Delivering today Building for the future

2023 First 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 of 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 marketing 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

PRIORITIES

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

VALUES

- Care
- Ownership
- Respect
- Excellence

FOUNDATION

- Strategic relationship with Canada's largest retailer
- Embedded ESG practices
- Experienced, engaged and diverse team
- 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. By these actions, we will be well-positioned to grow cash flows and deliver a stable and growing distribution.

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 distribution

Management's Discussion and Analysis

3045 Mavis Road
Mississauga, ON

"We delivered consistent operating and financial results driven by the strength of our portfolio and the quality and resiliency of our tenants. As we look ahead, our business is strong and we are well positioned to execute on our strategic framework."

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

Table of Contents

Notes for Readers

Please refer to the Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") unaudited interim period condensed consolidated financial statements for the three months ended March 31, 2023 and accompanying notes ("Q1 2023 Financial Statements") when reading this Management's Discussion and Analysis ("MD&A"). In addition, this MD&A should be read in conjunction with the Trust's "Forward-Looking Statements" as listed below. Choice Properties' Q1 2023 Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") and were authorized for issuance by the Board of Trustees ("Board").

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

This First 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", "potential", 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 ("ESG") 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;
- 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 March 31, 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.sedar.com.

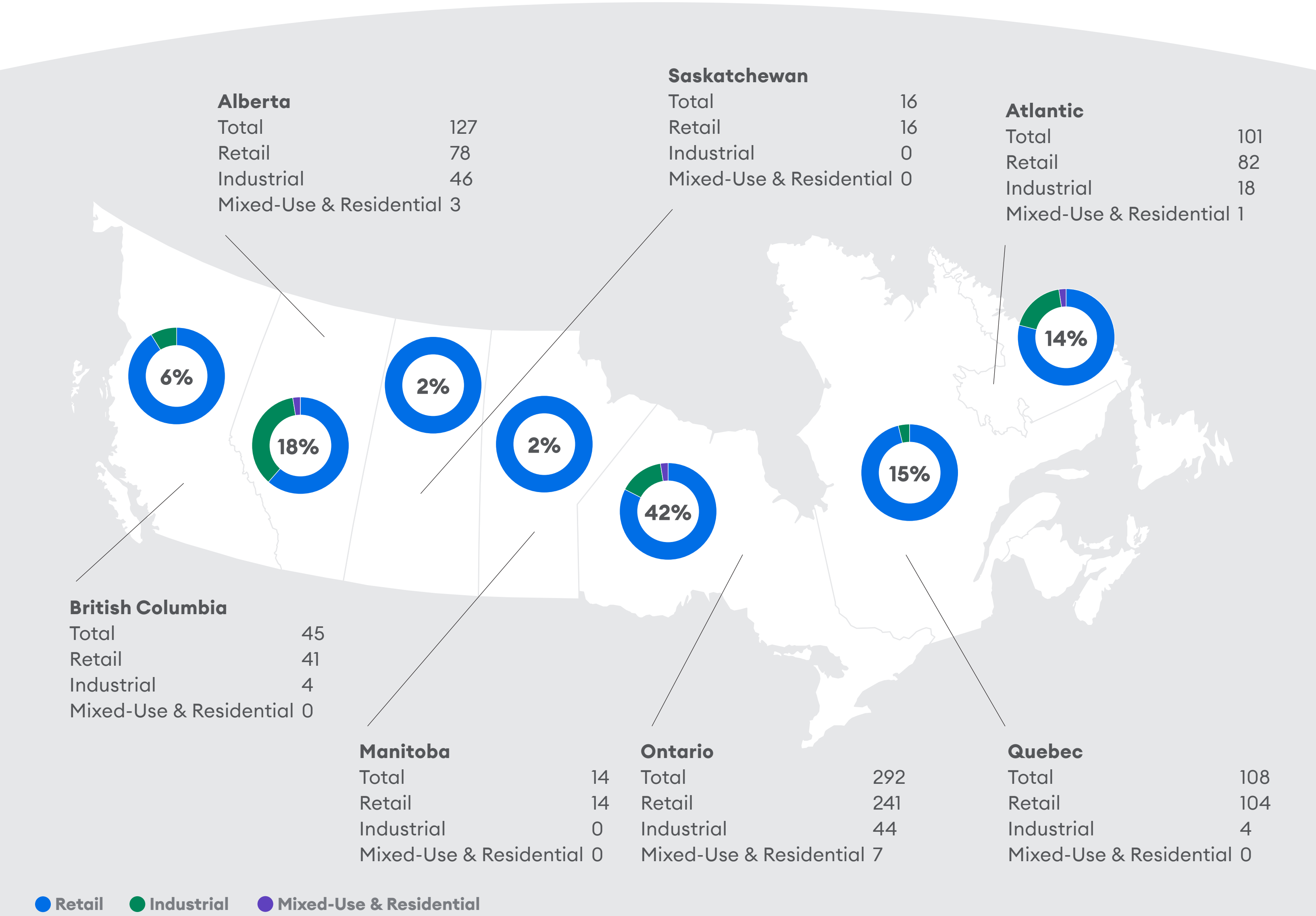
The information in this MD&A is current to April 24, 2023, unless otherwise noted.

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



703
High-quality properties across Canada

64.2M
sq. ft. of GLA

97.7%
Occupancy

18M+
sq. ft. development pipeline

70+
Sites with future development potential

BBB(High)
DBRS rating

7.5x
Debt/EBITDA

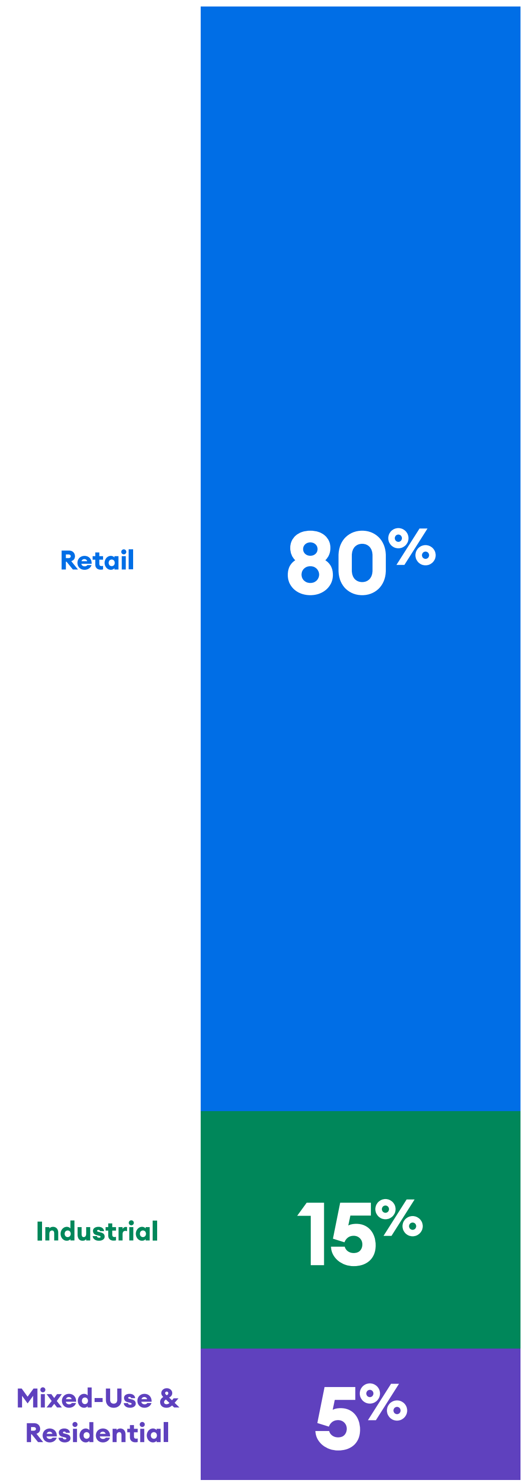
Net-Zero
By 2050

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.

703
Properties

64.2M
Sq. Ft. of GLA



Retail
Necessity-based grocery anchored retail portfolio

Industrial
Flexible well-located industrial portfolio

Mixed-Use & Residential
Transit oriented mixed-use and residential portfolio[ii]

(i) As a % of total NOI on a cash basis[i] for the three months ended March 31, 2023
(ii) Office properties are included in the Mixed-Use & Residential for reporting purposes

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 longterm 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.

44.5M
sq. ft. of GLA

576
Properties

$10.9B
Fair value

97.9%
Occupancy

Strong Necessity-Based Retail Anchor Tenants
Reliable and stable cash flow

+64%
of revenue from Loblaw banners

+67%
of revenue is from grocery and pharmacy

+82%
of revenue from necessity-based retail

Calculated as a % of the retail segment's gross rental revenue as at March 31, 2023 (section 6)

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.

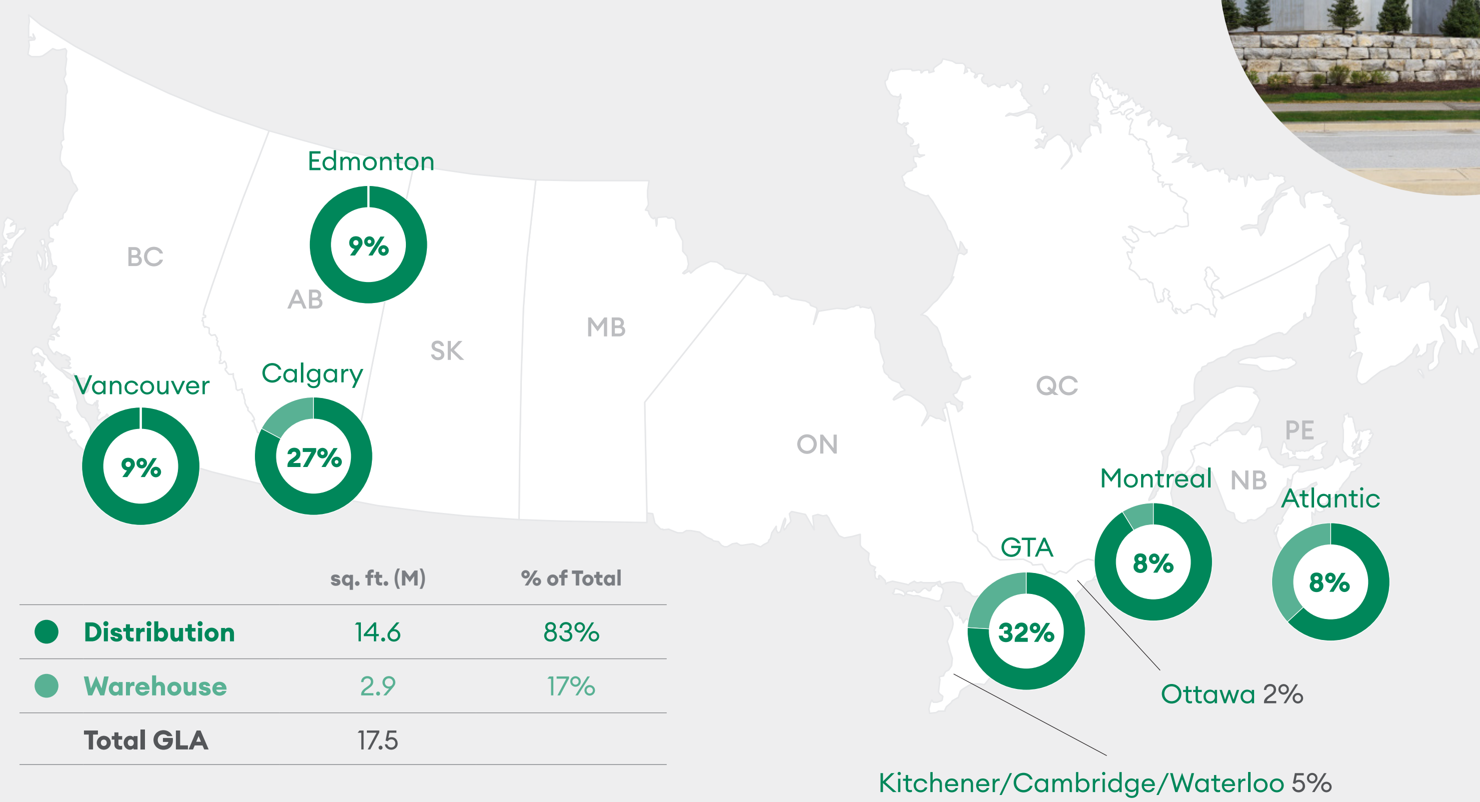
Our industrial properties are located in target distribution markets across Canada, where demand is the highest and we can build a critical mass to enjoy management efficiencies and to accommodate the expansion or contraction requirements of our tenant base.

17.5M
sq. ft. of GLA

98.3%
Occupancy

$3.5B
Fair value

116
Properties



	sq. ft. (M)	% of Total
Distribution	14.6	83%
Warehouse	2.9	17%
Total GLA	17.5	

Calculated as a % of total GLA as at March 31, 2023. Warehouse includes certain Small Bay assets

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 purposebuilt 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.

2.2M

sq. ft. of GLA(i)

$0.9B

Fair value

11

Properties

87.9%

Occupancy(ii)

(i) 2.2 million sq. ft. of GLA includes 0.5 million sq. ft. associated with Choice's 646 residential units

(ii) Occupancy excludes residential units


2994 Peddie Road
Milton, ON

Sustaining Operational Excellence

At Choice Properties, we strive to understand the needs and values of our tenants to provide best in class service. We manage our properties to the highest standard, creating spaces that promote the success and well-being of our tenants and the 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	Value
Retail	97.9%	44.5M	$10.9B
Industrial	98.3%	17.5M	3.5B
Mixed-Use & Residential[(i)]	87.9%	2.2M	0.9B
Development[(ii)]	-	-	1.1B
Total[(iii) (1)]	97.7%	64.2M	$16.4B

(i) Office properties are included in the Mixed-Use & Residential for reporting purposes. Occupancy disclosed excludes residential units
(ii) Projects Under Development
(iii) Information presented here and throughout this report represents information as of March 31, 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. 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 expanding our high-quality tenant mix.

Industrial

Capitalizing on market trends with 7.2M sq. ft. of high-quality industrial developments

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 18.2M sq.ft.

	Active	Zoned and Ready	In Planning	Total[i]
sq. ft.	2.0M	9.4M	6.8M	18.2M
Retail	0.2M	0.2M	n/a	0.4M
Industrial	1.6M	5.6M	n/a	7.2M
Mixed-Use & Residential	0.2M	3.6M	6.8M	10.6M

(i) At Choice's Share

On the Move

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

14	$398M	2.0M	348
Projects under active development	Estimated total investment(2)	Sq. ft. estimated upon completion(i)(2)	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 our Mount Pleasant Village.

(i) Including 1.0M 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

434

Net Developable Acres[ii]

5.6M

Sq. Ft. Potential Development[i]

Choice Caledon Business Park Caledon, ON

Zoning Approved (section 3.6)

(i) At the Trust's share
(ii) At 100% 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

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.

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.

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 at the Board of Trustees, Executive and Senior Management levels.

The Trust's commitment to advancing social equity in our communities can be seen through our Choice Cares program. 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

Woodside Power Centre
Markham, ON

"In the current economic environment, we have taken proactive steps to ensure we maintain our financial strength. Our industry leading balance sheet and disciplined approach to financial management provides flexibility and stability."

Mario Barrafato
Chief Financial Officer

Harvest Pointe
Edmonton, AB

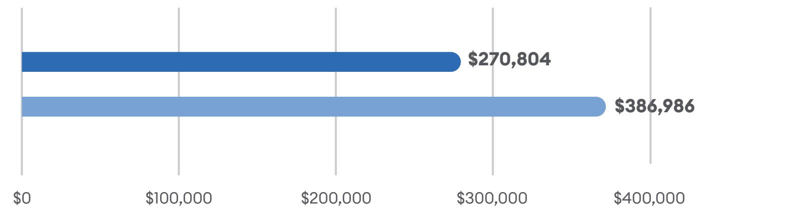
Key Performance Indicators and Financial Information

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

Q1 2023 Q1 2022

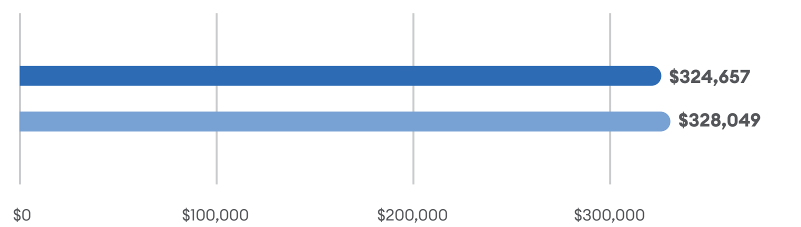
Net Income (Loss)

The quarterly decrease compared to the prior year was mainly due to a decrease in the fair value gains recognized on investment properties to $75.8 million from $302.2 million in Q1 of 2022. In addition, there was a $91.8 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 venture and a $14.6 million fair value loss on the Trust's investment in real estate securities of Allied Properties Real Estate Investment Trust ("Allied"), held by the Trust pursuant to its sale of six office properties to Allied in the first quarter of 2022 (the "Allied Transaction"). This was partially offset by a $213.7 million favourable change in the adjustment to the fair value of the Trust's Exchangeable Units, driven by changes in the Trust's unit price.



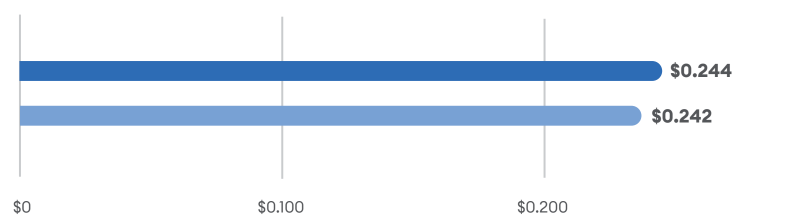
Rental Revenue (GAAP)

The quarterly decrease in revenue was primarily due to forgone revenue from the Allied Transaction. The decrease was partially offset by improved occupancy, higher rental rates on new tenancies and renewals primarily in the retail and industrial portfolios, contractual rent steps and increased capital recoveries, coupled with the impact of acquisitions and completed developments.



FFO Per Unit Diluted[(1)]

Funds from operations increased by $1.8 million year-over-year primarily as a result of the increase in Same-Asset NOI and an increase in interest income. The increase was partially offset by an increase in interest and general and administrative expenses and the impact of 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.

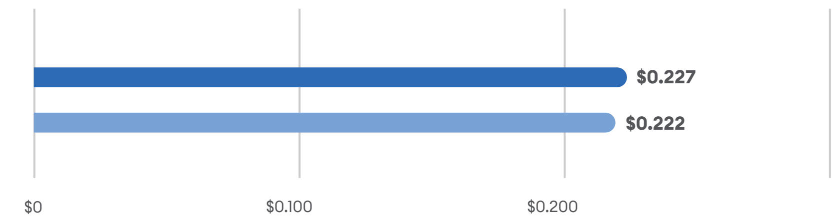


* As at and for the three months ended March 31, 2023 and 2022 ($ thousands except where otherwise indicated)

AFFO Per Unit Diluted[1]

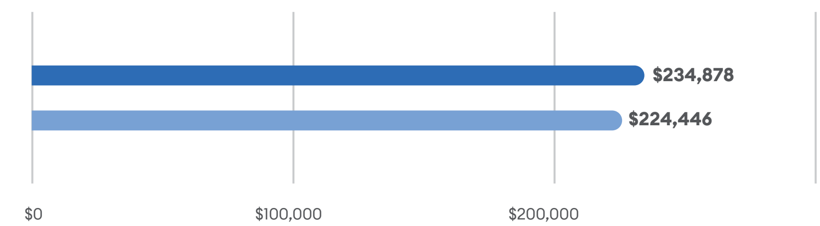
Adjusted funds from operations increased compared to the prior year due to the increase in FFO as noted above, coupled with a favourable change in the straight line rental revenue adjustment as a result of an increase in cash NOI from contractual rent steps.

For the three months ended March 31, 2023, the AFFO payout ratio was 81.8% compared to 83.3% in the prior year.



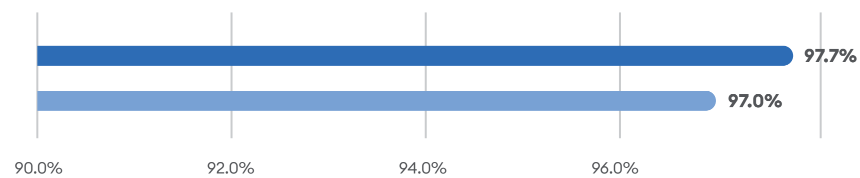
Same-Asset NOI, Cash Basis[1]

Same-asset, NOI Cash Basis increased 4.6% for the three months ended March 31, 2023, primarily due to improved occupancy, higher rental rates on new tenancies and renewals, contractual rent steps, and higher capital recoveries.



