3 industrial and 2 residential projects. Upon completion, the projects under active development are expected to deliver a total of 2,657,000 square feet of commercial space (including 1,944,000 square feet associated with ground leases) and 348 residential units (236,000 square feet) at the Trust's share. The Trust has invested a total of \$319.8 million to date and is expected to invest an additional \$188.2 million over the next 12-18 months to complete these projects⁽²⁾.

Projects Under Active Development – Retail

The Trust invests in retail development projects through intensification of its existing retail assets. The Trust currently has 247,000 square feet at share of active retail development (including 123,000 square feet associated with ground leases), which is expected to be completed in the next 12-18 months⁽²⁾.

The following table details the Trust's retail projects under active development on a proportionate share basis⁽¹⁾ as of September 30, 2023:

(\$ thousands except where otherwise indicated)				GLA ⁽ⁱ⁾ (square feet)		Investment ⁽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	27th St., Grand Forks, BC ^(v)	100 %	H2 2023	5,000	100 %	\$ —	\$ 524	\$ 524	19.75%-20.25%
2	Princess St., Kingston, ON ^(v)	100 %	H2 2023	117,000	100 %	—	2,440	2,440	11.00%-11.50%
3	Calgary Trail, Edmonton, AB	100 %	H2 2023	15,000	100 %	—	5,245	5,245	6.00%-6.50%
4	Seton Way SE, Calgary, AB	100 %	H1 2024	13,000	100 %	2,223	4,809	7,032	7.75%-8.25% ^(vii)
5	Harvest Hills Market, Edmonton, AB ^{(v)(vi)}	50 %	H1 2024	1,000	100 %	125	391	516	9.75%-10.25%
6	Carlton Spur, Prince Albert, SK	25 %	H1 2024	2,000	100 %	—	740	740	8.25%-8.75%
7	Harvest Hills Market, Edmonton, AB ^(vi)	50 %	H1 2024	2,000	100 %	366	684	1,050	7.25%-7.75%
8	Guelph St., Georgetown, ON	100 %	H1 2024	26,000	100 %	—	7,900	7,900	8.75%-9.25%
9	43rd Ave., Innisfail, AB	100 %	H1 2024	17,000	100 %	—	6,718	6,718	6.00%-6.50%
10	Countryview Dr., Dartmouth, NS ^(vi)	50 %	H2 2024	3,000	100 %	—	1,702	1,702	7.25%-7.75%
11	Country Village Rd NE, Calgary, AB	100 %	H2 2024	29,000	100 %	576	12,135	12,711	6.00%-6.50%
12	137 Ave., Edmonton, AB	100 %	H2 2024	7,000	100 %	—	4,793	4,793	6.25%-6.75%
13	Erin Ridge Shopping Centre, St. Albert, AB ^(vi)	50 %	H1 2025	4,000	100 %	—	1,847	1,847	7.00%-7.50% ^(vii)
14	Harvest Pointe, Edmonton, AB ^(v)	50 %	H1 2025	6,000	100 %	650	2,516	3,166	6.25%-6.75%
Total retail developments				247,000		\$ 3,940	\$ 52,444	\$ 56,384	7.25%-7.75%

(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) The development includes a ground lease, which is excluded from total portfolio square footage for lease reporting purposes.

(vi) Development project with phased completion. Reported expected stabilized yield may vary as phases are completed or as future phases are added to the development.

(vii) Expected stabilized yield for this development has increased due to higher estimated income.

Projects Under Active Development – Industrial

The Trust invests in industrial development projects through development of greenfield industrial land. The Trust currently has three active development projects, which are expected to deliver 2,174,000 square feet at share (including 1,821,000 square feet associated with ground leases) of new generation logistics space in the near term⁽²⁾.

Choice Eastway Industrial Centre, in which the Trust holds a 75% ownership interest, is located in East Gwillimbury, Ontario. The development plan for the property is to build a multi-phase industrial park with the potential for approximately 2,000,000 total square feet of new generation logistics and distribution centre. For the first phase of the development, Choice Properties entered into an approximately 100-acre ground lease with Loblaw. Loblaw's construction of its 1,150,000 square foot warehouse structure is well advanced and site works are on schedule for completion during the fourth quarter of 2023.

At Choice Industrial Centre in Surrey, British Columbia, installation of site services is complete. Subsequent to the end of the third quarter, off-site services were completed and the property was transferred to income producing.

Choice Caledon Business Park, in which the Trust holds an 85% ownership interest, is located in Caledon, Ontario. During the second quarter, the Trust submitted a Draft Plan of Subdivision and Site Plan Application for the first phase of the development. Based on these submissions, the Trust received a grading permit and commenced site works. Servicing for the entire site is expected to commence early 2024 and will take place over 12 to 18 months⁽²⁾. Site preparation for the subdivision and phase one specific costs are expected to be approximately \$194.0 million in total, or \$164.9 million at share. Of this amount, approximately \$64.3 million, or \$54.6 million at share, relates to the first phase of the development. Including land acquisition, entitlement and capitalized costs, total investment for the first phase is approximately \$146.5 million, or \$124.5 million at share. The Trust has entered into an approximately 90-acre ground lease with Loblaw for the first phase of the development, with rent commencement expected in the first quarter of 2025⁽²⁾.

The following table details the Trust's industrial projects under active development on a proportionate share basis⁽¹⁾ as of September 30, 2023:

(\$ thousands except where otherwise indicated)				GLA ⁽ⁱ⁾ (square feet)		Investment ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾			
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)}
Industrial									
1	Choice Eastway Industrial Centre - Phase 1, East Gwillimbury, ON ^(v)	75 %	H2 2023	857,000	100 %	\$ 68,991	\$ 24,709	\$ 93,700	6.75%-7.25%
2	Choice Industrial Centre, Surrey, BC ^(vi)	100 %	H2 2023	353,000	100 %	64,988	6,923	71,911	10.25%-10.75% ^(viii)
3	Choice Caledon Business Park - Phase 1, Caledon, ON ^(vii)	85 %	H2 2024	964,000	100 %	66,124	58,376	124,500	7.25%-7.75%
Total industrial developments				2,174,000		\$ 200,103	\$ 90,008	\$ 290,111	8.00%-8.50%

(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) H2 represents the last six months of the year.

(iv) Unless otherwise noted, there were not material changes in previously reported expected stabilized yields.

(v) The development is a ground lease, which is excluded from total portfolio square footage for lease reporting purposes. The first phase of the development is 1.2 million total square feet or 0.9 million square feet at share.

(vi) Site comprises 17 acres of developable land.

(vii) The development is a ground lease, which is excluded from total portfolio square footage for lease reporting purposes. The first phase of the development is estimated at 1.1 million square feet or 1.0 million square feet at share based on the current site plan subdivision.

(viii) Expected stabilized yield for this development has increased due to higher estimated income.

Projects Under Active Development - Residential

Choice Properties has two residential projects under active development. At Element in Ottawa, Ontario, interior finishes are progressing well on the upper floors and fixturing is completed on the lower floors. The mechanical penthouse work is completed and commissioning of building systems is underway. Partial occupancy permits have been issued by the municipality, move-ins commenced during October 2023 and the property was transferred to income producing subsequent to quarter-end. Active leasing of the property continues.

At Mount Pleasant Village in Brampton, Ontario, construction continues to progress. For the condominium, fixture installation is underway and the pre-delivery inspection process has commenced. Occupancy commenced subsequent to quarter end and is expected to be completed during the first quarter of 2024⁽²⁾. For the rental building, branded “Uniti”, interior finishes are progressing well. Kitchen and tiling installation have commenced on the upper floors and appliances are being installed on the lower floors. Substantial completion is on schedule to occur early in 2024, at which time move-ins are expected to commence.

The following table details the Trust’s residential projects under active development on a proportionate share basis⁽¹⁾ as of September 30, 2023:

(\$ thousands except where otherwise indicated)					GLA ⁽ⁱ⁾ (square feet)	Investment ⁽ⁱⁱ⁾			
Project / Location	Ownership %	Type	Expected completion date ⁽ⁱⁱⁱ⁾	Estimated number of units ⁽ⁱ⁾	Estimated upon completion ⁽²⁾	To-date	Estimated cost to completion ⁽²⁾	Estimated total	Expected stabilized yield ^{(2)(iv)}
1 Element, Ottawa, ON	50 %	Rental	H2 2023	126	86,000	\$ 42,227	\$ 17,033	\$ 59,260	4.75%-5.25%
Mount Pleasant Village, Brampton, ON	50 %	Rental	H1 2024	151	101,000	46,149	20,802	66,951	3.75%-4.25%
2 Mount Pleasant Village, Brampton, ON	50 %	Inventory	H2 2023 - H1 2024	71	49,000	27,422	7,890	35,312	
Total residential developments				348	236,000	\$ 115,798	\$ 45,725	\$ 161,523	4.25%-4.75%

(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) There were no material changes in previously reported expected stabilized yields.

3.6 Development in Planning

Beyond the projects under active development, Choice Properties has a substantial pipeline of larger, more complex mixed-use developments and land held for future commercial development, which collectively are expected to drive meaningful net asset value growth in the future. The Trust continues to advance the rezoning status for several mixed-use and industrial sites currently in different stages of the rezoning and planning process.

As of September 30, 2023, the Trust has identified 29 sites with potential for future development. This includes 14 opportunities totaling 183,000 square feet (including 17,000 square feet associated with ground leases) at existing retail sites, 2 industrial sites totaling 5,218,000 square feet, and 13 residential and mixed-use projects totaling 10,430,000 square feet and 12,014 residential units (at the Trust's share). The development plan for each property is subject to the Trust's completion of its full review of each opportunity. The 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 \$394.5 million on land acquisition and initial development and planning costs at these sites.

Retail Development in Planning

Retail intensification is focused on adding at-grade retail density within the existing retail portfolio. These projects provide the opportunity to add new tenants, further expand the high-quality tenant mix and provide steady growth to the business.

(\$ thousands except where otherwise indicated)		
	Number of Sites	Investment To-date ⁽ⁱ⁾⁽ⁱⁱ⁾
Retail developments in planning	14	\$ 38,170

(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.

The Trust has identified approximately 150 additional retail sites with potential for future development.

Industrial Development in Planning

(\$ thousands except where otherwise indicated)		
	Number of Sites	Investment To-date ⁽ⁱ⁾⁽ⁱⁱ⁾
Industrial developments in planning - zoning approved	2	\$ 215,726

(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.

The Trust has obtained zoning approval on two industrial development sites. The following table details the Trust's industrial developments in planning:

Project / Location	Description
Choice Caledon Business Park - Remaining Phases, Caledon, ON	During the third quarter of 2022, the joint venture achieved entitlement to convert the lands from agricultural uses to employment uses through a Ministerial Zoning Order. Draft Plan of Subdivision and Site Plan Applications for the first phase were submitted during the second quarter of 2023 and the grading permit was received and site works commenced. The remainder of the development is expected to consist of warehouse, distribution, and industrial uses totaling approximately 5.5 million square feet on 290 net developable acres (at 100% share). The Trust has invested \$190.3 million to date, including land acquisition, related to the remaining phases of the development.
Choice Eastway Industrial Centre - Phase 2, East Gwillimbury, ON	The second phase of the Trust's project constitutes approximately 54 acres (at 100% share) of developable land and is fully zoned. The Trust continues progress on site preparation. The second phase is anticipated to be approximately 0.8 million total square feet (at 100% share). The Trust has invested \$25.4 million to date, including land acquisition.

Mixed-Use & Residential 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-use 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-use development. Choice Properties is working through the zoning and entitlement process for several of its future projects.

The Trust has obtained zoning approval on three residential and mixed-use developments, and has submitted applications for seven residential and mixed-use projects. A total of \$140.6 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 ⁽ⁱ⁾	Estimated number of units ⁽ⁱ⁾	Commercial	Residential	Total	
Zoning approved									
1	Golden Mile, Toronto, ON	Mixed-Use	100 %	19.0	3,597	323	2,907	3,230	\$ 14,348
2	Grenville & Grosvenor, Toronto, ON	Residential	50 %	0.5	385	17	320	337	34,899
3	Sheppard Ave. W., Toronto, ON	Residential	50 %	0.3	100	5	64	69	6,922
Subtotal zoning approved				19.8	4,082	345	3,291	3,636	56,169
Zoning applications submitted									
1	Broadview Ave., Toronto, ON	Mixed-Use	100 %	3.3	503	23	409	432	3,994
2	Carlaw Ave., Toronto, ON	Mixed-Use	100 %	5.6	1,080	84	993	1,077	6,721
3	Dundas St. W., Toronto, ON	Mixed-Use	100 %	13.0	1,923	178	1,477	1,655	44,657
4	Parkway Forest Dr., Toronto, ON	Residential	50 %	1.5	170	—	131	131	913
5	Photography Dr., Toronto, ON	Mixed-Use	100 %	7.7	2,356	50	2,010	2,060	4,138
6	Warden Ave., Toronto, ON	Residential	100 %	6.5	1,500	10	1,072	1,082	11,819
7	Woodbine Ave., Toronto, ON	Mixed-Use	100 %	1.7	400	23	334	357	5,450
Subtotal zoning applications submitted				39.3	7,932	368	6,426	6,794	77,692
Zoning applications to be submitted									
1	Lower Jarvis, Toronto, ON	Mixed-Use	100 %	4.1	—	—	—	—	3,121
2	North Rd., Coquitlam, BC	Mixed-Use	100 %	7.8	—	—	—	—	1,740
3	South Service Rd., Mississauga, ON	Mixed-Use	100 %	10.4	—	—	—	—	1,909
Subtotal zoning applications to be submitted				22.3	—	—	—	—	6,770
Total mixed-use & residential projects in planning				81.4	12,014	713	9,717	10,430	\$ 140,631

(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. The Trust has completed approvals on one mixed-use and two residential developments in Toronto, Ontario. As of September 30, 2023, the Trust has invested a total of \$56.2 million to date on land acquisition and initial development and planning costs.

Project / Location	Description
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 3.2 million square feet of total ground floor area, with 0.3 million square feet of commercial GLA and approximately 3,600 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 ⁽²⁾ . The development will create a community comprising residential, and commercial uses along with privately owned public spaces including a new park. The Official Plan and Zoning By-law Amendment Applications have been approved by the City of Toronto and the Trust continues to work with the City to fulfill conditions of subdivision and site plan.
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 gross floor area, including 34,000 square feet of commercial GLA and approximately 770 rental residential units (at 100% share). 30% of the residential units will be affordable housing units ⁽²⁾ .
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 100% share).

Zoning Applications Submitted

Choice Properties has submitted zoning applications for five mixed-use and two residential developments in Toronto, Ontario. As of September 30, 2023, the Trust has invested a total of \$77.7 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 have been submitted to the City of Toronto.
Carlaw Avenue, Toronto, ON	In partnership with the Province of Ontario, Choice Properties has developed a concept for the future transit-oriented community at the northeast corner of Gerrard Street East and Carlaw Avenue. The approximately 5.6 acre commercial centre, currently occupied by several tenants, will become the anchor of the Gerrard TTC subway station on the future Ontario Line. The concept proposes three towers with approximately 1,000 residential units, retail offerings including a new food store, privately owned public space over the transit corridor, a new public street and a public park. Construction for the transit project is anticipated to commence in 2024 until 2030 and beyond ⁽²⁾ at which point, Choice Properties will begin construction on the residential towers. This project will transform the community and provide access to open space, retail and transit, creating the ultimate complete community. The Trust has submitted a Zoning Application by way of the Transit Oriented Communities Program.

Project / Location	Description
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 1.7 million square feet of total ground floor area, including 0.2 million square feet of commercial GLA, and approximately 1,900 residential units. The development plan contemplates neighbourhood retail and community uses, including a public park. The Official Plan, Rezoning, Plan of Subdivision and Site Plan Applications have been submitted to the City of Toronto.
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 approximately 340 units (at 100% share). 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 have been submitted to the City of Toronto.
Photography Drive, Toronto, ON	The approximately 7.7 acre 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 have been 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 approximately 1,500 residential units, over 1.1 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 northeast 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. A revised rezoning application that is more aligned with the evolving planning policies in the Danforth corridor is currently being prepared for submission to the City of Toronto.

3.7 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 approximately 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.

3.8 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.

On March 30, 2023, the Trust advanced a vendor take-back mortgage as part of an exchange of office properties with its partner (Section 3.2). The mortgage receivable had a face value of \$13,529 and a fair value of \$11,140. The mortgage bears interest at a rate of 3% for the first 3 years and 5% subsequently until its maturity on June 30th, 2028, and is secured by the disposed office property.

On June 14, 2023, the Trust advanced a vendor take-back mortgage with a face and fair value of \$51,000. (Section 3.2). The mortgage bears interest at a rate of prime plus 3.3% and is secured by the disposed property.

On June 19, 2023, the Trust advanced a vendor take-back mortgage with a face value of \$5,700 and a fair value of \$5,495. (Section 3.2). The mortgage bears interest at a rate of 6% and is secured by the disposed property.

The Trust has issued \$532,313 (December 31, 2022 - \$506,905) of secured mortgages to third-party borrowers. These loans have been extended to borrowers who are strategic partners and counterparties of the Trust and are secured by real property assets.

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 nine months ended September 30, 2023, GWL elected to receive distributions from Choice Properties Limited Partnership in the form of loans. Non-interest bearing short-term notes totalling \$221,641 were issued during the nine months ended September 30, 2023 to GWL. Non-interest bearing short-term notes totalling \$170,849 with respect to the loans received in the 2022 fiscal year were settled against distributions payable by the Trust to GWL in January 2023.

As at September 30, 2023 (\$ thousands)	GAAP Basis			
	GAAP Basis	Proportionate Share Basis ⁽¹⁾⁽ⁱ⁾	Weighted average term to maturity (years)	Weighted average interest rate (%)
Mortgages receivable	\$ 535,534	\$ 434,551	0.7	5.51 %
Notes receivable from GWL	221,641	221,641	—	— %
Mortgages, loans and notes receivable	\$ 757,175	\$ 656,192		

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

As at December 31, 2022 (\$ thousands)	GAAP Basis			
	GAAP Basis	Proportionate Share Basis ⁽¹⁾	Weighted average term to maturity (years)	Weighted average interest rate (%)
Mortgages receivable	\$ 509,626	\$ 413,554	1.0	4.80 %
Notes receivable from GWL	170,849	170,849	—	— %
Mortgages, loans and notes receivable	\$ 680,475	\$ 584,403		

3.9 Investment in Real Estate Securities

On March 31, 2022, the Trust disposed of six office assets to Allied. 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 (\$46.63 per unit) on the transaction date, and a promissory note with a fair value of \$193,155. As at September 30, 2023, the Trust holds an approximate 8.4% effective interest in Allied through its ownership of the Class B Units. The Trust does not have significant influence over Allied.

Allied is a leading operator of distinctive urban workspace in Canada's major cities. As at September 30, 2023⁽ⁱ⁾, Allied's income producing portfolio consisted of 200 properties across Canada totalling 14.58 million square feet in gross leasable area and was valued at \$8.6 billion. Allied reported net asset value of \$7.0 billion or \$49.83 per unit diluted at September 30, 2023⁽ⁱ⁾.

The Class B Units are exchangeable into, and are economically equivalent to, the publicly traded 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 at September 30, 2023, there were 5,904,573 of the Class B Units subject to lock-up.

As a holder of the Class B Units, the Trust is entitled to distributions paid by Allied. For the three and nine months ended September 30, 2023, respectively, the Trust recognized distribution income of \$5,315 and \$15,945 (three and nine months ended September 30, 2022 - \$5,165 and \$10,330) from its investment in Allied. The distributions are recorded as investment income.

On October 25, 2023, Allied disclosed its intention to pay a special distribution to its unitholders on December 31, 2023 (the "Special Distribution"). Allied has not yet formally declared the Special Distribution or provided the complete terms thereof. The Trust does not expect the Special Distribution to have a material impact on the Trust.

The Class B Units are recorded at their fair value based on market trading prices of Allied's publicly traded units. The closing price for Allied's publicly traded units on the last trading day of the period ended September 30, 2023 was \$17.93 (December 31, 2022 - \$25.60). For the three and nine months ended September 30, 2023, respectively, the Trust recognized a loss of \$44,757 and \$90,576 (three and nine months ended September 30, 2022 - \$68,847 and \$227,562) on its investment in Allied, due to the change in the price of Allied's publicly traded units. As at September 30, 2023 the Trust held 11,809,145 Class B Units with a fair value of \$211,738 (December 31, 2022 - 11,809,145 Class B Units with a value of \$302,314).

(\$ thousands)	Nine months ended September 30, 2023	Year ended December 31, 2022
Balance, beginning of period	\$ 302,314	\$ —
Acquired	—	550,660
Adjustment to fair value of investment in real estate securities	(90,576)	(248,346)
Balance, end of period	\$ 211,738	\$ 302,314

(i) Values are from Allied's Quarterly Report, September 30, 2023. Please refer to Allied's Quarterly Report for further details.

4. LIQUIDITY AND CAPITAL RESOURCES

4.1 Major Cash Flow Components

For the periods ended September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Cash and cash equivalents, beginning of period - GAAP basis	\$ 23,848	\$ 19,941	\$ 3,907	\$ 64,736	\$ 84,304	\$ (19,568)
Cash flows from operating activities	149,246	196,900	(47,654)	434,305	471,428	(37,123)
Cash flows used in investing activities	(128,870)	(150,867)	21,997	(423,378)	(477,752)	54,374
Cash flows from (used in) financing activities	15,044	(29,544)	44,588	(16,395)	(41,550)	25,155
Cash and cash equivalents, end of period - GAAP basis	\$ 59,268	\$ 36,430	\$ 22,838	\$ 59,268	\$ 36,430	\$ 22,838

Cash Flows from Operating Activities

Three and Nine Months

Cash flows from operating activities decreased for the quarter and year-to-date primarily due to an unfavourable change in working capital, as well as an increase in interest paid, and higher general and administrative expenses. The decrease from the prior year was partially offset by an increase in net operating income. The year-to-date decrease was also impacted by lower distributions from equity accounted joint ventures.

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

Cash Flows used in Investing Activities

Three and Nine Months

Cash flows used in investing activities decreased for the quarter and year-to-date primarily due to a decrease in contributions to equity accounted joint ventures and a decrease in acquisitions of investment properties. The decrease was also a result of a decrease in third party mortgage receivable advances. This was partially offset by a decrease in proceeds from dispositions. In addition, the year-to-date decrease was partially offset by an increase in capital spending on investment properties, the acquisitions of financial real estate assets from Loblaw during the first quarter of 2023, and an increase in notes receivables advanced to GWL as they have deferred all of their 2023 distributions on Exchangeable units.

Cash Flows from (used in) Financing Activities

Three Months

Cash flows from financing activities increased for the quarter primarily due to an increase in proceeds from the issuance of the \$350.0 million Series T senior unsecured debentures, a decrease in net repayments on mortgages payable, and a decrease in net repayments of the credit facility compared to the previous year quarter. The increase was partially offset by the repayment of the \$200.0 million Series B senior unsecured debentures.

