



2019 Environmental, Social & Governance Report

About this Report

In our 2019 Environmental, Social and Governance Report, we present a summary of accomplishments for the year ending December 31, 2019. We reflect on our achievements and share details of many of the programs that we have put in place to help meet our environmental, social and governance (“ESG”) targets.

This report has been prepared using the reporting principles of the Sustainability Accounting Standards Board (SASB) Real Estate Standard, published in 2018. We use these principles to report on topics that are relevant to our stakeholders, including our employees, tenants, communities and investors.

This and our previous Sustainability & Responsibility Highlights report are available online at www.choicereit.ca

Reporting Scope, Boundary and Methodology

Our sustainability metrics represent data collected for the properties owned in full or in part by Choice Properties REIT (“Choice” or the “Trust”). Environmental metrics have been collected from Choice’s utility data management system, which tracks electricity, heating fuel, and water consumption on a regular basis.

Choice follows the Operational Consolidation Approach, as defined in the World Resources Institute’s (WRI) and the World Business Council for Sustainable Development’s (WBCSD) *The Greenhouse Gas Protocol, Revised Edition*. Tenant energy and water consumption that are separately metered by utility companies, and the associated greenhouse gas emissions, are outside of the control of Choice and are therefore not included in this report.

Energy and water data presented in this report represents 100% of our office, retail, industrial and residential portfolio where we



have operational control. Of the properties represented: (i) data from energy utility bills constitute approximately 94% of 2019 totals, and 93% of both 2017 and 2018 totals, and (ii) data from water utility bills constitute approximately 84% of 2019 totals, 85% of 2018 totals and 79% of 2017 totals. The remainder was estimated based on the available data at the property level.

Assurance

Quinn & Partners Inc. has provided reasonable assurance for certain of our environmental performance indicators. Refer to pg. 27 for their Statement of Assurance.

For More Information

For more information about sustainability at Choice Properties, please email sustainability@choicereit.ca

Message to Our Stakeholders

Thank you for taking the time to read our second annual Choice Properties REIT Environmental Social and Governance Report (ESG Report). This year, we address various areas related to ESG management and have changed the title to reflect our expanded report.

2019 was an important year for Choice as we started our journey to fully integrate ESG into our business operations. Choice is committed to conducting our business in a manner that is respectful to the environment and the communities we operate in as well as to our stakeholders (including our employees, tenants, and unitholders). ESG practices strongly align with our 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. Our long-term focus means that we are not blind to significant global challenges such as climate change and housing unaffordability, and we are fully committed to the need to address gender pay equity. Our ESG program will continue to expand and evolve in the coming years as we look to address these and other issues that are important to investors, employees and those who live in the communities in which we operate. Our full ESG commitment can be found on our website.

Over the past year, we focused on developing a formalized and comprehensive sustainability program that encompasses three key initiatives:

1. Integrating ESG into our daily business activities;
2. Establishing targets and methodologies to measure our progress and impacts; and
3. Developing reporting formats that provide visibility on our progress and achievements.

This report provides an update on our progress against these initiatives and outlines the next steps in achieving our sustainability targets.

Some of our highlights from 2019 include:

Environment: In our inaugural Sustainability & Responsibility Highlights report, we established six targets focusing on energy, water, waste, greenhouse gases and building certifications. We made early progress towards achieving these targets and have put plans in place to achieve them in advance of our 2023 target date.