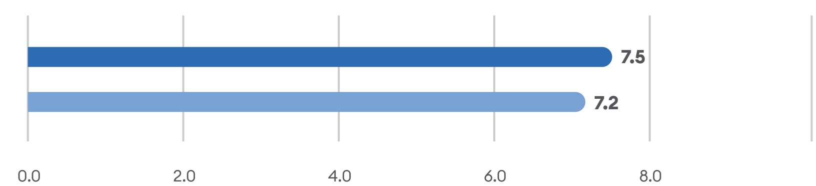
Period End Occupancy

Overall period end occupancy improved compared to the prior year, due to positive absorption in the Ontario and Alberta industrial portfolios, contributions from development transfers, and the impact of transactions.



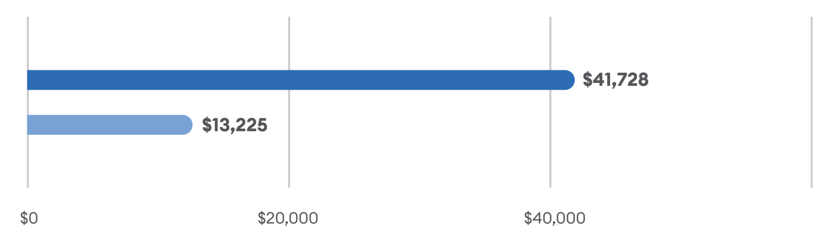
Adjusted Debt to EBITDAFV[1]

Adjusted Debt to EBITDAFV[1] increased compared to prior year primarily due to an increase in debt from net debenture issuances, advances made on construction loans and the credit facility, which were used to fund development projects and acquisitions, and the impact of the Allied Transaction.



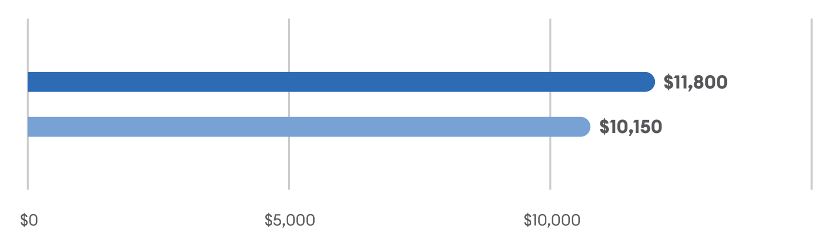
Development Spending (Proportionate)[1]

Development activity reflects spending on active projects during the three months ended March 31, 2023.



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

During the three months ended March 31, 2023, the Trust transferred approximately 30,150 square feet of new retail space from properties under development to income producing.



Grandview Central
Surrey, BC

First Quarter Financial Performance

During the three months ended March 31, 2023

Operating

- Reported net income for the quarter of $270.8 million, compared to net income of $387.0 million in the prior year. The decrease was primarily due to a $320.8 million decrease in fair value gains recognized on investment properties including those held within equity accounted joint ventures and a $14.6 million fair value loss on the Trust's investment in real estate securities of Allied. These decreases were partially offset by a $213.7 million favourable change in the adjustment to fair value of Exchangeable Units[i] due to the decrease in the Trust's unit price.
- Reported FFO per unit diluted[1] for the quarter was $0.244, as compared to $0.242 in the prior year.
- AFFO per unit diluted[1] for the quarter was $0.227, compared to $0.222 in the prior year.
- Same-asset NOI on a cash basis[1] increased by 4.6% over the same quarter in the prior year.
    - Retail and industrial same-asset NOI on a cash basis[1] increased by 3.4% and 8.8% respectively.
- Period end occupancy remained strong at 97.7%, a slight decrease from 97.8% at year end, with retail at 97.9%, industrial at 98.3% and mixed-use & residential at 87.9%.
- Net fair value gain on investment properties was $91.8 million on a proportionate share basis[1] primarily as a result of updates to leasing and cash flow assumptions made to specific properties and the impact the Trust's transaction activity.

Financing

- Completed issuance of $550.0 million Series S senior unsecured debentures bearing interest at 5.400% with a 10 year term.
- Proceeds from the Series S offering were used to repay upon maturity the outstanding $250.0 million principal amount of 3.196% Series G senior unsecured debentures and a balance drawn on the Trust's credit facility.
- Repaid $125.0 million Series D-C senior unsecured debentures upon maturity.
- Completed $187.3 million of mortgage financings, on a proportionate share basis[1], with an average rate of 5.09% and an average term of 12.8 years, from various banks and life insurance companies. The terms of the mortgages ranged from 5 - 20 years, demonstrating the Trust's ability to access financing across the yield curve.
- Ended the quarter with adjusted debt to total assets[1] at 41.0%, and adjusted debt to EBITDAFV[1] and debt service coverage ratios[1] of 7.5 and 3.1 times, respectively.
- Strong liquidity position with over $1.4 billion of available credit and a $12.5 billion pool of unencumbered properties, on a proportionate share basis[1].

Investing

- Acquired three retail assets from Loblaw for an aggregate purchase price of $99.1 million.
- Acquired our partner's remaining interest in Horizon Business Park industrial asset in Edmonton, AB for $32.1 million. The acquired interest includes the partner's share of a completed building and a building under development.
- Acquired a retail property for $23.0 million, the property is a land assembly to the Trust's Golden Mile development project.
- Completed the disposition of the Trust's 50% interest in Calgary Place to its partner. In exchange the Trust received the partner's 50% interest in Altius Centre and a vendor take-back mortgage with a face value of $13.5 million (fair value of $11.1 million).
- Completed dispositions of $27.6 million including a non-core retail property for $23.0 million, previously classified as asset held for sale, and excess land for $4.6 million.
- The Trust transferred $11.8 million of properties under development to income producing status, delivering approximately 30,150 square feet of new GLA on a proportionate share basis[1].

(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.

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 months ended March 31, 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 and for the three months ended March 31, 2023 ($ thousands)		2023		2022
Number of income producing properties		**703**		699
GLA (in millions of square feet)		**64.2**		64.0
Occupancy*		**97.7%**		97.0%
Total assets (GAAP)	**$**	**16,969,907**	$	16,429,693
Total liabilities (GAAP)	**$**	**(12,943,374)**	$	(12,786,310)
Rental revenue (GAAP)	**$**	**324,657**	$	328,049
Net income	**$**	**270,804**	$	386,986
Net income per unit diluted	**$**	**0.374**	$	0.535
FFO(1) per unit diluted*	**$**	**0.244**	$	0.242
FFO(1) payout ratio*		**76.0%**		76.4%
AFFO(1) per unit diluted*	**$**	**0.227**	$	0.222
AFFO(1) payout ratio*		**81.8%**		83.3%
Distribution declared per Unit	**$**	**0.186**	$	0.185
Weighted average number of Units outstanding – diluted(i)		**723,665,160**		723,466,930
Adjusted debt to total assets(ii)*		**41.0%**		39.5%
Debt service coverage(ii)*		**3.1x**		3.4x
Adjusted Debt to EBITDAFV(1)*		**7.5x**		7.2x
Indebtedness(iii) – weighted average term to maturity*		**6.0 years**		5.3 years
Indebtedness(iii) – weighted average interest rate*		**3.97%**		3.59%

* 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) 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:

	As at March 31, 2023			As at December 31, 2022		
($ thousands)	**GAAP Basis**	**Reconciliation**	**Proportionate Share Basis[1]**	GAAP Basis	Reconciliation	Proportionate Share Basis[1]
Assets						
Investment properties	**$ 14,777,000**	**$ 1,663,000**	**$ 16,440,000**	$ 14,444,000	$ 1,710,000	$ 16,154,000
Equity accounted joint ventures	**874,482**	**(874,482)**	**—**	995,822	(995,822)	—
Financial real estate assets	**195,310**	**(195,310)**	**—**	109,509	(109,509)	—
Residential development inventory	**21,118**	**—**	**21,118**	18,785	—	18,785
Mortgages, loans and notes receivable	**561,526**	**(96,306)**	**465,220**	680,475	(96,072)	584,403
Investment in real estate securities	**287,671**	**—**	**287,671**	302,314	—	302,314
Intangible assets	**17,260**	**—**	**17,260**	21,369	—	21,369
Accounts receivable and other assets	**163,474**	**(4,927)**	**158,547**	132,117	(2,116)	130,001
Assets held for sale	**27,400**	**—**	**27,400**	50,400	—	50,400
Cash and cash equivalents	**44,666**	**21,459**	**66,125**	64,736	23,379	88,115
Total Assets	**$ 16,969,907**	**$ 513,434**	**$ 17,483,341**	$ 16,819,527	$ 529,860	$ 17,349,387
Liabilities and Equity						
Long term debt	**$ 6,598,806**	**$ 487,207**	**$ 7,086,013**	$ 6,294,101	$ 496,493	$ 6,790,594
Credit facility	**82,991**	**—**	**82,991**	257,617	—	257,617
Exchangeable Units	**5,746,820**	**—**	**5,746,820**	5,841,809	—	5,841,809
Trade payables and other liabilities	**514,757**	**26,227**	**540,984**	601,847	33,367	635,214
Total Liabilities	**12,943,374**	**513,434**	**13,456,808**	12,995,374	529,860	13,525,234
Equity						
Unitholders' equity	**4,026,533**	**—**	**4,026,533**	3,824,153	—	3,824,153
Total Equity	**4,026,533**	**—**	**4,026,533**	3,824,153	—	3,824,153
Total Liabilities and Equity	**$ 16,969,907**	**$ 513,434**	**$ 17,483,341**	$ 16,819,527	$ 529,860	$ 17,349,387

Balance Sheet Analysis (GAAP Basis)

Line Item	$ Change	Variance Commentary
Investment properties	$ 333,000	The increase compared to December 31, 2022 is primarily attributable to a transfer from equity accounted joint ventures of $192.8, acquisitions of $73.5 million, capital and leasing expenditures of $44.9 million, and a favourable fair value adjustment on investment properties of $75.8 million. The increase was partially offset by dispositions of $53.0 million.
Equity accounted joint ventures	(121,340)	The decrease is primarily attributable to the Trust's acquisition of its partner's interest in Horizon Business Park LP. Upon completion of the acquisition the Trust de-recognized the equity accounted joint venture and consolidated the assets and liabilities of the partnership.
Financial real estate assets	85,801	The increase was mainly attributable to the acquisition of two assets from Loblaw for $86.5 million.
Residential development inventory	2,333	The increase was attributable to development expenditures incurred for a residential condominium project in Brampton, ON.
Mortgages, loans and notes receivable	(118,949)	The decrease was primarily due to the repayment of GWL's prior year outstanding notes receivable balance of $170.8 million, partially offset by the $73.2 million of notes advanced to GWL in the current year.
Investment in Real Estate Securities	(14,643)	As part of the consideration received for the disposal of six office assets to Allied in Q1 of 2022, the Trust received 11,809,145 exchangeable Class B limited partnership units. The Trust recorded a fair value loss of $14.6 million on these real estate securities in the period due to the decrease in Allied's unit price.
Intangible assets	(4,109)	The decrease was primarily due to the Trust de-recognizing a portion of its intangible assets in relation to the two office properties disposed in the current quarter.
Working Capital	98,377	The net increase was primarily due to the reduction in the exchangeable unit distribution payable to GWL upon settlement against the prior's note receivable balance, partially offset by the distributions deferred in the current year.
Long term debt and credit facility	130,079	Net increase was primarily attributable to the issuance of the $550.0 million Series S senior unsecured debentures, and $167.7 million of mortgage financing, on a net basis. The increase was partially offset by the repayment of the $250.0 million Series G and $125.0 million Series D-C senior unsecured debentures, in addition to a net repayment of $175.0 million on the Trust's credit facility.
Exchangeable Units	(94,989)	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	202,380	Net increase was primarily due to year-to-date net income, partially offset by the distributions to Unitholders.

3. INVESTMENT PROPERTIES

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

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

	Three Months		
As at or for the period ended March 31, 2023 ($ thousands)	**Income producing properties**	**Properties under development**	**Investment Properties(i)**
GAAP balance, beginning of period	$ 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(i)	989,000	721,000	**1,710,000**
Non-GAAP proportionate share balance(1), beginning of period	15,108,000	1,046,000	**16,154,000**
Acquisitions of investment properties(ii)	173,286	18,728	**192,014**
Capital expenditures			
Development capital(iii)	—	40,152	**40,152**
Building improvements	3,184	—	**3,184**
Capitalized interest(iv)	—	1,576	**1,576**
Property capital	1,756	—	**1,756**
Direct leasing costs	1,807	—	**1,807**
Tenant improvement allowances	7,017	—	**7,017**
Amortization of straight-line rent	(322)	—	**(322)**
Transfers from properties under development(v)	11,800	(11,800)	**—**
Dispositions	(53,015)	—	**(53,015)**
Adjustment to fair value of investment properties	84,487	7,344	**91,831**
Non-GAAP proportionate share balance(1), March 31, 2023	**$ 15,338,000**	**$ 1,102,000**	**$ 16,440,000**

(i) Refer to Section 14.1, "Investment Properties Reconciliation" for a reconciliation of the continuity of investment properties determined in accordance with GAAP.
(ii) Includes acquisition costs.
(iii) Development capital included $367 of site intensification payments paid to Loblaw for the three months ended March 31, 2023 (December 31, 2022 - $2,687).
(iv) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.01% (December 31, 2022 - 3.74%).
(v) Transfers from properties under development for the three months ended March 31, 2023, included fair value adjustments recognized within properties under development of $1,155 (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 a total fair value of $50,400 as assets held for sale. During the three months ended March 31, 2023, the Trust completed the disposition of one of the retail properties (see Section 3.2). The remaining two retail properties and one office property with a total fair value of $27,400, continue to be classified as assets held for sale as at March 31, 2023.

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 the estimated stabilized NOI for one year. Currently, this method is only applied to value residential assets and certain land 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 valuators in preparing their valuation reports and holds discussions with the independent valuators on the reasonableness of their assumptions. Where warranted, adjustments will be made to the internal valuations to reflect the assumptions contained in the external valuations. The Trust will record the internal value in its consolidated financial statements.

Valuations are most sensitive to changes in capitalization rates. The 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 March 31, 2023	**Retail**	**Industrial**	**Mixed-Use & Residential**	**Total Investment Properties**
Discount rate	**7.41%**	**6.03%**	**5.24%**	**6.98%**
Terminal capitalization rate	**6.58%**	**5.25%**	**4.70%**	**6.17%**
Overall capitalization rate	**6.40%**	**4.95%**	**4.53%**	**5.97%**

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 March 31, 2023 the Trust recorded a favourable adjustment of $75.8 million on a GAAP basis and a favourable adjustment of $91.8 million on a proportionate share basis[(1)] to the value of investment properties. Fair value adjustments for the quarter reflected updated leasing and cash flow assumptions for specific properties and the impact of the Trust’s transaction activity.

3.2 Investment Property and Other Transactions

Acquisitions of Investment Properties

The following table summarizes the investment properties acquired in the three months ended March 31, 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%	296,321	19,850	5,300	13,346	—	—	1,204	—
Acquisitions from third-parties				**362,568**	**60,775**	**5,300**	**13,346**	**—**	**—**	**1,204**	**40,925**
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				**847,229**	**$ 192,014**	**$ 5,300**	**$ 29,341**	**$ 5,385**	**$ 4,187**	**$ 1,204**	**$146,597**

(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 in exchange for the partner's 50% interest in Altius Centre (see acquisition table above) and a vendor take-back mortgage (Section 3.8).

Dispositions of Investment Properties

The following table summarizes the investment properties sold in the three months ended March 31, 2023:

($ thousands except where otherwise indicated)						Consideration				
Location	Date of Disposition	Segment	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	Cash
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	—
Dispositions of investment properties				**295,695**	**53,015**	**34,617**	**5,300**	**(2,655)**	**11,140**	**4,613**
Assets held for sale										
Kingston, ON	Feb 21	Retail	100%	104,286	23,000	—	—	—	—	23,000
Dispositions of assets held for sale				**104,286**	**23,000**	**—**	**—**	**—**	**—**	**23,000**
Total dispositions of investment properties				**399,981**	**$ 76,015**	**$ 34,617**	**$ 5,300**	**$ (2,655)**	**$ 11,140**	**$ 27,613**

(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).

3.3 Completed Developments

For the three months ended March 31, 2023, Choice Properties completed a total of $10.6 million in development projects delivering 30,150 square feet of commercial space with a weighted average project yield of 7.4%. The Trust delivered four retail developments including a Shoppers Drug Mart store in Port Hope, Ontario, as well as retail spaces in Alberta and serviced pads in Nova Scotia primarily occupied by a national retailer and financial institutions, respectively.

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

During the three months ended March 31, 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 three months ended March 31, 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 % (i)
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 % (i)
Total transferred properties at cost			**30,150**	**$ 10,645**	**7.4 %**
Total transferred properties at fair value				**$ 11,800**	

(i) Expected stabilized yield for this development has increased due to lower than budgeted costs.

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(1) as at March 31, 2023, is summarized below:

($ thousands except where otherwise indicated)			GLA(i)(ii) (square feet)	Investment(i)(iii)		
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	9	203,000	$ 3,418	$ 30,164	$ 33,582
Industrial	3.5	3	1,550,000	127,123	80,897	208,020
Residential	3.5	2	236,000	88,721	67,305	156,026
Subtotal projects under active development		**14**	**1,989,000**	**219,262**	**178,366**	**397,628**
Developments in planning						
Retail	3.6	16	276,000	37,755		
Industrial	3.6	2	5,550,000	265,502		
Mixed-Use and Residential	3.6	13	10,430,000	131,943		
Subtotal developments in planning		**31**	**16,256,000**	**435,200**		
Total development - cost		**45**	**18,245,000**	**$ 654,462**		
Total development - fair value(v)				**$ 1,102,000**		

(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(1). Investment to-date compiled on a cash basis, excluding adjustments to fair value of on-going projects.
(iv) The Trust expects to invest approximately 90% during 2023 and the remainder in 2024.
(v) Total development fair value excludes residential development inventory of $21,118 as at March 31, 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 14 active developments comprised of nine retail, three industrial and two residential projects. Upon completion, the projects under active development are expected to deliver a total of 1,753,000 square feet of commercial space (including 1,021,000 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 $219.3 million to date and is expected to invest an additional $178.4 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 203,000 square feet at share of active retail development (including 121,000 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 March 31, 2023:

($ thousands except where otherwise indicated)				GLA[i] (square feet)		Investment[i][ii]			
	Project / Location	**Ownership %**	**Expected completion date[iii]**	**Estimated upon completion[2]**	**% Leased**	**To-date**	**Estimated cost to completion[2]**	**Estimated total**	**Expected stabilized yield[2][iv]**
	Retail								
1	Guelph St., Georgetown, ON	100%	H1 2023	25,000	100 %	$ —	$ 7,900	$ 7,900	8.75%-9.25% [vii]
2	Harvest Hills Market, Edmonton, AB[v][vi]	50%	H1 2023	9,000	100 %	3,218	1,516	4,734	7.00%-7.50%
3	Oxford St. E., London, ON	100%	H2 2023	15,000	100 %	183	5,507	5,690	6.75%-7.25%
4	Calgary Trail, Edmonton, AB	100%	H2 2023	15,000	100 %	—	5,250	5,250	6.00%-6.50%
5	Sunwapta West, Edmonton, AB[v][vi]	50%	H1 2024	3,000	100 %	—	500	500	36.00%-36.50%
6	Erin Ridge Shopping Centre, St. Albert, AB[v]	50%	H1 2024	7,000	100 %	—	3,696	3,696	7.00%-7.25%
7	Countryview Dr., Dartmouth, NS[v]	50%	H1 2024	10,000	100 %	17	2,617	2,634	7.75%-8.25%
8	Princess St., Kingston, ON[vi]	100%	H2 2024	117,000	100 %	—	2,438	2,438	11.00%-11.50%
9	Carlton Spur, Prince Albert, SK	25%	H2 2024	2,000	100 %	—	740	740	8.25%-8.75%
	Total retail developments			**203,000**		**$ 3,418**	**$ 30,164**	**$ 33,582**	**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) H1 represents the first six months of the year. H2 represents the last six months of the year.
(iv) Unless otherwise noted, there were no material changes in previously reported expected stabilized yields.
(v) Development project with phased completion. Reported expected stabilized yield may vary as phases are completed or as future phases are added to the development.
(vi) The development includes a ground lease, which is excluded from total portfolio square footage for lease reporting purposes.
(vii) Expected stabilized yield for this development has increased due to higher stabilized NOI.

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 1,550,000 square feet at share (including 900,000 square feet associated with ground leases) of new generation logistics space in the near term(2).

The industrial project at Horizon Business Park in Edmonton, Alberta, is nearing completion with occupancy of the last building of the project anticipated in the second half of 2023. 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 total square feet in Edmonton's premiere warehouse and logistics business park (see Section 3.2, "Investment Property and Other Transactions").

At the second active industrial site, Choice Industrial Centre, in Surrey, British Columbia, construction is progressing well, with the structure substantially complete.