Nine Months

Cash flows used in financing activities decreased for the year-to-date primarily due to an increase in proceeds from the issuance of new senior unsecured debentures, an increase in net advances of mortgages payable, and a decrease in distributions paid on exchangeable units as GWL has taken the entire 2023 distribution as notes receivable, as described above. This decrease was partially offset by an increase in the repayment of senior unsecured debentures and an increase in net repayments of the credit facility.

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-term and long-term financial obligations, including its capital investment commitments⁽²⁾.

(\$ thousands)	As at September 30, 2023	As at December 31, 2022	Change \$
Cash and cash equivalents - proportionate share basis ⁽¹⁾	\$ 79,958	\$ 88,115	\$ (8,157)
Unused portion of the credit facility	1,500,000	1,240,000	260,000
Liquidity	\$ 1,579,958	\$ 1,328,115	\$ 251,843
Unencumbered assets - proportionate share basis⁽¹⁾	\$ 12,420,000	\$ 12,330,000	\$ 90,000

Base Shelf Prospectus

On June 16, 2023, Choice Properties filed a Short Form Base Shelf Prospectus allowing for the issuance of units and debt securities over a 25-month period.

4.3 Components of Total Adjusted Debt

Choice Properties' debt structure was as follows:

As at September 30, 2023 (\$ thousands)	GAAP Basis	Proportionate Share Basis ⁽¹⁾	Proportionate Share Basis ⁽¹⁾	
			Weighted average term to maturity (years)	Weighted average interest rate (%)
Construction loans	\$ 45,654	\$ 125,783	0.8	6.81 %
Credit facility	—	—	—	— %
Less: Debt placement costs ⁽ⁱ⁾	—	—		
Variable rate debt	45,654	125,783	0.8	6.81 %
Construction loans	36,284	36,284	7.6	2.08 %
Senior unsecured debentures	5,650,000	5,650,000	5.8	4.07 %
Mortgages payable	1,019,892	1,451,793	6.7	3.93 %
Less: Debt placement costs, discounts and premiums	(21,750)	(29,808)		
Fixed rate debt	6,684,426	7,108,269	6.0	4.03 %
Total adjusted debt, net	\$ 6,730,080	\$ 7,234,052		

(i) Unamortized debt placement costs for the credit facility as at September 30, 2023 of \$2,392 were included in other assets.

As at December 31, 2022 (\$ thousands)	GAAP Basis	Proportionate Share Basis ⁽¹⁾	Proportionate Share Basis ⁽¹⁾	
			Weighted average term to maturity (years)	Weighted average interest rate (%)
Construction loans	\$ 15,847	\$ 241,546	0.6	5.91 %
Mortgages payable	48,336	48,336	1.3	6.48 %
Less: Debt placement costs, discounts and premiums	(532)	(532)		
Credit facility	260,000	260,000	4.7	5.95 %
Less: Debt placement costs	(2,383)	(2,383)		
Variable rate debt	321,268	546,967	2.6	5.98 %
Construction loans	23,367	23,367	8.3	2.08 %
Senior unsecured debentures	5,325,000	5,325,000	5.2	3.79 %
Mortgages payable	900,583	1,173,592	5.8	3.71 %
Less: Debt placement costs, discounts and premiums	(18,500)	(20,715)		
Fixed rate debt	6,230,450	6,501,244	5.3	3.77 %
Total adjusted debt, net	\$ 6,551,718	\$ 7,048,211		

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 2024 to 2031, have a maximum capacity to be drawn at the Trust's ownership interest of \$353,637, of which \$233,911 relates to equity accounted joint ventures as at September 30, 2023 (December 31, 2022 - \$436,741 and \$345,951, respectively).

As at September 30, 2023, \$162,067 was drawn on the construction loans, of which \$80,129 relates to equity accounted joint ventures. The construction loans had a weighted average interest rate of 5.75% (December 31, 2022 - 5.57%) and a weighted average term to maturity of 2.3 years (December 31, 2022 - 1.3 years).

Credit Facility

Choice Properties has a \$1,500,000 senior unsecured committed revolving credit facility provided by a syndicate of lenders. During the three months ended September 30, 2023, the Trust extended the maturity date for the credit facility from September 1, 2027 to September 1, 2028.

Under the credit facility, the Trust has the ability to draw funds at variable rates in either Canadian dollars or U.S. dollars. Canadian dollar-denominated borrowings bear interest at either the Canadian bank prime rate plus 0.20% or Canadian Bankers' Acceptance rate plus 1.20%, and U.S. dollar-denominated borrowings bear interest at the U.S. prime rate plus 0.20% or Secured Overnight Financing Rate ("SOFR") plus 1.30%. The pricing is contingent on the credit ratings for Choice Properties from either DBRS and S&P remaining at BBB (high). Concurrently with the U.S. dollar draws, the Trust enters into cross currency swaps to exchange its U.S. dollar borrowings into Canadian dollar borrowings. The Trust has applied hedge accounting to the cross currency swaps.

As at September 30, 2023, \$nil was drawn in U.S. dollar-denominated borrowings (December 31, 2022 - \$nil) and \$nil was drawn in Canadian dollar borrowings (December 31, 2022 - \$260,000). The unamortized balance for debt placement costs at September 30, 2023 of \$2,392 was included in other assets.

The credit facility contains certain financial covenants. As at September 30, 2023, the Trust was in compliance with all its financial covenants for the credit facility.

Senior Unsecured Debentures

On January 18, 2023, the Trust paid in full upon maturity, at par, plus accrued and unpaid interest thereon, the \$125 million aggregate principal amount of the 3.30% Series D-C senior unsecured debentures outstanding. The repayment of the Series D-C senior unsecured debentures was funded by an advance on the Trust's credit facility.

On March 1, 2023, the Trust completed an issuance, on a private placement basis, of \$550 million aggregate principal amount of Series S senior unsecured debentures bearing interest at a rate of 5.40% per annum and maturing on March 1, 2033. The Trust used the net proceeds of the issuance and repaid (i) its \$250 million principal amount of the 3.20% Series G senior unsecured debentures upon maturity on March 7, 2023 and (ii) a portion of the balance drawn on the Trust's credit facility.

On July 5, 2023, the Trust paid in full upon maturity, at par, plus accrued and unpaid interest thereon, the \$200 million aggregate principal amount of the 4.90% Series B senior unsecured debentures outstanding. The repayment of the Series B senior unsecured debentures was funded by an advance on the Trust's credit facility.

On August 1, 2023, the Trust completed an issuance, on a private placement basis, of \$350 million aggregate principal amount of Series T senior unsecured debentures bearing interest at a rate of 5.70% per annum and maturing on February 28, 2034. The Trust used the net proceeds of the issuance and repaid (i) the balance drawn on the Trust's credit facility and (ii) for general business purposes.

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 nine months ended September 30, 2023:

	GAAP Basis			Adjustment to Proportionate Share Basis ⁽¹⁾	Proportionate Share Basis ⁽¹⁾
For the nine months ended September 30 (\$ thousands)	Credit facility	Construction loans	Mortgages payable	Construction loans ⁽ⁱ⁾	Total adjusted debt, variable rate
Principal balance outstanding, beginning of period	\$ 260,000	\$ 15,847	\$ 48,336	\$ 225,699	\$ 549,882
Issuances and advances	—	17,414	—	25,727	43,141
Repayments	(260,000)	(19,473)	(27,065)	(155,426)	(461,964)
Assumed from seller	—	—	13,346	15,995	29,341
Assumed by purchaser	—	—	(34,617)	—	(34,617)
Transfer from equity accounted joint venture	—	31,866	—	(31,866)	—
Principal balance outstanding, end of period	\$ —	\$ 45,654	\$ —	\$ 80,129	\$ 125,783

(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 nine months ended September 30, 2023:

	GAAP Basis			Adjustment to Proportionate Share Basis ⁽¹⁾	Proportionate Share Basis ⁽¹⁾
For the nine months ended September 30 (\$ thousands)	Senior unsecured debentures	Mortgages payable	Construction loans	Mortgages payable ⁽ⁱ⁾	Total adjusted debt, fixed rate
Principal balance outstanding, beginning of period	\$ 5,325,000	\$ 900,583	\$ 23,367	\$ 273,009	\$ 6,521,959
Issuances and advances ⁽ⁱⁱ⁾	900,000	167,705	12,917	164,641	1,245,263
Repayments	(575,000)	(40,718)	—	(5,749)	(621,467)
Assumed by purchaser	—	(7,678)	—	—	(7,678)
Principal balance outstanding, end of period	\$ 5,650,000	\$ 1,019,892	\$ 36,284	\$ 431,901	\$ 7,138,077

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

(ii) Mortgages payable issuances and advances is shown net of a refinance of an existing mortgage payable of \$17.0 million.

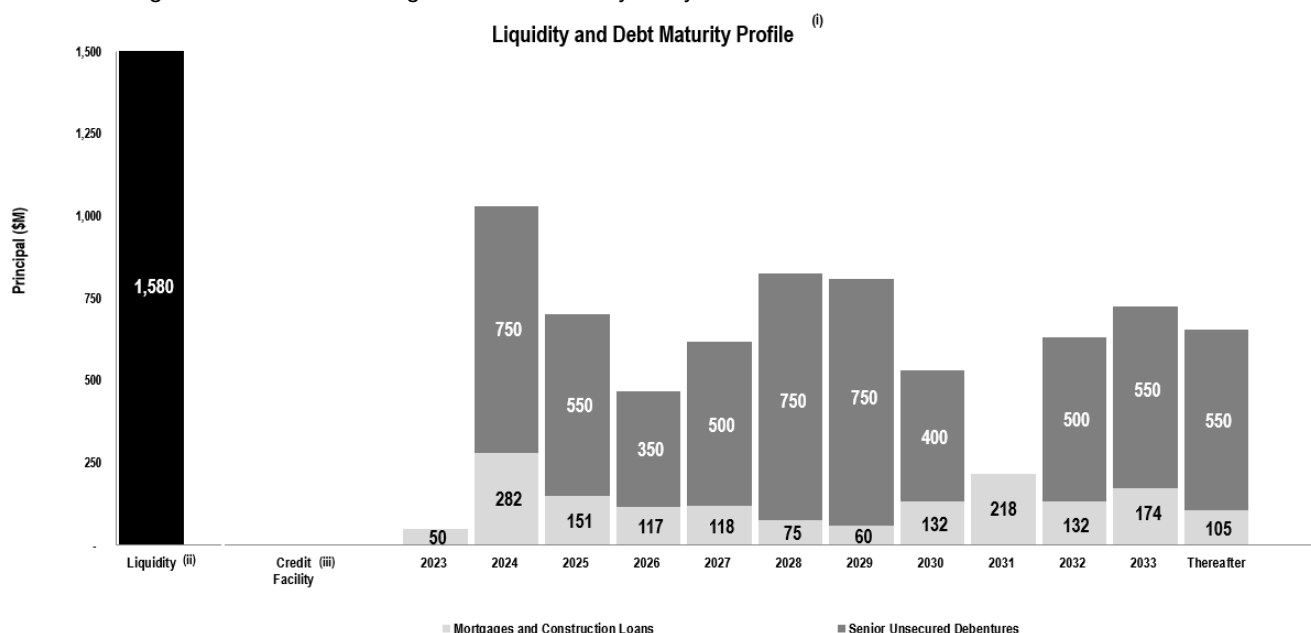
Schedules of Repayments and Cash Flow Activities

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:

As at September 30, 2023 (\$ thousands)	GAAP Basis				Adjustment to Proportionate Share Basis ⁽¹⁾		Proportionate Share Basis ⁽¹⁾
	Credit facility	Senior unsecured debentures	Mortgages payable	Construction loans	Mortgages payable ⁽ⁱ⁾	Construction loans ⁽ⁱ⁾	Total
2023	\$ —	\$ —	\$ 44,167	\$ —	\$ 6,031	\$ —	\$ 50,198
2024	—	750,000	146,549	45,654	9,452	80,129	1,031,784
2025	—	550,000	140,809	—	9,800	—	700,609
2026	—	350,000	67,755	—	49,018	—	466,773
2027	—	500,000	88,523	—	29,563	—	618,086
Thereafter	—	3,500,000	532,089	36,284	328,037	—	4,396,410
Total adjusted debt outstanding	\$ —	\$ 5,650,000	\$ 1,019,892	\$ 81,938	\$ 431,901	\$ 80,129	\$ 7,263,860

(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) Includes cash and cash equivalents.

(iii) The credit facility matures on September 1, 2028.

4.4 Financial Condition

Choice Properties is subject to certain financial and non-financial covenants on 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 September 30, 2023 and December 31, 2022.

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

		As at September 30, 2023	As at December 31, 2022
Adjusted Debt to Total Assets⁽ⁱ⁾	Limit: Maximum excluding convertible debt is 60.0%	40.6 %	40.6 %
Debt Service Coverage Ratio⁽ⁱⁱ⁾	Limit: Minimum 1.5x	3.0x	3.1x
Adjusted Debt to EBITDAFV^{(1)(i)(ii)(iv)(v)}		7.4x	7.5x
Interest Coverage Ratio^{(1)(iii)(iv)}		3.3x	3.4x

- (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 this ratio.
- (iv) The senior unsecured debentures and credit facility financial covenants do not include the Adjusted Debt to EBITDAFV and Interest Coverage Ratio metrics. These metrics are used to assess financial leverage and are useful in determining the Trust's ability to meet financial obligations. Refer to Section 14 "Non-GAAP Financial Measures".
- (v) Adjusted Debt to EBITDAFV, net of cash, was 7.3x at September 30, 2023 and 7.4x at December 31, 2022.

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 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 May 18, 2023, S&P confirmed the Choice Properties rating at BBB with a stable outlook. On August 16, 2023, 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 September 30, 2023:

	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:

	Nine months ended September 30, 2023	Year ended December 31, 2022
Units, beginning of period	327,771,149	327,588,847
Units issued under unit-based compensation arrangements	329,716	404,449
Units repurchased for unit-based compensation arrangements	(240,893)	(222,147)
Units, end of period	327,859,972	327,771,149
Exchangeable Units, end of period	395,786,525	395,786,525
Total Units and Exchangeable Units, end of period	723,646,497	723,557,674

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, 2022, Choice Properties received approval from the TSX to purchase up to 27,566,522 Units during the twelve-month period from November 21, 2022 to November 20, 2023, 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 Arrangements

The Trust acquired Units under its NCIB during the nine months ended September 30, 2023 and the year ended December 31, 2022, 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 and nine months ended September 30, 2023 and 2022, including distributions to holders of Exchangeable Units, were as follows:

For the periods ended September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Total distributions declared	\$ 135,684	\$ 133,856	\$ 1,828	\$ 405,846	\$ 401,549	\$ 4,297

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.

On February 15, 2023, the Board reviewed and approved an increase of distributions to \$0.75 per unit per annum from the previous rate of \$0.74 per unit per annum (an increase of 1.4% or \$0.000833 monthly). The increase was effective for Unitholders of record on March 31, 2023. 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 September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Adjusted Cash Flow from Operations ⁽¹⁾	\$ 144,006	\$ 132,615	\$ 11,391	\$ 470,515	\$ 452,199	\$ 18,316
Cash distributions declared	135,684	133,856	1,828	405,846	401,549	4,297
Cash retained after cash distributions	\$ 8,322	\$ (1,241)	\$ 9,563	\$ 64,669	\$ 50,650	\$ 14,019
ACFO ⁽¹⁾ payout ratio	94.2 %	100.9 %	(6.7)%	86.3 %	88.8 %	(2.5)%

Three and Nine Months

ACFO⁽¹⁾ increased for the quarter and year-to-date primarily due to the increase in net operating income and an increase in interest income. The increase was partially offset by an increase in interest expense due to higher interest rates, a higher overall level of debt, an increase in capital expenditures, and an increase in general and administrative expenses.

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, and cross currency swaps to hedge foreign exchange associated with the equivalent amount borrowed in US\$ on the Trust’s credit facility. During the nine months ended September 30, 2023, an interest rate swap was settled and refinanced concurrently with the refinancing of the underlying variable rate mortgage. The cross currency swaps matured as the US\$ borrowings were repaid. As at September 30, 2023, the interest rates ranged from 2.8% to 5.0% (December 31, 2022 - 2.8% to 4.4%).

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

	Maturity	Notional	As at	As at
(\$ thousands)	Date	Amount	September 30, 2023	December 31, 2022
Derivative assets				
Interest rate swaps	Feb 2024 - Jun 2030	\$ 208,327	\$ 16,379	\$ 12,909
Total derivative assets		\$ 208,327	\$ 16,379	\$ 12,909

During the nine months ended September 30, 2023, Choice Properties recorded an unrealized fair value gain in other comprehensive income of \$3,470 (September 30, 2022 - unrealized fair value gain of \$11,386).

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 September 30, 2023, the aggregate gross potential liability related to these letters of credit totalled \$40,271 (December 31, 2022 - \$32,897).

5. RESULTS OF OPERATIONS

Choice Properties' results, as reported under GAAP, for the three and nine months ended September 30, 2023 and September 30, 2022 are summarized below:

For the periods ended September 30 (\$ thousands)	Three Months				Nine Months			
	2023	2022	Change \$	% Change	2023	2022	Change \$	% Change
Net Operating Income								
Rental revenue	\$ 325,077	\$ 309,082	\$ 15,995	5.2 %	\$ 980,061	\$ 950,212	\$ 29,849	3.1 %
Property operating costs	(87,229)	(85,919)	(1,310)	1.5 %	(274,674)	(276,773)	2,099	(0.8)%
	237,848	223,163	14,685	6.6 %	705,387	673,439	31,948	4.7 %
Other Income and Expenses								
Interest income	11,147	5,195	5,952	114.6 %	31,443	14,669	16,774	114.3 %
Investment income	5,315	5,165	150	2.9 %	15,945	10,330	5,615	54.4 %
Fee income	821	714	107	15.0 %	3,162	2,501	661	26.4 %
Net interest expense and other financing charges	(142,292)	(136,574)	(5,718)	4.2 %	(422,774)	(399,610)	(23,164)	5.8 %
General and administrative expenses	(16,420)	(11,360)	(5,060)	44.5 %	(44,631)	(33,345)	(11,286)	33.8 %
Share of income from equity accounted joint ventures	4,823	211,279	(206,456)	(97.7)%	31,000	338,345	(307,345)	(90.8)%
Amortization of intangible assets	(250)	(250)	—	— %	(750)	(750)	—	— %
Transaction costs and other related expenses	—	(13)	13	(100.0)%	(34)	(5,026)	4,992	(99.3)%
Adjustment to fair value of unit-based compensation	643	476	167	35.1 %	2,373	1,474	899	61.0 %
Adjustment to fair value of Exchangeable Units	352,250	577,848	(225,598)	(39.0)%	823,236	1,029,045	(205,809)	(20.0)%
Adjustment to fair value of investment properties	26,775	141,277	(114,502)	(81.0)%	188,595	(80,255)	268,850	(335.0)%
Adjustment to fair value of investment in real estate securities	(44,757)	(68,847)	24,090	(35.0)%	(90,576)	(227,562)	136,986	(60.2)%
Income before Income Taxes	435,903	948,073	(512,170)	(54.0)%	1,242,376	1,323,255	(80,879)	(6.1)%
Income tax recovery (expense)	—	4	(4)	(100.0)%	(1)	(2)	1	(50.0)%
Net Income	\$ 435,903	\$ 948,077	\$ (512,174)	(54.0)%	\$1,242,375	\$1,323,253	\$ (80,878)	(6.1)%

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, Allied's publicly traded unit price and market capitalization rates. These market factors can have a significant impact on the Trust's net income.

Three Months

Net income decreased for the quarter compared to the prior year, primarily due to non-cash changes in the adjustment to fair values, including: a \$225.6 million unfavourable change in the adjustment to fair value of the Trust's Exchangeable Units due to the change in the Trust's Unit price and a decrease in the fair value gains recognized on investment properties of \$114.5 million. In addition, there was a \$206.5 million decrease in income from equity accounted joint ventures as a result of lower fair value gains on investment properties held within equity accounted joint ventures.

Nine Months

Net income decreased for the year-to-date compared to the prior year, primarily due to non-cash changes in the adjustment to fair values, including: a \$307.3 million decrease in income from equity accounted joint ventures primarily due to the fair value gains recognized in the industrial development portfolio in 2022, and a \$205.8 million unfavourable change in the adjustment to fair value of the Trust's Exchangeable Units due to the change in the Trust's Unit price. The decrease was partially offset by a \$268.9 million favourable change in the adjustment to fair value of investment properties and a \$137.0 million favourable change in the adjustment to fair value of the investment in the real estate securities of Allied, driven by the mark-to-market loss recorded in 2023 being lower than the mark-to-market loss recorded in 2022.

Rental Revenue and Property Operating Costs

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.

For the periods ended September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Rental revenue	\$ 325,077	\$ 309,082	\$ 15,995	\$ 980,061	\$ 950,212	\$ 29,849
Property operating costs	(87,229)	(85,919)	(1,310)	(274,674)	(276,773)	2,099
Net Operating Income	\$ 237,848	\$ 223,163	\$ 14,685	\$ 705,387	\$ 673,439	\$ 31,948

Three and Nine Months

Rental revenue increased for the quarter and year-to-date primarily due to increased rental revenue from higher rental rates on renewals, new leasing, and contractual rent steps, mainly in the retail and industrial portfolios. The increase was also impacted by higher capital and operating recoveries, acquisitions and completed developments, and higher lease surrender revenue. The year-to-date increase was partially offset by foregone revenue from the Allied Transaction in the first quarter of 2022 and other dispositions completed in the current and prior year.

Interest Income

For the periods ended September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Interest income from mortgages and loans receivable	\$ 7,209	\$ 5,012	\$ 2,197	\$ 18,824	\$ 13,847	\$ 4,977
Income earned from financial real estate assets	2,252	1,550	702	6,840	4,153	2,687
Income from financial real estate assets due to changes in value	412	(2,031)	2,443	2,921	(4,505)	7,426
Other interest income	1,274	664	610	2,858	1,174	1,684
Interest Income	\$ 11,147	\$ 5,195	\$ 5,952	\$ 31,443	\$ 14,669	\$ 16,774

Three and Nine Months

Interest income increased for the quarter and year-to-date primarily due to the change in value of the financial real estate assets, and the impact of additional income earned from financial real estate assets acquired during the first quarter of 2023.

In addition, a higher average mortgage and loan receivable balance contributed to an increase in interest income. The Trust had a higher average mortgage and loan receivable balance outstanding in the current year as a result of the Trust's \$95.6 million of vendor take-back mortgages issued in connection with dispositions completed in the past twelve months and advances made to development partners. The Trust also earned additional interest income on excess cash held within a high interest savings account during the third quarter of 2023.