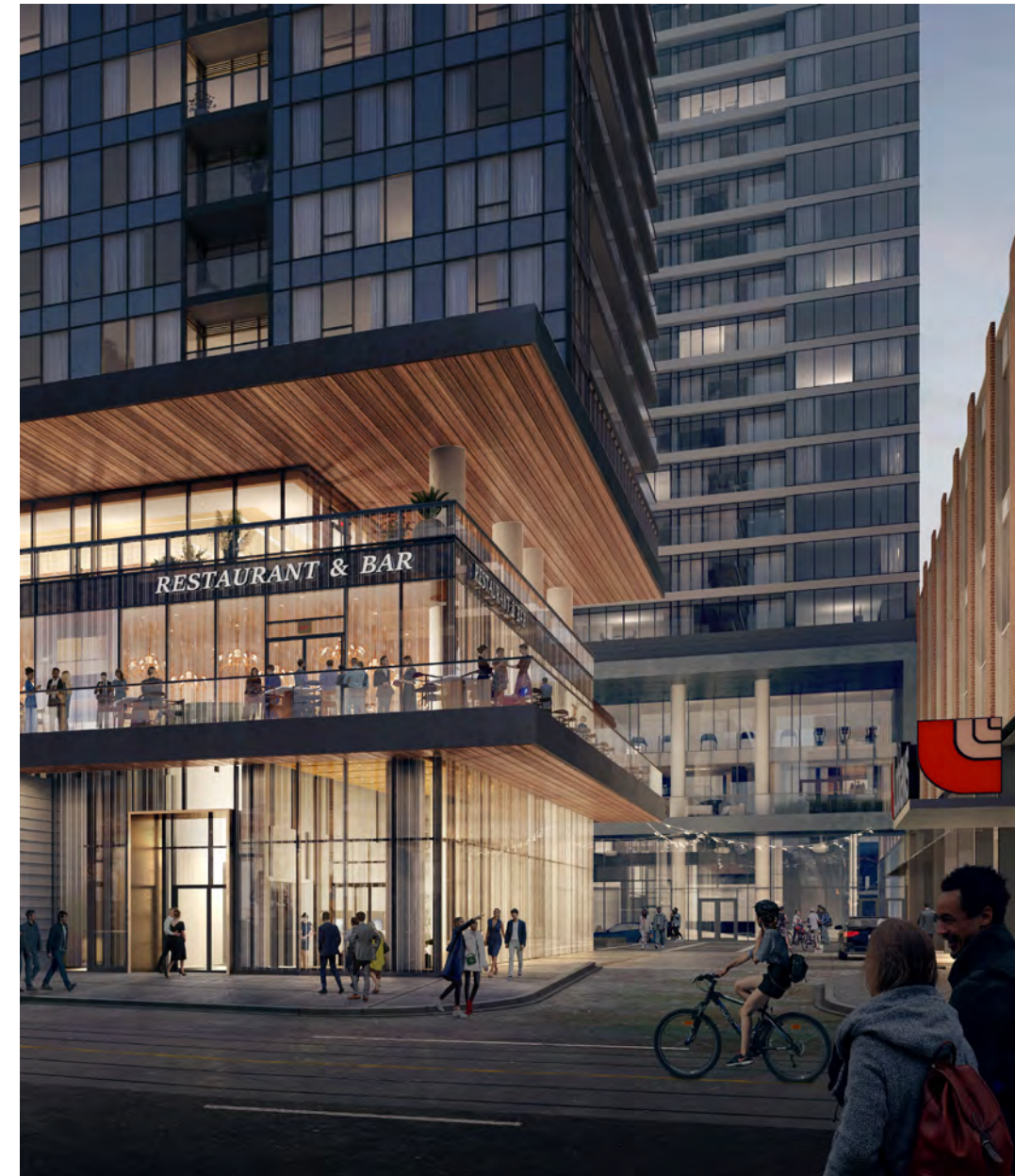
Social: In 2019 we were proud to launch Choice Cares, a program focused on empowering our employees to give back to the communities in which we operate. In it's first year, we raised over \$309,000 and volunteered over 1,200 hours in support of 8 charities across the country.

Governance: We made our first submission to GRESB, a global assessment that benchmarks real estate entities' ESG performance, and received a GRESB Green Star for our rating. Going forward, we intend to continue using GRESB in order to track our progress on addressing ESG issues.

Addressing ESG in our business practices aligns with our strategic goal of creating long term value by owning, managing and developing high-quality assets. As you read through this report, we are confident that you will agree. We are proud of what we've accomplished this past year and look forward to reporting more success in coming years.