The third industrial development, Choice Eastway Industrial Centre, is located in East Gwillimbury, Ontario, in which the Trust holds a 75% ownership interest. The development plan for the property is to build a multi-phase industrial park with the potential for approximately 1,800,000 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. During the first quarter, Loblaw's construction of its 1,200,000 square foot warehouse structure is well advanced and installation of off-site services is underway.

The following table details the Trust's industrial projects under active development on a proportionate share basis(1) as of March 31, 2023:

($ thousands except where otherwise indicated)				GLA(i) (square feet)		Investment(i)(ii)			
	Project / Location	Ownership %	Expected completion date(iii)	Estimated upon completion(2)	% Leased	To-date	Estimated cost to completion(2)	Estimated total	Expected stabilized yield(2)(iv)
	Industrial								
1	Horizon Business Park, Edmonton, AB(v)	100%	H2 2023	297,000	100 %	$ 31,421	$ 10,989	$ 42,410	6.00%-6.50%
2	Choice Industrial Centre, Surrey, BC(vi)	100%	H2 2023	353,000	— %	47,183	24,727	71,910	7.25%-7.75%
3	Choice Eastway Industrial Centre - Phase 1, East Gwillimbury, ON(vii)	75%	H2 2023	900,000	100 %	48,519	45,181	93,700	6.75%-7.25%
	Total industrial developments			**1,550,000**		**$ 127,123**	**$ 80,897**	**$ 208,020**	**6.75% - 7.25%**

(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) There were no material changes in previously reported expected stabilized yields.
(v) Development project with phased completion. Reported expected stabilized yield may vary as phases are completed or as future phases are added to the development.
(vi) 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 1.2 million total square feet or 0.9 million square feet at share.

Projects Under Active Development - Residential

Choice Properties has two residential projects under active development. At Mount Pleasant Village in Brampton, Ontario, construction is progressing well on the condominium building with mechanical equipment, window, drywall, suite framing and elevator installation ongoing. During the quarter, the rental building was branded “Uniti”. Precast installation on the rental building is complete and exterior work is progressing well.

At Element in Ottawa, Ontario, window wall and curtain installation is substantially complete. Mechanical and electrical rough ins, drywall, elevator and mechanical penthouse work are progressing well.

Both projects are targeted to be completed in the second half of 2023.

The following table details the Trust’s residential projects under active development on a proportionate share basis(1) as of March 31, 2023:

($ thousands except where otherwise indicated)						GLA(i) (square feet)	Investment(i)(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	Mount Pleasant Village, Brampton, ON	50%	Rental	H2 2023	151	101,000	$ 34,432	$ 29,022	$ 63,454	3.75%-4.25%
	Mount Pleasant Village, Brampton, ON	50%	Inventory	H2 2023	71	49,000	21,118	14,194	35,312	
2	Element, Ottawa, ON	50%	Rental	H2 2023	126	86,000	33,171	24,089	57,260	4.75%-5.25%
	Total residential				**348**	**236,000**	**$ 88,721**	**$ 67,305**	**$ 156,026**	**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) 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 March 31, 2023, the Trust has identified 31 sites with potential for future development. This includes 16 opportunities totaling 276,000 square feet at existing retail sites, two industrial sites totaling 5,550,000 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 $435.2 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	**16**	**$ 37,755**

(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**	**$ 265,502**

(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, 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 are being submitted to facilitate the development of warehouse, distribution, and industrial uses totaling over 6 million square feet (at 100% share). This site has 380 net developable acres and the Trust has invested $244.1 million to date, including land acquisition.
Choice Eastway Industrial Centre - Phase 2, East Gwillimbury, ON	The second phase of the Trust's project constitutes approximately 54 acres of developable land and is fully zoned. The Trust continues progress on site preparation. The second phase is anticipated to be approximately 0.6 million total square feet (at 100% share). The Trust has invested $21.4 million to date, including land acquisition.

Residential and Mixed-Use Development in Planning

Mixed-use development represents a key component of Choice Properties' long-term development strategy. The Trust endeavours to create enduring value through high-quality mixed-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 $131.9 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	12,816
2 Grenville & Grosvenor, Toronto, ON	Residential	50 %	0.5	385	17	320	337	$ 33,608
3 Sheppard Ave. W., Toronto, ON	Residential	50 %	0.3	100	5	64	69	6,897
Subtotal zoning approved			**19.8**	**4,082**	**345**	**3,291**	**3,636**	**53,321**
Zoning applications submitted								
1 Broadview Ave.,Toronto, ON	Mixed-Use	100 %	3.3	503	23	409	432	3,660
2 Carlaw Ave., Toronto, ON	Mixed-Use	100 %	5.6	1,080	84	993	1,077	5,525
3 Dundas St. W., Toronto, ON	Mixed-Use	100 %	13.0	1,923	178	1,477	1,655	43,627
4 Parkway Forest Dr., Toronto, ON	Residential	50 %	1.5	170	—	131	131	717
5 Photography Dr., Toronto, ON	Mixed-Use	100 %	7.7	2,356	50	2,010	2,060	3,950
6 Warden Ave., Toronto, ON	Residential	100 %	6.5	1,500	10	1,072	1,082	11,604
7 Woodbine Ave., Toronto, ON	Mixed-Use	100 %	1.7	400	23	334	357	4,982
Subtotal zoning applications submitted			**39.3**	**7,932**	**368**	**6,426**	**6,794**	**74,065**
Zoning applications to be submitted								
1 Lower Jarvis, Toronto, ON	Mixed-Use	100 %	4.1	—	—	—	—	1,617
2 North Rd., Coquitlam, BC	Mixed-Use	100 %	7.8	—	—	—	—	1,273
3 South Service Rd., Mississauga, ON	Mixed-Use	100 %	10.4	—	—	—	—	1,667
Subtotal zoning applications to be submitted			**22.3**	**—**	**—**	**—**	**—**	**4,557**
Total residential and mixed-use projects in planning			**81.4**	**12,014**	**713**	**9,717**	**10,430**	**$ 131,943**

(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 March 31, 2023, the Trust has invested a total of $53.3 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. The development will create a community comprising retail, residential, institutional and office uses along with privately owned public spaces including a new park. The Official Plan and Zoning By-law Amendment Applications 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 35,000 square feet of commercial GLA and approximately 770 rental residential units (at 100% share). 30% of the residential units will be affordable housing units.
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 March 31, 2023, the Trust has invested a total of $74.1 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+ 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 339 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 over 1,500 residential units, over 1 million square feet of gross floor area and a proposal for a public park. Choice Properties has submitted an Official Plan Amendment and Zoning By-law Amendment to the City of Toronto.
Woodbine Avenue, Toronto, ON	The approximately 1.7 acre site is located at the 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 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.

				GAAP Basis	
As at March 31, 2023 ($ thousands)	GAAP Basis		Proportionate Share Basis[1](i)	Weighted average term to maturity (years)	Weighted average interest rate (%)
Mortgages receivable	$	488,305	$ 391,999	1.1	4.95 %
Notes receivable from GWL		73,221	73,221	—	— %
Mortgages, loans and notes receivable	$	561,526	$ 465,220		

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

				GAAP Basis	
As at December 31, 2022 ($ thousands)	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		

Holders of Exchangeable Units may, in lieu of receiving all or a portion of their distributions, choose to be loaned an amount from Choice Properties Limited Partnership, and to have such distributions made on the first business day following the end of the fiscal year in which such distribution would otherwise have been made. The loans do not bear interest and are due and payable in full on the first business day following the end of the fiscal year during which the loan was made. During the three months ended March 31, 2023, GWL elected to receive distributions from Choice Properties Limited Partnership in the form of loans. Non-interest bearing short-term notes totalling $73,221 were issued during the three months ended March 31, 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.

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.

The Trust has issued approximately $482,084 of secured mortgages to third-party borrowers. These loans are with borrowers who are strategic partners and counterparties of the Trust and are secured by real property assets.

3.9 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 March 31, 2023, the Trust holds approximately an 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 and network-dense urban data centre space in Toronto. As at December 31, 2022(i), Allied's income producing portfolio consisted of 199 properties across Canada totalling 14.3 million square feet in gross leasable area and was valued at $8.2 billion. Allied reported net asset value of $7.1 billion or $50.96 per unit diluted at December 31, 2022(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 a holder of the Class B Units, the Trust is entitled to distributions paid by Allied. For the three months ended March 31, 2023, the Trust recognized distribution income of $5,315 (March 31, 2022 - $nil) 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 March 31, 2023 was $24.36 (December 31, 2022 - $25.60). For the three months ended March 31, 2023, the Trust recognized a loss of $14,643 (March 31, 2022 - $nil) on its investment in Allied, due to the change in the price of Allied's publicly traded units. As at March 31, 2023 the Trust held 11,809,145 Class B Units with a value of $287,671 (December 31, 2022 - 11,809,145 Class B Units and $302,314, respectively).

($ thousands)		Three months ended March 31, 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		(14,643)		(248,346)
Balance, end of period	$	287,671	$	302,314

(i) Values are from Allied's Annual Report, December 31, 2022. Please refer to Allied's Annual Report for further details.

4. LIQUIDITY AND CAPITAL RESOURCES

4.1 Major Cash Flow Components

For the periods ended March 31 ($ thousands)	Three Months 2023	2022	Change $
Cash and cash equivalents, beginning of period - GAAP basis	$ 64,736	$ 84,304	$ (19,568)
Cash flows from operating activities	133,027	113,839	19,188
Cash flows from (used in) investing activities	(208,267)	(60,200)	(148,067)
Cash flows from (used in) financing activities	55,170	(121,713)	176,883
Cash and cash equivalents, end of period - GAAP basis	**$ 44,666**	$ 16,230	$ 28,436

Cash Flows from Operating Activities

Three Months

The increase in cash flows from operating activities for the three months is mainly due to a favourable change in net working capital of $14.2 million, higher retail and industrial net operating income, a reduction in transaction costs incurred, and an increase in cash interest received.

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

Cash Flows from (used in) Investing Activities

Three Months

The increase in cash flows used in investing activities was primarily due to an increase in acquisitions and capital spending of $140.0 million, an increase in net advances for mortgages, loans, and notes receivable of $23.2 million, a decrease in proceeds received on the disposition of investment properties of $8.4 million, partially offset by a decrease in contributions to equity accounted investments of $23.5 million.

Cash Flows from (used in) Financing Activities

Three Months

The increase in cash from financing activities was primarily due to an increase in proceeds of debenture issuances net of repayments of debentures of $172.1 million, an increase in net advances of mortgages payable of $179.1 million, and a decrease of distributions paid on exchangeable units of $73.2 million. These increases were partially offset by an increase in net repayments of credit facilities of $230.0 million.

4.2 Liquidity and Capital Structure

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

($ thousands)	As at March 31, 2023	As at December 31, 2022	Change $
Cash and cash equivalents - proportionate share basis[1]	$ 66,125	$ 88,115	$ (21,990)
Unused portion of the credit facility	1,415,000	1,240,000	175,000
Liquidity	$ 1,481,125	$ 1,328,115	$ 153,010
Unencumbered assets - proportionate share basis[1]	$ 12,500,000	$ 12,330,000	$ 170,000

4.3 Components of Total Adjusted Debt

Choice Properties' debt structure was as follows:

As at March 31, 2023 ($ thousands)	GAAP Basis	Proportionate Share Basis[1]	Proportionate Share Basis[1] Weighted average term to maturity (years)	Proportionate Share Basis[1] Weighted average interest rate (%)
Construction loans	$ 30,271	$ 246,001	0.4	6.54%
Credit facility	85,000	85,000	4.4	6.14%
Less: Debt placement costs	(2,009)	(2,009)		
Variable rate debt	113,262	328,992	1.4	6.44%
Construction loans	27,702	27,702	8.1	2.08 %
Senior unsecured debentures	5,500,000	5,500,000	5.8	4.00%
Mortgages payable	1,062,202	1,335,940	6.6	3.91 %
Less: Debt placement costs, discounts and premiums	(21,369)	(23,630)		
Fixed rate debt	6,568,535	6,840,012	6.0	3.97%
Total adjusted debt, net	$ 6,681,797	$ 7,169,004		

As at December 31, 2022 ($ thousands)	GAAP Basis	Proportionate Share Basis[1]	Proportionate Share Basis[1]: Weighted average term to maturity (years)	Proportionate Share Basis[1]: Weighted average interest rate (%)
Construction loans	$ 15,847	$ 241,546	0.6	5.91 %
Mortgage 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 2023 to 2031, have a maximum amount available to be drawn at the Trust's ownership interest of $438,626 of which $318,900 relates to equity accounted joint ventures as at March 31, 2023 (December 31, 2022 - $436,741 and $345,951, respectively).

As at March 31, 2023, $273,703, of which $215,730 relates to equity accounted joint ventures, was drawn and the construction loans had a weighted average effective interest rate of 6.09% (December 31, 2022 - 5.57%) and a weighted average term to maturity of 1.2 years (December 31, 2022 - 1.3 years).

Credit Facility

Choice Properties has a $1,500,000 senior unsecured committed revolving credit facility maturing September 1, 2027, provided by a syndicate of lenders. The credit facility bears interest at variable rates of either Prime plus 0.20% or Bankers' Acceptance rate plus 1.20%. The pricing is contingent on the credit ratings for Choice Properties from either DBRS and S&P remaining at BBB (high). The credit facility is subject to an annual commitment fee of approximately $3,600, however the fee is reduced in proportion to the amount drawn on the facility. As at March 31, 2023, $85,000 was drawn under the syndicated facility (December 31, 2022 - $260,000).

The credit facility contains certain financial covenants. As at March 31, 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 Series D-C senior unsecured debentures outstanding. The repayment of the Series D-C senior unsecured debenture 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 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.

Summary of Total Adjusted Debt Activities

The following outlines the net changes to the components of Choice Properties' variable rate debt on a GAAP basis and non-GAAP proportionate share basis[1] during the three months ended March 31, 2023:

	GAAP Basis			Adjustment to Proportionate Share Basis[1]	Proportionate Share Basis[1]
For the three months ended March 31 ($ 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	—	1,991	—	5,902	7,893
Repayments	(175,000)	(19,433)	(27,065)	—	(221,498)
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	**$ 85,000**	**$ 30,271**	**$ —**	**$ 215,730**	**$ 331,001**

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

The following outlines the changes to the components of Choice Properties' fixed rate debt on a GAAP basis and non-GAAP proportionate share basis[1] during the three months ended March 31, 2023:

	GAAP Basis			Adjustment to Proportionate Share Basis[1]	Proportionate Share Basis[1]
For the three months ended March 31 ($ thousands)	Senior unsecured debentures	Mortgages payable	Construction loans	Mortgages payable[i]	Total Adjusted debt, fixed rate
Principal balance outstanding, beginning of period	$ 5,325,000	900,583	$ 23,367	$ 273,009	$ 6,521,959
Issuances and advances[ii]	550,000	167,705	4,335	2,559	724,599
Repayments	(375,000)	(6,086)	—	(1,830)	(382,916)
Principal balance outstanding, end of period	**$ 5,500,000**	**$ 1,062,202**	**$ 27,702**	**$ 273,738**	**$ 6,863,642**

(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.

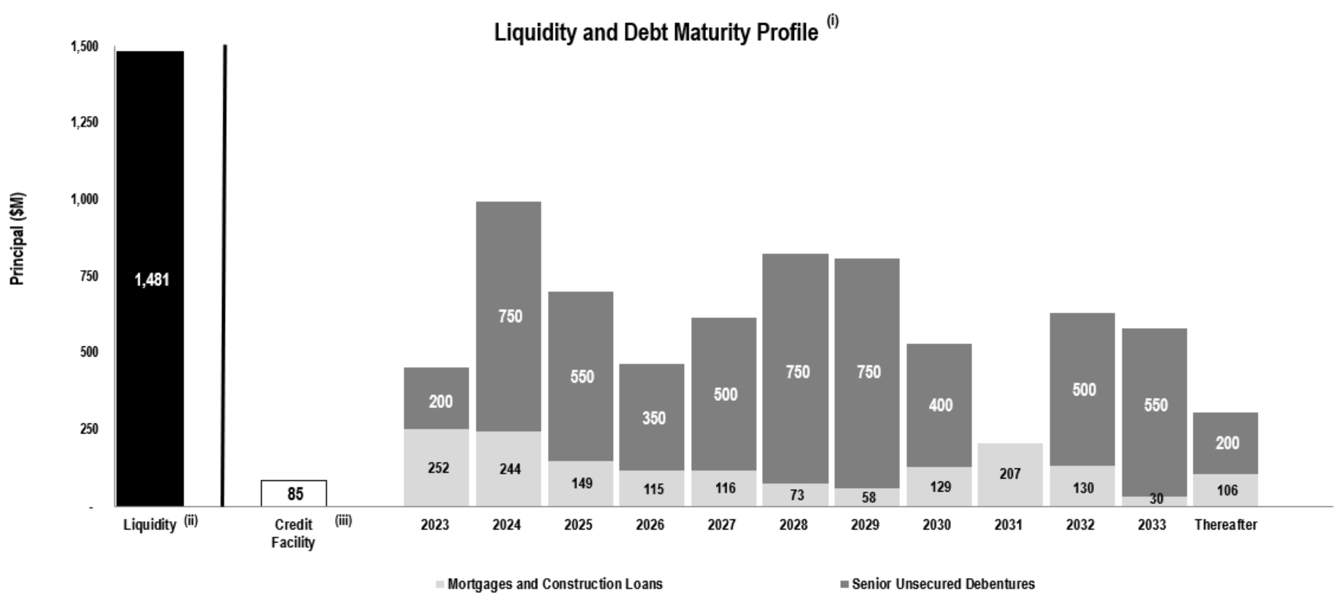
Schedules of Repayments and Cash Flow Activities

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:

	GAAP Basis				Adjustment to Proportionate Share Basis(1)		Proportionate Share Basis(1)
As at March 31, 2023 ($ thousands)	Credit facility	Senior unsecured debentures	Mortgages payable	Construction loans	Mortgages payable(i)	Construction loans(i)	Total
2023	$ —	$ 200,000	$ 72,616	$ 4,584	$ 9,497	$ 165,676	**$ 452,373**
2024	—	750,000	160,327	25,687	7,793	50,054	**993,861**
2025	—	550,000	140,809	—	8,071	—	**698,880**
2026	—	350,000	67,755	—	47,218	—	**464,973**
2027	85,000	500,000	88,523	—	27,688	—	**701,211**
Thereafter	—	3,150,000	532,172	27,702	173,471	—	**3,883,345**
Total adjusted debt outstanding	**$ 85,000**	**$ 5,500,000**	**$ 1,062,202**	**$ 57,973**	**$ 273,738**	**$ 215,730**	**$ 7,194,643**

(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, 2027.

4.4 Financial Condition

Choice Properties is subject to certain financial and non-financial covenants in its senior unsecured debentures and credit facility that include maintaining certain leverage and debt service ratios. These ratios are monitored by management on an ongoing basis to ensure compliance. Choice Properties was in compliance with all these covenants as at March 31, 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 March 31, 2023	As at December 31, 2022
Adjusted Debt to Total Assets(i)	Limit: Maximum excluding convertible debt is 60.0%	**41.0%**	40.6%
Debt Service Coverage Ratio(i)	Limit: Minimum 1.5x	**3.1x**	3.1x
Adjusted Debt to EBITDAFV(1)(i)(ii)(iv)		**7.5x**	7.5x
Interest Coverage Ratio(1)(iii)(iv)		**3.4x**	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 the 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".

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 June 21, 2022, S&P confirmed the Choice Properties rating at BBB with a stable outlook, while on June 24, 2022, DBRS confirmed the Choice Properties rating at BBB (high) with a stable trend. A credit rating of BBB- or higher is an investment grade rating.

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

	Three months ended March 31, 2023	Year ended December 31, 2022
Units, beginning of period	327,771,149	327,588,847
Units issued under unit-based compensation arrangements	315,399	404,449
Units repurchased for unit-based compensation arrangements	(226,576)	(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 Arrangement
The Trust acquired Units under its NCIB during the three months ended March 31, 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 months ended March 31, 2023 and 2022, including distributions to holders of Exchangeable Units, were as follows:

For the periods ended March 31 ($ thousands)	Three Months		
	2023	2022	Change $
Total distributions declared	$ 134,478	$ 133,836	$ 642

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 March 31 ($ thousands)	Three Months 2023	 2022	 Change $
Adjusted Cash Flow from Operations[1]	$ 167,055	$ 155,580	$ 11,475
Cash distributions declared	(134,478)	(133,836)	(642)
Cash retained after cash distributions	$ 32,577	$ 21,744	$ 10,833
ACFO[1] payout ratio	80.5 %	86.0 %	(5.5)%

Three Months

The quarterly increase in ACFO compared to the prior year was primarily due to a favourable change in non-cash working capital, higher retail and industrial net operating income, partially offset by higher interest and 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. During the three months ended March 31, 2023, an interest rate swap was settled and refinanced upon maturity of the underlying variable rate mortgages. As at March 31, 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)	Maturity Date	Notional Amount	As at March 31, 2023	As at December 31, 2022
Derivative assets				
Interest rate swaps	Feb 2024 - Jun 2030	$ 135,407	$ 8,471	$ 12,909
Derivative liabilities				
Interest rate swaps	May 2023 - Mar -2030	81,257	2,452	—

During the three months ended March 31, 2023, Choice Properties recorded an unrealized fair value loss in other comprehensive income (loss) of $6,890 (March 31, 2022 - unrealized fair value gain of $6,150).