Fee Income

Fees charged to third parties include property management fees, leasing fees and project management fees relating to co-owned properties which serve 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 and development consulting services on a fee for service basis (see Section 9, "Related Party Transactions").

For the periods ended September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Fees charged to related party	\$ 168	\$ 62	\$ 106	\$ 663	\$ 187	\$ 476
Fees charged to third parties	653	652	1	2,499	2,314	185
Fee Income	\$ 821	\$ 714	\$ 107	\$ 3,162	\$ 2,501	\$ 661

Three and Nine Months

Fee income increased for the quarter and year-to-date primarily due to an increase in development consulting fees and property management fees from Wittington. Year-to-date fee income was also impacted by an increase in leasing and project management services provided to third parties.

Net Interest Expense and Other Financing Charges

For the periods ended September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Interest on senior unsecured debentures	\$ 56,415	\$ 50,879	\$ 5,536	\$ 162,272	\$ 141,901	\$ 20,371
Interest on mortgages and construction loans	10,933	9,210	1,723	31,239	29,804	1,435
Interest on credit facility	2,442	2,595	(153)	9,026	5,714	3,312
Interest on right-of-use lease liabilities	14	87	(73)	50	126	(76)
Amortization of debt discounts and premiums	(53)	339	(392)	(20)	816	(836)
Amortization of debt placement costs	831	1,054	(223)	3,479	3,786	(307)
Capitalized interest	(2,500)	(811)	(1,689)	(5,243)	(2,200)	(3,043)
	68,082	63,353	4,729	200,803	179,947	20,856
Distributions on Exchangeable Units to GWL	74,210	73,221	989	221,971	219,663	2,308
Net interest expense and other financing charges	\$ 142,292	\$ 136,574	\$ 5,718	\$ 422,774	\$ 399,610	\$ 23,164

Three and Nine Months

Net interest expense and other financing charges increased for the quarter and year-to-date primarily due to the new debt issuances over the past twelve months bearing interest at a higher rate than maturing debt plus an increase in the prime rate. In addition, a higher average debt balance contributed to the increase, as cash was used to fund acquisitions.

General and Administrative Expenses

For the periods ended September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Salaries, benefits and employee costs	\$ 17,842	\$ 13,709	\$ 4,133	\$ 50,985	\$ 41,704	\$ 9,281
Investor relations and other public entity costs	755	740	15	2,571	2,129	442
Professional fees	1,773	813	960	3,515	2,497	1,018
Information technology costs	1,708	1,817	(109)	5,121	5,107	14
Services Agreement expense charged by related party ⁽ⁱ⁾	1,332	976	356	3,732	2,926	806
Amortization of other assets	321	297	24	990	915	75
Office related costs	452	487	(35)	1,242	1,135	107
Other	776	596	180	2,245	1,461	784
	24,959	19,435	5,524	70,401	57,874	12,527
Less:						
Capitalized to properties under development	(3,531)	(2,498)	(1,033)	(9,866)	(7,088)	(2,778)
Allocated to recoverable operating expenses	(5,008)	(5,577)	569	(15,904)	(17,441)	1,537
General and administrative expenses	\$ 16,420	\$ 11,360	\$ 5,060	\$ 44,631	\$ 33,345	\$ 11,286

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

Three and Nine Months

General and administrative expenses increased for the quarter and year-to-date primarily due to higher salary and employee costs as a result of the impact of inflation, positioning the business for growth, and severance expenses incurred. The reduction in general and administrative expenses allocated to recoverable operating expenses following the disposition of office assets in the current and prior year, along with higher professional fees and shared services costs further contributed to the increase. The increases were partially offset by an increase in general and administrative expenses capitalized to properties under development due to an increase in development activity.

Adjustment to Fair Value of Unit-Based Compensation

Unit-based compensation liabilities are recorded at their fair value based on the market trading price of the Trust Units.

For the periods ended September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Adjustment to fair value of unit-based compensation	\$ 643	\$ 476	\$ 167	\$ 2,373	\$ 1,474	\$ 899

Three and Nine Months

The adjustment to fair value of unit-based compensation recognized for the quarter and year-to-date was favourable due to the change in the Trust's Unit price.

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 September 30, 2023:

(in thousands of square feet except where otherwise indicated)	June 30, 2023									Three Months September 30, 2023		
	Leasable	Occupied	Occupied %	Expiries ⁽ⁱ⁾	New	Renewals	Subtotal: Portfolio Absorption	Portfolio changes ⁽ⁱⁱ⁾	Acquired / (Disposed) vacancy	Leasable	Occupied	Occupied %
Retail	44,332	43,334	97.7 %	(3,745)	59	3,687	1	45	2	44,379	43,380	97.7 %
Industrial	17,538	17,059	97.3 %	(381)	179	364	162	305	(7)	17,836	17,526	98.3 %
Mixed-Use & Residential ⁽ⁱ⁾	1,455	1,279	87.9 %	(11)	21	—	10	2	—	1,457	1,291	88.6 %
Total	63,325	61,672	97.4 %	(4,137)	259	4,051	173	352	(5)	63,672	62,197	97.7 %

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

(ii) The early termination of 99,650 sq. ft. within the Alberta retail portfolio discussed on page 28 of this MD&A is not reflected in the occupancy table above as the tenant was still occupying the unit as of September 30, 2023.

(iii) Represents changes in occupied square footage arising from acquisitions, dispositions, intensifications, expansions, and transfers from properties under development.

The following table details the changes for in-place occupancy by segment for the nine months ended September 30, 2023:

(in thousands of square feet except where otherwise indicated)	December 31, 2022									Nine Months September 30, 2023		
	Leasable	Occupied	Occupied %	Expiries ⁽ⁱ⁾	New	Renewals	Subtotal: Portfolio Absorption	Portfolio changes ⁽ⁱⁱ⁾	Acquired / (Disposed) vacancy	Leasable	Occupied	Occupied %
Retail	44,157	43,195	97.8 %	(4,683)	227	4,429	(27)	213	9	44,379	43,380	97.7 %
Industrial	17,430	17,241	98.9 %	(1,353)	205	1,041	(107)	391	15	17,836	17,526	98.3 %
Mixed-Use & Residential ⁽ⁱ⁾	1,821	1,597	87.7 %	(23)	27	6	10	(316)	(48)	1,457	1,291	88.6 %
Total	63,408	62,033	97.8 %	(6,059)	459	5,476	(124)	288	(24)	63,672	62,197	97.7 %

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

(ii) Expiries includes 122,000 square feet of early lease terminations, surrenders, bankruptcies, and relocations within the portfolio. The early termination of 99,650 sq. ft. within the Alberta retail portfolio discussed on page 28 of this MD&A is not reflected in the occupancy table above as the tenant was still occupying the unit as of September 30, 2023.

(iii) Represents changes in occupied square footage arising from acquisitions, dispositions, intensifications, expansions, and transfers from properties under development.

At September 30, 2023, the Trust had 29 retail sites and 3 industrial sites leased to tenants through ground leases (December 31, 2022 - 19 retail and 2 industrial). Tenants have constructed buildings on certain sites within the Trust's retail portfolio with gross building area of approximately 694,000 square feet at the Trust's share (December 31, 2022 - 635,000 square feet). Tenants have constructed buildings on certain sites within the Trust's industrial portfolio with gross building area of approximately 290,000 square feet at the Trust's share (December 31, 2022 - Nil). In addition, the Trust has 177 gas bars in its retail segment (December 31, 2022 - 175). The ground leases and gas bars are excluded from the occupancy tables above.

Three Months

Period end occupancy increased to 97.7% as at September 30, 2023 from 97.4% as at June 30, 2023. The Trust had positive absorption of approximately 162,000 square feet from the industrial portfolio.

Positive absorption was driven by an existing tenant expanding to occupy 122,000 sq. ft. of vacant space at a Greater Toronto Area multi-tenant industrial property. In the second quarter of 2023, the Trust elected not to renew the tenant previously occupying the unit, and instead lease the entirety of the property to the building's other tenant at a higher rate. Leasing of vacant units in the Alberta Industrial portfolio also contributed to absorption in the quarter.

Portfolio changes of approximately 352,000 square feet are primarily due to the transfer of a completed industrial development property in Alberta, and the acquisition of one Ontario retail property.

Nine Months

Period end occupancy decreased slightly to 97.7% as at September 30, 2023 from 97.8% as at December 31, 2022. The negative absorption is mainly from the Alberta industrial portfolio.

The portfolio change of approximately 288,000 square feet is primarily related to the acquisition of two Alberta retail properties from Loblaw, as well as the transfer of a completed industrial development property in Alberta, partially offset by the sale of office properties.

Choice Properties' principal tenant, Loblaw, represents 57.1% of its total GLA (December 31, 2022 - 57.0%). At September 30, 2023, the weighted average lease term-to-maturity on the Loblaw leases was 6.1 years (December 31, 2022 - 6.3 years).

(in millions of square feet except where otherwise indicated)	As at September 30, 2023			As at December 31, 2022		
	Portfolio GLA	Occupied GLA	Occupancy (%)	Portfolio GLA	Occupied GLA	Occupancy (%)
Loblaw banners	36.4	36.4	100.0%	36.1	36.1	100.0%
Third-party tenants	27.3	25.8	94.6%	27.3	25.9	95.0%
Total commercial GLA	63.7	62.2	97.7%	63.4	62.0	97.8%

The lease maturity profile for Choice Properties' portfolio as at September 30, 2023 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	204	82	286	0.4 %	\$ 4,350	\$ 15.85
2023	509	—	509	0.8 %	5,871	12.27
2024	2,642	88	2,730	4.3 %	31,840	12.12
2025	3,815	3,299	7,114	11.2 %	86,709	12.65
2026	3,698	2,807	6,505	10.2 %	95,298	14.99
2027	3,208	3,964	7,172	11.3 %	114,608	15.98
2028	3,379	4,944	8,323	13.1 %	132,395	15.91
2029 & Thereafter	8,362	21,196	29,558	46.4 %	484,823	16.40
Occupied GLA	25,817	36,380	62,197	97.7 %	955,894	15.37
Vacant GLA	1,475	—	1,475	2.3 %	—	—
Total	27,292	36,380	63,672	100.0 %	\$ 955,894	\$ 15.37

Retail Tenant Profile

Choice Properties' retail portfolio is the foundation for maintaining reliable cash flow. It is primarily leased to grocery stores, pharmacies, and other necessity-based tenants. Stability is attained through a strategic relationship and long-term leases with Loblaw.

The Trust's ten largest retail tenants for the three months ended September 30, 2023, represented approximately 58.3% of total gross rental revenue and 72.7% of retail gross rental revenue, as calculated on a proportionate share basis⁽ⁱ⁾. The names noted below may be the names of the parent entities and are not necessarily the parties to the leases.

Retail Tenants	% of Retail Gross Rental Revenue	GLA (000's square feet)
1. Loblaws	63.4 %	30,902
2. Canadian Tire ⁽ⁱ⁾	1.9 %	800
3. TJX Companies	1.6 %	692
4. Dollarama	1.4 %	592
5. Goodlife	0.9 %	362
6. Staples	0.8 %	358
7. Sobeys	0.7 %	258
8. Walmart ⁽ⁱ⁾	0.7 %	478
9. Liquor Control Board of Ontario (LCBO)	0.7 %	198
10. TD Canada Trust	0.6 %	120
Total	72.7 %	34,760

(i) Included in % of retail gross rental revenue above are base rents in relation to sites the Trust has leased to Canadian Tire and Walmart through ground leases. The gross building area of the tenant's buildings on these sites is excluded from GLA in the table.

The following table outlines further details of the Trust's retail tenant composition as at September 30, 2023:

Retail Category ⁽ⁱ⁾⁽ⁱⁱ⁾	% of Retail Gross Rental Revenue	GLA (000's square feet)
Grocery & Pharmacy	67.0 %	32,558
Essential Services	14.3 %	4,192
Specialty & Value	5.7 %	2,331
Fitness & Other Personal Services	4.9 %	1,718
Furniture & Home	3.1 %	1,171
Full-Service Restaurants	3.0 %	728
Other	2.0 %	682
Total	100.0 %	43,380

(i) Effective Q4 2022, the Trust began calculating this metric using gross rental revenue attributable to each tenant category.

(ii) Effective Q4 2022, the Trust made the following changes to its retail tenant categories:

- Walmart, Costco, and Giant Tiger were reclassified from Value Retailers to Grocery & Pharmacy.
- Essential Personal Services is now Essential Services. In addition to the personal services included previously, tenants in the following businesses have been reclassified to Essential Services: Pet and pet supply (previously in Specialty Retailers), auto service (previously in Specialty Retailers), limited service restaurants (previously in Restaurants and Cafes), dollar store (previously in Value Retailers), convenience store (previously in Other), and day care. Significant tenants that have changed categories as a result of this change include: Canadian Tire, Pet Valu, Restaurant Brands International, and Starbucks.
- Specialty Retailers and Value Retailers have been combined into one category: Specialty and Value.
- Restaurants and Cafes has been renamed Full-Service Restaurants and as noted above, no longer includes limited service restaurants.

The lease maturity profile for Choice Properties' retail portfolio as at September 30, 2023 was as follows:

(in thousands of square feet except where otherwise indicated)	Third-party GLA	Loblaws 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	163	82	245	0.6 %	\$ 4,016	\$ 17.27
2023 ⁽ⁱ⁾	256	—	256	0.6 %	4,375	19.41
2024	1,250	88	1,338	3.0 %	20,516	16.60
2025	1,551	3,110	4,661	10.5 %	68,076	15.46
2026	2,178	2,807	4,985	11.2 %	80,027	16.55
2027	1,920	3,964	5,884	13.3 %	101,025	17.17
2028	1,657	4,144	5,801	13.1 %	103,361	17.82
2029 & Thereafter	3,503	16,707	20,210	45.4 %	377,240	18.67
Occupied GLA	12,478	30,902	43,380	97.7 %	758,636	17.49
Vacant GLA	999	—	999	2.3 %	—	—
Total	13,477	30,902	44,379	100.0 %	\$ 758,636	\$ 17.49

(i) The 256,000 square feet of GLA maturing in 2023 is located in the following markets : 40.1% Calgary, 23.2% Greater Toronto Area, 6.7% Greater Montreal Area, 6.3% Edmonton, and 23.7% other markets.

As at September 30, 2023 the average in place base rent for the Trust's retail portfolio was \$16.75 per square foot.

Industrial Tenant Profile

Choice Properties' industrial portfolio is centred 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 timeframe is reduced.

The Trust's ten largest industrial tenants for the three months ended September 30, 2023 represented approximately 9.4% of total gross rental revenue and 56.9% of Industrial Gross Rental Revenue, as calculated on a proportionate share basis⁽ⁱ⁾. The names noted below may be the names of the parent entities and are not necessarily the parties to the leases.

Industrial Tenants	% of Industrial Gross Rental Revenue	GLA (000's square feet)
1. Loblaws	27.1 %	4,738
2. Amazon	5.4 %	760
3. Canada Cartage	5.2 %	672
4. Wonderbrands Inc.	4.7 %	1,164
5. NFI IPD	3.1 %	354
6. Uline Canada Corporation	2.7 %	635
7. Canadian Tire	2.4 %	486
8. Kimberly-Clark	2.3 %	514
9. Alberta Gaming, Liquor & Cannabis	2.2 %	424
10. Ecco Heating Products	1.8 %	374
Total	56.9 %	10,121

The following table outlines further details of the Trust's industrial tenant composition as at September 30, 2023:

Building Type / Tenant Use	% of Industrial Gross Rental Revenue	GLA (000's square feet)	Occupied GLA (000's square feet)	Occupancy
Distribution	55.8 %	10,170	9,976	98.1 %
Large Bay-Loblaw Distribution	27.4 %	4,738	4,738	100.0 %
Warehouse ⁽ⁱ⁾	16.8 %	2,928	2,812	96.0 %
Total	100.0 %	17,836	17,526	98.3 %

(i) Warehouse includes certain Small Bay assets.

The lease maturity profile for Choice Properties' industrial portfolio as at September 30, 2023 was as follows:

(in thousands of square feet except where otherwise indicated)	Third-party GLA	Loblaws 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	41	—	41	0.2 %	\$ 335	\$ 8.11
2023 ⁽ⁱ⁾	242	—	242	1.4 %	1,485	6.15
2024	1,296	—	1,296	7.3 %	10,069	7.77
2025	2,180	189	2,369	13.3 %	17,805	7.52
2026	1,428	—	1,428	8.0 %	13,301	9.32
2027	1,194	—	1,194	6.7 %	11,276	9.44
2028	1,678	772	2,450	13.7 %	27,584	11.26
2029 & Thereafter	4,729	3,777	8,506	47.7 %	88,896	10.45
Occupied GLA ⁽ⁱⁱ⁾	12,788	4,738	17,526	98.3 %	170,751	9.74
Vacant GLA	310	—	310	1.7 %	—	—
Total	13,098	4,738	17,836	100.0 %	\$ 170,751	\$ 9.74

(i) The 242,000 square feet of GLA maturing in 2023 is located in the following markets : 56.5% Greater Montreal Area, 21.0% Calgary, and 22.5% other markets.

(ii) Average in-place base rent per square foot for the major markets (excluding ground leases): \$11.69 Vancouver, \$9.40 Greater Montreal Area, \$8.55 Edmonton, \$8.53 Greater Toronto Area, \$8.02 Calgary, and \$7.99 Other markets.

As at September 30, 2023 the average in place base rent for the Trust's industrial portfolio was \$8.67 per square foot.

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. 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 items are reviewed on a consolidated GAAP basis.

The following table reconciles net income on a proportionate share basis⁽¹⁾ to net income as determined in accordance with GAAP for the three months ended September 30, 2023:

(\$ thousands)	Retail	Industrial	Mixed-Use & Residential	Proportionate Share Basis ⁽¹⁾	Consolidation and Eliminations ⁽²⁾	GAAP Basis
Rental revenue, excluding straight-line rental revenue and lease surrender revenue	\$ 266,484	\$ 54,433	\$ 17,667	\$ 338,584	\$ (18,887)	\$ 319,697
Property operating costs	(72,052)	(14,120)	(7,526)	(93,698)	6,469	(87,229)
Net Operating Income, Cash Basis⁽¹⁾	194,432	40,313	10,141	244,886	(12,418)	232,468
Straight-line rental revenue	(1,956)	1,955	87	86	(925)	(839)
Lease surrender revenue	6,209	—	—	6,209	10	6,219
Net Operating Income, Accounting Basis	198,685	42,268	10,228	251,181	(13,333)	237,848
Other Income and Expenses						
Interest income				8,189	2,958	11,147
Investment income				5,315	—	5,315
Fee income				821	—	821
Net interest expense and other financing charges				(147,498)	5,206	(142,292)
General and administrative expenses				(16,420)	—	(16,420)
Share of income from equity accounted joint ventures				—	4,823	4,823
Amortization of intangible assets				(250)	—	(250)
Transaction costs and other related expenses				—	—	—
Adjustment to fair value of unit-based compensation				643	—	643
Adjustment to fair value of Exchangeable Units				352,250	—	352,250
Adjustment to fair value of investment properties				26,429	346	26,775
Adjustment to fair value of investment in real estate securities				(44,757)	—	(44,757)
Income before Income Taxes				435,903	—	435,903
Income tax recovery (expense)				—	—	—
Net Income				\$ 435,903	\$ —	\$ 435,903

(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.

The following table reconciles net income on a proportionate share basis⁽¹⁾ to net income as determined in accordance with GAAP for the nine months ended September 30, 2023:

(\$ thousands)	Retail	Industrial	Mixed-Use & Residential	Proportionate Share Basis ⁽¹⁾	Consolidation and Eliminations ⁽²⁾	GAAP Basis
Rental revenue, excluding straight-line rental revenue and lease surrender revenue	\$ 806,254	\$ 164,268	\$ 57,311	\$ 1,027,833	\$ (59,493)	\$ 968,340
Property operating costs	(228,946)	(43,253)	(23,166)	(295,365)	20,691	(274,674)
Net Operating Income, Cash Basis⁽¹⁾	577,308	121,015	34,145	732,468	(38,802)	693,666
Straight-line rental revenue	(4,465)	3,936	172	(357)	(2,359)	(2,716)
Lease surrender revenue	14,637	—	2	14,639	(202)	14,437
Net Operating Income, Accounting Basis	587,480	124,951	34,319	746,750	(41,363)	705,387
Other Income and Expenses						
Interest income				20,887	10,556	31,443
Investment income				15,945	—	15,945
Fee income				3,162	—	3,162
Net interest expense and other financing charges				(438,167)	15,393	(422,774)
General and administrative expenses				(44,631)	—	(44,631)
Share of income from equity accounted joint ventures				—	31,000	31,000
Amortization of intangible assets				(750)	—	(750)
Transaction costs and other related expenses				(34)	—	(34)
Adjustment to fair value of unit-based compensation				2,373	—	2,373
Adjustment to fair value of Exchangeable Units				823,236	—	823,236
Adjustment to fair value of investment properties				204,181	(15,586)	188,595
Adjustment to fair value of investment in real estate securities				(90,576)	—	(90,576)
Income before Income Taxes				1,242,376	—	1,242,376
Income tax (expense)				(1)	—	(1)
Net Income				\$ 1,242,375	\$ —	\$ 1,242,375

(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 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 21 months ended September 30, 2023, 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 and nine months ended September 30, 2023 and September 30, 2022 as summarized below.

Summary - Accounting Basis

For the periods ended September 30 (\$ thousands)	Three Months				Nine Months			
	2023	2022	Change \$	% Change	2023	2022	Change \$	% Change
Rental revenue	\$ 325,138	\$ 313,119	\$ 12,019	3.8 %	\$ 981,739	\$ 944,763	\$ 36,976	3.9 %
Straight-line rental revenue	(1,550)	1,270	(2,820)	(222.0)%	(3,399)	2,079	(5,478)	(263.5)%
Property operating costs excluding bad debt expense	(88,916)	(87,143)	(1,773)	2.0 %	(279,465)	(273,517)	(5,948)	2.2 %
Same-Asset NOI, Accounting Basis, excluding bad debt expense	234,672	227,246	7,426	3.3 %	698,875	673,325	25,550	3.8 %
Bad debt expense	(450)	(228)	(222)	97.4 %	(204)	(574)	370	(64.5)%
Same-Asset NOI, Accounting Basis	234,222	227,018	7,204	3.2 %	698,671	672,751	25,920	3.9 %
Transactions NOI including straight-line rental revenue, excluding bad debt expense	10,688	9,070	1,618		33,610	33,567	43	
Bad debt expense	62	(78)	140		(170)	(71)	(99)	
Transactions NOI, Accounting Basis	10,750	8,992	1,758		33,440	33,496	(56)	
Lease surrender revenue	6,209	70	6,139		14,639	2,564	12,075	
Total NOI, Accounting Basis	\$ 251,181	\$ 236,080	\$ 15,101		\$ 746,750	\$ 708,811	\$ 37,939	

Summary - Cash Basis

For the periods ended September 30 (\$ thousands)	Three Months				Nine Months			
	2023	2022	Change \$	% Change	2023	2022	Change \$	% Change
Rental revenue	\$ 325,138	\$ 313,119	\$ 12,019	3.8 %	\$ 981,739	\$ 944,763	\$ 36,976	3.9 %
Property operating costs excluding bad debt expense	(88,916)	(87,143)	(1,773)	2.0 %	(279,465)	(273,517)	(5,948)	2.2 %
Same-Asset NOI, Cash Basis, excluding bad debt expense	236,222	225,976	10,246	4.5 %	702,274	671,246	31,028	4.6 %
Bad debt expense	(450)	(228)	(222)	97.4 %	(204)	(574)	370	(64.5)%
Same-Asset NOI, Cash Basis	235,772	225,748	10,024	4.4 %	702,070	670,672	31,398	4.7 %
Transactions NOI excluding bad debt expense	9,052	8,870	182		30,568	32,515	(1,947)	
Bad debt expense	62	(78)	140		(170)	(71)	(99)	
Transactions NOI, Cash Basis	9,114	8,792	322		30,398	32,444	(2,046)	
Total NOI, Cash Basis	\$ 244,886	\$ 234,540	\$ 10,346		\$ 732,468	\$ 703,116	\$ 29,352	

Three and Nine Months

Same-Asset NOI, cash basis increased 4.4% and 4.7% for the quarter and year-to-date, respectively, primarily due to increased rental revenue from higher rental rates on renewals, new leasing, and contractual rent steps, mainly in the retail and industrial portfolios. Higher capital and operating recoveries also contributed to the increases.