Thank you,


Rael Diamond
President & CEO









2019 Highlights & Targets







2019 Key Achievements

Environment

-  **7.9%** Lower year-over-year office energy use during our Race to Reduce program
-  **16** LEED or BOMA BEST certified properties
-  **3** Active beehives installed on Calgary office buildings
-  **4.3%** Reduction in year-over-year same-asset GHG emissions

Social

-  **\$309K** Donated to local charities
-  **1,224** Paid hours of volunteer time
-  **95%** Of employees received formal training
-  **87%** Participation in employee engagement survey

Governance

-  **1st** Year submission to GRESB benchmarking survey
-  **40%** Of Board of Trustees and Senior Management identify as female
-  **1st** Year with 3rd party verified ESG data
-  **100%** Of employees have an ESG-related goal



Progress Towards Targets

Last year Choice set 5-year targets (to be achieved by or before 2023) to inform our progress in establishing a comprehensive ESG program. Our progress towards achieving those targets and our next steps are outlined on the following pages:

Reduce same-asset energy use by 10% relative to 2018



We launched a Race to Reduce program in 2019. This is a friendly competition where regional teams competed to reduce year-over-year energy usage. Based on our success, we will launch another program in 2020. Our office teams will continue taking action by undertaking energy assessments, installing LED lighting, upgrading building automation systems and other projects through our capital upgrades program.



Reduce same-asset water use by 5% relative to 2018



Washroom fixture upgrades continued in several office locations in 2019, contributing in part to our water use reduction. To build on the success from 2019, in 2020 we will be evaluating our after-hours water usage and will be upgrading washroom fixtures at several properties.



Convert 75% of parking lot lighting to high efficiency fixtures



Many of our multi-tenant properties in Ontario and Atlantic Canada have parking lot lighting that has been converted to LED lighting. In 2019, Choice commenced 39 projects with LED parking lot lighting. A large number of sites are budgeted for lighting upgrades in 2020.



Continued...

Divert 70% of annual waste from landfill



By the end of 2020, we expect that all of our office buildings will have undergone a recent waste audit. Office waste is tracked monthly at our Calgary, Toronto and Halifax office properties. In 2020 we look to implement monthly waste tracking across all managed office properties, and to educate tenants and encourage them to recycle more waste. Performance shown here represents 87% of office properties under Choice management.



Reduce GHG emissions by 10% relative to 2018



In 2019, we exceeded our GHG target, primarily as the result of the sale of a large office property in December 2018. Recognizing that this isn't indicative of performance improvements, we are also committing to reducing emissions by 10% on a same-asset basis by 2023 (relative to 2018). In 2019, we reduced GHG emissions on a same-asset basis by 4.3%, driven by a reduction in electricity consumption.



Certify 65% of our portfolio under LEED or BOMA BEST



In 2019 we successfully completed the certification of new retail properties in British Columbia, bringing our total number of green certified properties to 16 (nationally across all asset types). We plan to accelerate our annual BOMA BEST certifications over the next few years as part of our strategy to achieve our target by 2023.



Volunteer an average of 4 paid hours per employee per year



In 2019 we launched Choice Cares, our community giving program, and are thrilled to have met our targets in its inaugural campaign. We were able to donate over \$309,000 and volunteer 4.67 hours per employee at 8 local charities selected by our employees. We intend to build on our success in our 2020 campaign.