4.9 Off-Balance Sheet Arrangements

Choice Properties issues letters of credit to support guarantees related to its investment properties including maintenance and development obligations to municipal authorities. As at March 31, 2023, the aggregate gross potential liability related to these letters of credit totalled $32,335 (December 31, 2022 - $32,897).

5. RESULTS OF OPERATIONS

Choice Properties' results, as reported under GAAP, for the three months ended March 31, 2023 and March 31, 2022 are summarized below:

For the periods ended March 31 ($ thousands)	Three Months 2023	2022	Change $	% Change
Net Operating Income				
Rental revenue	**$ 324,657**	$ 328,049	$ (3,392)	(1.0)%
Property operating costs	**(95,270)**	(99,551)	4,281	(4.3)%
	229,387	228,498	889	0.4 %
Other Income and Expenses				
Interest income	**8,975**	7,491	1,484	19.8 %
Investment income	**5,315**	—	5,315	— %
Fee income	**1,653**	1,091	562	51.5 %
Net interest expense and other financing charges	**(139,357)**	(130,803)	(8,554)	6.5 %
General and administrative expenses	**(14,562)**	(10,840)	(3,722)	34.3 %
Share of income from equity accounted joint ventures	**22,824**	114,596	(91,772)	(80.1)%
Amortization of intangible assets	**(250)**	(250)	—	— %
Transaction costs and other related expenses	**(25)**	(5,236)	5,211	(99.5)%
Adjustment to fair value of unit-based compensation	**732**	(1,066)	1,798	(168.7)%
Adjustment to fair value of Exchangeable Units	**94,989**	(118,736)	213,725	(180.0)%
Adjustment to fair value of investment properties	**75,767**	302,243	(226,476)	(74.9)%
Adjustment to fair value of investment in real estate securities	**(14,643)**	—	(14,643)	— %
Income before Income Taxes	**270,805**	386,988	(116,183)	(30.0)%
Income tax recovery (expense)	**(1)**	(2)	1	(50.0)%
Net Income	**$ 270,804**	$ 386,986	$ (116,182)	(30.0)%

Three Months

The decrease in net income compared to the prior year was primarily due to a decrease in fair value gains on investment properties to $75.8 million from $302.2 million in the prior year, a decrease in income earned from equity accounted joint ventures of $91.8, due to a decrease in the fair value gains recognized on investment properties held within equity accounted joint ventures, in addition to a $14.6 million fair value loss on the Trust's investment in real estate securities of Allied. These decreases were partially offset by a $213.7 million favourable change in the adjustment to the fair value of the Trust's Exchangeable Units due to the change in the Trust's unit price.

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

Rental Revenue and Property Operating Costs

For the periods ended March 31 ($ thousands)	Three Months 2023	2022	Change $
Net Operating Income			
Rental revenue	**$ 324,657**	$ 328,049	$ (3,392)
Property operating costs	**(95,270)**	(99,551)	4,281
	$ 229,387	$ 228,498	$ 889

Three Months

The quarterly decrease in revenue and property operating costs was primarily due to the disposition of six office assets as part of the Allied Transaction. The decreases were partially offset by the impact of acquisitions and development transfers. The decrease in revenue was further offset by improved occupancy, higher rental rates on new tenancies and renewals primarily in the retail portfolio, as well as contractual rent steps and increased capital recoveries.

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

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

Interest Income

For the periods ended March 31 ($ thousands)	Three Months 2023	2022	Change $
Interest income on mortgages and loans receivable	**$ 5,508**	3,478	2,030
Income earned from financial real estate assets	**2,341**	1,296	1,045
Income from financial real estate assets due to changes in value	**160**	2,361	(2,201)
Other interest income	**966**	356	610
Interest Income	**$ 8,975**	$ 7,491	$ 1,484

Three Months

The increase in interest income was primarily due to an increase in interest from mortgages and loans receivable due to a higher average outstanding balance during the period, coupled with additional income earned from financial real estate assets acquired in Q1 2023.

Fee Income

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

For the periods ended March 31 ($ thousands)	Three Months 2023	 2022	 Change $
Fees charged to related party	$ 328	$ 62	$ 266
Fees charged to third parties	1,325	1,029	296
Fee Income	$ 1,653	$ 1,091	$ 562

Three Months

The quarterly increase in fee income was primarily attributed to an increase in development consulting fees and property management fees from Wittington, in addition to an increase in leasing and project management services provided to third parties.

Net Interest Expense and Other Financing Charges

For the periods ended March 31 ($ thousands)	Three Months 2023	 2022	 Change $
Interest on senior unsecured debentures	$ 51,041	$ 45,032	$ 6,009
Interest on mortgages and construction loans	9,685	10,861	(1,176)
Interest on credit facility	4,628	852	3,776
Interest on right-of-use lease liability	18	18	—
Amortization of debt discounts and premiums	28	247	(219)
Amortization of debt placement costs	1,445	1,304	141
Capitalized interest	(1,039)	(732)	(307)
	65,806	57,582	8,224
Distributions on Exchangeable Units to GWL	73,551	73,221	330
Net interest expense and other financing charges	$ 139,357	$ 130,803	$ 8,554

Three Months

The quarterly increase was primarily due to a $6.0 million increase in interest on senior unsecured debentures. The increase is a result of a higher unsecured debenture principal balance, coupled with new issuances over the past twelve months bearing interest at a higher rate than maturing debentures. Interest on the credit facility increased due to a higher interest rate and higher average balance carried compared to the prior period. These increases were partially offset by a decline in interest expense from mortgages and construction loans due to a lower average outstanding balance.

General and Administrative Expenses

For the periods ended March 31 ($ thousands)	Three Months 2023	2022	Change $
Salaries, benefits and employee costs	$ 17,450	$ 14,710	$ 2,740
Investor relations and other public entity costs	652	557	95
Professional fees	769	849	(80)
Information technology costs	1,785	1,268	517
Services Agreement expense charged by related party[(i)]	1,242	975	267
Amortization of other assets	348	319	29
Office related costs	279	293	(14)
Other	505	302	203
	23,030	19,273	3,757
Less:			
Capitalized to properties under development	(2,902)	(2,238)	(664)
Allocated to recoverable operating expenses	(5,566)	(6,195)	629
General and administrative expenses	$ 14,562	$ 10,840	$ 3,722

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

Three Months

The quarterly increase was primarily due to higher salary and employee costs, as a result of the impact of higher inflation and severance expenses incurred in Q1 2023. The reduction in general and administrative expenses allocated to recoverable operating expenses following the Allied Transaction along with higher information technology and shared services costs also contributed to the increase.

Adjustment to Fair Value of Unit-Based Compensation

For the periods ended March 31 ($ thousands)	Three Months 2023	2022	Change $
Adjustment to fair value of unit-based compensation	$ 732	$ (1,066)	$ 1,798

Three Months

In the current quarter, the Trust recognized a favourable adjustment to the fair value of unit based compensation relative to the prior year.

6. LEASING ACTIVITY

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

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

The following table details the changes for in-place occupancy by segment for the three months ended March 31, 2023:

	December 31, 2022									Three Months March 31, 2023		
(in thousands of square feet except where otherwise indicated)	Leasable	Occupied	Occupied %	Expiries	New	Renewals	Subtotal: Absorption	Portfolio changes(i)	Acquired / (Disposed) vacancy	**Leasable**	**Occupied**	**Occupied %**
Retail	44,157	43,195	97.8 %	(537)	74	478	15	344	8	**44,509**	**43,553**	**97.9 %**
Industrial	17,430	17,241	98.9 %	(311)	9	203	(99)	89	19	**17,538**	**17,232**	**98.3 %**
Mixed-Use & Residential(ii)	1,821	1,597	87.7 %	(3)	1	1	(1)	(113)	(20)	**1,688**	**1,483**	**87.9 %**
Total	63,408	62,033	97.8 %	(851)	84	682	(85)	320	7	**63,735**	**62,268**	**97.7 %**

(i) Represents changes in occupied square footage arising from acquisitions, dispositions, intensifications, expansions, and transfers from properties under development.
(ii) Office properties are included in the Mixed-Use & Residential for reporting purposes, occupancy disclosed excludes residential units.

At March 31, 2023, the Trust had 26 retail sites and 2 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 699,000 square feet at the Trust's share (December 31, 2022 - 635,000 square feet). No buildings have yet been constructed on the industrial properties. In addition, the Trust has 178 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 decreased slightly to 97.7% compared to December 31, 2022 97.8%. The Trust had 85,000 negative absorption this quarter primarily from the Alberta industrial portfolio.

The portfolio change of approximately 320,000 square feet primarily related to acquisition of two Alberta retail properties from Loblaw, and the impact of the Trust acquiring its partners share of one Calgary office property and the partner acquiring the Trust's share of a second Calgary office property.

Choice Properties' principal tenant, Loblaw, represents 57.2% of its total GLA (December 31, 2022 - 57.0%). At March 31, 2023, the weighted average lease term-to-maturity on the Loblaw leases was 6.2 years (December 31, 2022 - 6.3 years).

	As at March 31, 2023			As at December 31, 2022		
(in millions of square feet except where otherwise indicated)	**Portfolio GLA**	**Occupied GLA**	**Occupancy (%)**	Portfolio GLA	Occupied GLA	Occupancy (%)
Loblaw banners	**36.5**	**36.5**	**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	**63.8**	**62.3**	**97.7%**	63.4	62.0	97.8%

The lease maturity profile for Choice Properties' portfolio as at March 31, 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	196	—	196	0.3 %	$ 3,333	$ 16.58
2023	1,959	336	2,295	3.6 %	31,110	13.71
2024	3,069	2,854	5,923	9.3 %	78,909	13.23
2025	3,781	3,236	7,017	11.0 %	90,511	12.81
2026	3,460	2,719	6,179	9.7 %	95,023	15.28
2027	3,296	3,964	7,260	11.4 %	119,101	16.41
2028	2,530	4,787	7,317	11.5 %	119,102	16.28
2029 & Thereafter	7,493	18,588	26,081	40.9 %	433,305	16.61
Occupied GLA	25,784	36,484	62,268	97.7 %	970,394	15.58
Vacant GLA	1,467	—	1,467	2.3 %	—	—
Total	**27,251**	**36,484**	**63,735**	**100.0 %**	**$ 970,394**	**$ 15.58**

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 March 31, 2023, represented approximately 58.4% of total gross rental revenue and 72.9% of retail gross rental revenue, as calculated on a proportionate share basis(1). The names noted below may be the names of the parent entities and are not necessarily the parties to the leases.

	Retail Tenants	% of Retail Gross Rental Revenue	GLA (000's square feet)
1.	Loblaws	63.5 %	30,881
2.	Canadian Tire(i)	1.9 %	845
3.	TJX Companies	1.6 %	692
4.	Dollarama	1.4 %	573
5.	Goodlife	0.9 %	362
6.	Staples	0.8 %	358
7.	Wal-Mart (i)	0.7 %	478
8.	Sobeys	0.7 %	258
9.	Lowe's (i)	0.7 %	353
10.	Liquor Control Board of Ontario (LCBO)	0.7 %	198
Total		**72.9 %**	**34,998**

(i) Included in % of Retail Gross Rental Revenues above are base rents in relation to sites the Trust has leased to Canadian Tire, Lowes, and Wal-Mart 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 at March 31, 2023:

Retail Category(i)(ii)	% of Retail Gross Rental Revenue	GLA (000's square feet)
Grocery & Pharmacy	67.3 %	32,539
Essential Services	14.3 %	4,218
Specialty & Value	5.7 %	2,342
Fitness & Other Personal Services	4.7 %	1,697
Furniture & Home	3.1 %	1,349
Full-Service Restaurants	3.0 %	725
Other	1.9 %	683
Total	**100.0 %**	**43,553**

(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:

- Wal-Mart, 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 March 31, 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	183	—	183	0.4 %	$ 3,194	$ 17.00
2023[i]	888	185	1,073	2.4 %	20,892	19.61
2024	1,444	2,691	4,135	9.3 %	64,947	15.57
2025	1,533	3,047	4,580	10.3 %	72,090	15.60
2026	2,200	2,719	4,919	11.1 %	82,082	16.60
2027	2,028	3,964	5,992	13.5 %	105,701	17.64
2028	1,203	4,138	5,341	12.0 %	94,797	17.75
2029 & Thereafter	3,193	14,137	17,330	38.9 %	330,052	19.05
Occupied GLA	12,672	30,881	43,553	97.9 %	773,755	17.77
Vacant GLA	956	—	956	2.1 %	—	—
Total	**13,628**	**30,881**	**44,509**	**100.0 %**	**$ 773,755**	**$ 17.77**

(i) The 1,073,000 square feet of GLA maturing in 2023 is located in the following markets : 27.9% Greater Montreal Area, 26.7% Greater Toronto Area, and 45.4% other markets.

As at March 31, 2023 the average in place base rent for the Trust's retail portfolio was $16.53 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 March 31, 2023, represented approximately 9.4% of total gross rental revenue and 57.8% of Industrial Gross Rental Revenue, as calculated on a proportionate share basis(1). The names noted below may be the names of the parent entities and are not necessarily the parties to the leases.

Industrial Tenants		% of Industrial Gross Rental Revenue	GLA (000's square feet)
1.	Loblaws	27.6 %	4,738
2.	Amazon	6.4 %	760
3.	Canada Cartage	5.3 %	672
4.	Wonderbrands Inc.	4.8 %	1,164
5.	Uline Canada Corporation	2.7 %	635
6.	Canadian Tire	2.4 %	486
7.	Kimberly-Clark	2.4 %	514
8.	Alberta Gaming, Liquor & Cannabis	2.3 %	424
9.	NFI IPD	2.1 %	231
10.	Ecco Heating Products	1.8 %	374
Total		**57.8 %**	**9,998**

The following table outlines further details of the Trust's industrial tenant composition at March 31, 2023:

Building Type / Tenant Use	% of Industrial Gross Rental Revenue	GLA (000's square feet)	Occupied GLA (000's square feet)	Occupancy
Distribution	54.9 %	9,867	9,675	98.1 %
Large Bay-Loblaw Distribution	28.2 %	4,745	4,745	100.0 %
Warehouse(i)	16.9 %	2,926	2,812	96.1 %
Total	**100.0 %**	**17,538**	**17,232**	**98.3 %**

(i) Warehouse includes certain Small Bay assets.

The lease maturity profile for Choice Properties' industrial portfolio as at March 31, 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	7	—	7	— %	$ 20	$ 2.86
2023[i]	1,044	151	1,195	6.8 %	10,015	8.47
2024	1,520	163	1,683	9.6 %	12,572	7.47
2025	2,160	189	2,349	13.4 %	17,538	7.47
2026	1,161	—	1,161	6.6 %	10,886	9.21
2027	1,172	—	1,172	6.7 %	11,058	9.44
2028	1,279	621	1,900	10.8 %	22,567	11.88
2029 & Thereafter	4,153	3,612	7,765	44.4 %	81,912	10.55
Occupied GLA[ii]	12,496	4,736	17,232	98.3 %	166,568	9.67
Vacant GLA	306	—	306	1.7 %	—	—
Total	**12,802**	**4,736**	**17,538**	**100.0 %**	**$ 166,568**	**$ 9.67**

(i) The 1,195,000 square feet of GLA maturing in 2023 is located in the following markets : 26.3% Calgary, 21.9% Edmonton, 13.9% Greater Toronto Area, 11.4% Greater Montreal Area, and 26.4% other markets.

(ii) Average in-place base rent per square foot for the major markets (excluding ground leases): $11.69 Vancouver, $9.31 Greater Montreal Area, $8.44 Edmonton,$8.22 Greater Toronto Area, $7.89 Calgary, and $7.82 Other markets.

As at March 31, 2023 the average in place base rent for the Trust's industrial portfolio was $8.49 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 March 31, 2023:

($ thousands)	Retail	Industrial	Mixed-Use & Residential	Proportionate Share Basis[1]	Consolidation and eliminations[i]	GAAP Basis
Rental revenue, excluding straight line rental revenue and lease surrender revenue	$ 271,089	$ 55,012	$ 20,834	$ 346,935	$ (21,310)	$ 325,625
Property operating costs	(80,009)	(14,464)	(8,410)	(102,883)	7,613	(95,270)
Net Operating Income, Cash Basis[1]	**191,080**	**40,548**	**12,424**	244,052	(13,697)	230,355
Straight line rental revenue	(1,481)	1,018	141	(322)	(657)	(979)
Lease surrender revenue	10	—	1	11	—	11
Net Operating Income, Accounting Basis	**189,609**	**41,566**	**12,566**	243,741	(14,354)	229,387
Other Income and Expenses						
Interest income				6,261	2,714	8,975
Investment income				5,315	—	5,315
Fee income				1,653	—	1,653
Net interest expense and other financing charges				(144,237)	4,880	(139,357)
General and administrative expenses				(14,562)	—	(14,562)
Share of income from equity accounted joint ventures				—	22,824	22,824
Amortization of intangible assets				(250)	—	(250)
Transaction costs and other related expenses				(25)	—	(25)
Adjustment to fair value of unit-based compensation				732	—	732
Adjustment to fair value of Exchangeable Units				94,989	—	94,989
Adjustment to fair value of investment properties				91,831	(16,064)	75,767
Adjustment to fair value of investment in real estate securities				(14,643)	—	(14,643)
Income before Income Taxes				270,805	—	270,805
Income tax recovery (expense)				(1)	—	(1)
Net Income				$ 270,804	$ —	$ 270,804

(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 15 months ended March 31, 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 months ended March 31, 2023 and March 31, 2022 as summarized below.

Summary - Accounting Basis

	Three Months			
For the periods ended March 31 ($ thousands)	**2023**	2022	Change $	% Change
Rental revenue	**$ 332,798**	$ 320,011	$ 12,787	4.0 %
Straight line rental revenue	**(956)**	504	(1,460)	(289.7)%
Property operating costs excluding bad debt expense	**(98,318)**	(95,398)	(2,920)	3.1 %
Same-Asset NOI, Accounting Basis, excluding bad debt expense	**233,524**	225,117	8,407	3.7 %
Bad debt expense	**398**	(167)	565	(338.3)%
Same-Asset NOI, Accounting Basis	**233,922**	224,950	8,972	4.0 %
Transactions NOI including straight line rental revenue, excluding bad debt expense	**10,125**	13,270	(3,145)	
Bad debt expense	**(317)**	(33)	(284)	
Transactions NOI, Accounting Basis	**9,808**	13,237	(3,429)	
Lease surrender revenue	**11**	608	(597)	
Total NOI, Accounting Basis	**$ 243,741**	$ 238,795	$ 4,946	

Summary - Cash Basis

For the periods ended March 31 ($ thousands)	Three Months 2023	2022	Change $	% Change
Rental revenue	$ 332,798	$ 320,011	$ 12,787	4.0 %
Property operating costs excluding bad debt expense	(98,318)	(95,398)	(2,920)	3.1 %
Same-Asset NOI, Cash Basis, excluding bad debt expense	234,480	224,613	9,867	4.4 %
Bad debt expense	398	(167)	565	(338.3)%
Same-Asset NOI, Cash Basis	234,878	224,446	10,432	4.6 %
Transactions NOI excluding bad debt expense	9,491	12,864	(3,373)	
Bad debt expense	(317)	(33)	(284)	
Transactions NOI, Cash Basis	9,174	12,831	(3,657)	
Total NOI, Cash Basis	$ 244,052	$ 237,277	$ 6,775	

Three Months

Same-Asset NOI, cash basis, increased 4.6% primarily due to higher rental revenue from improved occupancy in the industrial and retail portfolios, and higher rent on renewals and new tenancies, primarily in the industrial portfolio, In addition, contractual rent steps related to the Loblaw portfolio and higher capital recoveries contributed to the increase.

The decrease in transactions NOI was primarily due to foregone income from the disposition of six office assets in Q1 of 2022 as part of the Allied transaction, partially offset by the contribution from other transactions and development transfers.

Retail Segment

For the periods ended March 31 ($ thousands)	Three Months 2023	2022	Change $	% Change
Rental revenue	$ 265,019	$ 257,452	$ 7,567	2.9 %
Property operating costs excluding bad debt expense	(78,566)	(76,723)	(1,843)	2.4 %
Same-Asset NOI, Cash Basis, excluding bad debt expense	186,453	180,729	5,724	3.2 %
Bad debt expense	272	(136)	408	(300.0)%
Same-Asset NOI, Cash Basis	186,725	180,593	6,132	3.4 %
Transactions NOI excluding bad debt expense	4,630	1,652	2,978	
Bad debt expense	(275)	113	(388)	
Transactions NOI, Cash Basis	4,355	1,765	2,590	
Total NOI, Cash Basis	$ 191,080	$ 182,358	$ 8,722	

Three Months

The 3.4% increase in retail segment Same-Asset NOI, cash basis was primarily driven by improved occupancy, contractual rent steps related to the Loblaw portfolio, and higher capital recoveries.