Transactions NOI increased for the quarter primarily due to the contribution from acquisitions and development transfers, partially offset by the foregone income from dispositions. Transactions NOI decreased for the year-to-date primarily due to the foregone income from the disposition of six office assets during the first quarter of 2022 as part of the Allied Transaction.

Retail Segment

For the periods ended September 30 (\$ thousands)	Three Months				Nine Months			
	2023	2022	Change \$	% Change	2023	2022	Change \$	% Change
Rental revenue	\$ 259,303	\$ 252,419	\$ 6,884	2.7 %	\$ 784,342	\$ 761,322	\$ 23,020	3.0 %
Property operating costs excluding bad debt expense	(70,382)	(69,695)	(687)	1.0 %	(223,057)	(219,603)	(3,454)	1.6 %
Same-Asset NOI, Cash Basis, excluding bad debt expense	188,921	182,724	6,197	3.4 %	561,285	541,719	19,566	3.6 %
Bad debt expense	41	(35)	76	(217.1)%	39	(305)	344	(112.8)%
Same-Asset NOI, Cash Basis	188,962	182,689	6,273	3.4 %	561,324	541,414	19,910	3.7 %
Transactions NOI excluding bad debt expense	5,508	3,161	2,347		16,243	9,715	6,528	
Bad debt expense	(38)	(30)	(8)		(259)	129	(388)	
Transactions NOI, Cash Basis	5,470	3,131	2,339		15,984	9,844	6,140	
Total NOI, Cash Basis	\$ 194,432	\$ 185,820	\$ 8,612		\$ 577,308	\$ 551,258	\$ 26,050	

Three and Nine Months

Same-Asset NOI, cash basis for the retail segment increased 3.4% and 3.7% for the quarter and year-to-date, respectively, primarily due to increased revenue from higher rental rates on renewals, new leasing, and contractual rent steps. Higher capital and operating recoveries also contributed to the increases.

Transactions NOI for the retail segment increased for the quarter and year-to-date, primarily due to the contribution from acquisitions and development transfers, partially offset by the foregone income from dispositions in the current year and the prior years.

Industrial Segment

For the periods ended September 30 (\$ thousands)	Three Months				Nine Months			
	2023	2022	Change \$	% Change	2023	2022	Change \$	% Change
Rental revenue	\$ 53,066	\$ 48,784	\$ 4,282	8.8 %	\$ 159,193	\$ 147,946	\$ 11,247	7.6 %
Property operating costs excluding bad debt expense	(13,493)	(12,729)	(764)	6.0 %	(41,515)	(39,138)	(2,377)	6.1 %
Same-Asset NOI, Cash Basis, excluding bad debt expense	39,573	36,055	3,518	9.8 %	117,678	108,808	8,870	8.2 %
Bad debt expense	(333)	(85)	(248)	291.8 %	(221)	(252)	31	(12.3)%
Same-Asset NOI, Cash Basis	39,240	35,970	3,270	9.1 %	117,457	108,556	8,901	8.2 %
Transactions NOI excluding bad debt expense	1,071	128	943		3,555	574	2,981	
Bad debt expense	2	1	1		3	5	(2)	
Transactions NOI, Cash Basis	1,073	129	944		3,558	579	2,979	
Total NOI, Cash Basis	\$ 40,313	\$ 36,099	\$ 4,214		\$ 121,015	\$ 109,135	\$ 11,880	

Three and Nine Months

Same-Asset NOI, cash basis for the industrial segment increased 9.1% and 8.2% for the quarter and year-to-date, respectively, primarily due to increased revenue from higher rental rates for renewals, new leasing at market rates, and contractual rent steps. Higher operating recoveries in the Quebec region, due to a fixturing and free rent period upon turnover of a significant unit in the prior year, further contributed to the increases.

Transactions NOI for the industrial segment increased for the quarter and year-to-date, primarily due to the contribution from acquisitions and development transfers, partially offset by the foregone income from dispositions in the prior year.

Mixed-Use & Residential Segment

For the periods ended September 30 (\$ thousands)	Three Months				Nine Months			
	2023	2022	Change \$	% Change	2023	2022	Change \$	% Change
Rental revenue	\$ 12,769	\$ 11,916	\$ 853	7.2 %	\$ 38,204	\$ 35,495	\$ 2,709	7.6 %
Property operating costs excluding bad debt expense	(5,041)	(4,719)	(322)	6.8 %	(14,893)	(14,776)	(117)	0.8 %
Same-Asset NOI, Cash Basis, excluding bad debt expense	7,728	7,197	531	7.4 %	23,311	20,719	2,592	12.5 %
Bad debt expense	(158)	(108)	(50)	46.3 %	(22)	(17)	(5)	29.4 %
Same-Asset NOI, Cash Basis	7,570	7,089	481	6.8 %	23,289	20,702	2,587	12.5 %
Transactions NOI excluding bad debt expense	2,473	5,581	(3,108)		10,770	22,226	(11,456)	
Bad debt expense	98	(49)	147		86	(205)	291	
Transactions NOI, Cash Basis	2,571	5,532	(2,961)		10,856	22,021	(11,165)	
Total NOI, Cash Basis	\$ 10,141	\$ 12,621	\$ (2,480)		\$ 34,145	\$ 42,723	\$ (8,578)	

Three and Nine Months

Same-Asset NOI, cash basis for the mixed-use and residential segment increased 6.8% and 12.5% for the quarter and year-to-date, respectively, primarily due to higher rental revenue from improved average occupancy and increased residential rental rates, coupled with higher capital recoveries. Further contributing to the year-to-date increase were other non-recurring items, including final billing adjustments.

Transactions NOI for the mixed-use and residential segment decreased primarily due to foregone income from the Allied Transaction and the subsequent sale of four additional office properties, partially offset by the contribution from the office acquisition completed in the current year and residential development transfers.

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 and nine months ended September 30, 2023 and September 30, 2022 are summarized below:

For the periods ended September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change	2023	2022	Change
Funds from Operations ⁽¹⁾	\$ 181,013	\$ 173,119	\$ 7,894	\$ 541,494	\$ 523,545	\$17,949
FFO ⁽¹⁾ per unit basic	\$ 0.250	\$ 0.239	\$ 0.011	\$ 0.748	\$ 0.724	\$ 0.024
FFO ⁽¹⁾ per unit diluted	\$ 0.250	\$ 0.239	\$ 0.011	\$ 0.748	\$ 0.724	\$ 0.024
FFO ⁽¹⁾ payout ratio - diluted	75.0 %	77.3 %	(2.3)%	74.9 %	76.7 %	(1.8)%
Adjusted Funds from Operations ⁽¹⁾	\$ 136,558	\$ 130,360	\$ 6,198	\$ 471,337	\$ 454,817	\$16,520
AFFO ⁽¹⁾ per unit basic	\$ 0.189	\$ 0.180	\$ 0.009	\$ 0.651	\$ 0.629	\$ 0.022
AFFO ⁽¹⁾ per unit diluted	\$ 0.189	\$ 0.180	\$ 0.009	\$ 0.651	\$ 0.629	\$ 0.022
AFFO ⁽¹⁾ payout ratio - diluted	99.4 %	102.7 %	(3.3)%	86.1 %	88.3 %	(2.2)%
Distribution declared per unit	\$ 0.188	\$ 0.185	\$ 0.003	\$ 0.561	\$ 0.555	\$ 0.006
Weighted average number of units outstanding - basic ⁽ⁱ⁾	723,646,497	723,544,974	101,523	723,642,153	723,481,581	160,572
Weighted average number of units outstanding - diluted ⁽ⁱ⁾	723,664,818	723,577,162	87,656	723,667,850	723,530,507	137,343
Number of units outstanding, end of period ⁽ⁱ⁾	723,646,497	723,544,974	101,523	723,646,497	723,544,974	101,523

(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 and Nine Months

FFO⁽¹⁾ increased for the quarter and year-to-date primarily due to the increase in Same-Asset NOI, higher lease surrender revenue, the impact of acquisitions and completed developments, and an increase in interest income. The increase was partially offset by increases in interest expense and general and administrative expense. The year-to-date increase was also impacted by the Allied Transaction. The net impact of the Allied Transaction includes the loss of NOI, partially offset by the distribution and interest income earned from the limited partnership units and promissory note received from Allied in exchange for the properties sold.

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 and Nine Months

AFFO⁽¹⁾ increased for the quarter and year-to-date primarily due to the increase in FFO as noted above, and a favourable straight-line rental revenue adjustment, partially offset by higher capital spending in the current year.

Property Capital and Leasing Expenditures

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

For the periods ended September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Property capital	\$ 31,591	\$ 30,443	\$ 1,148	\$ 39,113	\$ 36,559	\$ 2,554
Direct leasing costs	1,800	3,499	(1,699)	4,741	6,869	(2,128)
Tenant improvements	8,696	5,134	3,562	19,870	15,554	4,316
Total property capital and leasing expenditures, proportionate share basis⁽¹⁾	\$ 42,087	\$ 39,076	\$ 3,011	\$ 63,724	\$ 58,982	\$ 4,742

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 nine months ended September 30, 2023, Choice Properties incurred \$39,113 of property capital expenditures, which may be recoverable from tenants under the terms of their leases over the useful life of the improvements (2022 - \$36,559). 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 are 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)	Third Quarter 2023	Second Quarter 2023	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021
Number of income producing properties	704	702	703	702	701	701	699	709
Gross leasable area (in millions of square feet)	64.2	63.8	64.2	63.9	64.0	64.2	64.0	65.8
Occupancy	97.7%	97.4%	97.7%	97.8%	97.7%	97.6%	97.0%	97.1%
Rental revenue (GAAP)	\$ 325,077	\$ 330,327	\$ 324,657	\$ 314,382	\$ 309,082	\$ 313,081	\$ 328,049	\$ 325,763
Net income (loss)	\$ 435,903	\$ 535,668	\$ 270,804	\$ (579,000)	\$ 948,077	\$ (11,810)	\$ 386,986	\$ (163,087)
Net income (loss) per unit	\$ 0.602	\$ 0.740	\$ 0.374	\$ (0.795)	\$ 1.310	\$ (0.016)	\$ 0.535	\$ (0.225)
Net income (loss) per unit - diluted	\$ 0.602	\$ 0.740	\$ 0.374	\$ (0.795)	\$ 1.310	\$ (0.016)	\$ 0.535	\$ (0.225)
Net operating income, cash basis ⁽ⁱ⁾	\$ 244,886	\$ 243,530	\$ 244,052	\$ 238,819	\$ 234,540	\$ 231,299	\$ 237,277	\$ 236,674
FFO ⁽ⁱ⁾	\$ 181,013	\$ 183,590	\$ 176,891	\$ 174,183	\$ 173,119	\$ 175,290	\$ 175,136	\$ 174,797
FFO ⁽ⁱ⁾ per unit - diluted	\$ 0.250	\$ 0.254	\$ 0.244	\$ 0.241	\$ 0.239	\$ 0.242	\$ 0.242	\$ 0.242
AFFO ⁽ⁱ⁾	\$ 136,558	\$ 170,400	\$ 164,379	\$ 126,935	\$ 130,360	\$ 163,708	\$ 160,749	\$ 118,924
AFFO ⁽ⁱ⁾ per unit - diluted	\$ 0.189	\$ 0.235	\$ 0.227	\$ 0.175	\$ 0.180	\$ 0.226	\$ 0.222	\$ 0.164
Distribution declared per unit	\$ 0.188	\$ 0.188	\$ 0.186	\$ 0.185	\$ 0.185	\$ 0.185	\$ 0.185	\$ 0.185
Market price per unit - closing	\$ 12.68	\$ 13.57	\$ 14.52	\$ 14.76	\$ 12.41	\$ 14.05	\$ 15.49	\$ 15.19
Number of units outstanding, period end	723,646,497	723,646,497	723,646,497	723,557,674	723,544,974	723,544,974	723,544,974	723,375,372
Adjusted debt to total assets ⁽ⁱ⁾	40.6%	40.5%	41.0%	40.6%	41.0%	41.9%	39.5%	40.1%
Debt service coverage ⁽ⁱ⁾	3.0x	3.1x	3.1x	3.1x	3.1x	3.3x	3.4x	3.3x

(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, investment in real estate securities, 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 September 30, 2023, 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 September 30, 2023. 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 57.1% of Choice Properties' quarterly rental revenue on a proportionate share basis⁽¹⁾ and 57.1% of its commercial GLA as at September 30, 2023 (December 31, 2022 - 57.3% and 57.0%, respectively).

Leases

In the third quarter of 2023, the Trust and Loblaw renewed 46 of 49 leases expiring in 2024, comprising 2.77 million of 2.84 million square feet at a weighted average extension term of 4.9 years.

Acquisitions

During the nine months ended September 30, 2023, Choice Properties acquired from Loblaw two financial real estate assets for an aggregate purchase price of \$86,300, and a retail property for a purchase price of \$12,330, in each case excluding transaction costs.

Dispositions

During the nine months ended September 30, 2023, Choice Properties disposed of a data centre asset tenanted by Loblaw to a third party for net proceeds of \$74,200. In connection with the transaction, Choice made an \$8,300 payment to Loblaw to terminate its lease early.

Lease Surrender Revenue

During the nine months ended September 30, 2023, Choice Properties recognized \$1,427 of lease surrender revenue from Loblaw.

Services Agreement

During the nine months ended September 30, 2023, GWL provided Choice Properties with corporate, administrative and other support services for an annualized cost of \$4,970 (2022 - \$3,901).

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 initial term of the Strategic Alliance Agreement expired on July 5, 2023. Upon expiry of the initial term, the Strategic Alliance Agreement renewed until July 5, 2033 or the date on which GWL and its affiliates own less than 50% of the Trust on a fully diluted basis. 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.

Management Agreements

Choice Properties provides Wittington with property management services for certain properties with third-party tenancies and development consulting services on a fee for service basis.

Site Intensification Payments

Choice Properties compensated Loblaw with intensification payments of \$967 in connection with completed gross leasable area for which tenants took possession during the nine months ended September 30, 2023 (year ended December 31, 2022 - \$2,687). In addition, Choice Properties compensated Loblaw with an intensification payment of \$2,100 (year ended December 31, 2022 - \$nil) in relation to the disposition of a parcel of excess land.

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 and nine months ended September 30, 2023, distributions declared on the Exchangeable Units totalled \$74,210 and \$221,971, respectively (September 30, 2022 - \$73,221 and \$219,663, respectively).

As at September 30, 2023, Choice Properties had distributions on Exchangeable Units payable to GWL of \$246,378 (December 31, 2022 - \$195,256).

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 nine months ended September 30, 2023, GWL elected to receive distributions from Choice Properties Limited Partnership in the form of loans. Non-interest bearing short-term notes totalling \$221,641 were issued during the nine months ended September 30, 2023 to GWL. Non-interest bearing short-term notes totalling \$170,849 with respect to the loans received in the 2022 fiscal year were settled against distributions payable by the Trust to GWL in January 2023.

Trust Unit Distributions

During the three and nine months ended September 30, 2023, Choice Properties declared cash distributions of \$9,498 and \$28,412, respectively, on the Units held by GWL (September 30, 2022 - \$9,372 and \$28,117, respectively). As at September 30, 2023, \$3,166 of Trust Unit distributions declared were payable to GWL (December 31, 2022 - \$3,124). There were no non-cash distributions settled through the issuance of additional Trust Units during the nine months ended September 30, 2023 and 2022.

During the three and nine months ended September 30, 2023, Choice Properties declared cash distributions of \$3,094 and \$9,254, respectively, on the Units held by Wittington (September 30, 2022 - \$3,053 and \$9,158 respectively). As at September 30, 2023, \$1,031 of Trust Unit distributions declared were payable to Wittington (December 31, 2022 - \$1,018). There were no non-cash distributions settled through the issuance of additional Trust Units during the nine months ended September 30, 2023 and 2022.

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 third quarter of 2023 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, 2022 and MD&A in the 2022 Annual Report, which are hereby incorporated by reference. The 2022 Annual Report and AIF are available online on www.sedarplus.ca. 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 ESG creates 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 Advancing Social Equity.

Information regarding Choice Properties’ ESG practices is set out in the Trust’s 2022 Environmental, Social, and Governance Report. Detailed information regarding Choice’s decarbonization strategy is set out in Choice’s inaugural Pathway to Net Zero report. Both documents are 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 held on April 25, 2023, available on the Trust’s website at www.choicereit.ca.

13. OUTLOOK⁽²⁾

We are focused on capital preservation, delivering stable and growing cash flows and net asset value appreciation, all with a long-term focus. Our high-quality 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. We continue to experience positive leasing momentum across our portfolio and have successfully completed our 2023 lease renewals. We also continue to advance our development program, with a focus on industrial opportunities, 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 are 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; however, the Trust cannot predict the precise impacts of the broader economic environment on its 2023 financial results. In 2023, Choice Properties has continued to focus on its core business of essential retail and industrial, our growing residential platform and our robust development pipeline, and based on its year-to-date operating and financial performance, including certain non-recurring items now expects:

- Stable occupancy across the portfolio, resulting in 4-5% year-over-year growth in Same-Asset NOI, Cash Basis;
- Annual FFO per unit Diluted in a range of \$0.99 to \$1.00, reflecting 3-4% year-over-year growth; and
- Stable leverage metrics, targeting Adjusted Debt to EBITDAFV of approximately 7.5x.

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	<ul style="list-style-type: none"> Represents financial information adjusted to reflect the Trust's equity accounted joint ventures and financial real estate assets and its share of net income (loss) 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. 	<p>Section 2, "Balance Sheet"</p> <p>Section 7.1, "Net Income and Segment NOI Reconciliation"</p>
Net Operating Income ("NOI"), Accounting Basis	<ul style="list-style-type: none"> 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. 	<p>Section 7.1, "Net Income and Segment NOI Reconciliation"</p>
NOI, Cash Basis	<ul style="list-style-type: none"> 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. 	<p>Section 7.1, "Net Income and Segment NOI Reconciliation"</p> <p>Section 14.2, "Net Operating Income"</p>
Same-Asset NOI, Cash Basis and Same-Asset NOI, Accounting Basis	<ul style="list-style-type: none"> Same-Asset NOI is used to evaluate the period-over-period performance of those commercial properties and stabilized residential properties, owned and operated by Choice Properties since January 1, 2022, inclusive. NOI from properties that have been (i) purchased, (ii) disposed, (iii) subject to significant change as a result of new development, redevelopment, expansion, or demolition, or (iv) residential properties not yet stabilized (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. 	<p>Section 7.2, "Net Operating Income Summary"</p>

Funds from Operations ("FFO")	<ul style="list-style-type: none"> Calculated in accordance with the Real Property Association of Canada's ("REALpac") <i>Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS</i> 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, investment in real estate securities, 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. 	<p>Section 14.3, "Funds from Operations"</p> <p>Section 14.9, "Selected Information for Comparative Purposes"</p>
Adjusted Funds from Operations ("AFFO")	<ul style="list-style-type: none"> Calculated in accordance with REALpac's <i>Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS</i> 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. 	<p>Section 14.4, "Adjusted Funds from Operations"</p> <p>Section 14.9, "Selected Information for Comparative Purposes"</p>
Adjusted Cash Flow from Operations ("ACFO")	<ul style="list-style-type: none"> Calculated in accordance with REALpac's <i>Adjusted Cashflow from Operations (ACFO) for IFRS</i> issued in January 2023. 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. 	<p>Section 14.5, "Adjusted Cash Flow from Operations"</p>
FFO, AFFO and ACFO Payout Ratios	<ul style="list-style-type: none"> 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. 	<p>Section 7.3, "Other Key Performance Indicators"</p>

Earnings before Interest, Taxes, Depreciation, Amortization and Fair Value ("EBITDAFV")	<ul style="list-style-type: none"> 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 distributions to its Unitholders. 	Section 14.8, "Earnings before Interest, Taxes, Depreciation, Amortization and Fair Value"
Cash Retained after Distributions	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Defined as variable rate debt (construction loans, mortgages, and credit facility) and fixed rate debt (senior unsecured debentures, construction loans 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, and defeasance or other prepayments of debt. 	Section 4.3, "Components of Total Adjusted Debt"
Adjusted Debt to Total Assets	<ul style="list-style-type: none"> Determined by dividing Total Adjusted Debt (as defined above) by total assets as presented on a proportionate share basis⁽¹⁾ 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. 	<p>Section 4.4, "Financial Condition"</p> <p>Section 14.9, "Selected Information for Comparative Purposes"</p>
Debt Service Coverage	<ul style="list-style-type: none"> 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. 	<p>Section 4.4, "Financial Condition"</p> <p>Section 14.9, "Selected Information for Comparative Purposes"</p>
Adjusted Debt to EBITDAFV, and Adjusted Debt to EBITDAFV, net of cash	<ul style="list-style-type: none"> Calculated as Total Adjusted Debt divided by EBITDAFV. This ratio is used to assess the financial leverage of Choice Properties, measure its ability to meet financial obligations, and 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	<ul style="list-style-type: none"> 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"
Liquidity	<ul style="list-style-type: none"> Liquidity is a non-GAAP measure calculated based on the sum of total cash and cash equivalents, and undrawn revolving unsecured operating line of credit. 	<p>Section 4, "Liquidity and Capital Resources"</p> <p>Section 4.2, "Liquidity and Capital Structure"</p>

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 September 30, 2023:

As at or for the three months ended September 30 (\$ thousands except where otherwise indicated)	Income Producing Properties			Properties Under Development			Total Investment Properties	
	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	\$ 14,414,000	\$ 954,000	\$ 15,368,000	\$ 421,000	\$ 724,000	\$ 1,145,000	\$ 14,835,000	\$ 16,513,000
Acquisitions of investment properties ⁽ⁱⁱ⁾	7,501	—	7,501	—	—	—	7,501	7,501
Capital expenditures								
Development capital	—	—	—	20,134	21,598	41,732	20,134	41,732
Building improvements	2,653	163	2,816	—	—	—	2,653	2,816
Capitalized interest	—	—	—	2,013	1,090	3,103	2,013	3,103
Property capital	31,513	78	31,591	—	—	—	31,513	31,591
Direct leasing costs	1,681	119	1,800	—	—	—	1,681	1,800
Tenant improvement allowances	8,323	373	8,696	—	—	—	8,323	8,696
Amortization of straight-line rent	(839)	925	86	—	—	—	(839)	86
Transfers to assets held for sale	(92,754)	—	(92,754)	—	—	—	(92,754)	(92,754)
Transfers from properties under development	55,800	4,750	60,550	(55,800)	(4,750)	(60,550)	—	—
Dispositions	—	—	—	—	—	—	—	—
Adjustment to fair value of investment properties	12,122	592	12,714	14,653	(938)	13,715	26,775	26,429
Balance, as at September 30, 2023	\$ 14,440,000	\$ 961,000	\$ 15,401,000	\$ 402,000	\$ 741,000	\$ 1,143,000	\$ 14,842,000	\$ 16,544,000

(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.