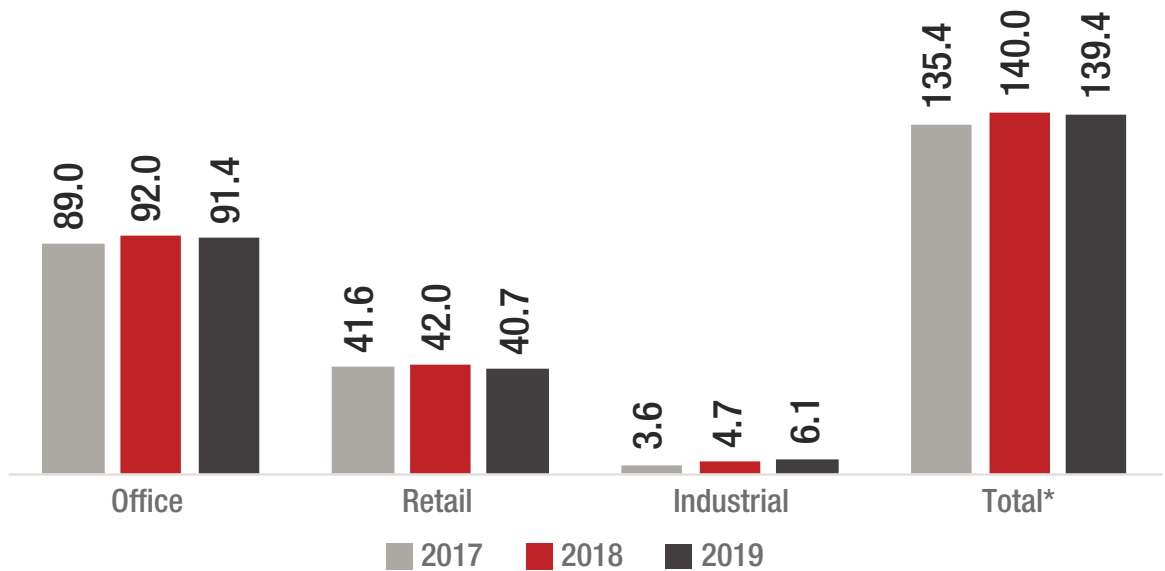




Environment

Energy

Same-Asset: Total Energy Consumption (eGWh)



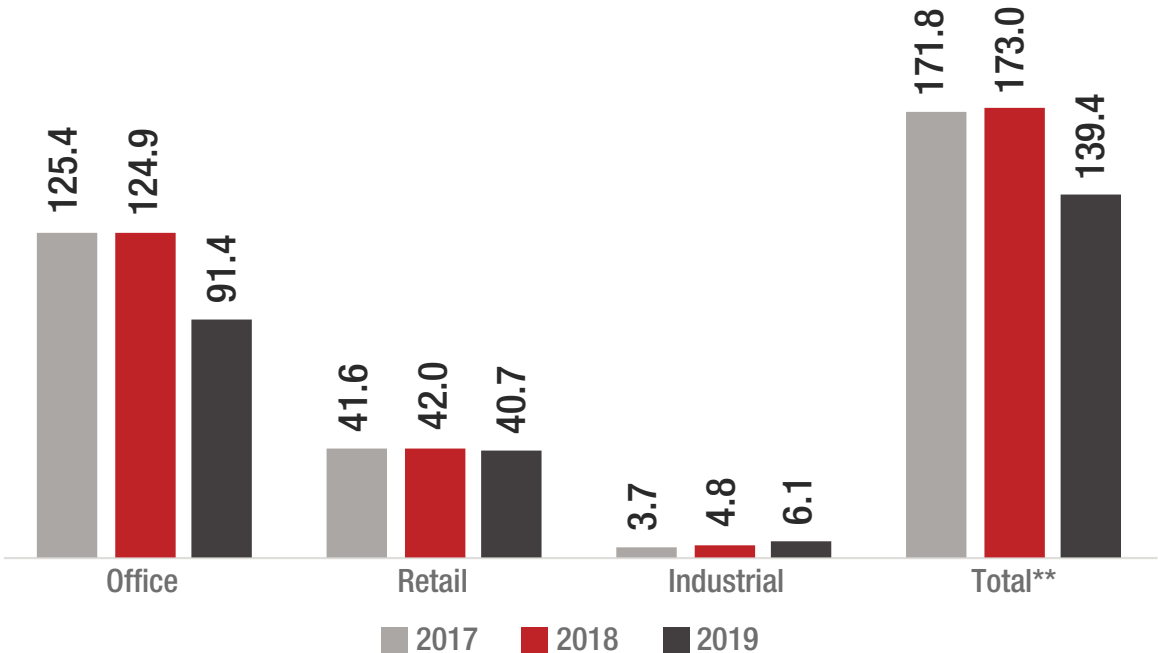
*Residential constitutes less than 1.21 eGWh annually

Overall 2019 energy consumption, on a same-asset basis, was flat between 2018 and 2019. Reductions in office energy (0.6%), retail energy (3.2%) and residential energy (2.2%) were offset by an increase in industrial energy consumption (28%).