Transaction NOI increased primarily due to contributions from acquisitions and completed developments.

Industrial Segment

For the periods ended March 31 ($ thousands)	Three Months 2023	2022	Change $	% Change
Rental revenue	$ 53,292	$ 49,416	$ 3,876	7.8 %
Property operating costs excluding bad debt expense	(14,177)	(13,311)	(866)	6.5 %
Same-Asset NOI, Cash Basis, excluding bad debt expense	39,115	36,105	3,010	8.3 %
Bad debt expense	136	(39)	175	(448.7)%
Same-Asset NOI, Cash Basis	39,251	36,066	3,185	8.8 %
Transactions NOI excluding bad debt expense	1,296	333	963	
Bad debt expense	1	13	(12)	
Transactions NOI, Cash Basis	1,297	346	951	
Total NOI, Cash Basis	$ 40,548	$ 36,412	$ 4,136	

Three Months

Same-Asset NOI, cash basis, for the industrial segment increased by 8.8%. The increase was primarily a result of an increase in occupancy, coupled with higher rent on renewals and new tenancies.

Transaction NOI increased compared to the prior year mainly due to acquisitions and development transfers completed in the prior year.

Mixed-Use & Residential Segment

For the periods ended March 31 ($ thousands)	Three Months 2023	2022	Change $	% Change
Rental revenue	$ 14,487	$ 13,143	$ 1,344	10.2 %
Property operating costs excluding bad debt expense	(5,575)	(5,364)	(211)	3.9 %
Same-Asset NOI, Cash Basis, excluding bad debt expense	8,912	7,779	1,133	14.6 %
Bad debt expense	(10)	8	(18)	(225.0)%
Same-Asset NOI, Cash Basis	8,902	7,787	1,115	14.3 %
Transactions NOI excluding bad debt expense	3,565	10,879	(7,314)	
Bad debt expense	(43)	(159)	116	
Transactions NOI, Cash Basis	3,522	10,720	(7,198)	
Total NOI, Cash Basis	$ 12,424	$ 18,507	$ (6,083)	

Three Months

Same-Asset NOI, cash basis, for the mixed-use & residential segment increased by 14.3%. The current quarter results were positively impacted by higher base rents, improved residential occupancy, and other non-recurring items.

Transaction NOI decreased as compared to the prior year mainly due to forgone income from the Allied Transaction and the subsequent sale of three additional office properties.

7.3 Other Key Performance Indicators

FFO[1] and AFFO[1] are included in the Trust's summary of key performance indicators. See Section 14, "Non-GAAP Financial Measures", of this MD&A, for details on how these measures are defined, calculated and reconciled to GAAP financial measures and why management uses these measures. FFO[1] and AFFO[1] for the three months ended March 31, 2023 and March 31, 2022 are summarized below:

For the periods ended March 31 ($ thousands)	Three Months		
	2023	2022	Change $
Funds from Operations[1]	**$ 176,891**	$ 175,136	$ 1,755
FFO[1] per unit basic	**$ 0.244**	$ 0.242	$ 0.002
FFO[1] per unit diluted	**$ 0.244**	$ 0.242	$ 0.002
FFO[1] payout ratio - diluted	**76.0 %**	76.4 %	(0.4)%
Adjusted Funds from Operations[1]	**$ 164,379**	$ 160,749	$ 3,630
AFFO[1] per unit basic	**$ 0.227**	$ 0.222	$ 0.005
AFFO[1] per unit diluted	**$ 0.227**	$ 0.222	$ 0.005
AFFO[1] payout ratio - diluted	**81.8 %**	83.3 %	(1.5)%
Distribution declared per Unit	**$ 0.186**	$ 0.185	$ 0.001
Weighted average Units outstanding - basic[i]	**723,633,321**	723,417,483	215,838
Weighted average Units outstanding - diluted[i]	**723,665,160**	723,466,930	198,230
Number of Units outstanding, end of period[i]	**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 Months

Funds from operations increased by $1.8 million compared to the prior year quarter primarily as a result of an increase in Same-Asset NOI and interest income. The increase was partially offset by an increase in interest and general and administrative expenses and the impact of 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 2023 From time to time the Trust may enter into transactions that materially impact the calculation and are excluded from the calculation for management's review purposes. Refer to Section 14.4, "Adjusted Funds from Operations", for a reconciliation of AFFO[1] to net income determined in accordance with GAAP.

Three months

The quarterly increase of $3.6 million was primarily due to an increase in FFO as noted above, coupled with a favourable change in the straight line rental revenue adjustment as a result of an increase in cash NOI from contractual rent steps.

Property Capital and Leasing Expenditures

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

For the periods ended March 31 ($ thousands)	Three Months		
	2023	2022	Change $
Property capital	**$ 1,756**	$ 2,606	$ (850)
Direct leasing costs	**1,807**	1,955	(148)
Tenant improvements	**7,017**	6,837	180
Total property capital and leasing expenditures, proportionate share basis[1]	**$ 10,580**	$ 11,398	$ (818)

Property capital expenditures incurred to sustain the existing GLA for investment properties are considered to be operational and are deducted in the calculation of AFFO[1] and ACFO[1]. During the three months ended March 31, 2023, Choice Properties incurred $1,756 of property capital expenditures, which may be recoverable from tenants under the terms of their leases over the useful life of the improvements (2022 - $2,606). Recoverable capital improvements may include items such as parking lot resurfacing and roof replacements. These items are recorded as part of investment properties and the recoveries from tenants are recorded as revenue.

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

8. QUARTERLY RESULTS OF OPERATIONS

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

Selected Quarterly Information

($ thousands except where otherwise indicated)	**First Quarter 2023**	Fourth Quarter 2022	Third Quarter 2022	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021	Second Quarter 2021
Number of income producing properties	**703**	702	701	701	699	709	718	717
Gross leasable area (in millions of square feet)	**64.2**	63.9	64.0	64.2	64.0	65.8	66.5	66.4
Occupancy	**97.7%**	97.8%	97.7%	97.6%	97.0%	97.1%	97.0%	96.9%
Rental revenue (GAAP)	**$ 324,657**	$ 314,382	$ 309,082	$ 313,081	$ 328,049	$ 325,763	$ 316,083	$ 323,936
Net income (loss)	**$ 270,804**	$ (579,000)	$ 948,077	$ (11,810)	$ 386,986	$ (163,087)	$ 163,672	$ 84,621
Net income (loss) per Unit	**$ 0.374**	$ (0.795)	$ 1.310	$ (0.016)	$ 0.535	$ (0.225)	$ 0.226	$ 0.117
Net income (loss) per Unit - diluted	**$ 0.374**	$ (0.795)	$ 1.310	$ (0.016)	$ 0.535	$ (0.225)	$ 0.226	$ 0.117
Net operating income, cash basis[1]	**$ 244,052**	$ 238,819	$ 234,540	$ 231,299	$ 237,277	$ 236,674	$ 236,004	$ 233,188
FFO[1]	**$ 176,891**	$ 174,183	$ 173,119	$ 175,290	$ 175,136	$ 174,797	$ 172,651	$ 171,842
FFO[1] per Unit - diluted	**$ 0.244**	$ 0.241	$ 0.239	$ 0.242	$ 0.242	$ 0.242	$ 0.239	$ 0.238
AFFO[1]	**$ 164,379**	$ 126,935	$ 130,360	$ 163,708	$ 160,749	$ 118,924	$ 153,566	$ 158,700
AFFO[1] per Unit - diluted	**$ 0.227**	$ 0.175	$ 0.180	$ 0.226	$ 0.222	$ 0.164	$ 0.212	$ 0.219
Distribution declared per Unit	**$ 0.186**	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185
Market price per Unit - closing	**$ 14.52**	$ 14.76	$ 12.41	$ 14.05	$ 15.49	$ 15.19	$ 14.25	$ 14.29
Units outstanding, period end	**723,646,497**	723,557,674	723,544,974	723,544,974	723,544,974	723,375,372	723,302,244	723,148,168
Adjusted debt to total assets[i]	**41.0%**	40.6%	41.0%	41.9%	39.5%	40.1%	41.0%	40.9%
Debt service coverage[i]	**3.1x**	3.1x	3.1x	3.3x	3.4x	3.3x	3.3x	3.2x

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

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

9. RELATED PARTY TRANSACTIONS

Choice Properties' parent corporation is GWL, which as at March 31, 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 March 31, 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 57.3% of Choice Properties' quarterly rental revenue on a proportionate share basis(1) and 57.2% of its commercial GLA as at March 31, 2023 (December 31, 2022 - 55.5% and 57.0%, respectively).

Acquisitions
During the three months ended March 31, 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.

Services Agreement
For the three months ended March 31, 2023, GWL provided Choice Properties with corporate, administrative and other support services for an annualized cost of $4,801 (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 expires on July 5, 2023. Upon expiry of the initial term, the Strategic Alliance Agreement will be automatically renewed until the earlier of 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 $367 in connection with completed gross leasable area for which tenants took possession during the three months ended March 31, 2023 (year ended December 31, 2022 - $2,687). Choice properties compensated Loblaw with an intensification payment $2,100 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 months ended March 31, 2023, distributions declared on the Exchangeable Units totalled $73,551 (March 31, 2022 - $73,221).

As at March 31, 2023, Choice Properties had distributions on Exchangeable Units payable to GWL of $97,958 (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 three months ended March 31, 2023, GWL elected to receive distributions from Choice Properties Limited Partnership in the form of loans. Non-interest bearing short-term notes totalling $73,221 were issued during the three months ended March 31, 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 months ended March 31, 2023, Choice Properties declared cash distributions of $9,415 on the Units held by GWL (March 31, 2022 - $9,372). As at March 31, 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 three months ended March 31, 2023 and 2022.

During the three months ended March 31, 2023, Choice Properties declared cash distributions of $3,066 on the Units held by Wittington (March 31, 2022 - $3,053). As at March 31, 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 three months ended March 31, 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 first 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.sedar.com. The risks and risk management strategies included in the AIF and Annual Report remain unchanged.

12. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Environmental, Social and Governance ("ESG") practices are fully integrated into the Trust's day-to-day business activities, and are aligned with the Trust's purpose of creating enduring value for generations. ESG is embedded in the Trust's corporate strategy, which seeks to maximize long-term value by taking a disciplined and sustainable approach to property operations and financial management, and by unlocking value through development activities. Some of the ways in which 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 scheduled to be 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 are well positioned to handle our 2023 lease renewal exposure. 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 will continue to focus on its core business of essential retail and industrial, our growing residential platform and our robust development pipeline, and is targeting:

- Stable occupancy across the portfolio, resulting in 2-3% year-over-year growth in Same-Asset NOI, Cash Basis;
- Annual FFO per Unit Diluted in a range of $0.98 to $0.99, reflecting 2-3% 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	• Represents financial information adjusted to reflect the Trust's equity accounted joint ventures and financial real estate assets and its share of net income (losses) from equity accounted joint ventures and financial real estate assets on a proportionately consolidated basis at the Trust's ownership percentage of the related investment. • Management views this method as relevant in demonstrating the Trust's ability to manage the underlying economics of the related investments, including the financial performance and cash flows and the extent to which the underlying assets are leveraged, which is an important component of risk management.	Section 2, "Balance Sheet" Section 7.1, "Net Income and Segment NOI Reconciliation"
Net Operating Income ("NOI"), Accounting Basis	• Defined as property rental revenue including straight line rental revenue, reimbursed contract revenue and lease surrender revenue, less direct property operating expenses and realty taxes, and excludes certain expenses such as interest expense and indirect operating expenses in order to provide results that reflect a property's operations before consideration of how it is financed or the costs of operating the entity in which it is held. • Management believes that NOI is an important measure of operating performance for the Trust's commercial real estate assets that is used by real estate industry analysts, investors and management, while also being a key input in determining the fair value of the Choice Properties portfolio.	Section 7.1, "Net Income and Segment NOI Reconciliation"
NOI, Cash Basis	• Defined as property rental revenue excluding straight line rental revenue, direct property operating expenses and realty taxes and excludes certain expenses such as interest expense and indirect operating expenses in order to provide results that reflect a property's operations before consideration of how it is financed or the costs of operating the entity in which it is held. • Management believes NOI, Cash Basis is a useful measure in understanding period-over-period changes in income from operations due to occupancy, rental rates, operating costs and realty taxes.	Section 7.1, "Net Income and Segment NOI Reconciliation" Section 14.2, "Net Operating Income"
Same-Asset NOI, Cash Basis and Same-Asset NOI, Accounting Basis	• Same-Asset NOI is used to evaluate the period-over-period performance of those 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.	Section 7.2, "Net Operating Income Summary"

Funds from Operations ("FFO")	• Calculated in accordance with the Real Property Association of Canada's ("REALpac") *Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS* issued in January 2023. • 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.	Section 14.3, "Funds from Operations" Section 14.9, "Selected Information for Comparative Purposes"
Adjusted Funds from Operations ("AFFO")	• Calculated in accordance with REALpac's *Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS* issued in January 2022. • Management considers AFFO to be a useful measure of operating performance as it further adjusts FFO for capital expenditures that sustain income producing properties and eliminates the impact of straight-line rent. AFFO is impacted by the seasonality inherent in the timing of executing property capital projects. • In calculating AFFO, FFO is adjusted by excluding straight-line rent adjustments, as well as costs incurred relating to internal leasing activities and property capital projects. Working capital changes, viewed as short-term cash requirements or surpluses, are deemed financing activities pursuant to the methodology and are not considered when calculating AFFO. • Capital expenditures which are excluded and not deducted in the calculation of AFFO comprise those which generate a new investment stream, such as constructing a new retail pad during property expansion or intensification, development activities or acquisition activities. • Accordingly, AFFO differs from FFO in that AFFO excludes from its definition certain non-cash revenues and expenses recognized under GAAP, such as straight-line rent, but also includes capital and leasing costs incurred during the period which are capitalized for GAAP purposes. From time to time the Trust may enter into transactions that materially impact the calculation and are eliminated from the calculation for management's review purposes.	Section 14.4, "Adjusted Funds from Operations" Section 14.9, "Selected Information for Comparative Purposes"
Adjusted Cash Flow from Operations ("ACFO")	• Calculated in accordance with REALpac's *Adjusted Cashflow from Operations (ACFO) for IFRS* issued in 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.	Section 14.5 , "Adjusted Cash Flow from Operations"
FFO, AFFO and ACFO Payout Ratios	• FFO, AFFO and ACFO payout ratios are supplementary measures used by Management to assess the sustainability of the Trust's distribution payments. • The ratios are calculated using cash distributions declared divided by FFO, AFFO and ACFO, as applicable.	Section 7.3, "Other Key Performance Indicators"

Earnings before Interest, Taxes, Depreciation, Amortization and Fair Value ("EBITDAFV")	• Defined as net income attributable to Unitholders, reversing, where applicable, income taxes, interest expense, amortization expense, depreciation expense, adjustments to fair value and other adjustments as allowed in the Trust Indentures, as supplemented. • Management believes EBITDAFV is useful in assessing the Trust's ability to service its debt, finance capital expenditures and provide for distributions to its Unitholders.	Section 14.8, "Earnings before Taxes, Depreciation, Amortization and Fair Value"
Cash Retained after Distributions	• Represents the portion of ACFO retained within Choice Properties which can be used to invest in new acquisitions, development properties and capital activity.	Section 14.6, "Distribution Excess / Shortfall Analysis"
Total Adjusted Debt	• Defined as variable rate debt (construction loans, 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	• Determined by dividing Total Adjusted Debt (as defined above) by total assets as presented on a proportionate share basis and can be interpreted as the proportion of the Trust's assets that are financed by debt. • Management believes this ratio is useful in evaluating the Trust's flexibility to incur additional financial leverage.	Section 4.4, "Financial Conditions" Section 14.9, "Selected Information for Comparative Purposes"
Debt Service Coverage	• Calculated as EBITDAFV divided by interest expense on the Total Adjusted Debt and all regularly scheduled principal payments made with respect to indebtedness during such period (other than any balloon, bullet or similar principal payable at maturity or which repays such indebtedness in full). This ratio is calculated based on the Trust Indentures, as supplemented. • The debt service coverage ratio is useful in determining the ability of Choice Properties to service the interest requirements of its outstanding debt.	Section 4.4, "Financial Conditions" Section 14.9, "Selected Information for Comparative Purposes"
Adjusted Debt to EBITDAFV, and Adjusted Debt to EBITDAFV, net of cash	• Calculated as Total Adjusted Debt divided by EBITDAFV. • This ratio is used to assess the financial leverage of Choice Properties, to measure its ability to meet financial obligations and to provide a snapshot of its balance sheet strength. • Management also presents this ratio with Total Adjusted Debt calculated as net of cash and cash equivalents at the measurement date.	Section 4.4, "Financial Condition"
Interest Coverage	• Calculated as EBITDAFV divided by interest expense on the Total Adjusted Debt incurred by Choice Properties for the period. • The interest coverage ratio is useful in determining Choice Properties' ability to service the interest requirements of its outstanding debt.	Section 4.4, "Financial Condition"
Liquidity	• 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.	Section 4, "Liquidity and Capital Resources" Section 4.2, "Liquidity and Capital Structure"

14.1 Investment Properties Reconciliation

To expand the portfolio and participate in development opportunities, Choice Properties owns varying interests in real estate entities which hold investment properties. Under GAAP, many of these interests are recorded as equity accounted joint ventures and, as such, the Trust's portion of the investment properties of these entities is presented on the balance sheet as a summarized value, not as part of the total investment properties. Similarly, Choice Properties owns real estate assets, whereby the acquisition involved a sale-leaseback arrangement with the seller. As a result of the arrangement the Trust did not meet the GAAP definition of control, and as such, these assets are presented on the balance sheet as financial real estate assets and not as part of investment properties. While the reconciliation for Choice Properties' balance sheet on a GAAP basis to a proportionate share basis[1] is detailed in Section 2, "Balance Sheet" the following continuity schedule presents Choice Properties' investment properties inclusive of its proportionate share ownership in equity accounted joint ventures and financial real estate assets for the three months ended March 31, 2023:

	Income Producing Properties			Properties Under Development			Total Investment Properties	
As at or for the three months ended March 31 ($ thousands except where otherwise indicated)	GAAP Basis	Adjustment to Proportionate Share Basis[1](i)	Proportionate Share Basis[1]	GAAP Basis	Adjustment to Proportionate Share Basis[1](i)	Proportionate Share Basis[1]	**GAAP Basis**	**Proportionate Share Basis[1]**
Balance, beginning of period	$ 14,119,000	$ 989,000	$ 15,108,000	$ 325,000	$ 721,000	$ 1,046,000	**$ 14,444,000**	**$ 16,154,000**
Acquisitions of investment properties(ii)	73,472	99,814	173,286	—	18,728	18,728	**73,472**	**192,014**
Capital expenditures								
Development capital	—	—	—	30,908	9,244	40,152	**30,908**	**40,152**
Building improvements	3,250	(66)	3,184	—	—	—	**3,250**	**3,184**
Capitalized interest	—	—	—	805	771	1,576	**805**	**1,576**
Property capital	1,748	8	1,756	—	—	—	**1,748**	**1,756**
Direct leasing costs	1,791	16	1,807	—	—	—	**1,791**	**1,807**
Tenant improvement allowances	6,443	574	7,017	—	—	—	**6,443**	**7,017**
Amortization of straight-line rent	(979)	657	(322)	—	—	—	**(979)**	**(322)**
Transfer from equity accounted joint ventures	153,842	(153,842)	—	38,968	(38,968)	—	**192,810**	**—**
Transfers from properties under development	11,800	—	11,800	(11,800)	—	(11,800)	**—**	**—**
Dispositions	(53,015)	—	(53,015)	—	—	—	**(53,015)**	**(53,015)**
Adjustment to fair value of investment properties	70,648	13,839	84,487	5,119	2,225	7,344	**75,767**	**91,831**
Balance, as at March 31, 2023	**$ 14,388,000**	**$ 950,000**	**$ 15,338,000**	**$ 389,000**	**$ 713,000**	**$ 1,102,000**	**$ 14,777,000**	**$ 16,440,000**