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 nine months ended September 30, 2023:

As at or for the nine months ended September 30 (\$ thousands except where otherwise indicated)	Income Producing Properties			Properties Under Development			Total Investment Properties	
	GAAP Basis	Adjustment to Proportionate Share Basis ⁽ⁱ⁾⁽ⁱⁱ⁾	Proportionate Share Basis ⁽ⁱ⁾	GAAP Basis	Adjustment to Proportionate Share Basis ⁽ⁱ⁾⁽ⁱⁱ⁾	Proportionate Share Basis ⁽ⁱ⁾	GAAP Basis	Proportionate Share Basis ⁽ⁱ⁾
Balance, beginning of period	\$ 14,119,000	\$ 989,000	\$ 15,108,000	\$ 325,000	\$ 721,000	\$ 1,046,000	\$ 14,444,000	\$ 16,154,000
Acquisitions of investment properties ⁽ⁱⁱ⁾	82,888	99,814	182,702	—	18,728	18,728	82,888	201,430
Capital expenditures								
Development capital	—	—	—	80,796	47,719	128,515	80,796	128,515
Building improvements	10,927	(2,058)	8,869	—	—	—	10,927	8,869
Capitalized interest	—	—	—	4,344	680	5,024	4,344	5,024
Property capital	39,025	88	39,113	—	—	—	39,025	39,113
Direct leasing costs	4,265	476	4,741	—	—	—	4,265	4,741
Tenant improvement allowances	18,452	1,418	19,870	—	—	—	18,452	19,870
Amortization of straight-line rent	(2,716)	2,359	(357)	—	—	—	(2,716)	(357)
Transfers to assets held for sale	(92,754)	—	(92,754)	—	—	—	(92,754)	(92,754)
Transfer from equity accounted joint ventures	153,842	(153,842)	—	38,968	(38,968)	—	192,810	—
Transfers from properties under development	67,600	4,750	72,350	(67,600)	(4,750)	(72,350)	—	—
Dispositions	(130,772)	—	(130,772)	—	—	—	(130,772)	(130,772)
Adjustment to fair value of investment properties	170,243	18,995	189,238	20,492	(3,409)	17,083	190,735	206,321
Balance, as at September 30, 2023	\$ 14,440,000	\$ 961,000	\$ 15,401,000	\$ 402,000	\$ 741,000	\$ 1,143,000	\$ 14,842,000	\$ 16,544,000

- (i) Adjustment to Proportionate Share Basis⁽ⁱ⁾ 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, 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 September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Net Income	\$ 435,903	\$ 948,077	\$ (512,174)	\$ 1,242,375	\$ 1,323,253	\$ (80,878)
Interest income	(11,147)	(5,195)	(5,952)	(31,443)	(14,669)	(16,774)
Investment income	(5,315)	(5,165)	(150)	(15,945)	(10,330)	(5,615)
Fee income	(821)	(714)	(107)	(3,162)	(2,501)	(661)
Net interest expense and other financing charges	142,292	136,574	5,718	422,774	399,610	23,164
General and administrative expenses	16,420	11,360	5,060	44,631	33,345	11,286
Share of income from equity accounted joint ventures	(4,823)	(211,279)	206,456	(31,000)	(338,345)	307,345
Amortization of intangible assets	250	250	—	750	750	—
Transaction costs and other related expenses	—	13	(13)	34	5,026	(4,992)
Adjustment to fair value of unit-based compensation	(643)	(476)	(167)	(2,373)	(1,474)	(899)
Adjustment to fair value of Exchangeable Units	(352,250)	(577,848)	225,598	(823,236)	(1,029,045)	205,809
Adjustment to fair value of investment properties	(26,775)	(141,277)	114,502	(188,595)	80,255	(268,850)
Adjustment to fair value of investment in real estate securities	44,757	68,847	(24,090)	90,576	227,562	(136,986)
Income tax (recovery) expense	—	(4)	4	1	2	(1)
Net Operating Income, Accounting Basis - GAAP	237,848	223,163	14,685	705,387	673,439	31,948
Straight-line rental revenue	839	(995)	1,834	2,716	(1,716)	4,432
Lease surrender revenue	(6,219)	(70)	(6,149)	(14,437)	(2,354)	(12,083)
Net Operating Income, Cash Basis - GAAP	232,468	222,098	10,370	693,666	669,369	24,297
Adjustments for equity accounted joint ventures and financial real estate assets	12,418	12,442	(24)	38,802	33,747	5,055
Net Operating Income, Cash Basis - Proportionate Share⁽¹⁾	\$ 244,886	\$ 234,540	\$ 10,346	\$ 732,468	\$ 703,116	\$ 29,352

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 September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Net Income	\$ 435,903	\$ 948,077	\$(512,174)	\$ 1,242,375	\$ 1,323,253	\$(80,878)
Add (deduct) impact of the following:						
Amortization of intangible assets	250	250	—	750	750	—
Transaction costs and other related expenses	—	13	(13)	34	5,026	(4,992)
Adjustment to fair value of unit-based compensation	(643)	(476)	(167)	(2,373)	(1,474)	(899)
Adjustment to fair value of Exchangeable Units	(352,250)	(577,848)	225,598	(823,236)	(1,029,045)	205,809
Adjustment to fair value of investment properties	(26,775)	(141,277)	114,502	(188,595)	80,255	(268,850)
Adjustment to fair value of investment property held in equity accounted joint ventures	346	(202,968)	203,314	(15,586)	(314,861)	299,275
Adjustment to fair value of investment in real estate securities	44,757	68,847	(24,090)	90,576	227,562	(136,986)
Interest otherwise capitalized for development in equity accounted joint ventures	2,933	3,071	(138)	8,787	5,799	2,988
Exchangeable Units distributions	74,210	73,221	989	221,971	219,663	2,308
Internal expenses for leasing	2,282	2,213	69	6,790	6,615	175
Income tax (recovery) expense	—	(4)	4	1	2	(1)
Funds from Operations	\$ 181,013	\$ 173,119	\$ 7,894	\$ 541,494	\$ 523,545	\$ 17,949
FFO per unit - diluted	\$ 0.250	\$ 0.239	\$ 0.011	\$ 0.748	\$ 0.724	\$ 0.024
FFO payout ratio - diluted ⁽ⁱ⁾	75.0%	77.3%	(2.3)%	74.9%	76.7%	(1.8)%
Distribution declared per unit	\$ 0.188	\$ 0.185	\$ 0.003	\$ 0.561	\$ 0.555	\$ 0.006
Weighted average number of units outstanding - diluted ⁽ⁱⁱ⁾	723,664,818	723,577,162	87,656	723,667,850	723,530,507	137,343

(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 September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Net Operating Income, Cash Basis	\$ 244,886	\$ 234,540	\$ 10,346	\$ 732,468	\$ 703,116	\$ 29,352
Straight-line rental revenue	86	1,470	(1,384)	(357)	3,131	(3,488)
Lease surrender revenue	6,209	70	6,139	14,639	2,564	12,075
Net Operating Income, Accounting Basis	\$ 251,181	\$ 236,080	\$ 15,101	\$ 746,750	\$ 708,811	\$ 37,939
Interest income	8,189	5,397	2,792	20,887	14,128	6,759
Investment income	5,315	5,165	150	15,945	10,330	5,615
Fee income	821	714	107	3,162	2,501	661
Net interest expense and other financing charges	(147,498)	(141,382)	(6,116)	(438,167)	(410,957)	(27,210)
Distributions on Exchangeable Units	74,210	73,221	989	221,971	219,663	2,308
Interest otherwise capitalized for development in equity accounted joint ventures	2,933	3,071	(138)	8,787	5,799	2,988
General and administrative expenses	(16,420)	(11,360)	(5,060)	(44,631)	(33,345)	(11,286)
Internal expenses for leasing	2,282	2,213	69	6,790	6,615	175
Funds from Operations	\$ 181,013	\$ 173,119	\$ 7,894	\$ 541,494	\$ 523,545	\$ 17,949
FFO per unit - diluted	\$ 0.250	\$ 0.239	\$ 0.011	\$ 0.748	\$ 0.724	\$ 0.024
FFO payout ratio - diluted ⁽ⁱ⁾	75.0%	77.3%	(2.3)%	74.9%	76.7%	(1.8)%
Distribution declared per unit	\$ 0.188	\$ 0.185	\$ 0.003	\$ 0.561	\$ 0.555	\$ 0.006
Weighted average number of units outstanding - diluted ⁽ⁱⁱ⁾	723,664,818	723,577,162	87,656	723,667,850	723,530,507	137,343

(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 September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Funds from Operations	\$ 181,013	\$ 173,119	\$ 7,894	\$ 541,494	\$ 523,545	\$ 17,949
Add (deduct) impact of the following:						
Internal expenses for leasing	(2,282)	(2,213)	(69)	(6,790)	(6,615)	(175)
Straight-line rental revenue	839	(995)	1,834	2,716	(1,716)	4,432
Adjustment for proportionate share of straight-line rental revenue from equity accounted joint ventures and financial real estate assets	(925)	(475)	(450)	(2,359)	(1,415)	(944)
Property capital	(31,513)	(30,119)	(1,394)	(39,025)	(35,481)	(3,544)
Direct leasing costs	(1,681)	(3,326)	1,645	(4,265)	(6,483)	2,218
Tenant improvements	(8,323)	(4,757)	(3,566)	(18,452)	(14,194)	(4,258)
Adjustment for proportionate share of operating capital expenditures from equity accounted joint ventures and financial real estate assets	(570)	(874)	304	(1,982)	(2,824)	842
Adjusted Funds from Operations	\$ 136,558	\$ 130,360	\$ 6,198	\$ 471,337	\$ 454,817	\$ 16,520
AFFO per unit - diluted	\$ 0.189	\$ 0.180	\$ 0.009	\$ 0.651	\$ 0.629	\$ 0.022
AFFO payout ratio - diluted ⁽ⁱ⁾	99.4%	102.7%	(3.3)%	86.1%	88.3%	(2.2)%
Distribution declared per unit	\$ 0.188	\$ 0.185	\$ 0.003	\$ 0.561	\$ 0.555	\$ 0.006
Weighted average number of units outstanding - diluted ⁽ⁱⁱ⁾	723,664,818	723,577,162	87,656	723,667,850	723,530,507	137,343

(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 September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022 ⁽ⁱ⁾	Change \$	2023	2022 ⁽ⁱ⁾	Change \$
Cash Flows from Operating Activities	\$ 149,246	\$ 196,900	\$ (47,654)	\$ 434,305	\$ 471,428	\$ (37,123)
Add (deduct) impact of the following:						
Net interest expense and other financing charges in excess of interest paid ⁽ⁱⁱ⁾	(62,547)	(67,154)	4,607	(215,376)	(211,961)	(3,415)
Distributions on Exchangeable Units included in net interest expense and other financing charges	74,210	73,221	989	221,971	219,663	2,308
Interest and other income in excess of interest received ⁽ⁱⁱⁱ⁾	2,206	(164)	2,370	8,324	1,894	6,430
Interest otherwise capitalized for development in equity accounted joint ventures	2,933	3,071	(138)	8,787	5,799	2,988
Portion of internal expenses for leasing relating to development activity	1,141	1,107	34	3,395	3,308	87
Adjustment for property capital expenditures on a proportionate share basis ⁽ⁱ⁾	(31,591)	(30,443)	(1,148)	(39,113)	(36,559)	(2,554)
Adjustment for leasing expenditures on a proportionate share basis ⁽ⁱ⁾	(492)	(550)	58	(1,894)	(1,746)	(148)
Transaction costs and other related expenses	—	13	(13)	34	5,026	(4,992)
Adjustment for proportionate share of operating income from equity accounted joint ventures ⁽ⁱⁱⁱ⁾	5,169	8,311	(3,142)	15,414	23,484	(8,070)
Adjustment for distributions from equity accounted joint ventures	(15,393)	(8,243)	(7,150)	(24,326)	(61,439)	37,113
Adjustment for additions to residential inventory	1,510	2,195	(685)	7,738	6,078	1,660
Adjustment for changes in non-cash working capital items not indicative of sustainable operating cash flows ^(iv)	17,614	(45,649)	63,263	51,256	27,224	24,032
Adjusted Cash Flow from Operations	\$ 144,006	\$ 132,615	\$ 11,391	\$ 470,515	\$ 452,199	\$ 18,316
Cash distributions declared	135,684	133,856	1,828	405,846	401,549	4,297
Cash Retained after Distributions	\$ 8,322	\$ (1,241)	\$ 9,563	\$ 64,669	\$ 50,650	\$ 14,019
ACFO Payout Ratio^(v)	94.2 %	100.9 %	(6.7)%	86.3 %	88.8 %	(2.5)%

- (i) Certain comparative figures were reclassified in the Trust’s statement of cash flow to conform to the current period presentation. The 2022 ACFO adjustments have been updated to reflect the change in cash flow presentation. The net impact to ACFO for the three and nine months ended September 30, 2023 is an increase of \$5,319 and a decrease of \$1,132, respectively.
- (ii) The timing of the recognition of interest expense and income differs from the cash payment and collection. The ACFO calculations for the periods ended September 30, 2023 and September 30, 2022 were adjusted for this factor to make the periods more comparable⁽²⁾.
- (iii) Excludes adjustment to fair value of investment properties for equity accounted joint ventures.
- (iv) 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, which are not related to sustainable operating activities.
- (v) ACFO payout ratio is calculated as the cash distributions declared divided by ACFO.

Based on the Real Property Association of Canada’s *Adjusted Cashflow from Operations (ACFO) for IFRS* issued in January 2023, 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 September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Net change in non-cash working capital ⁽ⁱ⁾	\$ (13,862)	\$ 44,859	\$ (58,721)	\$ (59,979)	\$ (34,852)	\$ (25,127)
Adjustment for changes in non-cash working capital items not indicative of sustainable operating cash flows	17,614	(45,649)	63,263	51,256	27,224	24,032
Net non-cash working capital increase included in ACFO	\$ 3,752	\$ (790)	\$ 4,542	\$ (8,723)	\$ (7,628)	\$ (1,095)

- (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 September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Cash flows from operating activities	\$ 149,246	\$ 196,900	\$ (47,654)	\$ 434,305	\$ 471,428	\$ (37,123)
Less: Cash distributions declared	(135,684)	(133,856)	(1,828)	(405,846)	(401,549)	(4,297)
Excess of cash flows provided by operating activities over cash distributions declared	\$ 13,562	\$ 63,044	\$ (49,482)	\$ 28,459	\$ 69,879	\$ (41,420)

For the periods ended September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Net Income	\$ 435,903	\$ 948,077	\$ (512,174)	\$ 1,242,375	\$ 1,323,253	\$ (80,878)
Add: Distributions on Exchangeable Units included in net interest expense and other financing charges	74,210	73,221	989	221,971	219,663	2,308
Net income attributable to Unitholders excluding distributions on Exchangeable Units	510,113	1,021,298	(511,185)	1,464,346	1,542,916	(78,570)
Less: Cash distributions declared	(135,684)	(133,856)	(1,828)	(405,846)	(401,549)	(4,297)
Excess of net income attributable to Unitholders, less distributions on Exchangeable Units, over cash distributions declared	\$ 374,429	\$ 887,442	\$ (513,013)	\$ 1,058,500	\$ 1,141,367	\$ (82,867)

For the periods ended September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Adjusted Cash Flow from Operations ⁽¹⁾	\$ 144,006	\$ 132,615	\$ 11,391	\$ 470,515	\$ 452,199	\$ 18,316
Less: Cash distributions declared	(135,684)	(133,856)	(1,828)	(405,846)	(401,549)	(4,297)
Excess (Shortfall) of ACFO after distributions	\$ 8,322	\$ (1,241)	\$ 9,563	\$ 64,669	\$ 50,650	\$ 14,019

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 and nine months ended September 30, 2023 and 2022:

For the three months ended September 30 (\$ thousands)	2023			2022		
	Proportionate Share Basis ⁽¹⁾	Consolidation and Eliminations ⁽ⁱ⁾	GAAP Basis	Proportionate Share Basis ⁽¹⁾	Consolidation and Eliminations ⁽ⁱ⁾	GAAP Basis
Interest on senior unsecured debentures	\$ 56,415	\$ —	\$ 56,415	\$ 50,879	\$ —	\$ 50,879
Interest on mortgages and construction loans	17,106	(6,173)	10,933	14,204	(4,994)	9,210
Interest on credit facility	2,442	—	2,442	2,595	—	2,595
Subtotal (for use in Debt Service Coverage⁽¹⁾ calculation)	75,963	(6,173)	69,790	67,678	(4,994)	62,684
Distributions on Exchangeable Units ⁽ⁱⁱ⁾	74,210	—	74,210	73,221	—	73,221
Subtotal (for use in EBITDAFV⁽¹⁾ calculation)	150,173	(6,173)	144,000	140,899	(4,994)	135,905
Interest on right-of-use lease liabilities	14	—	14	87	—	87
Amortization of debt discounts and premiums	17	(70)	(53)	409	(70)	339
Amortization of debt placement costs	884	(53)	831	1,122	(68)	1,054
Capitalized interest	(3,590)	1,090	(2,500)	(1,135)	324	(811)
Net interest expense and other financing charges	\$ 147,498	\$ (5,206)	\$ 142,292	\$ 141,382	\$ (4,808)	\$ 136,574

(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.

For the nine months ended September 30 (\$ thousands)	2023			2022		
	Proportionate Share Basis ⁽¹⁾	Consolidation and Eliminations ⁽ⁱ⁾	GAAP Basis	Proportionate Share Basis ⁽¹⁾	Consolidation and Eliminations ⁽ⁱ⁾	GAAP Basis
Interest on senior unsecured debentures	\$ 162,272	\$ —	\$ 162,272	\$ 141,901	\$ —	\$ 141,901
Interest on mortgages and construction loans	46,981	(15,742)	31,239	41,856	(12,052)	29,804
Interest on credit facility	9,026	—	9,026	5,714	—	5,714
Subtotal (for use in Debt Service Coverage⁽¹⁾ calculation)	218,279	(15,742)	202,537	189,471	(12,052)	177,419
Distributions on Exchangeable Units ⁽ⁱⁱ⁾	221,971	—	221,971	219,663	—	219,663
Subtotal (for use in EBITDAFV⁽¹⁾ calculation)	440,250	(15,742)	424,508	409,134	(12,052)	397,082
Interest on right-of-use lease liabilities	50	—	50	126	—	126
Amortization of debt discounts and premiums	191	(211)	(20)	1,029	(213)	816
Amortization of debt placement costs	3,599	(120)	3,479	3,959	(173)	3,786
Capitalized interest	(5,923)	680	(5,243)	(3,291)	1,091	(2,200)
Net interest expense and other financing charges	\$ 438,167	\$ (15,393)	\$ 422,774	\$ 410,957	\$ (11,347)	\$ 399,610

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 September 30 (\$ thousands)	Three Months			Nine Months		
	2023	2022	Change \$	2023	2022	Change \$
Net Income	\$ 435,903	\$ 948,077	\$ (512,174)	\$ 1,242,375	\$ 1,323,253	\$ (80,878)
Add (deduct) impact of the following:						
Transaction costs and other related expenses	—	13	(13)	34	5,026	(4,992)
Adjustment to fair value of unit-based compensation	(643)	(476)	(167)	(2,373)	(1,474)	(899)
Adjustment to fair value of Exchangeable Units	(352,250)	(577,848)	225,598	(823,236)	(1,029,045)	205,809
Adjustment to fair value of investment properties	(26,775)	(141,277)	114,502	(188,595)	80,255	(268,850)
Adjustment to fair value of investment property held in equity accounted joint ventures and financial real estate assets	346	(202,968)	203,314	(15,586)	(314,861)	299,275
Adjustment to fair value of investment in real estate securities	44,757	68,847	(24,090)	90,576	227,562	(136,986)
Interest expense ⁽ⁱ⁾	150,173	140,899	9,274	440,250	409,134	31,116
Amortization of other assets	321	297	24	990	915	75
Amortization of intangible assets	250	250	—	750	750	—
Income tax (recovery) expense	—	(4)	4	1	2	(1)
Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value (EBITDAFV)	\$ 252,082	\$ 235,810	\$ 16,272	\$ 745,186	\$ 701,517	\$ 43,669

(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 (loss), 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.