Achieving our 5-year office energy target requires approximately 2% average reductions every year for 5 years. Although office energy was reduced by only 0.6% in 2019, there were very

positive signs that we are well on track to achieving our target. In June 2019, we launched a national office energy reduction challenge (see the Race to Reduce Spotlight on the next page). Energy consumption at participating offices was reduced by 7.9% between June and August 2019 (relative to the same months in 2018, when normalized for changes in weather and occupancy). We are confident that we can maintain this momentum through 2020 and beyond.

Absolute: Total Energy Consumption (eGWh)



**Residential constitutes less than 1.21 eGWh annually

The increase in industrial property consumption in 2019 was primarily due to increased heating fuel usage for a large vacant space in a single industrial asset in Ontario. Since separately-metered tenant usage is not reflected in our energy numbers, and this vacant space became occupied in summer 2019, we expect a corresponding decrease in heating fuel usage at this asset in 2020.



SPOTLIGHT:

Race to Reduce

Our property operations team plays a crucial role in meeting our sustainability targets. This past summer our office building operators took part in the Race to Reduce, a friendly competition that challenges each regional team to save the most energy in the 3 months between June and August 2019. Initiatives included conducting midnight audits to identify unnecessary after-hours energy usage), reviewing daily utility meter readings for abnormal usage and uncovering opportunities to utilize existing equipment more effectively (for example, by reducing the speed of pumps and fans where possible).

While each of our regional teams performed well, it was our Calgary office team that was declared the winner with a very impressive 12% year-over-year energy use reduction*. On average, our national office operations team reduced energy consumption by over 7.9% during the Race – over \$175,000 in energy cost savings in just 3 months!

We continue to invest in new building controls and equipment to manage our office buildings more efficiently and save costs for our tenants... and we've scheduled another Race to Reduce for 2020.

* When normalized to account for changes in weather and occupancy.



SPOTLIGHT:

ENERGY STAR Portfolio Manager

We utilize ENERGY STAR Portfolio Manager, a cloud-based software program developed by Natural Resources Canada, to benchmark the energy performance of our office properties against our peers. Unfortunately, it is difficult to benchmark retail and industrial assets in the software as, similar to other REITs, we typically do not receive utility data for leased spaces.

In 2019, we received ENERGY STAR certifications for five office properties. This means that 34% of our office portfolio is performing in the top 25% of similar buildings for energy consumption, as certified by ENERGY STAR.



SPOTLIGHT:

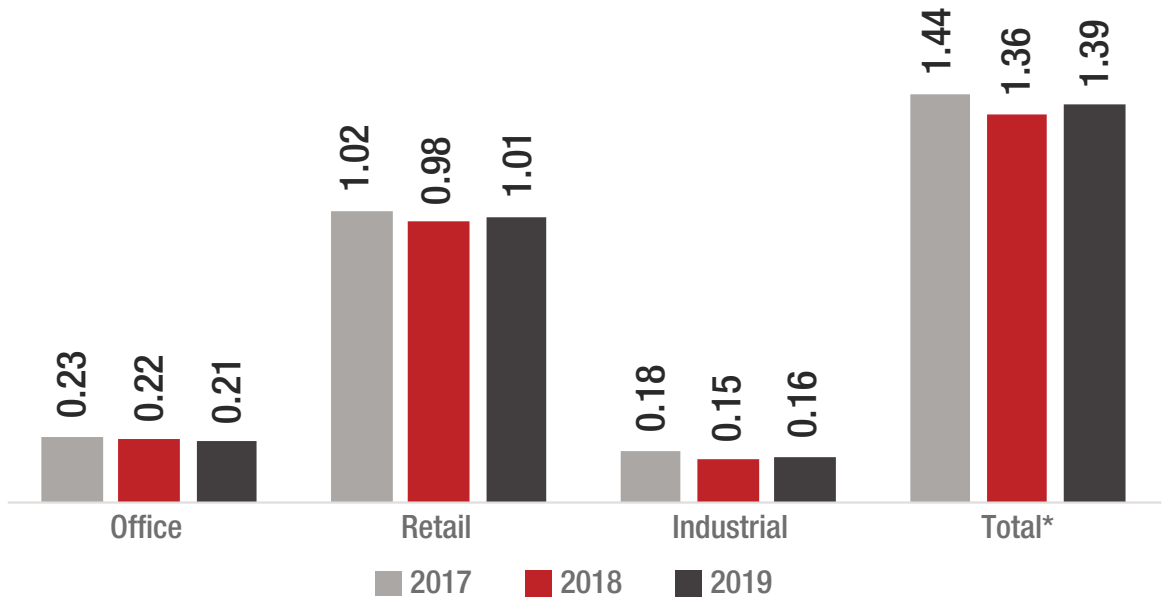
Utilizing Irrigation Controls

A 3rd party study estimated that our Alberta retail and industrial sites saved over 36 million litres of water in 2019 by utilizing evapotranspiration (ET) sensors. That's enough water to fill 14.5 Olympic-sized pools or 3 million cases of bottled water!

ET sensors work by only irrigating when water evaporates from the ground instead of irrigating on a fixed time schedule. This means that our sprinklers aren't operating after a big rainstorm. Not only does this save water, it also means less ponding and healthier vegetation.

Water

Same-Asset: Total Water Consumption (million m³)



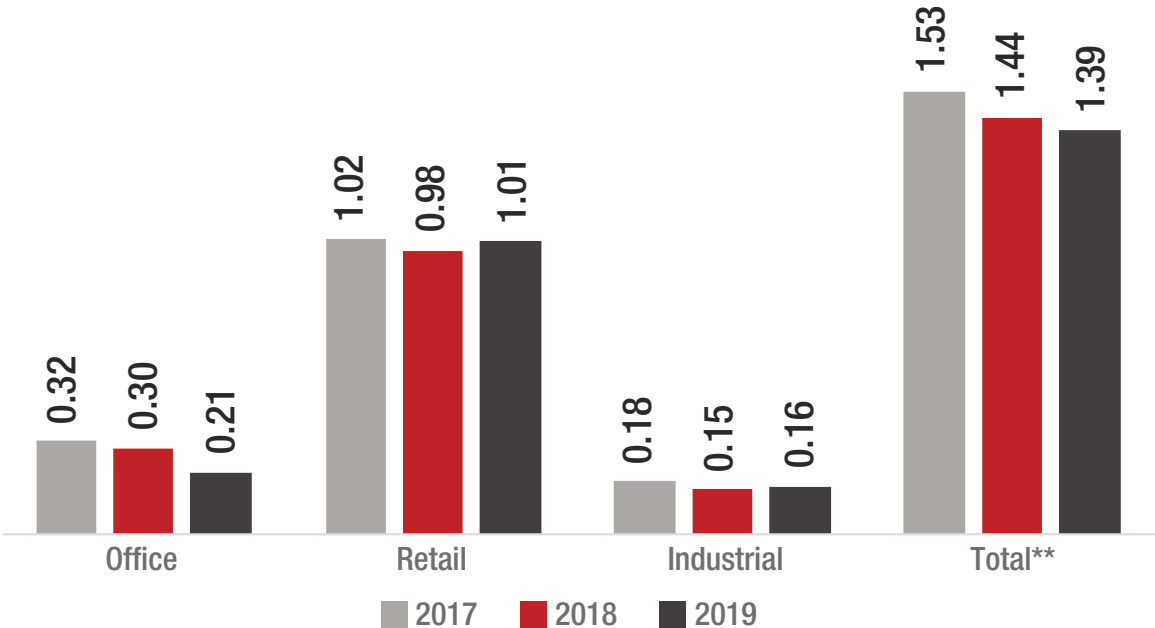
*Residential constitutes less than 0.012 million m³ annually

Water consumption rose about 2.3% year-over-year on a same-asset basis. A 2.4% reduction in office water consumption was offset by increases in both our retail and industrial portfolios.

Since 2017, office water usage has been reduced by approximately 7%. The reduction in the office portfolio is the result of several years of activity, notably leak repairs in two properties. In future years, we will be working to check for leaks across our office portfolio to help achieve our 5% water reduction target (which uses a 2018 baseline).

Retail and industrial water consumption was higher in 2019, but still lower than it was in 2017, on a same-asset basis. Of the ten properties with the largest year-over-year water increases: three increases were due to leaks identified partway through the year; three increases were due to changes to the site (redevelopment, intensification and/or tenancy changes); and the remaining four increases were due to other property-specific reasons.