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

14.2 Net Operating Income

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

For the periods ended March 31 ($ thousands)	Three Months		
	2023	2022	Change $
Net Income	**$ 270,804**	$ 386,986	$ (116,182)
General and administrative expenses	**14,562**	10,840	3,722
Fee income	**(1,653)**	(1,091)	(562)
Net interest expense and other financing charges	**139,357**	130,803	8,554
Interest income	**(8,975)**	(7,491)	(1,484)
Investment income	**(5,315)**	—	(5,315)
Share of income from equity accounted joint ventures	**(22,824)**	(114,596)	91,772
Amortization of intangible assets	**250**	250	—
Transaction costs and other related expenses	**25**	5,236	(5,211)
Adjustment to fair value of unit-based compensation	**(732)**	1,066	(1,798)
Adjustment to fair value of Exchangeable Units	**(94,989)**	118,736	(213,725)
Adjustment to fair value of investment properties	**(75,767)**	(302,243)	226,476
Adjustment to fair value of investment in real estate securities	**14,643**	—	14,643
Income tax recovery (expense)	**1**	2	(1)
Net Operating Income, Accounting Basis - GAAP	**229,387**	228,498	889
Straight line rental revenue	**979**	(511)	1,490
Lease surrender revenue	**(11)**	(398)	387
Net Operating Income, Cash Basis - GAAP	**230,355**	227,589	2,766
Adjustments for equity accounted joint ventures and financial real estate assets	**13,697**	9,688	4,009
Net Operating Income, Cash Basis - Proportionate Share[1]	**$ 244,052**	$ 237,277	$ 6,775

14.3 Funds from Operations

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

For the periods ended March 31 ($ thousands)	Three Months 2023	 2022	 Change $
Net Income	**$ 270,804**	$ 386,986	$ (116,182)
Add (deduct) impact of the following:			
Amortization of intangible assets	**250**	250	—
Transaction costs and other related expenses	**25**	5,236	(5,211)
Adjustment to fair value of unit-based compensation	**(732)**	1,066	(1,798)
Adjustment to fair value of Exchangeable Units	**(94,989)**	118,736	(213,725)
Adjustment to fair value of investment properties	**(75,767)**	(302,243)	226,476
Adjustment to fair value of investment property held in equity accounted joint ventures	**(16,064)**	(110,437)	94,373
Adjustment to fair value of investment in real estate securities	**14,643**	—	14,643
Interest otherwise capitalized for development in equity accounted joint ventures	**2,915**	240	2,675
Exchangeable Units distributions	**73,551**	73,221	330
Internal expenses for leasing	**2,254**	2,079	175
Income tax recovery (expense)	**1**	2	(1)
Funds from Operations	**$ 176,891**	$ 175,136	$ 1,755
FFO per Unit - diluted	**$ 0.244**	$ 0.242	$ 0.002
FFO payout ratio - diluted(i)	**76.0 %**	76.4 %	(0.4)%
Distribution declared per Unit	**$ 0.186**	$ 0.185	$ 0.001
Weighted average Units outstanding - diluted(ii)	**723,665,160**	723,466,930	198,230

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

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

For the periods ended March 31 ($ thousands)	Three Months 2023	2022	Change $
Net operating income, cash basis	**$ 244,052**	$ 237,277	$ 6,775
Straight line rental revenue	**(322)**	910	(1,232)
Lease surrender revenue	**11**	608	(597)
Net operating income, accounting basis	**$ 243,741**	$ 238,795	$ 4,946
Interest income	**6,261**	3,548	2,713
Investment income	**5,315**	—	5,315
Fee income	**1,653**	1,091	562
Net interest expense and other financing charges	**(144,237)**	(132,998)	(11,239)
Distributions on Exchangeable Units	**73,551**	73,221	330
Interest otherwise capitalized for development in equity accounted joint ventures	**2,915**	240	2,675
General and administrative expenses	**(14,562)**	(10,840)	(3,722)
Internal expenses for leasing	**2,254**	2,079	175
Funds from Operations	**$ 176,891**	$ 175,136	$ 1,755
FFO per Unit - diluted[i]	**$ 0.244**	$ 0.242	$ 0.002
FFO payout ratio - diluted[i][ii]	**76.0 %**	76.4 %	(0.4)%
Distribution declared per Unit	**$ 0.186**	$ 0.185	$ 0.001
Weighted average Units outstanding - diluted	**723,665,160**	723,466,930	198,230

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

14.4 Adjusted Funds from Operations

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

For the periods ended March 31 ($ thousands)	Three Months 2023	2022	Change $
Funds from Operations	**$ 176,891**	$ 175,136	$ 1,755
Add (deduct) impact of the following:			
Internal expenses for leasing	**(2,254)**	(2,079)	(175)
Straight line rental revenue	**979**	(511)	1,490
Adjustment for proportionate share of straight line rental revenue from equity accounted joint ventures and financial real estate assets	**(657)**	(399)	(258)
Property capital	**(1,748)**	(2,364)	616
Direct leasing costs	**(1,791)**	(1,799)	8
Tenant improvements	**(6,443)**	(6,117)	(326)
Adjustment for proportionate share of operating capital expenditures from equity accounted joint ventures and financial real estate assets	**(598)**	(1,118)	520
Adjusted Funds from Operations	**$ 164,379**	$ 160,749	$ 3,630
AFFO per unit - diluted	**$ 0.227**	$ 0.222	$ 0.005
AFFO payout ratio - diluted(i)	**81.8 %**	83.3 %	(1.5)%
Distribution declared per Unit	**$ 0.186**	$ 0.185	$ 0.0010
Weighted average Units outstanding - diluted(ii)	**723,665,160**	723,466,930	198,230

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

14.5 Adjusted Cash Flow from Operations

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

For the periods ended March 31 ($ thousands)	Three Months 2023	2022(i)	Change $
Cash flows from operating activities	**$ 133,027**	$ 113,839	$ 19,188
Add (deduct) impact of the following:			
Net interest expense and other financing charges in excess of interest paid(ii)	**(67,227)**	(58,971)	(8,256)
Distributions on Exchangeable Units included in net interest expense and other financing charges	**73,551**	73,221	330
Interest and other income in excess of interest received(ii)	**2,095**	3,714	(1,619)
Interest otherwise capitalized for development in equity accounted joint ventures	**2,915**	240	2,675
Portion of internal expenses for leasing relating to development activity	**1,127**	1,040	87
Adjustment for property capital expenditures on a proportionate share basis	**(1,756)**	(2,606)	850
Adjustment for leasing expenditures on a proportionate share basis	**(590)**	(876)	286
Transaction costs and other related expenses	**25**	5,236	(5,211)
Adjustment for proportionate share of operating income from equity accounted joint ventures(iii)	**6,760**	4,159	2,601
Adjustment for distributions from equity accounted joint ventures	**(6,221)**	(13,973)	7,752
Adjustment for additions to residential inventory	**2,099**	1,723	376
Adjustment for changes in non-cash working capital items not indicative of sustainable operating cash flows(iv)	**21,250**	28,834	(7,584)
Adjusted Cash Flow from Operations	**$ 167,055**	$ 155,580	$ 11,475
Cash distributions declared	**134,478**	133,836	642
Cash retained after distributions	**$ 32,577**	$ 21,744	$ 10,833
ACFO payout ratio(v)	**80.5 %**	86.0 %	(5.5)%

(i) Certain comparative figures were reclassified in the Trust's statement of cash flow statement 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 months ended March 31, 2023 is a decrease of $3,612.
(ii) The timing of the recognition of interest expense and income differs from the payment and collection. The ACFO calculations for the periods ended March 31, 2023 and March 31, 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 the 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 March 31 ($ thousands)	Three Months 2023	2022	Change $
Net change in non-cash working capital(i)	**$ (19,376)**	$ (33,534)	$ 14,158
Adjustment for changes in non-cash working capital items not indicative of sustainable operating cash flows	**21,250**	28,834	(7,584)
Net non-cash working capital increase included in ACFO	**$ 1,874**	$ (4,700)	$ 6,574

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

14.6 Distribution Excess / Shortfall Analysis

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

For the periods ended March 31 ($ thousands)	Three Months 2023	 2022	 Change $
Cash flows from operating activities	$ 133,027	$ 113,839	$ 19,188
Less: Cash distributions declared	(134,478)	(133,836)	(642)
Excess (shortfall) of cash flows provided by operating activities over cash distributions declared	$ (1,451)	$ (19,997)	$ 18,546

For the periods ended March 31 ($ thousands)	Three Months 2023	 2022	 Change $
Net Income	$ 270,804	$ 386,986	$ (116,182)
Add: Distributions on Exchangeable Units included in net interest expense and other financing charges	73,551	73,221	330
Net income (loss) attributable to Unitholders excluding distributions on Exchangeable Units	344,355	460,207	(115,852)
Less: Cash distributions declared	(134,478)	(133,836)	(642)
Excess (shortfall) of net income (loss) attributable to Unitholders, less distributions on Exchangeable Units, over cash distributions declared	$ 209,877	$ 326,371	$ (116,494)

For the periods ended March 31 ($ thousands)	Three Months 2023	 2022	 Change $
Adjusted Cash Flow from Operations[1]	$ 167,055	155,580	$ 11,475
Less: Cash distributions declared	(134,478)	(133,836)	(642)
Excess (shortfall) of ACFO after distributions	$ 32,577	$ 21,744	$ 10,833

Choice Properties' shortfall of cash flows provided by operating activities over cash distributions declared for the three months ended three months ended March 31, 2023 was primarily due to the timing of the semi-annual interest payments on the senior unsecured debentures and fluctuations in non-cash working capital. Management believes the shortfall in the three months ended March 31, 2023 will not result in an economic return of capital in the 2023 fiscal year[2].

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

14.7 Net Interest Expense and Other Financing Charges Reconciliation

The following tables reconcile net interest expense and other financing charges on a proportionate share basis[1] to net interest expense and other financing charges as determined in accordance with GAAP for the three months ended March 31, 2023 and 2022:

	2023			2022		
For the three months ended March 31 ($ thousands)	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	$ 51,041	$ —	$ 51,041	$ 45,032	$ —	$ 45,032
Interest on mortgages and construction loans	15,232	(5,547)	9,685	13,909	(3,048)	10,861
Interest on credit facility	4,628	—	4,628	852	—	852
Subtotal (for use in Debt Service Coverage[1] calculation)	70,901	(5,547)	65,354	59,793	(3,048)	56,745
Distributions on Exchangeable Units[ii]	73,551	—	73,551	73,221	—	73,221
Subtotal (for use in EBITDAFV[1] calculation)	144,452	(5,547)	138,905	133,014	(3,048)	129,966
Interest on right of use lease liability	18	—	18	18	—	18
Amortization of debt discounts and premiums	99	(71)	28	319	(72)	247
Amortization of debt placement costs	1,478	(33)	1,445	1,257	47	1,304
Capitalized interest	(1,810)	771	(1,039)	(1,610)	878	(732)
Net interest expense and other financing charges	$ 144,237	$ (4,880)	$ 139,357	$ 132,998	$ (2,195)	$ 130,803

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

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

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

For the periods ended March 31 ($ thousands)	Three Months 2023	 2022	 Change $
Net Income	**$ 270,804**	$ 386,986	$ (116,182)
Add (deduct) impact of the following:			
Transaction costs and other related expenses	**25**	5,236	(5,211)
Adjustment to fair value of unit-based compensation	**(732)**	1,066	(1,798)
Adjustment to fair value of Exchangeable Units	**(94,989)**	118,736	(213,725)
Adjustment to fair value of investment properties	**(75,767)**	(302,243)	226,476
Adjustment to fair value of investment property held in equity accounted joint ventures and financial real estate assets	**(16,064)**	(110,437)	94,373
Adjustment to fair value of investment in real estate securities	**14,643**	—	14,643
Interest expense[(i)]	**144,452**	133,014	11,438
Amortization of other assets	**348**	319	29
Amortization of intangible assets	**250**	250	—
Income tax recovery (expense)	**1**	2	(1)
Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value (EBITDAFV)	**$ 242,971**	$ 232,929	$ 10,042

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

14.9 Selected Information For Comparative Purposes

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

	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021	Second Quarter 2021	First Quarter 2021
Net income (loss)	$ 270,804	$ (579,000)	$ 948,077	$ (11,810)	$ 386,986	$ (163,087)	$ 163,672	$ 84,621	$ (62,198)
Amortization of intangible assets	250	250	250	250	250	250	250	250	250
Transaction costs and other related expenses	25	82	13	(223)	5,236	—	—	—	—
Adjustment to fair value of unit-based compensation and other fair value gains (losses), net	(732)	2,665	(476)	(2,064)	1,066	(666)	(159)	2,882	(477)
Adjustment to fair value of Exchangeable Units	(94,989)	858,857	(577,848)	(569,933)	118,736	372,039	(15,831)	288,924	217,683
Adjustment to fair value of investment properties	(75,767)	(193,370)	(141,277)	523,775	(302,243)	(96,275)	(34,944)	(268,855)	(58,743)
Adjustment to fair value of investment property held in equity accounted joint ventures	(16,064)	(13,877)	(202,968)	(1,456)	(110,437)	(12,952)	(16,428)	(11,946)	(2,152)
Adjustment to fair value of investment in real estate securities	14,643	20,784	68,847	158,715	—	—	—	—	—
Interest otherwise capitalized for development in equity accounted joint ventures	2,915	2,790	3,071	2,488	240	393	815	944	1,021
Exchangeable Units distributions	73,551	73,221	73,221	73,221	73,221	73,221	73,221	73,221	73,221
Internal expenses for leasing	2,254	1,900	2,213	2,323	2,079	2,560	2,055	1,801	1,996
Income tax recovery (expense)	1	(119)	(4)	4	2	(686)	—	—	7
Funds from Operations	$ 176,891	$ 174,183	$ 173,119	$ 175,290	$ 175,136	$ 174,797	$ 172,651	$ 171,842	$ 170,608
FFO per Unit - diluted	$ 0.244	$ 0.241	$ 0.239	$ 0.242	$ 0.242	$ 0.242	$ 0.239	$ 0.238	$ 0.236
FFO payout ratio - diluted(i)	76.0 %	76.8 %	77.3 %	76.4 %	76.4 %	76.6 %	77.5 %	77.8 %	78.4 %
Distribution declared per Unit	$ 0.186	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185	$ 0.185
Weighted average Units outstanding - diluted(ii)	723,665,160	723,586,201	723,577,162	723,593,236	723,466,930	723,363,313	723,346,150	723,265,565	722,930,485

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

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

	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021	Second Quarter 2021	First Quarter 2021
Funds from Operations	**$ 176,891**	$ 174,183	$ 173,119	$ 175,290	$ 175,136	$ 174,797	$ 172,651	$ 171,842	$ 170,608
Internal expenses for leasing	**(2,254)**	(1,900)	(2,213)	(2,323)	(2,079)	(2,560)	(2,055)	(1,801)	(1,996)
Straight line rental revenue	**979**	(838)	(995)	(210)	(511)	(339)	(419)	(2,658)	(4,477)
Adjustment for proportionate share of straight line rental revenue from equity accounted joint ventures and financial real estate assets	**(657)**	(658)	(475)	(541)	(399)	(792)	(767)	(306)	(346)
Property capital	**(1,748)**	(35,456)	(30,119)	(2,998)	(2,364)	(41,073)	(13,975)	(2,280)	(2,684)
Direct leasing costs	**(1,791)**	(2,258)	(3,326)	(1,358)	(1,799)	(2,258)	(1,272)	(1,852)	(1,044)
Tenant improvements	**(6,443)**	(5,188)	(4,757)	(3,320)	(6,117)	(8,265)	(208)	(3,644)	(4,262)
Adjustment for proportionate share of operating capital expenditures from equity accounted joint ventures and financial real estate assets	**(598)**	(950)	(874)	(832)	(1,118)	(586)	(389)	(601)	(483)
Adjusted Funds from Operations	**$ 164,379**	$ 126,935	$ 130,360	$ 163,708	$ 160,749	$ 118,924	$ 153,566	$ 158,700	$ 155,316
AFFO per unit - diluted	**$ 0.227**	$0.175	$0.180	$0.226	$0.222	$0.164	$0.212	$0.219	$0.215
Cash distributions declared	**134,478**	133,858	133,856	133,857	133,836	133,820	133,811	133,767	133,706
AFFO payout ratio - diluted(i)	**81.8 %**	105.5%	102.7%	81.8%	83.0%	112.5%	87.1%	84.3%	86.1%
Weighted average Units outstanding - diluted(ii)	**723,665,160**	723,586,201	723,577,162	723,593,236	723,466,930	723,363,313	723,346,150	723,265,565	722,930,485

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

Components of certain financial leverage ratios

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

	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021	Second Quarter 2021	First Quarter 2021
Total Assets - Proportionate Basis	**$17,483,341**	$17,349,387	$ 16,941,805	$ 16,676,996	$16,910,210	$ 16,664,782	$ 16,599,779	$ 16,395,858	$ 16,146,949
Debt Service Coverage Ratio - Denominator	**$ 79,121**	$ 78,148	$ 76,253	$ 70,330	$ 68,639	$ 72,362	$ 71,063	$ 72,830	$ 71,356

Financial Statements

(unaudited)

Mount Pleasant Village
Brampton, ON

Financial Results

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

(in thousands of Canadian dollars)	Note		As at March 31, 2023		As at December 31, 2022
Assets					
Investment properties	4	**$**	**14,777,000**	$	14,444,000
Equity accounted joint ventures	5		**874,482**		995,822
Financial real estate assets	7		**195,310**		109,509
Residential development inventory	8		**21,118**		18,785
Mortgages, loans and notes receivable	9		**561,526**		680,475
Investment in real estate securities	10		**287,671**		302,314
Intangible assets	11		**17,260**		21,369
Accounts receivable and other assets	12		**163,474**		132,117
Assets held for sale	3, 4		**27,400**		50,400
Cash and cash equivalents	27 (c)		**44,666**		64,736
Total Assets		**$**	**16,969,907**	$	16,819,527
Liabilities and Equity					
Long term debt	13	**$**	**6,598,806**	$	6,294,101
Credit facility	14		**82,991**		257,617
Exchangeable Units	15		**5,746,820**		5,841,809
Trade payables and other liabilities	17		**514,757**		601,847
Total Liabilities			**12,943,374**		12,995,374
Equity					
Unitholders' equity	15		**4,026,533**		3,824,153
Total Equity			**4,026,533**		3,824,153
Total Liabilities and Equity		**$**	**16,969,907**	$	16,819,527

Contingent Liabilities and Financial Guarantees (Note 29)
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)

		Three Months	
(in thousands of Canadian dollars)	Note	**March 31, 2023**	March 31, 2022
Net Rental Income			
Rental revenue	19	**$ 324,657**	$ 328,049
Property operating costs	20	**(95,270)**	(99,551)
		229,387	228,498
Other Income and Expenses			
Interest income	21	**8,975**	7,491
Investment income	10	**5,315**	—
Fee income	22	**1,653**	1,091
Net interest expense and other financing charges	23	**(139,357)**	(130,803)
General and administrative expenses	24	**(14,562)**	(10,840)
Share of income from equity accounted joint ventures	5	**22,824**	114,596
Amortization of intangible assets	11	**(250)**	(250)
Transaction costs and other related expenses	3	**(25)**	(5,236)
Adjustment to fair value of unit-based compensation	25	**732**	(1,066)
Adjustment to fair value of Exchangeable Units	15	**94,989**	(118,736)
Adjustment to fair value of investment properties	4	**75,767**	302,243
Adjustment to fair value of investment in real estate securities	10	**(14,643)**	—
Income before Income Taxes		**270,805**	386,988
Income tax recovery (expense)	16	**(1)**	(2)
Net Income		**$ 270,804**	$ 386,986

Net Income		**$ 270,804**	$ 386,986
Other Comprehensive Income (Loss)			
Unrealized gain (loss) on designated hedging instruments	26	**(6,890)**	6,150
Other comprehensive income (loss)		**(6,890)**	6,150
Comprehensive Income		**$ 263,914**	$ 393,136

See accompanying notes to the condensed consolidated financial statements

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

(in thousands of Canadian dollars)	Note	Trust Units	Cumulative net income	Accumulated other comprehensive income	Cumulative distributions to Unitholders	Total Unitholders' equity
		Attributable to Choice Properties' Unitholders				
Equity, December 31, 2022		$ 3,661,605	$ 1,578,995	$ 12,925	$ (1,429,372)	$ 3,824,153
Net Income		—	270,804	—	—	270,804
Other comprehensive income (loss)		—	—	(6,890)	—	(6,890)
Distributions		—	—	—	(60,927)	(60,927)
Units issued under unit-based compensation arrangements	15	1,362	—	—	—	1,362
Reclassification of vested Unit-Settled Restricted Units liability to equity	15	1,379	—	—	—	1,379
Units repurchased for unit-based compensation arrangements	15	(3,348)	—	—	—	(3,348)
Equity, March 31, 2023		**$ 3,660,998**	**$ 1,849,799**	**$ 6,035**	**$ (1,490,299)**	**$ 4,026,533**

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

See accompanying notes to the condensed consolidated financial statements

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

(in thousands of Canadian dollars)	Note	Three Months March 31, 2023	Three Months March 31, 2022
Operating Activities			
Net income		**$ 270,804**	$ 386,986
Net interest expense and other financing charges	23	**139,357**	130,803
Interest paid		**(72,130)**	(71,832)
Interest income	21	**(8,975)**	(7,491)
Interest received		**6,880**	3,777
Share of income from equity accounted joint ventures	5	**(22,824)**	(114,596)
Distributions from equity accounted joint ventures	5, 27 (d)	**6,221**	13,973
Additions to residential inventory	8	**(2,099)**	(1,723)
Direct leasing costs and tenant improvement allowances	27 (d)	**(8,234)**	(7,916)
Cash paid on vesting of restricted and performance units	27 (d)	**(2,530)**	(3,612)
Items not affecting cash and other items	27 (a)	**(154,067)**	(180,996)
Net change in non-cash working capital	27 (b)	**(19,376)**	(33,534)
Cash Flows from Operating Activities		**133,027**	113,839
Investing Activities			
Acquisitions of investment properties	3	**(53,622)**	(27,218)
Acquisitions of financial real estate assets	3, 7	**(86,452)**	(1,860)
Additions to investment properties	4	**(40,900)**	(10,454)
Additions to financial real estate assets	7	**811**	(603)
Contributions to equity accounted joint ventures	5	**(11,507)**	(35,045)
Mortgages, loans and notes receivable advances	9	**(74,096)**	(24,053)
Mortgages, loans and notes receivable repayments	9	**29,886**	3,012
Proceeds from dispositions	3	**27,613**	36,021
Cash Flows from (used in) Investing Activities		**(208,267)**	(60,200)
Financing Activities			
Proceeds from issuance of debentures, net	13	**547,053**	—
Repayments of debentures	13	**(375,000)**	—
Net advances (repayments) of mortgages payable	13	**134,065**	(45,056)
Net advances (repayments) on construction loans	13	**(13,107)**	2,876
Net advances (repayments) of credit facility	14	**(175,000)**	55,000
Cash received on exercise of options	18	**1,156**	2,428
Repurchase of Units for unit-based compensation arrangement	15	**(3,348)**	(3,167)
Distributions paid on Exchangeable Units		**—**	(73,221)
Distributions paid on Trust Units		**(60,649)**	(60,573)
Cash Flows from (used in) Financing Activities		**55,170**	(121,713)
Change in cash and cash equivalents		**(20,070)**	(68,074)
Cash and cash equivalents, beginning of period		**64,736**	84,304
Cash and Cash Equivalents, End of Period	27 (c)	**$ 44,666**	$ 16,230

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

Note 1. Nature and Description of the Trust

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

Choice Properties commenced operations on July 5, 2013, when it issued Units and debt for cash pursuant to an initial public offering (the "IPO") and completed the acquisition of 425 properties from Loblaw Companies Limited and its subsidiaries ("Loblaw"). Pursuant to a reorganization transaction on November 1, 2018, Loblaw spun out its 61.6% effective interest in Choice Properties to George Weston Limited ("GWL"). As at March 31, 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 April 24, 2023.