	Third Quarter 2023	Second Quarter 2023	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021
Net income (loss)	\$ 435,903	\$ 535,668	\$ 270,804	\$ (579,000)	\$ 948,077	\$ (11,810)	\$ 386,986	\$ (163,087)	\$ 163,672
Amortization of intangible assets	250	250	250	250	250	250	250	250	250
Transaction costs and other related expenses	—	9	25	82	13	(223)	5,236	—	—
Adjustment to fair value of unit-based compensation and other fair value gains (losses), net	(643)	(998)	(732)	2,665	(476)	(2,064)	1,066	(666)	(159)
Adjustment to fair value of Exchangeable Units	(352,250)	(375,997)	(94,989)	858,857	(577,848)	(569,933)	118,736	372,039	(15,831)
Adjustment to fair value of investment properties	(26,775)	(86,053)	(75,767)	(193,370)	(141,277)	523,775	(302,243)	(96,275)	(34,944)
Adjustment to fair value of investment property held in equity accounted joint ventures	346	132	(16,064)	(13,877)	(202,968)	(1,456)	(110,437)	(12,952)	(16,428)
Adjustment to fair value of investment in real estate securities	44,757	31,176	14,643	20,784	68,847	158,715	—	—	—
Interest otherwise capitalized for development in equity accounted joint ventures	2,933	2,939	2,915	2,790	3,071	2,488	240	393	815
Exchangeable Units distributions	74,210	74,210	73,551	73,221	73,221	73,221	73,221	73,221	73,221
Internal expenses for leasing	2,282	2,254	2,254	1,900	2,213	2,323	2,079	2,560	2,055
Income tax recovery (expense)	—	—	1	(119)	(4)	4	2	(686)	—
Funds from Operations	\$ 181,013	\$ 183,590	\$ 176,891	\$ 174,183	\$ 173,119	\$ 175,290	\$ 175,136	\$ 174,797	\$ 172,651
FFO per unit - diluted	\$ 0.250	\$ 0.254	\$ 0.244	\$ 0.241	\$ 0.239	\$ 0.242	\$ 0.242	\$ 0.242	\$ 0.239
FFO payout ratio - diluted ⁽ⁱ⁾	75.0%	73.9%	76.0%	76.8%	77.3%	76.4%	76.4%	76.6%	77.5%
Distribution declared per unit	\$ 0.188	\$ 0.188	\$ 0.186	\$ 0.185	\$ 0.185	\$ 0.185	\$ 0.185	\$ 0.185	\$ 0.185
Weighted average number of units outstanding - diluted ⁽ⁱⁱ⁾	723,664,818	723,656,668	723,665,160	723,586,201	723,577,162	723,593,236	723,466,930	723,363,313	723,346,150

(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.

	Third Quarter 2023	Second Quarter 2022	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021
Funds from operations	\$ 181,013	\$ 183,590	\$ 176,891	\$ 174,183	\$ 173,119	\$ 175,290	\$ 175,136	\$ 174,797	\$ 172,651
Internal expenses for leasing	(2,282)	(2,254)	(2,254)	(1,900)	(2,213)	(2,323)	(2,079)	(2,560)	(2,055)
Straight-line rental revenue	839	898	979	(838)	(995)	(210)	(511)	(339)	(419)
Adjustment for proportionate share of straight-line rental revenue from equity accounted joint ventures and financial real estate assets	(925)	(777)	(657)	(658)	(475)	(541)	(399)	(792)	(767)
Property capital	(31,513)	(5,764)	(1,748)	(35,456)	(30,119)	(2,998)	(2,364)	(41,073)	(13,975)
Direct leasing costs	(1,681)	(793)	(1,791)	(2,258)	(3,326)	(1,358)	(1,799)	(2,258)	(1,272)
Tenant improvements	(8,323)	(3,686)	(6,443)	(5,188)	(4,757)	(3,320)	(6,117)	(8,265)	(208)
Adjustment for proportionate share of operating capital expenditures from equity accounted joint ventures and financial real estate assets	(570)	(814)	(598)	(950)	(874)	(832)	(1,118)	(586)	(389)
Adjusted Funds from Operations	\$ 136,558	\$ 170,400	\$ 164,379	\$ 126,935	\$ 130,360	\$ 163,708	\$ 160,749	\$ 118,924	\$ 153,566
AFFO per unit - diluted	\$ 0.189	\$ 0.235	\$ 0.227	\$ 0.175	\$ 0.180	\$ 0.226	\$ 0.222	\$ 0.164	\$ 0.212
Cash distributions declared	135,684	135,684	134,478	133,858	133,856	133,857	133,836	133,820	133,811
AFFO payout ratio - diluted ⁽ⁱ⁾	99.4%	79.6%	81.8%	105.5%	102.7%	81.8%	83.0%	112.5%	87.1%
Weighted average number of units outstanding - diluted ⁽ⁱⁱ⁾	723,664,818	723,656,668	723,665,160	723,586,201	723,577,162	723,593,236	723,466,930	723,363,313	723,346,150

(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 ratio 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.

	Third Quarter 2023	Second Quarter 2023	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021
Total Assets - Proportionate Basis	\$17,800,387	\$17,624,482	\$17,483,341	\$17,349,387	\$16,941,805	\$16,676,996	\$16,910,210	\$16,664,782	\$16,599,779
Debt Service Coverage Ratio - Denominator	\$ 84,449	\$ 79,923	\$ 79,121	\$ 78,148	\$ 76,253	\$ 70,330	\$ 68,639	\$ 72,362	\$ 71,063

Financial Statements *(unaudited)*

Mount Pleasant Village
Brampton, ON



Financial Results

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

(in thousands of Canadian dollars)		As at	
	Note	September 30, 2023	December 31, 2022
Assets			
Investment properties	4	\$ 14,842,000	\$ 14,444,000
Equity accounted joint ventures	5	879,146	995,822
Financial real estate assets	7	196,263	109,509
Residential development inventory	8	27,422	18,785
Mortgages, loans and notes receivable	9	757,175	680,475
Investment in real estate securities	10	211,738	302,314
Intangible assets	11	14,825	21,369
Accounts receivable and other assets	12	178,924	132,117
Assets held for sale	3,4	92,754	50,400
Cash and cash equivalents	26(c)	59,268	64,736
Total Assets		\$ 17,259,515	\$ 16,819,527
Liabilities and Equity			
Long term debt	13	\$ 6,730,080	\$ 6,294,101
Credit facility	14	—	257,617
Exchangeable Units	15	5,018,573	5,841,809
Trade payables and other liabilities	17	625,490	601,847
Total Liabilities		12,374,143	12,995,374
Equity			
Unitholders' equity	15	4,885,372	3,824,153
Total Equity		4,885,372	3,824,153
Total Liabilities and Equity		\$ 17,259,515	\$ 16,819,527

Contingent Liabilities and Financial Guarantees (Note 28)
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 and Comprehensive Income
(unaudited)

(in thousands of Canadian dollars)	Note	Three Months		Nine Months	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net Rental Income					
Rental revenue	19	\$ 325,077	\$ 309,082	\$ 980,061	\$ 950,212
Property operating costs	20	(87,229)	(85,919)	(274,674)	(276,773)
		237,848	223,163	705,387	673,439
Other Income and Expenses					
Interest income	21	11,147	5,195	31,443	14,669
Investment income	10	5,315	5,165	15,945	10,330
Fee income	22	821	714	3,162	2,501
Net interest expense and other financing charges	23	(142,292)	(136,574)	(422,774)	(399,610)
General and administrative expenses	24	(16,420)	(11,360)	(44,631)	(33,345)
Share of income from equity accounted joint ventures	5	4,823	211,279	31,000	338,345
Amortization of intangible assets	11	(250)	(250)	(750)	(750)
Transaction costs and other related expenses	3	—	(13)	(34)	(5,026)
Adjustment to fair value of unit-based compensation		643	476	2,373	1,474
Adjustment to fair value of Exchangeable Units	15	352,250	577,848	823,236	1,029,045
Adjustment to fair value of investment properties	4	26,775	141,277	188,595	(80,255)
Adjustment to fair value of investment in real estate securities	10	(44,757)	(68,847)	(90,576)	(227,562)
Income before Income Taxes		435,903	948,073	1,242,376	1,323,255
Income tax recovery (expense)	16	—	4	(1)	(2)
Net Income		\$ 435,903	\$ 948,077	\$ 1,242,375	\$ 1,323,253
Net Income		\$ 435,903	\$ 948,077	\$ 1,242,375	\$ 1,323,253
Other Comprehensive Income					
Unrealized gain (loss) on designated hedging instruments	25	2,653	(468)	3,470	11,386
Other comprehensive income (loss)		2,653	(468)	3,470	11,386
Comprehensive Income		\$ 438,556	\$ 947,609	\$ 1,245,845	\$ 1,334,639

See accompanying notes to the condensed consolidated financial statements

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

		Attributable to Choice Properties' Unitholders				
(in thousands of Canadian dollars)	Note	Trust Units	Cumulative net income	Accumulated other comprehensive income	Cumulative distributions to Unitholders	Total Unitholders' equity
Equity, December 31, 2022		\$ 3,661,605	\$ 1,578,995	\$ 12,925	\$ (1,429,372)	\$ 3,824,153
Net Income		—	1,242,375	—	—	1,242,375
Other comprehensive income (loss)		—	—	3,470	—	3,470
Distributions		—	—	—	(183,875)	(183,875)
Units issued under unit-based compensation arrangements	15	1,362	—	—	—	1,362
Reclassification of vested Unit-Settled Restricted Units liability to equity	15	1,435	—	—	—	1,435
Units repurchased for unit-based compensation arrangements	15	(3,548)	—	—	—	(3,548)
Equity, September 30, 2023		\$ 3,660,854	\$ 2,821,370	\$ 16,395	\$ (1,613,247)	\$ 4,885,372

		Attributable to Choice Properties' Unitholders				
(in thousands of Canadian dollars)	Note	Trust Units	Cumulative net income	Accumulated other comprehensive income	Cumulative distributions to Unitholders	Total Unitholders' equity
Equity, December 31, 2021		\$ 3,660,941	\$ 834,742	\$ 1,357	\$ (1,186,849)	\$ 3,310,191
Net Income		—	1,323,253	—	—	1,323,253
Other comprehensive income (loss)		—	—	11,386	—	11,386
Distributions		—	—	—	(181,886)	(181,886)
Units issued under unit-based compensation arrangements	15	2,589	—	—	—	2,589
Reclassification of vested Unit-Settled Restricted Units liability to equity	15	1,316	—	—	—	1,316
Units repurchased for unit-based compensation arrangements	15	(3,449)	—	—	—	(3,449)
Equity, September 30, 2022		\$ 3,661,397	\$ 2,157,995	\$ 12,743	\$ (1,368,735)	\$ 4,463,400

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		Nine Months	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Operating Activities					
Net Income		\$ 435,903	\$ 948,077	\$ 1,242,375	\$ 1,323,253
Net interest expense and other financing charges	23	142,292	136,574	422,774	399,610
Interest paid		(79,745)	(69,420)	(207,398)	(187,649)
Interest income	21	(11,147)	(5,195)	(31,443)	(14,669)
Interest received		8,941	5,359	23,119	12,775
Share of income from equity accounted joint ventures	5	(4,823)	(211,279)	(31,000)	(338,345)
Distributions from equity accounted joint ventures	5, 26(d)	15,393	8,243	24,326	61,439
Additions to residential inventory	8	(1,510)	(2,195)	(7,738)	(6,078)
Direct leasing costs and tenant improvement allowances	26(d)	(10,004)	(8,083)	(22,717)	(20,677)
Cash paid on vesting of restricted and performance units	26(d)	(70)	(6)	(2,741)	(4,383)
Items not affecting cash and other items	26(d)	(332,122)	(650,034)	(915,273)	(718,996)
Net change in non-cash working capital	26(d)	(13,862)	44,859	(59,979)	(34,852)
Cash Flows from Operating Activities		149,246	196,900	434,305	471,428
Investing Activities					
Acquisitions of investment properties	3	(7,501)	(19,736)	(63,038)	(88,425)
Acquisitions of financial real estate assets	3, 7	—	—	(86,452)	(15,054)
Additions to investment properties	4	(49,219)	(61,346)	(144,577)	(86,763)
Additions to financial real estate assets	7	(3,062)	(3,021)	(252)	(4,197)
Contributions to equity accounted joint ventures	5	(1,133)	(6,853)	(25,855)	(121,456)
Mortgages, loans and notes receivable advances	9	(85,043)	(102,500)	(258,320)	(260,104)
Mortgages, loans and notes receivable repayments	9	15,188	3,279	78,424	6,291
Proceeds from dispositions	3	1,900	39,310	76,692	91,956
Cash Flows (used in) Investing Activities		(128,870)	(150,867)	(423,378)	(477,752)
Financing Activities					
Proceeds from issuance of debentures, net	13	348,038	(160)	895,091	497,225
Repayments of debentures	13	(200,000)	—	(575,000)	(300,000)
Net advances (repayments) of mortgages payable	13	(6,435)	(22,443)	99,245	(147,653)
Net advances (repayments) on construction loans	13	14,390	14,518	10,858	19,602
Net advances (repayments) of credit facility	14	(78,675)	40,000	(260,000)	195,000
Payment of credit facility extension fee	14	(600)	(782)	(600)	(782)
Cash received on exercise of options	18	—	—	1,156	2,428
Repurchase of units for unit-based compensation arrangement	15	(200)	—	(3,548)	(3,449)
Distributions paid on Exchangeable Units		—	—	—	(122,035)
Distributions paid on Trust Units		(61,474)	(60,677)	(183,597)	(181,886)
Cash Flows from (used in) Financing Activities		15,044	(29,544)	(16,395)	(41,550)
Change in cash and cash equivalents		35,420	16,489	(5,468)	(47,874)
Cash and cash equivalents, beginning of period		23,848	19,941	64,736	84,304
Cash and Cash Equivalents, End of Period	26(c)	\$ 59,268	\$ 36,430	\$ 59,268	\$ 36,430

Supplemental disclosure of non-cash operating activities (Note 26)
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 September 30, 2023, 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 2022 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, 2022.

These condensed consolidated financial statements were authorized for issuance by the Board of Trustees (“Board”) for Choice Properties on November 8, 2023.

Note 3. Investment Property and Other Transactions

The following table summarizes the investment properties acquired in the nine months ended September 30, 2023:

(\$ thousands except where otherwise indicated)						Consideration			
Location	Date of Acquisition	Segment	Ownership Interest Acquired	Purchase Price	Purchase Price incl. Related Costs	Investment Property	Debt Assumed from Seller	De-recognition of Intangible Assets	Cash
Investment properties									
Vernon, BC	Jan 31	Retail	100%	\$ 12,330	\$ 12,697	\$ —	\$ —	\$ —	\$ 12,697
Acquisitions from related parties (Note 29)				12,330	12,697	—	—	—	12,697
Toronto, ON	Feb 24	Retail	100%	21,872	23,049	—	—	—	23,049
Whitby, ON	Mar 24	Retail	100%	17,500	17,876	—	—	—	17,876
Calgary, AB ⁽ⁱ⁾	Mar 30	Mixed-Use & Residential	50%	19,850	19,850	5,300	13,346	1,204	—
Toronto, ON	Apr 4	Retail	100%	1,728	1,915	—	—	—	1,915
Hamilton, ON	Aug 14	Retail	100%	7,300	7,501	—	—	—	7,501
Acquisitions from third-parties				68,250	70,191	5,300	13,346	1,204	50,341
Total acquisitions of investment properties				80,580	82,888	5,300	13,346	1,204	63,038
Financial real estate assets									
Calgary, AB	Jan 31	Retail	100%	42,400	42,476	—	—	—	42,476
Calgary, AB	Jan 31	Retail	100%	43,900	43,976	—	—	—	43,976
Acquisitions of financial real estate assets (Note 29)				86,300	86,452	—	—	—	86,452
Total acquisitions				\$ 166,880	\$ 169,340	\$ 5,300	\$ 13,346	\$ 1,204	\$ 149,490

- (i) The Trust completed an exchange of office properties with its partner. The exchange resulted in the Trust disposing of its 50% interest in Calgary Place (see disposition table below) in exchange for the partner's 50% interest in Altius Centre and a vendor take-back mortgage.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

The following table summarizes the investment properties sold in the nine months ended September 30, 2023:

(\$ thousands except where otherwise indicated)					Consideration						
Location	Date of Disposition	Segment	Ownership Interest Disposed	Sale Price excl. Selling Costs	Debt Assumed by Purchaser	Investment Property	De-recognition of Intangible Asset		Mortgage Receivable Advanced	Lease Termination Payment	Cash
Investment properties											
Courtenay, BC	Mar 8	Retail (land)	100%	\$ 4,613	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,613
Calgary, AB ⁽ⁱ⁾	Mar 30	Mixed-Use & Residential	50%	48,402	34,617	5,300	(2,655)	11,140	—	—	—
Scarborough, ON	May 12	Retail (land)	100%	3,557	—	—	—	—	—	—	3,557
Brampton, ON ⁽ⁱⁱ⁾	Jun 14	Mixed-Use & Residential	100%	74,200	—	—	—	51,000	(8,300)	—	31,500
Total dispositions of investment properties				130,772	34,617	5,300	(2,655)	62,140	(8,300)	—	39,670
Assets held for sale											
Kingston, ON	Feb 21	Retail	100%	23,000	—	—	—	—	—	—	23,000
Cornwall, ON	Apr 21	Retail	100%	10,000	—	—	—	—	—	—	10,000
Dartmouth, NS	Jun 19	Mixed-Use & Residential	50%	13,360	7,678	—	(1,935)	5,495	—	—	2,122
Windsor, ON	Jul 7	Retail	100%	1,900	—	—	—	—	—	—	1,900
Total dispositions of assets held for sale				48,260	7,678	—	(1,935)	5,495	—	—	37,022
Total dispositions				\$ 179,032	\$ 42,295	\$ 5,300	\$ (4,590)	\$ 67,635	\$ (8,300)	\$ —	\$ 76,692

(i) The Trust completed an exchange of office properties with its partner. The exchange resulted in the Trust disposing of its 50% interest in Calgary Place in exchange for the partner's 50% interest in Altius Centre (see acquisition table above) and a vendor take-back mortgage (Note 9).

(ii) This data centre asset was leased to Loblaw. In connection with the disposition, Choice made a lease termination payment of \$8,300 to Loblaw to terminate its lease early.

Note 4. Investment Properties

(\$ thousands)	Note	Income producing properties	Properties under development	Nine months ended September 30, 2023	Year ended December 31, 2022
Balance, beginning of period		\$ 14,119,000	\$ 325,000	\$ 14,444,000	\$ 14,930,000
Acquisitions - including purchase costs of \$2,308 (2022 - \$6,699)	3	82,888	—	82,888	163,697
Capital expenditures					
Development capital ⁽ⁱ⁾		—	80,796	80,796	71,896
Building improvements		10,927	—	10,927	1,773
Capitalized interest ⁽ⁱⁱ⁾	23	—	4,344	4,344	2,575
Property capital		39,025	—	39,025	70,937
Direct leasing costs		4,265	—	4,265	8,741
Tenant improvement allowances		18,452	—	18,452	19,382
Amortization of straight-line rent		(2,716)	—	(2,716)	2,554
Transfers to assets held for sale		(92,754)	—	(92,754)	(50,400)
Transfer from equity accounted joint ventures	5	153,842	38,968	192,810	—
Transfers from properties under development		67,600	(67,600)	—	—
Dispositions	3	(130,772)	—	(130,772)	(890,270)
Adjustment to fair value of investment properties		170,243	20,492	190,735	113,115
Balance, end of period		\$ 14,440,000	\$ 402,000	\$ 14,842,000	\$ 14,444,000

(i) Development capital included \$967 of site intensification payments paid to Loblaw (December 31, 2022 - \$2,687) (Note 29).

(ii) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.04% (December 31, 2022 - 3.74%).

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 29) 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.

As at December 31, 2022, the Trust had classified three retail properties and one office property with an aggregate fair value of \$50,400 as assets held for sale. All four properties were disposed of during the nine months ended September 30, 2023.

As at September 30, 2023, the Trust classified two industrial properties, one retail property and one office property with an aggregate fair value of \$92,754 as assets held for sale. Subsequent to the end of the third quarter, the Trust completed the disposition of all four properties for aggregate proceeds of \$92,754.

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 and discount rates and other assumptions such as future cash flow assumptions including market rents, 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 valuers in preparing their valuation reports and holds discussions with the independent valuers 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. The significant assumptions under this method include the discount rate and the terminal capitalization rate. This method also 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, lease costs, and other operating 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 vacant land parcels held for future development, are generally 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:

Total Income Producing Properties	As at September 30, 2023		As at December 31, 2022	
	Range	Weighted average	Range	Weighted average
Discount rate	5.00% - 10.50%	7.04%	5.00% - 10.50%	7.03%
Terminal capitalization rate	4.50% - 9.95%	6.24%	4.25% - 9.95%	6.22%
Retail				
Discount rate	5.50% - 10.50%	7.37%	5.25% - 10.50%	7.41%
Terminal capitalization rate	4.75% - 9.95%	6.56%	4.75% - 9.95%	6.58%
Industrial				
Discount rate	5.25% - 8.50%	6.15%	5.00% - 8.50%	5.97%
Terminal capitalization rate	4.50% - 7.75%	5.36%	4.25% - 7.75%	5.22%
Mixed-Use & Residential				
Discount rate	5.00% - 7.50%	6.78%	5.00% - 9.00%	6.56%
Terminal capitalization rate	4.50% - 6.75%	6.09%	4.50% - 8.00%	5.90%

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 and includes properties owned within equity accounted joint ventures and properties recognized as financial real estate assets. A breakdown of the aggregate fair value of investment properties independently appraised during each year, in accordance with the Trust's policy, is as follows:

	Nine months ended September 30, 2023		Year ended December 31, 2022	
	Number of income producing properties	Fair value	Number of income producing properties	Fair value
(\$ thousands except where otherwise indicated)				
	60	\$ 2,311,000	75	\$ 3,821,000

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:

Terminal Capitalization Rate					Discount Rate			
Rate Sensitivity	Weighted Average Terminal Capitalization Rate	Fair Value	Change in Fair Value		Weighted Average Discount Rate	Fair Value	Change in Fair Value	
(0.75)%	5.49 %	\$ 15,574,000	\$ 1,134,000		6.29 %	\$ 15,263,000	\$ 823,000	
(0.50)%	5.74 %	15,163,000	723,000		6.54 %	14,982,000	542,000	
(0.25)%	5.99 %	14,786,000	346,000		6.79 %	14,708,000	268,000	
— %	6.24 %	14,440,000	—		7.04 %	14,440,000	—	
0.25 %	6.49 %	14,120,000	(320,000)		7.29 %	14,178,000	(262,000)	
0.50 %	6.74 %	13,824,000	(616,000)		7.54 %	13,923,000	(517,000)	
0.75 %	6.99 %	13,549,000	(891,000)		7.79 %	13,673,000	(767,000)	

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 September 30, 2023		As at December 31, 2022	
	Number of joint ventures	Ownership interest	Number of joint ventures	Ownership interest
Retail	15	25% - 75%	15	25% - 75%
Industrial	—	—	1	50%
Mixed-Use & Residential	3	50%	3	50%
Land held for development	3	50% - 85%	3	50% - 85%
Total equity accounted joint ventures	21		22	
Choice Properties' investment in equity accounted joint ventures		\$ 879,146		\$ 995,822

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

(\$ thousands)	Note	Nine months ended September 30, 2023	Year ended December 31, 2022
Balance, beginning of period		\$ 995,822	\$ 564,378
Contributions to equity accounted joint ventures		25,855	126,911
Distributions from equity accounted joint ventures		(24,326)	(68,076)
Total cash flow activities		1,529	58,835
Transfers from equity accounted joint venture to consolidated investments	4	(154,956)	—
Acquisition of interest in equity accounted joint venture upon settlement of mortgage receivable	9	5,385	40,860
Accretion of contingent consideration payable		366	(22,118)
Share of income from equity accounted joint ventures		31,000	353,867
Total non-cash activities		(118,205)	372,609
Balance, end of period		\$ 879,146	\$ 995,822

On March 16, 2023, the Trust acquired its partner's interest in Horizon Business Park LP and obtained control of the partnership. Net assets at the date of acquisition were \$154,956, comprised of investment properties with a carrying value of \$192,810, debt with a carrying value of \$31,866, and working capital of \$(5,988). Upon obtaining control of the partnership the Trust de-recognized the equity accounted joint venture with a carrying value of \$154,956 and consolidated the partnership.

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 September 30, 2023		As at December 31, 2022	
	Number of co-owned properties	Ownership interest	Number of co-owned properties	Ownership interest
Retail	37	50% - 75%	37	50% - 75%
Industrial	2	50% - 67%	2	50% - 67%
Mixed-Use & Residential	6	50%	9	50%
Total co-ownership property interests	45		48	

Note 7. Financial Real Estate Assets

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 has recognized these acquisitions as financial instruments under IFRS 9, "Financial Instruments".

(\$ thousands)	Note	Nine months ended	Year ended
		September 30, 2023	December 31, 2022
Balance, beginning of period		\$ 109,509	\$ 86,603
Acquisitions		86,452	17,571
Additions		(2,619)	4,552
Income from financial real estate assets due to changes in value	21	2,921	783
Balance, end of period		\$ 196,263	\$ 109,509

As at September 30, 2023 the weighted average discount rate and terminal capitalization rate used to determine the fair value of the Trust's financial real estate assets are 6.80% and 6.24%, respectively. An increase of 0.50% in the discount rate or terminal capitalization rate would result in a decrease of \$7,103 or \$8,617, respectively, in the value of the financial real estate assets. A decrease of 0.50% in the discount rate or terminal capitalization rate would result in an increase of \$7,447 or \$10,172, respectively, 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	Nine months ended	Year ended
		September 30, 2023	December 31, 2022
Balance, beginning of period		\$ 18,785	\$ 10,142
Development capital		7,738	8,285
Capitalized interest	23	899	358
Balance, end of period		\$ 27,422	\$ 18,785

Note 9. Mortgages, Loans and Notes Receivable

(\$ thousands)	Note	As at	As at
		September 30, 2023	December 31, 2022
Mortgages receivable classified as amortized cost ⁽ⁱ⁾		\$ 369,966	\$ 346,499
Mortgages receivable classified as fair value through profit and loss ("FVTPL")		165,568	163,127
Notes receivable from GWL classified as amortized cost ⁽ⁱ⁾	29	221,641	170,849
Mortgages, loans and notes receivable		\$ 757,175	\$ 680,475
Classified as:			
Expected to be recovered in more than twelve months		\$ 91,653	\$ 201,996
Expected to be recovered in less than twelve months		665,522	478,479
		\$ 757,175	\$ 680,475

(i) The fair value of the mortgages, loans and notes receivable classified as amortized cost was \$594,000 (December 31, 2022 - \$512,800) (Note 25).

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.

	September 30, 2023		December 31, 2022	
	Weighted average interest rate	Weighted average term to maturity (years)	Weighted average interest rate	Weighted average term to maturity (years)
Mortgages receivable	5.51%	0.7	4.80%	1.0
Total	5.51%	0.7	4.80%	1.0

Notes Receivable from GWL

Non-interest bearing short-term notes totalling \$221,641 were issued during the nine months ended September 30, 2023 to GWL. Non-interest bearing short-term notes totalling \$170,849 with respect to the loans received in the 2022 fiscal year were settled against distributions payable by the Trust to GWL in January 2023. (Note 29).

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)	2023	2024	2025	2026	2027	Thereafter	Total
Principal repayments							
Mortgages receivable	\$ 198,973	\$ 267,871	\$ 42,717	\$ 6,680	\$ —	\$ 17,517	\$ 533,758
Notes receivable from GWL	—	221,641	—	—	—	—	221,641
Total principal repayments	198,973	489,512	42,717	6,680	—	17,517	755,399
Interest accrued	1,776	—	—	—	—	—	1,776
Total repayments	\$ 200,749	\$ 489,512	\$ 42,717	\$ 6,680	\$ —	\$ 17,517	\$ 757,175

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

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

				September 30, 2023	December 31, 2022
(\$ thousands)	Note	Mortgages receivable	Notes receivable from GWL	Mortgages, loans and notes receivable	Mortgages, loans and notes receivable
Balance, beginning of period		\$ 509,626	\$ 170,849	\$ 680,475	\$ 354,901
Advances ⁽ⁱ⁾		36,679	221,641	258,320	340,702
Repayments		(78,424)	—	(78,424)	(35,857)
Interest received		(13,421)	—	(13,421)	(10,352)
Total cash flow activities		(55,166)	221,641	166,475	294,493
Acquisition of interest in equity accounted joint venture upon settlement of mortgage receivable	5	(5,385)	—	(5,385)	(40,860)
Advance upon disposition of properties	3	67,635	—	67,635	221,155
Settlement against distributions payable		—	(170,849)	(170,849)	(168,334)
Interest accrued	21	18,824	—	18,824	19,120
Total non-cash activities		81,074	(170,849)	(89,775)	31,081
Balance, end of period		\$ 535,534	\$ 221,641	\$ 757,175	\$ 680,475

(i) Advances include funds advanced to an entity in which the Trust is a partner. The funds advanced were used for development within equity accounted joint venture.

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 30, 2023, the Trust advanced a vendor take-back mortgage as part of an exchange of office properties with its partner (Note 3). The mortgage receivable had a face value of \$13,529 and a fair value of \$11,140 at the time of issuance. The mortgage bears interest at a rate of 3% for the first 3 years and 5% subsequently until its maturity in 2028 and is secured by the disposed office property.

On June 14, 2023, the Trust advanced a vendor take-back mortgage with a face and fair value of \$51,000 (Note 3). The mortgage bears interest at a rate of prime plus 3.3% and is secured by the disposed property.

On June 19, 2023, the Trust advanced a vendor take-back mortgage with a face value of \$5,700 and a fair value of \$5,495 (Note 3). The mortgage bears interest at a rate of 6.0% and is secured by the disposed property.

The Trust has issued \$532,313 (December 31, 2022 - \$506,905) of secured mortgages to third-party borrowers. These loans have been extended to 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 Properties Real Estate Investment Trust ("Allied"). 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 (\$46.63 per unit) on the transaction date, and a promissory note with a fair value of \$193,155. As at September 30, 2023, the Trust holds an approximate 8.4% 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 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 at September 30, 2023, there were 5,904,573 of the Class B Units subject to lock-up.

As a holder of the Class B Units, the Trust is entitled to distributions paid by Allied. For the three and nine months ended September 30, 2023, the Trust recognized distribution income of \$5,315 and \$15,945 (three and nine months ended September 30, 2022 - \$5,165 and \$10,330) from its investment in Allied. The distributions are recorded as investment income.

The Class B Units are recorded at their fair value based on market trading prices of Allied's publicly traded units. The closing price for Allied's publicly traded units on the last trading day of the period ended September 30, 2023 was \$17.93 (December 31, 2022 - \$25.60). A change of one dollar in the underlying price of Allied's publicly traded units would result in a change to the fair value of the investment in real estate securities and a corresponding change in net income of \$11,809 (December 31, 2022 - \$11,809). For the three and nine months ended September 30, 2023, the Trust recognized a loss of \$44,757 and \$90,576 (three and nine months ended September 30, 2022 - \$68,847 and \$227,562) on its investment in Allied due to the change in the price of its publicly traded units. As at September 30, 2023 the Trust held 11,809,145 Class B Units with a fair value of \$211,738 (December 31, 2022 - 11,809,145 Class B Units and \$302,314, respectively).

(\$ thousands)	Nine months ended September 30, 2023	Year ended December 31, 2022
Balance, beginning of period	\$ 302,314	\$ —
Acquired	—	550,660
Adjustment to fair value of investment in real estate securities	(90,576)	(248,346)
Balance, end of period	\$ 211,738	\$ 302,314

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 30, 2023, The Trust completed an exchange of office properties with its partner (Note 3). Prior to the transaction, the Trust generated cash flows from property management fees from both properties. The Trust had recognized an intangible asset based on the expectation of these future cash flows. Accordingly, management de-recognized \$3,859 (Note 3) to reflect the reduced value of the intangible asset following the transaction.

On June 19, 2023, The Trust completed the disposition of an office property (Note 3). Prior to the transaction, the Trust generated cash flows from property management fees from this property. The Trust had recognized an intangible asset based on the expectation of these future cash flows. Accordingly, management de-recognized \$1,935 during the second quarter of 2023 (Note 3) to reflect the reduced value of the intangible asset following the transaction.

As at September 30, 2023, the carrying value was \$14,825 (December 31, 2022 - \$21,369), net of accumulated amortization of \$3,750 (December 31, 2022 - \$3,000). The remaining useful economic life of these assets is 15 years.

Note 12. Accounts Receivable and Other Assets

(\$ thousands)	Note	As at September 30, 2023	As at December 31, 2022
Rent receivables ⁽ⁱ⁾ - net of expected credit loss of \$13,963 (2022 - \$14,681)		\$ 6,434	\$ 11,137
Accrued recovery income		27,170	21,610
Lease receivable		24,261	23,426
Other receivables		16,011	13,792
Cost-to-complete receivable	29	4,181	8,501
Due from related parties ⁽ⁱⁱ⁾	29	797	680
Restricted cash		4,110	3,052
Prepaid property taxes		40,894	6,378
Prepaid insurance		2,741	1,030
Other assets		20,381	16,456
Right-of-use assets - net of accumulated amortization of \$2,311 (2022 - \$1,849)		1,568	2,029
Deferred tax asset	16	2,792	2,792
Deferred acquisition costs and deposits on land		11,205	8,325
Designated hedging derivatives	25	16,379	12,909
Accounts receivable and other assets		\$ 178,924	\$ 132,117
Classified as:			
Expected to be recovered in more than twelve months		\$ 56,265	\$ 52,088
Expected to be recovered in less than twelve months		122,659	80,029
		\$ 178,924	\$ 132,117

(i) Includes net rent receivable of \$5,801 from Loblaw, \$129 from Wittington (December 31, 2022 - \$nil and \$122) (Note 29).

(ii) Other receivables due from related parties include \$60 from Loblaw and \$737 from GWL (December 31, 2022 - \$57 and \$623, respectively) (Note 29).

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.

Restricted cash

Restricted cash includes 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 September 30, 2023	As at December 31, 2022
Senior unsecured debentures	\$ 5,631,783	\$ 5,308,928
Mortgages payable	1,016,359	945,959
Construction loans	81,938	39,214
Long term debt	\$ 6,730,080	\$ 6,294,101
Classified as:		
Expected to be settled in more than twelve months	\$ 5,830,779	\$ 5,638,368
Expected to be settled in less than twelve months	899,301	655,733
	\$ 6,730,080	\$ 6,294,101

Senior Unsecured Debentures

(\$ thousands)				As at September 30, 2023	As at December 31, 2022
Series	Issuance / Assumption Date	Maturity Date	Interest Rate		
B	Jul. 5, 2013	Jul. 5, 2023	4.90%	\$ —	\$ 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
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
R	Jun. 24, 2022	Jun. 24, 2032	6.00%	500,000	500,000
S	Mar. 1, 2023	Mar. 1, 2033	5.40%	550,000	—
T	Aug. 1, 2023	Feb. 28, 2034	5.70%	350,000	—
D-C	May 4, 2018	Jan. 18, 2023	3.30%	—	125,000
Total principal outstanding				5,650,000	5,325,000
Debt discounts and premiums - net of accumulated amortization of \$17,536 (2022 - \$17,513)				—	(23)
Debt placement costs - net of accumulated amortization of \$21,042 (2022 - \$18,301)				(18,217)	(16,049)
Senior unsecured debentures				\$ 5,631,783	\$ 5,308,928

As at September 30, 2023, the senior unsecured debentures had a weighted average interest rate of 4.07% and a weighted average term to maturity of 5.8 years (December 31, 2022 - 3.79% and 5.2 years, respectively). Senior unsecured debentures Series B through Series T 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.

On January 18, 2023, the Trust paid in full upon maturity, at par, plus accrued and unpaid interest thereon, the \$125 million aggregate principal amount of the 3.30% Series D-C senior unsecured debentures outstanding. The repayment of the Series D-C senior unsecured debentures was funded by an advance on the Trust's credit facility.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

On March 1, 2023, the Trust completed an issuance, on a private placement basis, of \$550 million aggregate principal amount of Series S senior unsecured debentures bearing interest at a rate of 5.40% per annum and maturing on March 1, 2033.

On March 7, 2023, the Trust repaid its \$250 million principal amount of 3.20% Series G senior unsecured debentures upon maturity.

On July 5, 2023, the Trust paid in full upon maturity, at par, plus accrued and unpaid interest thereon, the \$200 million aggregate principal amount of the 4.90% Series B senior unsecured debentures outstanding. The repayment of the Series B senior unsecured debentures was funded by an advance on the Trust's credit facility.

On August 1, 2023, the Trust completed an issuance, on a private placement basis, of \$350 million aggregate principal amount of Series T senior unsecured debentures bearing interest at a rate of 5.70% per annum and maturing on February 28, 2034.

Mortgages Payable

(\$ thousands)	As at September 30, 2023	As at December 31, 2022
Mortgage principal	\$ 1,019,892	\$ 948,919
Net debt discounts and premiums - net of accumulated amortization of \$5,930 (2022 - \$5,973)	(1,348)	(1,305)
Debt placement costs - net of accumulated amortization of \$638 (2022 - \$491)	(2,185)	(1,655)
Mortgages payable	\$ 1,016,359	\$ 945,959

As at September 30, 2023, the mortgages had a weighted average interest rate of 4.02% and a weighted average term to maturity of 6.1 years (December 31, 2022 - 3.92% and 5.0 years, respectively).

Construction Loans

As at September 30, 2023, \$81,938 was outstanding on the construction loans (December 31, 2022 - \$39,214), with a weighted average interest rate of 4.62% and a weighted average term to maturity of 3.7 years (December 31, 2022 - 3.54% and 5.5 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 2024 to 2031, have a maximum capacity to be drawn at the Trust's ownership interest of \$353,637, of which \$233,911 relates to equity accounted joint ventures as at September 30, 2023 (December 31, 2022 - \$436,741 and \$345,951, respectively).

Schedules of Repayments and Cash Flow Activities

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

(\$ thousands)	2023	2024	2025	2026	2027	Thereafter	Total
Senior unsecured debentures	\$ —	\$ 750,000	\$ 550,000	\$ 350,000	\$ 500,000	\$ 3,500,000	\$ 5,650,000
Mortgages payable	44,167	146,549	140,809	67,755	88,523	532,089	1,019,892
Construction loans	—	45,654	—	—	—	36,284	81,938
Total	\$ 44,167	\$ 942,203	\$ 690,809	\$ 417,755	\$ 588,523	\$ 4,068,373	\$ 6,751,830

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

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

				September 30, 2023	December 31, 2022
(\$ thousands)	Senior unsecured debentures	Mortgages payable	Construction loans	Long term debt	Long term debt
Balance, beginning of period	\$ 5,308,928	\$ 945,959	\$ 39,214	\$ 6,294,101	\$ 6,230,010
Issuances and advances	900,000	167,705	30,331	1,098,036	531,093
Repayments	(575,000)	(67,783)	(19,473)	(662,256)	(453,371)
Debt placement costs	(4,909)	(677)	—	(5,586)	(2,994)
Total cash flow activities	320,091	99,245	10,858	430,194	74,728
Assumed by purchaser	—	(42,295)	—	(42,295)	(14,805)
Assumed from seller	—	13,346	—	13,346	—
Transfer from equity accounted joint venture	—	—	31,866	31,866	—
Amortization of debt discounts and premiums	23	(43)	—	(20)	933
Amortization of debt placement costs	2,741	147	—	2,888	3,235
Total non-cash activities	2,764	(28,845)	31,866	5,785	(10,637)
Balance, end of period	\$ 5,631,783	\$ 1,016,359	\$ 81,938	\$ 6,730,080	\$ 6,294,101

Note 14. Credit Facility

(\$ thousands)	As at September 30, 2023	As at December 31, 2022
Credit facility		
\$1,500,000 syndicated	\$ —	\$ 260,000
Debt placement costs - net of accumulated amortization of \$11,198 (2022 - \$10,607)	—	(2,383)
Credit facility	\$ —	\$ 257,617
Classified as:		
Expected to be settled in more than twelve months	\$ —	\$ 257,617
Expected to be settled in less than twelve months	—	—
	\$ —	\$ 257,617

Choice Properties has a \$1,500,000 senior unsecured committed revolving credit facility provided by a syndicate of lenders. During the three months ended September 30, 2023, the Trust extended the maturity date for the credit facility from September 1, 2027 to September 1, 2028.

Under the credit facility, the Trust has the ability to draw funds at variable rates in either Canadian dollars or U.S. dollars. Canadian dollar-denominated borrowings bear interest at either the Canadian bank prime rate plus 0.20% or Canadian Bankers' Acceptance rate plus 1.20%, and U.S. dollar-denominated borrowings bear interest at the U.S. prime rate plus 0.20% or Secured Overnight Financing Rate ("SOFR") plus 1.30%. The pricing is contingent on the credit ratings for Choice Properties from either DBRS and S&P remaining at BBB (high). Concurrently with the U.S. dollar draws, the Trust enters into cross currency swaps to exchange its U.S. dollar borrowings into Canadian dollar borrowings. The Trust has applied hedge accounting to the cross currency swaps.

As at September 30, 2023, \$nil was drawn in U.S. dollar-denominated borrowings (December 31, 2022 - \$nil) and \$nil was drawn in Canadian dollar borrowings (December 31, 2022 - \$260,000). The unamortized balance for debt placement costs at September 30, 2023 of \$2,392 was included in other assets (Note 12).

The credit facility contains certain financial covenants. As at September 30, 2023, 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)	September 30, 2023	December 31, 2022
Balance, beginning of period	\$ 257,617	\$ —
Net advances (repayments) of \$1,500,000 syndicated credit facility	(260,000)	260,000
Extension fee included in debt placement costs	(600)	(677)
Total cash flow activities	(260,600)	259,323
Amortization of debt placement costs	591	1,849
Reclassified to (from) other assets	2,392	(3,555)
Total non-cash activities	2,983	(1,706)
Balance, end of period	\$ —	\$ 257,617

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 September 30, 2023		As at December 31, 2022	
(\$ thousands except where otherwise indicated)		Units	Amount	Units	Amount
Units, beginning of period		327,771,149	\$ 3,661,605	327,588,847	\$ 3,660,941
Units issued under unit-based compensation arrangements	18	329,716	1,362	404,449	2,776
Reclassification of vested Unit-Settled Restricted Units liability to equity		—	1,435	—	1,337
Units repurchased for unit-based compensation arrangements	18	(240,893)	(3,548)	(222,147)	(3,449)
Units, end of period		327,859,972	\$ 3,660,854	327,771,149	\$ 3,661,605
Exchangeable Units, beginning of period		395,786,525	\$ 5,841,809	395,786,525	\$ 6,011,997
Adjustment to fair value of Exchangeable Units		—	(823,236)	—	(170,188)
Exchangeable Units, end of period		395,786,525	\$ 5,018,573	395,786,525	\$ 5,841,809
Total Units and Exchangeable Units, end of period		723,646,497		723,557,674	

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, 2022, Choice Properties received approval from the TSX to purchase up to 27,566,522 Units during the twelve-month period from November 21, 2022 to November 20, 2023, 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 Arrangements

The Trust acquired Units under its NCIB during the nine months ended September 30, 2023 and the year ended December 31, 2022, 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 nine months ended September 30, 2023, Choice Properties declared cash distributions of \$0.561 per unit (September 30, 2022 - \$0.555), or \$405,846 in aggregate, (September 30, 2022 - \$401,549) including distributions to holders of Exchangeable Units, which are reported as interest expense. 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.

On February 15, 2023, the Trust announced an increase in the annual distribution by 1.4% to \$0.75 per unit. The increase was effective for Unitholders of record on March 31, 2023.

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 June 16, 2023, Choice Properties filed a Short Form Base Shelf Prospectus allowing for the issuance of Units and debt securities 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 and comprehensive income was as follows:

(\$ thousands)	Three Months		Nine Months	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Current income tax recovery (expense)	\$ —	\$ 4	\$ (1)	\$ (2)
Income tax recovery (expense)	\$ —	\$ 4	\$ (1)	\$ (2)

A deferred income tax asset of \$2,792 (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, 2022 - \$2,792).

Note 17. Trade Payables and Other Liabilities

(\$ thousands)	Note	As at September 30, 2023	As at December 31, 2022
Trade accounts payable		\$ 33,375	\$ 36,577
Accrued liabilities and provisions ⁽ⁱ⁾		113,205	120,367
Accrued acquisition transaction costs and other related expenses		39,381	38,896
Accrued capital expenditures ⁽ⁱⁱ⁾		44,489	60,740
Accrued interest expense		46,646	51,074
Due to related party ⁽ⁱⁱⁱ⁾	29	248,005	196,785
Contingent consideration		17,090	16,724
Unit-based compensation	18	14,093	16,033
Distributions payable ^(iv)		20,665	20,387
Lease liabilities		1,577	1,960
Tenant deposits		21,037	20,263
Deferred revenue		25,927	22,041
Trade payables and other liabilities		\$ 625,490	\$ 601,847
Classified as:			
Expected to be settled in more than twelve months		\$ 22,076	\$ 23,377
Expected to be settled in less than twelve months		603,414	578,470
		\$ 625,490	\$ 601,847

(i) Includes amounts payable to Loblaw of \$11,408 (December 31, 2022 - \$13,963) (Note 29).

(ii) Includes construction allowances payable to Loblaw of \$2,746 (December 31, 2022 - \$16,106) (Note 29).

(iii) Includes distributions accrued on Exchangeable Units of \$246,378 payable to GWL (December 31, 2022 - \$195,256); \$1,331 payable for shared costs incurred by GWL, the Services Agreement expense and other related party charges (December 31, 2022 - \$1,233); and \$296 of reimbursed contract revenue and other related party charges payable to Loblaw (December 31, 2022 - \$296).

(iv) Includes distributions payable to GWL of \$3,166 and Wittington of \$1,031 (December 31, 2022 - \$3,124 and \$1,018) (Note 29).

Contingent Consideration

On March 30, 2021, the Trust acquired an 85% interest in future industrial development land in Caledon, Ontario, for \$138,000. 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. A payment of \$23,100 was made upon reaching the first development milestone. The present value of the remaining estimated amount payable is \$17,090 as at September 30, 2023. (December 31, 2022 - \$16,724).