Note 3. Investment Property and Other Transactions

The following table summarizes the investment properties acquired in the three months ended March 31, 2023:

($ thousands except where otherwise indicated)						Consideration			
Location	Date of Acquisition	Segment	Ownership Interest Acquired	Purchase Price	Purchase Price incl. Related Costs	Investment Property Disposed	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 30)				**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	—
Acquisitions from third-parties				**59,222**	**60,775**	5,300	13,346	**1,204**	**40,925**
Total acquisitions of investment properties				**71,552**	**73,472**	**5,300**	**13,346**	**1,204**	**53,622**
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 30)				**86,300**	**86,452**	**—**	**—**	**—**	**86,452**
Total acquisitions				**$ 157,852**	**$ 159,924**	**$ 5,300**	**$ 13,346**	**$ 1,204**	**$ 140,074**

(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.

The following table summarizes the investment properties sold in the three months ended March 31, 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 Acquired	De-recognition of Intangible Asset	Mortgage Receivable Advanced	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	—
Total dispositions of investment properties				**53,015**	**34,617**	**5,300**	**(2,655)**	**11,140**	**4,613**
Assets held for sale									
Kingston, ON	Feb 21	Retail	100%	23,000	—	—	—	—	23,000
Total dispositions of assets held for sale				**23,000**	**—**	**—**	**—**	**—**	**23,000**
Total dispositions				**$ 76,015**	**$ 34,617**	**$ 5,300**	**$ (2,655)**	**$ 11,140**	**$ 27,613**

(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 4. Investment Properties

($ thousands)	Note	Income producing properties	Properties under development	Three months ended March 31, 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 $1,920 (2022 - $6,699)	3	73,472	—	73,472	163,697
Capital expenditures					
Development capital[(i)]		—	30,908	30,908	71,896
Building improvements		3,250	—	3,250	1,773
Capitalized interest[(ii)]	23	—	805	805	2,575
Property capital		1,748	—	1,748	70,937
Direct leasing costs		1,791	—	1,791	8,741
Tenant improvement allowances		6,443	—	6,443	19,382
Amortization of straight-line rent		(979)	—	(979)	2,554
Transfers to assets held for sale		—	—	—	(50,400)
Transfer from equity accounted joint ventures	5	153,842	38,968	192,810	—
Transfers from properties under development		11,800	(11,800)	—	—
Dispositions	3	(53,015)	—	(53,015)	(890,270)
Adjustment to fair value of investment properties		70,648	5,119	75,767	113,115
Balance, end of period		$ 14,388,000	$ 389,000	$ 14,777,000	$ 14,444,000

(i) Development capital included $367 of site intensification payments paid to Loblaw (December 31, 2022 - $2,687) (Note 30).
(ii) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.01% (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 30) should Choice Properties pursue activity resulting in the intensification of such excess land. The fair value of this excess land has been recorded in the condensed consolidated financial statements.

At December 31, 2022, the Trust had classified three retail properties and one office property with a total fair value of $50,400 as assets held for sale. During the first quarter of 2023, the Trust completed the disposition of one of the retail properties. The remaining two retail properties and office property (total fair value of $27,400) continue to be classified as assets held for sale at March 31, 2023.

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 valuators in preparing their valuation reports and holds discussions with the independent valuators on the reasonableness of their assumptions. Where warranted, adjustments will be made to the internal valuations to reflect the assumptions contained in the external valuations. The Trust will record the internal value in its consolidated financial statements.

Income Producing Properties

Income producing properties are valued using the discounted cash flow method. Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life, generally over a minimum term of 10 years, including a terminal value based on the application of a terminal capitalization rate applied to estimated stabilized net operating income, a non-GAAP measure, in the terminal year. 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 valued based on comparable sales of commercial land.

Significant Valuation Assumptions

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

	As at March 31, 2023		As at December 31, 2022	
Total Income Producing Properties	**Range**	**Weighted average**	Range	Weighted average
Discount rate	**5.00% - 10.50%**	**7.01%**	5.00% - 10.50%	7.03%
Terminal capitalization rate	**4.50% - 9.95%**	**6.20%**	4.25% - 9.95%	6.22%
Retail				
Discount rate	**5.25% - 10.50%**	**7.40%**	5.25% - 10.50%	7.41%
Terminal capitalization rate	**4.75% - 9.95%**	**6.57%**	4.75% - 9.95%	6.58%
Industrial				
Discount rate	**5.00% - 8.50%**	**6.03%**	5.00% - 8.50%	5.97%
Terminal capitalization rate	**4.50% - 7.75%**	**5.25%**	4.25% - 7.75%	5.22%
Mixed-Use & Residential				
Discount rate	**5.00% - 6.78%**	**5.77%**	5.00% - 9.00%	6.56%
Terminal capitalization rate	**4.50% - 6.14%**	**5.19%**	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:

	Three months ended March 31, 2023		Year ended December 31, 2022	
($ thousands except where otherwise indicated)	**Number of income producing properties**	**Fair value**	Number of income producing properties	Fair value
	19	**$ 630,000**	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:

($ thousands)	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)%	5.45 %	$ 15,522,000	$ 1,134,000	6.26 %	$ 15,210,000	$ 822,000
(0.50)%	5.70 %	15,111,000	723,000	6.51 %	14,929,000	541,000
(0.25)%	5.95 %	14,735,000	347,000	6.76 %	14,655,000	267,000
— %	6.20 %	14,388,000	—	7.01 %	14,388,000	—
0.25 %	6.45 %	14,068,000	(320,000)	7.26 %	14,127,000	(261,000)
0.50 %	6.70 %	13,772,000	(616,000)	7.51 %	13,872,000	(516,000)
0.75 %	6.95 %	13,497,000	(891,000)	7.76 %	13,622,000	(766,000)

Note 5. Equity Accounted Joint Ventures

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

	As at March 31, 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		**$ 874,482**		$ 995,822

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

($ thousands)	Note	**Three months ended March 31, 2023**
Balance, beginning of period		**$ 995,822**
Contributions to equity accounted joint ventures		**11,507**
Distributions from equity accounted joint ventures		**(6,221)**
Total cash flow activities		**5,286**
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**
Accretion of contingent consideration payable		**121**
Share of income from equity accounted joint ventures		**22,824**
Total non-cash activities		**(126,626)**
Balance, end of period		**$ 874,482**

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 March 31, 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	**7**	**50%**	9	50%
Total co-ownership property interests	**46**		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	**Three months ended March 31, 2023**	Year ended December 31, 2022
Balance, beginning of period		**$ 109,509**	$ 86,603
Acquisitions		**86,452**	17,571
Additions		**(811)**	4,552
Income from financial real estate assets due to changes in value	21	**160**	783
Balance, end of period		**$ 195,310**	$ 109,509

As at March 31, 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 6.22%, respectively. An increase of 0.50% in the discount rate or terminal capitalization rate would result in a decrease of $7,096 or $8,834, 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 $7,440 or $10,480, 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	**Three months ended March 31, 2023**	Year ended December 31, 2022
Balance, beginning of period		**$ 18,785**	$ 10,142
Development capital		**2,099**	8,285
Capitalized interest	23	**234**	358
Balance, end of period		**$ 21,118**	$ 18,785

Note 9. Mortgages, Loans and Notes Receivable

($ thousands)	Note	As at March 31, 2023	As at December 31, 2022
Mortgages receivable classified as amortized cost(i)		**$ 326,971**	$ 346,499
Mortgages receivable classified as fair value through profit and loss ("FVTPL")		**161,334**	163,127
Notes receivable from GWL classified as amortized cost(i)	30	**73,221**	170,849
Mortgages, loans and notes receivable		**$ 561,526**	$ 680,475
Classified as:			
Expected to be recovered in more than twelve months		**$ 218,864**	$ 201,996
Expected to be recovered in less than twelve months		**342,662**	478,479
		$ 561,526	$ 680,475

(i) The fair value of the mortgages, loans and notes receivable classified as amortized cost was $398,300 (December 31, 2022 - $512,800) (Note 26).

Mortgages and Loans Receivable

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

	March 31, 2023		December 31, 2022	
	Weighted average effective interest rate	**Weighted average term to maturity (years)**	Weighted average effective interest rate	Weighted average term to maturity (years)
Mortgages receivable	**4.95%**	**1.1**	4.80%	1.0
Total	**4.95%**	**1.1**	4.80%	1.0

Notes Receivable from GWL

Non-interest bearing short-term notes totalling $73,221 were issued during the three months ended March 31, 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 30)

Schedules of Maturity and Cash Flow Activities

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

($ thousands)	2023	2024	2025	2026	2027	Thereafter	Total
Principal repayments							
Mortgages receivable	$ 225,666	$ 195,342	$ 39,717	$ 8,357	$ —	$ 17,268	**$ 486,350**
Notes receivable from GWL	—	73,221	—	—	—	—	**73,221**
Total principal repayments	**225,666**	**268,563**	**39,717**	**8,357**	**—**	**17,268**	**559,571**
Interest accrued	1,955	—	—	—	—	—	**1,955**
Total repayments	**$ 227,621**	**$ 268,563**	**$ 39,717**	**$ 8,357**	**$ —**	**$ 17,268**	**$ 561,526**

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

				March 31, 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]		875	73,221	**74,096**	340,702
Repayments		(29,886)	—	**(29,886)**	(35,857)
Interest received		(3,573)	—	**(3,573)**	(10,352)
Total cash flow activities		(32,584)	73,221	**40,637**	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	11,140	—	**11,140**	221,155
Settlement against distributions payable		—	(170,849)	**(170,849)**	(168,334)
Interest accrued	21	5,508	—	**5,508**	19,120
Total non-cash activities		11,263	(170,849)	**(159,586)**	31,081
Balance, end of period		**$ 488,305**	**$ 73,221**	**$ 561,526**	$ 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. 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.

The Trust has issued approximately $482,084 of secured mortgages to third-party borrowers. These loans are with borrowers who are strategic partners and counterparties of the Trust and are secured by real property assets. In the event of a large commercial real estate market correction, the fair market value of an underlying property may be unable to support the investment. The Trust mitigates this risk by obtaining guarantees and registered mortgage charges, which are often cross-collateralized on several different commercial properties that are in various stages of development.

Note 10. Investment in Real Estate Securities

On March 31, 2022, the Trust disposed of six office assets to Allied (Note 3). As consideration, the Trust was issued 11,809,145 exchangeable Class B limited partnership units of Allied Properties Exchangeable Limited Partnership ("Class B Units"), an affiliated entity of Allied, with a value of $550,660 ($46.63 per unit) on the transaction date, and a promissory note with a fair value of $193,155 (Note 9). As at March 31, 2023, the Trust holds approximately an 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 a holder of the Class B Units, the Trust is entitled to distributions paid by Allied. For the three months ended ended March 31, 2023, the Trust recognized distribution income of $5,315 (December 31, 2022 - $15,495) 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 March 31, 2023 was $24.36 (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 (2022 - $11,809). For the three months ended March 31, 2023, the Trust recognized a loss of $14,643 (March 31, 2022 - $nil) on its investment in Allied, due to the change in the price of Allied's publicly traded units. As at March 31, 2023 the Trust held 11,809,145 Class B Units with a value of $287,671 (December 31, 2022 - 11,809,145 Class B Units and $302,314, respectively).

($ thousands)		**Three months ended March 31, 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		**(14,643)**		(248,346)
Balance, end of period	**$**	**287,671**	$	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.

As at March 31, 2023, the carrying value was $17,260 (December 31, 2022 - $21,369), net of accumulated amortization of $3,250 (December 31, 2022 - $3,000). The remaining useful economic life of these assets is 17 years.

Note 12. Accounts Receivable and Other Assets

($ thousands)	Note		As at March 31, 2023		As at December 31, 2022
Rent receivables[i] - net of expected credit loss of $14,158 (2022 - $14,681)		**$**	**14,910**	$	11,137
Accrued recovery income			**26,944**		21,610
Lease receivable			**23,704**		23,426
Other receivables			**18,304**		13,792
Cost-to-complete receivable	30		**8,501**		8,501
Due from related parties[ii]	30		**421**		680
Restricted cash			**3,276**		3,052
Prepaid property taxes			**19,377**		6,378
Prepaid insurance			**9,649**		1,030
Other assets			**16,064**		16,456
Right-of-use assets - net of accumulated amortization of $2,002 (2022 - $1,849)			**1,877**		2,029
Deferred tax asset	16		**2,792**		2,792
Deferred acquisition costs and deposits on land			**9,184**		8,325
Designated hedging derivatives	26		**8,471**		12,909
Accounts receivable and other assets		**$**	**163,474**	$	132,117

Classified as:				
Expected to be recovered in more than twelve months	**$**	**47,552**	$	52,088
Expected to be recovered in less than twelve months		**115,922**		80,029
	$	**163,474**	$	132,117

(i) Includes net rent receivable of $387 from Wittington (December 31, 2022 - $122) (Note 30).
(ii) Other receivables due from related parties include $nil from Loblaw and $421 from GWL (December 31, 2022 - $57 and $623) (Note 30).

Rent receivables

In determining the expected credit losses the Trust takes into account the payment history and future expectations of likely default events (i.e. asking for rental concessions or stating they will not be making rental payments on the due date) based on actual or expected insolvency filings or company voluntary arrangements and likely deferrals of payments due. These assessments are made on a tenant-by-tenant basis.

The Trust’s assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assessments. As a result, the value of the expected credit loss is subject to a degree of uncertainty and is made on the basis of assumptions which may not prove to be accurate.

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 March 31, 2023		As at December 31, 2022
Senior unsecured debentures	**$**	**5,482,033**	$	5,308,928
Mortgages payable		**1,058,800**		945,959
Construction loans		**57,973**		39,214
Long term debt	**$**	**6,598,806**	$	6,294,101
Classified as:				
Expected to be settled in more than twelve months	**$**	**6,088,488**	$	5,638,368
Expected to be settled in less than twelve months		**510,318**		655,733
	$	**6,598,806**	$	6,294,101

Senior Unsecured Debentures

($ thousands)

Series	Issuance / Assumption Date	Maturity Date	Interest Rate		As at March 31, 2023		As at December 31, 2022
B	Jul. 5, 2013	Jul. 5, 2023	4.90%	**$**	**200,000**	$	200,000
D	Feb. 8, 2014	Feb. 8, 2024	4.29%		**200,000**		200,000
F	Nov. 24, 2015	Nov. 24, 2025	4.06%		**200,000**		200,000
G	Mar. 7, 2016	Mar. 7, 2023	3.20%		**—**		250,000
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**		—
D-C	May 4, 2018	Jan. 18, 2023	3.30%		**—**		125,000
Total principal outstanding					**5,500,000**		5,325,000
Debt discounts and premiums - net of accumulated amortization of $17,533 (2022 - $17,513)					**(3)**		(23)
Debt placement costs - net of accumulated amortization of $19,333 (2022 - $18,301)					**(17,964)**		(16,049)
Senior unsecured debentures				**$**	**5,482,033**	$	5,308,928

As at March 31, 2023, the senior unsecured debentures had a weighted average effective interest rate of 4.00% 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 S 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 Series D-C senior unsecured debentures outstanding. The repayment of the Series D-C senior unsecured debenture 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.

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

Mortgages Payable

($ thousands)		**As at March 31, 2023**		As at December 31, 2022
Mortgage principal	**$**	**1,062,202**	$	948,919
Net debt discounts and premiums - net of accumulated amortization of $5,981 (2022 - $5,973)		**(1,297)**		(1,305)
Debt placement costs - net of accumulated amortization of $530 (2022 - $491)		**(2,105)**		(1,655)
Mortgages payable	**$**	**1,058,800**	$	945,959

As at March 31, 2023, the mortgages had a weighted average effective interest rate of 4.02% and a weighted average term to maturity of 6.4 years (December 31, 2022 - 3.92% and 5.0 years, respectively).

Construction Loans

As at March 31, 2023, $57,973 was outstanding on the construction loans (December 31, 2022 - $39,214), with a weighted average effective interest rate of 4.38% and a weighted average term to maturity of 4.4 years which are due on demand (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 2023 to 2031, have a maximum amount available to be drawn at the Trust's ownership interest of $438,626, of which $318,900 relates to equity accounted joint ventures as at March 31, 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	$ 200,000	$ 750,000	$ 550,000	$ 350,000	$ 500,000	$ 3,150,000	**$ 5,500,000**
Mortgages payable	72,616	160,327	140,809	67,755	88,523	532,172	**1,062,202**
Construction loans	4,584	25,687	—	—	—	27,702	**57,973**
Total	**$ 277,200**	**$ 936,014**	**$ 690,809**	**$ 417,755**	**$ 588,523**	**$ 3,709,874**	**$ 6,620,175**

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

				March 31, 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	550,000	167,705	6,326	**724,031**	531,093
Repayments	(375,000)	(33,151)	(19,433)	**(427,584)**	(453,371)
Debt placement costs	(2,947)	(489)	—	**(3,436)**	(2,994)
Total cash flow activities	172,053	134,065	(13,107)	**293,011**	74,728
Assumed by purchaser	—	(34,617)	—	**(34,617)**	(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	20	8	—	**28**	933
Amortization of debt placement costs	1,032	39	—	**1,071**	3,235
Total non-cash activities	1,052	(21,224)	31,866	**11,694**	(10,637)
Balance, end of period	**$ 5,482,033**	**$ 1,058,800**	**$ 57,973**	**$ 6,598,806**	$ 6,294,101

Note 14. Credit Facility

($ thousands)		As at March 31, 2023		As at December 31, 2022
Credit facility				
$1,500,000 syndicated	**$**	**85,000**	$	260,000
Debt placement costs - net of accumulated amortization of $10,981 (2022 - $10,607)		**(2,009)**		(2,383)
Credit facility	**$**	**82,991**	$	257,617
Classified as:				
Expected to be settled in more than twelve months	**$**	**82,991**	$	257,617
Expected to be settled in less than twelve months		**—**		—
	$	**82,991**	$	257,617

Choice Properties has a $1,500,000 senior unsecured committed revolving credit facility maturing September 1, 2027, provided by a syndicate of lenders. The credit facility bears interest at variable rates of either Prime plus 0.20% or Bankers' Acceptance rate plus 1.20%. The pricing is contingent on the credit ratings for Choice Properties from either DBRS and S&P remaining at BBB (high). The credit facility is subject to an annual commitment fee of approximately $3,600, however the fee is reduced in proportion to the amount drawn on the facility. As at March 31, 2023, $85,000 was drawn under the syndicated facility (December 31, 2022 - $260,000).