Note 18. Unit-Based Compensation

(\$ thousands)	Three Months		Nine Months	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Unit Option plan	\$ 33	\$ 95	\$ (197)	\$ (43)
Restricted Unit plans	699	643	1,745	2,053
Performance Unit plan	271	207	837	953
Trustee Deferred Unit plan	54	44	131	235
Unit-based compensation expense	\$ 1,057	\$ 989	\$ 2,516	\$ 3,198
Recorded in:				
General and administrative expenses	\$ 1,700	\$ 1,465	\$ 4,889	\$ 4,672
Adjustment to fair value of unit-based compensation	(643)	(476)	(2,373)	(1,474)
	\$ 1,057	\$ 989	\$ 2,516	\$ 3,198

As at September 30, 2023, the carrying value of the unit-based compensation liability was \$14,093 (December 31, 2022 - \$16,033) (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:

	Nine months ended September 30, 2023		Year ended December 31, 2022	
	Number of awards	Weighted average exercise price/unit	Number of awards	Weighted average exercise price/unit
Outstanding Unit Options, beginning of the period	253,154	\$ 12.01	435,456	\$ 12.84
Exercised	(88,823)	12.17	(182,302)	13.98
Expired	(31)	13.93	—	—
Outstanding Unit Options, end of the period	164,300	\$ 11.92	253,154	\$ 12.01
Unit Options exercisable, end of the period	164,300	\$ 11.92	253,154	\$ 12.01

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 outstanding RUs had vested as at September 30, 2023 (December 31, 2022 - nil).

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

(Number of awards)	Nine months ended	Year ended
	September 30, 2023	December 31, 2022
Outstanding Restricted Units, beginning of the period	271,147	439,574
Granted	128,795	94,355
Reinvested	12,033	16,329
Exercised	(84,727)	(257,604)
Cancelled	(20,731)	(21,499)
Expired	—	(8)
Outstanding Restricted Units, end of the period	306,517	271,147

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 1,439,627 URUs vested but still subject to disposition restrictions as at September 30, 2023 (December 31, 2022 - 1,217,340).

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

	Nine months ended	Year ended
(Number of awards)	September 30, 2023	December 31, 2022
Outstanding Unit-Settled Restricted Units, beginning of the period	666,719	600,919
Granted	240,893	230,682
Cancelled	(694)	(1,989)
Vested	(187,711)	(162,893)
Outstanding Unit-Settled Restricted Units, end of the period	719,207	666,719

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 September 30, 2023 (December 31, 2022 - nil).

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

	Nine months ended	Year ended
(Number of awards)	September 30, 2023	December 31, 2022
Outstanding Performance Units, beginning of the period	238,418	197,609
Granted	97,056	85,221
Reinvested	10,318	12,081
Exercised	(102,063)	(67,397)
Cancelled	(8,846)	(5,069)
Added by performance factor	32,874	15,973
Outstanding Performance Units, end of the period	267,757	238,418

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:

	Nine months ended	Year ended
(Number of awards)	September 30, 2023	December 31, 2022
Outstanding Trustee Deferred Units, beginning of the period	506,556	389,462
Granted	81,221	95,099
Reinvested	21,344	21,995
Outstanding Trustee Deferred Units, end of the period	609,121	506,556

Note 19. Rental Revenue

Rental revenue is comprised of the following:

(\$ thousands)	Three Months			Nine Months		
	Related Parties ⁽ⁱ⁾	Third-party	September 30, 2023	Related Parties ⁽ⁱ⁾	Third-party	September 30, 2023
Base rent	\$ 130,067	\$ 89,152	\$ 219,219	\$ 389,773	\$ 263,551	\$ 653,324
Property tax and insurance recoveries	35,271	25,188	60,459	109,163	76,753	185,916
Operating cost recoveries	19,977	17,666	37,643	63,447	57,144	120,591
Lease surrender and other revenue	1,427	6,329	7,756	1,427	18,803	20,230
Rental revenue	\$ 186,742	\$ 138,335	\$ 325,077	\$ 563,810	\$ 416,251	\$ 980,061

(i) Refer to Note 29, Related Party Transactions.

(\$ thousands)	Three Months			Nine Months		
	Related Parties ⁽ⁱ⁾	Third-party	September 30, 2022	Related Parties ⁽ⁱ⁾	Third-party	September 30, 2022
Base rent	\$ 130,700	\$ 84,140	\$ 214,840	\$ 388,843	\$ 257,471	\$ 646,314
Property tax and insurance recoveries	36,186	22,456	58,642	110,612	72,855	183,467
Operating cost recoveries	17,375	16,646	34,021	53,756	57,960	111,716
Lease surrender and other revenue	—	1,579	1,579	20	8,695	8,715
Rental revenue	\$ 184,261	\$ 124,821	\$ 309,082	\$ 553,231	\$ 396,981	\$ 950,212

(i) Refer to Note 29, 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

(\$ thousands)	Three Months		Nine Months	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Property taxes and insurance	\$ 62,645	\$ 63,306	\$ 194,834	\$ 195,652
Recoverable operating costs	23,310	21,775	77,060	78,655
Non-recoverable operating costs	1,274	838	2,780	2,466
Property operating costs	\$ 87,229	\$ 85,919	\$ 274,674	\$ 276,773

Included in non-recoverable operating expenses are expected credit losses of \$360 for the nine months ended September 30, 2023 (2022 - \$761). Refer to Note 12 for discussion on rents receivable and the related expected credit losses.

Note 21. Interest Income

(\$ thousands)	Note	Three Months		Nine Months	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Interest income from mortgages and loans receivable ⁽ⁱ⁾	9	\$ 7,209	\$ 5,012	\$ 18,824	\$ 13,847
Income earned from financial real estate assets		2,252	1,550	6,840	4,153
Income from financial real estate assets due to changes in value	7	412	(2,031)	2,921	(4,505)
Other interest income		1,274	664	2,858	1,174
Interest income		\$ 11,147	\$ 5,195	\$ 31,443	\$ 14,669

(i) Interest income from mortgages and loans receivable includes \$2.6 million accretion income in relation to the promissory note issued to Allied and a vendor take-back mortgage issued to a partner for the nine months ended September 30, 2023 (September 30, 2022 - \$1.2 million)

Note 22. Fee Income

(\$ thousands)	Note	Three Months		Nine Months	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Fees charged to related party	29	\$ 168	\$ 62	\$ 663	\$ 187
Fees charged to third parties		653	652	2,499	2,314
Fee income		\$ 821	\$ 714	\$ 3,162	\$ 2,501

Note 23. Net Interest Expense and Other Financing Charges

(\$ thousands)	Note	Three Months		Nine Months	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Interest on senior unsecured debentures		\$ 56,415	\$ 50,879	\$ 162,272	\$ 141,901
Interest on mortgages and construction loans		10,933	9,210	31,239	29,804
Interest on credit facility		2,442	2,595	9,026	5,714
Interest on right-of-use lease liabilities		14	87	50	126
Amortization of debt discounts and premiums	13	(53)	339	(20)	816
Amortization of debt placement costs	13,14	831	1,054	3,479	3,786
Distributions on Exchangeable Units ⁽ⁱ⁾	29	74,210	73,221	221,971	219,663
		144,792	137,385	428,017	401,810
Less: Capitalized interest ⁽ⁱⁱ⁾	4, 8	(2,500)	(811)	(5,243)	(2,200)
Net interest expense and other financing charges		\$ 142,292	\$ 136,574	\$ 422,774	\$ 399,610

(i) Represents interest on indebtedness due to GWL.

(ii) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.04% (December 31, 2022 - 3.74%).

Note 24. General and Administrative Expenses

(\$ thousands)	Note	Three Months		Nine Months	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Salaries, benefits and employee costs ⁽ⁱ⁾		\$ 14,311	\$ 11,211	\$ 41,119	\$ 34,616
Investor relations and other public entity costs		755	740	2,571	2,129
Professional fees		1,773	813	3,515	2,497
Information technology costs		1,708	1,817	5,121	5,107
Services Agreement charged by related party	29	1,332	976	3,732	2,926
Amortization of other assets		321	297	990	915
Office related costs		452	487	1,242	1,135
Other		776	596	2,245	1,461
Total		21,428	16,937	60,535	50,786
Less: Allocated to recoverable operating expenses		(5,008)	(5,577)	(15,904)	(17,441)
General and administrative expenses		\$ 16,420	\$ 11,360	\$ 44,631	\$ 33,345

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

Note 25. 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 September 30, 2023				As at December 31, 2022			
(\$ 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	\$ —	\$ —	\$ 165,568	\$ 165,568	\$ —	\$ —	\$ 163,127	\$ 163,127
Lease receivable	12	—	—	24,261	24,261	—	—	23,426	23,426
Financial real estate assets	7	—	—	196,263	196,263	—	—	109,509	109,509
Investment in real estate securities	10	—	211,738	—	211,738	—	302,314	—	302,314
Designated hedging derivatives	12	—	16,379	—	16,379	—	12,909	—	12,909
Amortized cost:									
Mortgages, loans and notes receivable - SPPI	9	—	—	594,000	594,000	—	—	512,800	512,800
Cash and cash equivalents	26 (c)	—	59,268	—	59,268	—	64,736	—	64,736
Liabilities									
Fair value through profit and loss:									
Exchangeable Units	15	—	5,018,573	—	5,018,573	—	5,841,809	—	5,841,809
Unit-based compensation	18	—	14,093	—	14,093	—	16,033	—	16,033
Amortized cost:									
Long term debt	13	—	—	6,246,662	6,246,662	—	—	5,946,834	5,946,834
Credit facility	14	—	—	—	—	—	257,617	—	257,617

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, and cross currency swaps to hedge foreign exchange associated with the equivalent amount borrowed in US\$ on the Trust's credit facility (Note 14). During the nine months ended September 30, 2023, an interest rate swap was settled and refinanced concurrently with the refinancing of the underlying variable rate mortgage. The cross currency swaps matured as the US\$ borrowings were repaid. As at September 30, 2023, the interest rates ranged from 2.8% to 5.0% (December 31, 2022 - 2.8% to 4.4%).

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

(\$ thousands)	Note	Maturity	Notional	As at	
		Date	Amount	September 30, 2023	December 31, 2022
Derivative Assets					
Interest rate swaps	12	Feb 2024 - Jun 2030	\$ 208,327	\$ 16,379	\$ 12,909
Total Derivative Assets			\$ 208,327	\$ 16,379	\$ 12,909

During the nine months ended September 30, 2023, the Trust recorded an unrealized fair value gain in other comprehensive income of \$3,470 (September 30, 2022 - unrealized fair value gain of \$11,386).

Note 26. Supplemental Cash Flow Information

(a) Items not affecting cash and other items

(\$ thousands)	Note	Three Months		Nine Months	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Straight-line rental revenue	4	\$ 839	\$ (995)	\$ 2,716	\$ (1,716)
Unit-based compensation expense included in general and administrative expenses	18	1,700	1,465	4,889	4,672
Amortization of intangible assets	11	250	250	750	750
Adjustment to fair value of Exchangeable Units	15	(352,250)	(577,848)	(823,236)	(1,029,045)
Adjustment to fair value of investment properties		(26,775)	(141,277)	(188,595)	80,255
Adjustment to fair value of investment in real estate securities	10	44,757	68,847	90,576	227,562
Adjustment to fair value of unit-based compensation		(643)	(476)	(2,373)	(1,474)
Items not affecting cash and other items		\$ (332,122)	\$ (650,034)	\$ (915,273)	\$ (718,996)

(b) Net change in non-cash working capital

(\$ thousands)	Note	Three Months		Nine Months	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net change in accounts receivable and other assets	12	\$ 9,172	\$ 13,096	\$ (40,945)	\$ (37,732)
Net change in trade payables and other liabilities	17	(23,034)	31,763	(19,034)	2,880
Net change in non-cash working capital		\$ (13,862)	\$ 44,859	\$ (59,979)	\$ (34,852)

(c) Cash and cash equivalents

(\$ thousands)	As at	
	September 30, 2023	December 31, 2022
Cash	\$ 59,268	\$ 64,736
Cash and cash equivalents	\$ 59,268	\$ 64,736

(d) Change in cash flow presentation

The comparative figures for the three month and nine month periods relating to cash paid on vesting of restricted and performance units of \$6 and \$4,383, respectively, have been reclassified from financing activities to operating activities; direct leasing costs and tenant improvement allowances of \$8,083 and \$20,677, respectively, have been reclassified from investing activities to operating activities; and distributions from equity accounted joint ventures of \$8,243 and \$61,439, respectively, have been reclassified from investing activities to operating activities to conform to the current period presentation.

Note 27. Segment Information

Choice Properties operates in three reportable segments: retail, industrial and mixed-use & residential. 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 Chief Operating Officer (“COO”) of the Trust. The CODM measures and evaluates the performance of the Trust based on net rental income.

The tables below presents net rental income for the three and nine months ended September 30, 2023 and September 30, 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	Consolidation and eliminations ⁽ⁱ⁾	Three months ended September 30, 2023
Rental revenue	\$ 270,737	\$ 56,388	\$ 17,754	\$ (19,802)	\$ 325,077
Property operating costs	(72,052)	(14,120)	(7,526)	6,469	(87,229)
Net Rental Income	\$ 198,685	\$ 42,268	\$ 10,228	\$ (13,333)	\$ 237,848

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

(\$ thousands)	Retail	Industrial	Mixed-Use & Residential	Consolidation and eliminations ⁽ⁱ⁾	Three months ended September 30, 2022
Rental revenue	\$ 255,568	\$ 51,419	\$ 21,333	\$ (19,238)	\$ 309,082
Property operating costs	(70,499)	(13,277)	(8,464)	6,321	(85,919)
Net Rental Income	\$ 185,069	\$ 38,142	\$ 12,869	\$ (12,917)	\$ 223,163

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

(\$ thousands)	Retail	Industrial	Mixed-Use & Residential	Consolidation and eliminations ⁽ⁱ⁾	Nine months ended September 30, 2023
Rental revenue	\$ 816,426	\$ 168,204	\$ 57,485	\$ (62,054)	\$ 980,061
Property operating costs	(228,946)	(43,253)	(23,166)	20,691	(274,674)
Net Rental Income	\$ 587,480	\$ 124,951	\$ 34,319	\$ (41,363)	\$ 705,387

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

(\$ thousands)	Retail	Industrial	Mixed-Use & Residential	Consolidation and eliminations ⁽ⁱ⁾	Nine months ended September 30, 2022
Rental revenue	\$ 774,192	\$ 154,266	\$ 76,385	\$ (54,631)	\$ 950,212
Property operating costs	(222,149)	(40,721)	(33,162)	19,259	(276,773)
Net Rental Income	\$ 552,043	\$ 113,545	\$ 43,223	\$ (35,372)	\$ 673,439

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

Note 28. 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 September 30, 2023, the aggregate gross potential liability related to these letters of credit totalled \$40,271 (December 31, 2022 - \$32,897).

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 \$269,000, of which \$97,000 relates to equity accounted joint ventures, as at September 30, 2023 (December 31, 2022 - \$258,000 and \$106,000, respectively).

d. Contingent Liabilities

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. The Trust has exposure to its partners' share of mortgage debt obligations within its equity accounted joint ventures in the amount of \$404,589 as at September 30, 2023 (December 31, 2022 - \$244,579). 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 equity accounted joint ventures are sufficient for the purpose of satisfying any obligation of the Trust should the Trust's partner default.

Note 29. Related Party Transactions

Choice Properties' parent corporation is GWL, which, as at September 30, 2023, 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 September 30, 2023. 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

During the nine months ended September 30, 2023, GWL provided Choice Properties with corporate, administrative and other support services for an annualized cost of \$4,970 (2022 - \$3,901).

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 and nine months ended September 30, 2023, distributions declared on the Exchangeable Units totalled \$74,210 and \$221,971, respectively (September 30, 2022 - \$73,221 and \$219,663, respectively).

As at September 30, 2023, Choice Properties had distributions on Exchangeable Units payable to GWL of \$246,378 (December 31, 2022 - \$195,256). The payable to GWL includes deferred distributions of \$221,641 to be paid on the first business day of the 2024 fiscal year (December 31, 2022 - \$170,849).

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 nine months ended September 30, 2023, GWL elected to receive distributions from Choice Properties Limited Partnership in the form of loans. Non-interest bearing short-term notes totalling \$221,641 (December 31, 2022 - \$170,849) were issued during the nine months ended September 30, 2023 to GWL. Non-interest bearing short-term notes totalling \$170,849 with respect to the loans received in the 2022 fiscal year were settled against distributions payable by the Trust to GWL in January 2023.

Trust Unit Distributions

During the three and nine months ended September 30, 2023, Choice Properties declared cash distributions of \$9,498 and \$28,412, respectively on the Units held by GWL (September 30, 2022 - \$9,372 and \$28,117, respectively). As at September 30, 2023, \$3,166 of Trust Unit distributions declared were payable to GWL (December 31, 2022 - \$3,124). There were no non-cash distributions settled through the issuance of additional Trust Units during the nine months ended September 30, 2023 (September 30, 2022 - \$nil).

Transaction Summary as Reflected in the Consolidated Financial Statements

Transactions with GWL recorded in the consolidated statements of income and comprehensive income were comprised as follows:

(\$ thousands)	Note	Three Months		Nine Months	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Rental revenue	19	\$ 775	\$ 3,472	\$ 2,327	\$ 4,986
Services Agreement expense	24	(1,332)	(976)	(3,732)	(2,926)
Distributions on Exchangeable Units	23	(74,210)	(73,221)	(221,971)	(219,663)

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

(\$ thousands)	Note	As at	
		September 30, 2023	December 31, 2022
Notes receivable	9	\$ 221,641	\$ 170,849
Other receivables	12	737	623
Exchangeable Units	15	(5,018,573)	(5,841,809)
Accrued liabilities	17	(1,331)	(1,233)
Distributions payable on Exchangeable Units	17	(246,378)	(195,256)
Distributions payable on Trust Units	17	(3,166)	(3,124)
Due from (to) GWL and subsidiaries		\$ (5,047,070)	\$ (5,869,950)

Transactions and Agreements with Loblaw

Acquisitions

During the nine months ended September 30, 2023, Choice Properties acquired from Loblaw two financial real estate assets for an aggregate purchase price \$86,300, excluding transaction costs, and a retail property for a purchase price of \$12,330, excluding transaction costs from Loblaw.

Dispositions

During the nine months ended September 30, 2023, Choice Properties disposed of a data centre asset tenanted by Loblaw to a third party for net proceeds of \$74,200. In connection with the transaction, Choice made an \$8,300 payment to Loblaw to terminate its lease early.

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 initial term of the Strategic Alliance Agreement expired on July 5, 2023. Upon expiry of the initial term, the Strategic Alliance Agreement renewed until July 5, 2033 or the date on which GWL and its affiliates own less than 50% of the Trust on a fully diluted basis. 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.

Leases

In the third quarter of 2023, the Trust and Loblaw renewed 46 of 49 leases expiring in 2024.

Lease Surrender Revenue

During the nine months ended September 30, 2023, Choice Properties recognized \$1,427 of lease surrender revenue from Loblaw.

Site Intensification Payments

Choice Properties compensated Loblaw with intensification payments of \$967 in connection with completed gross leasable area for which tenants took possession during the nine months ended September 30, 2023 (December 31, 2022 - \$2,687). In addition, Choice properties compensated Loblaw with an intensification payment of \$2,100 (December 31, 2022 - \$nil) in relation to the disposition of a parcel of retail land.

Transaction Summary as Reflected in the Consolidated Financial Statements

Loblaw is the largest tenant for Choice Properties, representing approximately 57.2% of Choice Properties' rental revenue for the nine months ended September 30, 2023 (September 30, 2022 - 57.6%). Transactions with Loblaw recorded in the consolidated statements of income and comprehensive income were comprised as follows:

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

(\$ thousands)	Note	Three Months		Nine Months	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Rental revenue	19	\$ 185,576	\$ 180,361	\$ 560,311	\$ 547,082

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

(\$ thousands)	Note	As at September 30, 2023	As at December 31, 2022
Rent receivable	12	\$ 5,801	\$ —
Other receivables	12	60	57
Accrued liabilities	17	(11,408)	(13,963)
Construction allowances payable	17	(2,746)	(16,106)
Reimbursed contract payable	17	(296)	(296)
Due from (to) Loblaw		\$ (8,589)	\$ (30,308)

Transactions and Agreements with Wittington

Management Agreements

Choice Properties provides Wittington with property management services for certain properties with third-party tenancies and development consulting services on a fee for service basis.

Trust Unit Distributions

During the three and nine months ended September 30, 2023, Choice Properties declared cash distributions of \$3,094 and \$9,254, respectively on the Units held by Wittington (September 30, 2022 - \$3,053 and \$9,158, respectively). As at September 30, 2023, \$1,031 of Trust Unit distributions declared were payable to Wittington (December 31, 2022 - \$1,018). There were no non-cash distributions settled through the issuance of additional Trust Units during the nine months ended September 30, 2023 and 2022.

Transaction Summary as Reflected in the Consolidated Financial Statements

Transactions with Wittington recorded in the consolidated statements of income and comprehensive income were comprised as follows:

(\$ thousands)	Note	Three Months		Nine Months	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Rental revenue	19	\$ 391	\$ 428	\$ 1,172	\$ 1,163
Fee income	22	168	62	663	187

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

(\$ thousands)	Note	As at September 30, 2023	As at December 31, 2022
Rent receivable	12	\$ 129	\$ 122
Cost-to-complete receivable	12	4,181	8,501
Distributions payable	17	(1,031)	(1,018)
Due from (to) Wittington and subsidiaries		\$ 3,279	\$ 7,605

Transactions and Agreements with other related parties

Mortgages receivable

As at September 30, 2023, \$120,383 of mortgages receivable included within mortgages, loans and notes receivable were to entities which the Trust has an ownership interest in (December 31, 2022 - \$113,780).

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, November 9, 2023 at 10:00 AM (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.

Head Office

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TSX Trust Company
P.O. Box 700, Station B
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Fax toll free: 1 (888) 249-6189 (Canada and US)
E-Mail: shareholderinquiries@tmx.com
Website: www.tsxtrust.com

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.

Investor Relations

Tel: 416-628-7771
Toll free: 1-855-322-2122
Email: investor@choicereit.ca
Website: www.choicereit.ca

Additional financial information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR), www.sedarplus.ca. 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.

Non-Management Trustees

Gordon A. M. Currie - Chair
Executive Vice President and Chief Legal Officer,
George Weston Limited

Diane A. Kazarian¹
Corporate Director

Nancy H.O. Lockhart²
Corporate Director

Cornell Wright
President, Wittington Investments, Limited

L. Jay Cross¹
President, The Howard Hughes
Corporation

Karen A. Kinsley¹
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Dale R. Ponder¹
Corporate Director

Graeme M. Eadie²
Corporate Director

R. Michael Latimer²
Corporate Director

Qi Tang¹
CFO, Skyservice Investments, Inc.

¹ Audit Committee

² Governance, Compensation and Nominating Committee

Ce rapport est disponible en français.



Value for Generations

ChoiceProperties

Head Office

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