The credit facility contains certain financial covenants. As at March 31, 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)		March 31, 2023		December 31, 2022
Balance, beginning of period	**$**	**257,617**		—
Net advances (repayments) of $1,500,000 syndicated credit facility		**(175,000)**		260,000
Extension fee included in debt placement costs		**—**		(677)
Total cash flow activities		**(175,000)**		259,323
Amortization of debt placement costs		**374**		1,849
Reclassified to (from) other assets(i)		**—**		(3,555)
Total non-cash activities		**374**		(1,706)
Balance, end of period	**$**	**82,991**	$	257,617

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

Note 15. Unitholders' Equity

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

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

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

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

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

Units Outstanding

	Note	**As at March 31, 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	**315,399**	**1,362**	404,449	2,776
Reclassification of vested Unit-Settled Restricted Units liability to equity		**—**	**1,379**	—	1,337
Units repurchased for unit-based compensation arrangements	18	**(226,576)**	**(3,348)**	(222,147)	(3,449)
Units, end of period		**327,859,972**	**$ 3,660,998**	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		**—**	**(94,989)**	—	(170,188)
Exchangeable Units, end of period		**395,786,525**	**$ 5,746,820**	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 Arrangement
The Trust acquired Units under its NCIB during the three months ended March 31, 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 three months ended March 31, 2023, Choice Properties declared cash distributions of $0.186 per unit (March 31, 2022 - $0.185), or $134,478 in aggregate, including distributions to holders of Exchangeable Units, which are reported as interest expense (March 31, 2022 - $133,836). 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.

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:

	Three Months	
($ thousands)	**March 31, 2023**	March 31, 2022
Current income tax recovery (expense)	**$ (1)**	$ (2)
Income tax recovery (expense)	**$ (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 March 31, 2023		As at December 31, 2022
Trade accounts payable		$	**45,219**	$	36,577
Accrued liabilities and provisions(i)			**131,990**		120,367
Accrued acquisition transaction costs and other related expenses			**39,519**		38,896
Accrued capital expenditures(ii)			**55,821**		60,740
Accrued interest expense			**44,448**		51,074
Due to related party(iii)	30		**99,899**		196,785
Contingent consideration			**16,845**		16,724
Unit-based compensation	18		**12,661**		16,033
Distributions payable(iv)			**20,665**		20,387
Lease liabilities			**1,828**		1,960
Tenant deposits			**21,492**		20,263
Deferred revenue			**21,918**		22,041
Designated hedging derivatives	26		**2,452**		—
Trade payables and other liabilities		**$**	**514,757**	$	601,847
Classified as:					
Expected to be settled in more than twelve months		**$**	**22,886**	$	23,377
Expected to be settled in less than twelve months			**491,871**		578,470
		$	**514,757**	$	601,847

(i) Includes amounts payable to Loblaw of $11,408 (December 31, 2022 - $13,963) (Note 30).
(ii) Includes construction allowances payable to Loblaw of $15,884 (December 31, 2022 - $16,106) (Note 30).
(iii) Includes distributions accrued on Exchangeable Units of $97,958 payable to GWL (December 31, 2022 - $195,256); $1,621 payable for shared costs incurred by GWL, the Services Agreement expense and other related party charges (December 31, 2022 - $1,233); and $320 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 30).

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 $16,845 as at March 31, 2023. (December 31, 2022 - $16,724).

Note 18. Unit-Based Compensation

($ thousands)	Three Months March 31, 2023	Three Months March 31, 2022
Unit Option plan	**$ (89)**	$ 368
Restricted Unit plans	**356**	1,003
Performance Unit plan	**326**	659
Trustee Deferred Unit plan	**224**	742
Unit-based compensation expense	**$ 817**	$ 2,772
Recorded in:		
General and administrative expenses	**$ 1,549**	$ 1,706
Adjustment to fair value of unit-based compensation	**(732)**	1,066
	$ 817	$ 2,772

As at March 31, 2023, the carrying value of the unit-based compensation liability was $12,661 (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:

	Three months ended March 31, 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
Outstanding Unit Options, end of the period	**164,331**	**$ 11.92**	253,154	$ 12.01
Unit Options exercisable, end of the period	**164,331**	**$ 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 March 31, 2023 (December 31, 2022 - nil).

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

(Number of awards)	**Three months ended March 31, 2023**	Year ended December 31, 2022
Outstanding Restricted Units, beginning of the period	**271,147**	439,574
Granted	**120,259**	94,355
Reinvested	**3,549**	16,329
Exercised	**(72,692)**	(257,604)
Cancelled	**(3,192)**	(21,499)
Expired	**—**	(8)
Outstanding Restricted Units, end of the period	**319,071**	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 1,305,492 URUs vested but still subject to disposition restrictions as at March 31, 2023 (December 31, 2022 - 1,217,340).

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

(Number of awards)	**Three months ended March 31, 2023**	Year ended December 31, 2022
Outstanding Unit-Settled Restricted Units, beginning of the period	**666,719**	600,919
Granted	**226,576**	230,682
Cancelled	**—**	(1,989)
Vested	**(179,722)**	(162,893)
Outstanding Unit-Settled Restricted Units, end of the period	**713,573**	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 March 31, 2023 (December 31, 2022 - nil).

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

(Number of awards)	**Three months ended March 31, 2023**	Year ended December 31, 2022
Outstanding Performance Units, beginning of the period	**238,418**	197,609
Granted	**92,284**	85,221
Reinvested	**3,076**	12,081
Exercised	**(99,234)**	(67,397)
Cancelled	**(1,853)**	(5,069)
Added by performance factor	**32,288**	15,973
Outstanding Performance Units, end of the period	**264,979**	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:

(Number of awards)	**Three months ended March 31, 2023**	Year ended December 31, 2022
Outstanding Trustee Deferred Units, beginning of the period	**506,556**	389,462
Granted	**25,535**	95,099
Reinvested	**6,272**	21,995
Outstanding Trustee Deferred Units, end of the period	**538,363**	506,556

Note 19. Rental Revenue

Rental revenue is comprised of the following:

($ thousands)	Related Parties[(i)]	Third-party	Three months ended March 31, 2023	Related Parties[(i)]	Third-party	Three months ended March 31, 2022
Base rent	**$ 129,888**	**$ 86,206**	**$ 216,094**	$ 129,052	$ 90,025	$ 219,077
Property tax and insurance recoveries	**37,181**	**25,361**	**62,542**	37,206	25,943	63,149
Operating cost recoveries	**22,681**	**21,658**	**44,339**	18,657	23,252	41,909
Lease surrender and other revenue	**—**	**1,682**	**1,682**	9	3,905	3,914
Rental revenue	**$ 189,750**	**$ 134,907**	**$ 324,657**	$ 184,924	$ 143,125	$ 328,049

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

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

Note 20. Property Operating Costs

	Three Months	
($ thousands)	**March 31, 2023**	March 31, 2022
Property taxes and insurance	**$ 65,265**	$ 66,997
Recoverable operating costs	**29,421**	31,706
Non-recoverable operating costs	**584**	848
Property operating costs	**$ 95,270**	$ 99,551

Included in non-recoverable operating expenses are expected credit losses of $(15) for the three months ended March 31, 2023 (2022 - $312). Refer to Note 12 for discussion on rents receivable and the related expected credit losses.

Note 21. Interest Income

($ thousands)	Note	Three Months March 31, 2023	Three Months March 31, 2022
Interest income from mortgages and loans receivable[(i)]	9	$ **5,508**	$ 3,478
Income earned from financial real estate assets		**2,341**	1,296
Income from financial real estate assets due to changes in value	7	**160**	2,361
Other interest income		**966**	356
Interest income		$ **8,975**	$ 7,491

(i) Interest income from mortgages and loans receivable includes accretion income in relation to the promissory note issued to Allied of $753 for the three months ended March 31, 2023 (March 31, 2022 - $nil)

Note 22. Fee Income

($ thousands)	Note	Three Months March 31, 2023	Three Months March 31, 2022
Fees charged to related party	30	$ **328**	$ 62
Fees charged to third parties		**1,325**	1,029
Fee income		$ **1,653**	$ 1,091

Note 23. Net Interest Expense and Other Financing Charges

($ thousands)	Note	Three Months March 31, 2023	Three Months March 31, 2022
Interest on senior unsecured debentures		$ **51,041**	$ 45,032
Interest on mortgages and construction loans		**9,685**	10,861
Interest on credit facility		**4,628**	852
Interest on right-of-use lease liabilities		**18**	18
Amortization of debt discounts and premiums	13	**28**	247
Amortization of debt placement costs	14, 15	**1,445**	1,304
Distributions on Exchangeable Units[(i)]	30	**73,551**	73,221
		140,396	131,535
Less: Capitalized interest[(ii)]	4, 8	**(1,039)**	(732)
Net interest expense and other financing charges		$ **139,357**	$ 130,803

(i) Represents interest on indebtedness due to GWL.
(ii) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.01% (2022 - 3.64%).

Note 24. General and Administrative Expenses

($ thousands)	Note	Three Months March 31, 2023	Three Months March 31, 2022
Salaries, benefits and employee costs[(i)]		**$ 14,548**	$ 12,472
Investor relations and other public entity costs		**652**	557
Professional fees		**769**	849
Information technology costs		**1,785**	1,268
Services Agreement charged by related party	30	**1,242**	975
Amortization of other assets		**348**	319
Office related costs		**279**	293
Other		**505**	302
Total		**20,128**	17,035
Less: Allocated to recoverable operating expenses		**(5,566)**	(6,195)
General and administrative expenses		**$ 14,562**	$ 10,840

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

Note 25. Adjustment to Fair Value of Unit-Based Compensation

($ thousands)	Note	Three Months March 31, 2023	Three Months March 31, 2022
Adjustment to Fair Value of Unit-Based Compensation	18	**$ 732**	$ (1,066)
Adjustment to Fair Value of Unit-Based Compensation		**$ 732**	$ (1,066)

Note 26. Financial Instruments

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

		As at March 31, 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	**$ —**	**$ —**	**$ 161,334**	**$ 161,334**	$ —	$ —	163,127	$ 163,127
Lease receivable	12	**—**	**—**	**23,704**	**23,704**	—	—	23,426	23,426
Financial real estate assets	7	**—**	**—**	**195,310**	**195,310**	—	—	109,509	109,509
Investment in real estate securities	10	**—**	**287,671**	**—**	**287,671**	—	302,314	—	302,314
Designated hedging derivatives	12	**—**	**8,471**	**—**	**8,471**	—	12,909	—	12,909
Amortized cost:									
Mortgages, loans and notes receivable - SPPI	9	**—**	**—**	**398,300**	**398,300**	—	—	512,800	512,800
Cash and cash equivalents	27 (c)	**—**	**44,666**	**—**	**44,666**	—	64,736	—	64,736
Liabilities									
Fair value through profit and loss:									
Exchangeable Units	15	**—**	**5,746,820**	**—**	**5,746,820**	—	5,841,809	—	5,841,809
Unit-based compensation	18	**—**	**12,661**	**—**	**12,661**	—	16,033	—	16,033
Designated hedging derivatives	17	**—**	**2,452**	**—**	**2,452**	—	—	—	—
Amortized cost:									
Long term debt	13	**—**	**—**	**6,280,782**	**6,280,782**	—	—	5,946,834	5,946,834
Credit facility	14	**—**	**82,991**	**—**	**82,991**	—	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. During the three months ended March 31, 2023, an interest rate swap was settled and refinanced upon maturity of the underlying variable rate mortgages. As at March 31, 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 Date**	**Notional Amount**	**As at March 31, 2023**	As at December 31, 2022
Derivative assets					
Interest rate swaps	12	Feb 2024 - Jun 2030	**$ 135,407**	**$ 8,471**	$ 12,909
Derivative liabilities					
Interest rate swaps	17	May 2023 - Mar -2030	**81,257**	**2,452**	—

During the three months ended March 31, 2023, the Trust recorded an unrealized fair value loss in other comprehensive income (loss) of $(6,890) (March 31, 2022 - unrealized fair value gain of $6,150).

Note 27. Supplemental Cash Flow Information

(a) Items not affecting cash and other items

($ thousands)	Note	Three Months March 31, 2023	Three Months March 31, 2022
Straight line rental revenue	4	**$ 979**	$ (511)
Unit based compensation expense included in general and administrative expenses	18	**1,549**	1,706
Amortization of intangible assets	11	**250**	250
Adjustment to fair value of Exchangeable Units	15	**(94,989)**	118,736
Adjustment to fair value of investment properties	4	**(75,767)**	(302,243)
Adjustment to fair value of investment in real estate securities	10	**14,643**	—
Adjustment to Fair Value of Unit-Based Compensation	25	**(732)**	1,066
Items not affecting cash and other items		**$ (154,067)**	$ (180,996)

(b) Net change in non-cash working capital

($ thousands)	Note	Three Months March 31, 2023	Three Months March 31, 2022
Net change in accounts receivable and other assets	12	**$ (35,795)**	$ (29,063)
Net change in trade payables and other liabilities	17	**16,419**	(4,471)
Net change in non-cash working capital		**$ (19,376)**	$ (33,534)

(c) Cash and cash equivalents

($ thousands)	As at March 31, 2023	As at December 31, 2022
Cash	**$ 44,666**	$ 64,736
Cash and cash equivalents	**$ 44,666**	$ 64,736

(d) Change in cash flow presentation

The comparative figures relating to cash paid on vesting of restricted and performance units of $3,612 have been reclassified from financing activities to operating activities, direct leasing costs and tenant improvement allowances of $7,916 have been reclassified from investing activities to operating activities, and distributions from equity accounted joint ventures of $13,973 have been reclassified from investing activities to operating activities to conform to the current period presentation.

Note 28. 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 table below presents net rental income for the three months ended March 31, 2023, 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 March 31, 2023
Rental revenue	$ 269,618	$ 56,030	$ 20,976	$ (21,967)	$ 324,657
Property operating costs	(80,009)	(14,464)	(8,410)	7,613	(95,270)
Net Rental Income	$ 189,609	$ 41,566	$ 12,566	$ (14,354)	$ 229,387

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

The table below presents net rental income for the three months ended March 31, 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 March 31, 2022
Rental revenue	$ 259,591	$ 51,456	$ 34,061	$ (17,059)	$ 328,049
Property operating costs	(77,164)	(13,795)	(15,354)	6,762	(99,551)
Net Rental Income	$ 182,427	$ 37,661	$ 18,707	$ (10,297)	$ 228,498

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

Note 29. Contingent Liabilities and Financial Guarantees

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

a. Legal Proceedings

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

b. Guarantees

Choice Properties issues letters of credit to support guarantees related to its investment properties including maintenance and development obligations to municipal authorities. As at March 31, 2023, the aggregate gross potential liability related to these letters of credit totalled $32,335 (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 $244,000, of which $107,000 relates to equity accounted joint ventures as at March 31, 2023 (December 31, 2022 - $258,000 and $106,000, respectively).

d. Contingent Liabilities

The Trust held debt obligations in the amount of $246,058 in its equity accounted joint ventures as at March 31, 2023 (December 31, 2022 - $244,579). Generally, the Trust is only liable for its proportionate share of the obligations of the co-ownerships and equity accounted joint ventures in which it participates, except in limited circumstances. Credit risk arises in the event that the partners default on the payment of their proportionate share of such obligations. This credit risk is mitigated as the Trust generally has recourse under its co-ownership agreements and joint venture arrangements in the event of default of its partners, in which case the Trust's claim would be against both the underlying real estate investments and the partners that are in default. Management believes that the assets of its co-ownerships and joint ventures are sufficient for the purpose of satisfying any obligation of the Trust should the Trust's partner default.

Note 30. Related Party Transactions

Choice Properties' parent corporation is GWL, which as at March 31, 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 March 31, 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
For the three months ended March 31, 2023, GWL provided Choice Properties with corporate, administrative and other support services for an annualized cost of $4,801 (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 months ended March 31, 2023, distributions declared on the Exchangeable Units totalled $73,551 (March 31, 2022 - $73,221).

As at March 31, 2023, Choice Properties had distributions on Exchangeable Units payable to GWL of $97,958 (December 31, 2022 - 195,256). The payable to GWL includes deferred distributions of $73,221 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 three months ended March 31, 2023, GWL elected to receive distributions from Choice Properties Limited Partnership in the form of loans. Non-interest bearing short-term notes totalling $73,221 (December 31, 2022 - $170,849) were issued during the three months ended March 31, 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 months ended March 31, 2023, Choice Properties declared cash distributions of $9,415 on the Units held by GWL (March 31, 2022 - $9,372). As at March 31, 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 three months ended March 31, 2023 (March 31, 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:

		Three Months	
($ thousands)	Note	**March 31, 2023**	March 31, 2022
Rental revenue	19	**$ 776**	$ 758
Services Agreement expense	24	**(1,242)**	(975)
Distributions on Exchangeable Units	23	**(73,551)**	(73,221)

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

($ thousands)	Note		As at **March 31, 2023**		As at December 31, 2022
Notes receivable	9	**$**	**73,221**	$	170,849
Other receivables	12		**421**		623
Exchangeable Units	15		**(5,746,820)**		(5,841,809)
Accrued liabilities	17		**(1,621)**		(1,233)
Distributions payable on Exchangeable Units	17		**(97,958)**		(195,256)
Distributions payable on Trust Units	17		**(3,166)**		(3,124)
Due to GWL and subsidiaries		**$**	**(5,775,923)**	$	(5,869,950)

Transactions and Agreements with Loblaw

Acquisitions
During three months ended March 31, 2023, Choice Properties acquired 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.

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 expires on July 5, 2023. Upon expiry of the initial term, the Strategic Alliance Agreement will be automatically renewed until the earlier of 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.

Site Intensification Payments
Choice Properties compensated Loblaw with intensification payments of $367 in connection with completed gross leasable area for which tenants took possession during the three months ended March 31, 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 58.1% of Choice Properties' rental revenue for the three months ended March 31, 2023 (March 31, 2022 - 56.0%). Transactions with Loblaw recorded in the consolidated statements of income and comprehensive income were comprised as follows:

		Three Months			
($ thousands)	Note		**March 31, 2023**		March 31, 2022
Rental revenue	19	**$**	**188,583**	$	183,796

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

($ thousands)	Note	As at March 31, 2023	As at December 31, 2022
Other receivables	12	**$ —**	$ 57
Accrued liabilities	17	**(11,408)**	(13,963)
Construction allowances payable	17	**(15,884)**	(16,106)
Reimbursed contract payable	17	**(320)**	(296)
Due from (to) Loblaw		**$ (27,612)**	$ (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 months ended March 31, 2023, Choice Properties declared cash distributions of $3,066 on the Units held by Wittington (March 31, 2022 - $3,053). As at March 31, 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 three months ended March 31, 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:

		Three Months	
($ thousands)	Note	March 31, 2023	March 31, 2022
Rental revenue	19	**$ 391**	$ 370
Fee income	22	**328**	62

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

($ thousands)	Note	As at March 31, 2023	As at December 31, 2022
Rent receivable	12	**$ 387**	$ 122
Cost-to-complete receivable	12	**8,501**	$ 8,501
Distributions payable	17	**(1,031)**	(1,018)
Due from Wittington and subsidiaries		**$ 7,857**	$ 7,605

Transactions and Agreements with other related parties

Mortgages receivable

As at March 31, 2023, $114,318 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 Tuesday, April 25, 2023 at 9:00 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.

Annual Meeting of Unitholders

Choice Properties' Annual Meeting of Unitholders will be held on Tuesday, April 25, 2023 at 11:00 a.m. (Eastern Daylight Time) in a virtual meeting format via live webcast. Unitholders can attend the meeting by joining the live webcast online at https://web.lumiagm.com/296773916. Refer to "How do I attend and participate in the virtual Meeting?" in the Management Proxy Circular which can be viewed online at www.choicereit.ca or under Choice Properties' SEDAR profile at www.sedar.com, for detailed instructions on how to attend and vote at the meeting. The webcast of the meeting will be archived on our website following the meeting. Please refer to the events & webcasts page at www.choicereit.ca for additional details on the virtual meeting.

Head Office

Choice Properties Real Estate Investment Trust
The Weston Centre
700-22 St. Clair Avenue East
Toronto, Ontario
M4T 2S5
Tel: 416-628-7771
Toll free:1-855-322-2122
Fax: 416-628-7777

Stock Exchange Listing and Symbol

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

Distribution Policy

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

Registrar and Transfer Agent

TSX Trust Company
P.O. Box 700, Station B
Montreal, QC, H3B 3K3
Tel: (416) 682-3860 (outside of Canada and US)
Tel toll free: 1-800-387-0825 (Canada and US)
Fax: (514) 985-8843 (outside of Canada and US)
Fax toll free: 1 (888) 249-6189 (Canada and US)
E-Mail: shareholderinquiries@tmx.com
Website: www.tsxtrust.com

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.sedar.com. Choice Properties holds a conference call shortly following the release of its quarterly results. These calls are archived in the Investor Relations section of the Trust's website, www.choicereit.ca.

Ce rapport est disponible en français.

Value for Generations

ChoiceProperties

Head Office

The Weston Centre
700-22 St. Clair Avenue East
Toronto, Ontario