Absolute: Total Water Consumption (million m³)



**Residential constitutes less than 0.012 million m³ annually

We have taken steps to reduce water at our properties. Many of our properties have sensors that control irrigation systems to operate only when the ground is dry, and many are also using native plants with lower irrigation water requirements to further reduce irrigation water consumption. Finally, in late 2019 we implemented quarterly water utility consumption reporting in order to identify excessive use and celebrate lower water usage.

SPOTLIGHT:

Waste Management

Choice recognizes that reducing waste is a central component of a comprehensive strategy to ensure the long-term prosperity of the communities that we live, work, and thrive in. In the Atlantic portfolio, Choice is championing efforts to reduce the amount of waste sent to landfill by piloting an integrated waste management service at several office, retail, and industrial properties.

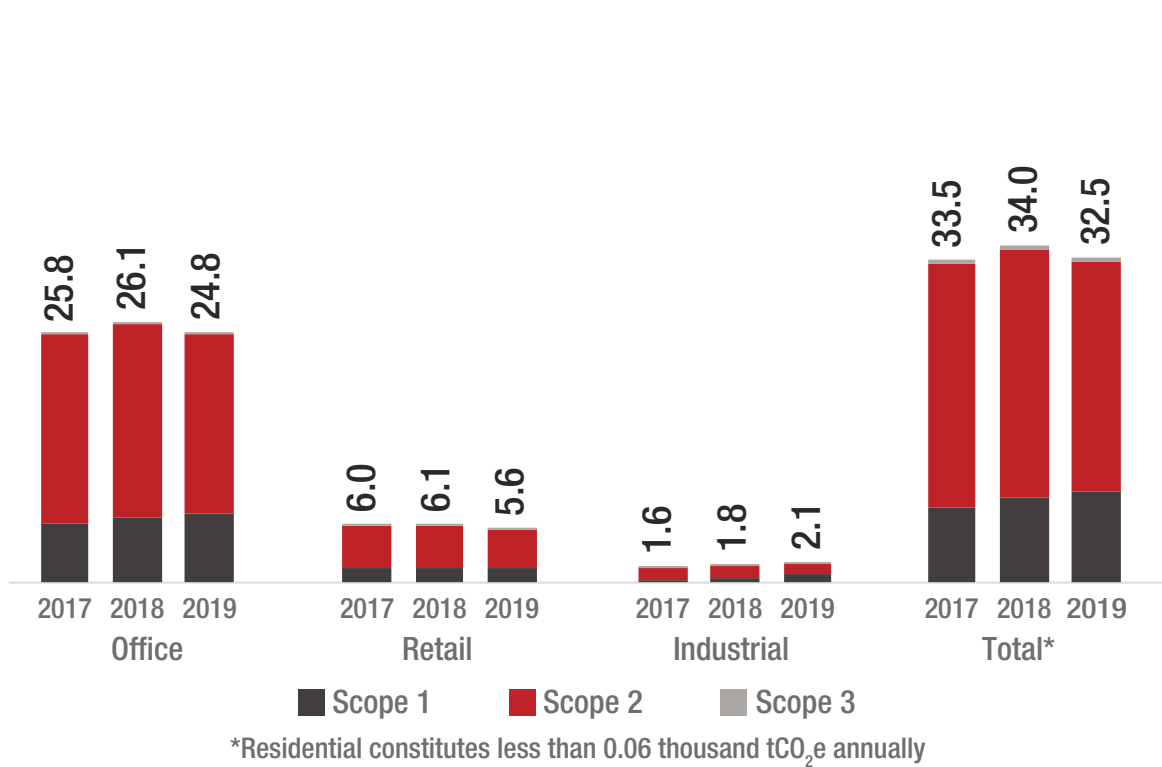
This project will provide insight into the amount of waste generated, the amount of waste that is being diverted from landfill, and how its removal can be optimized to realize cost savings. The information we collect will be used to strengthen efforts to increase waste diversion rate, as well as to improve tenant education and engagement.

The results of this pilot will inform our strategy towards establishing a national integrated recycling & waste program.

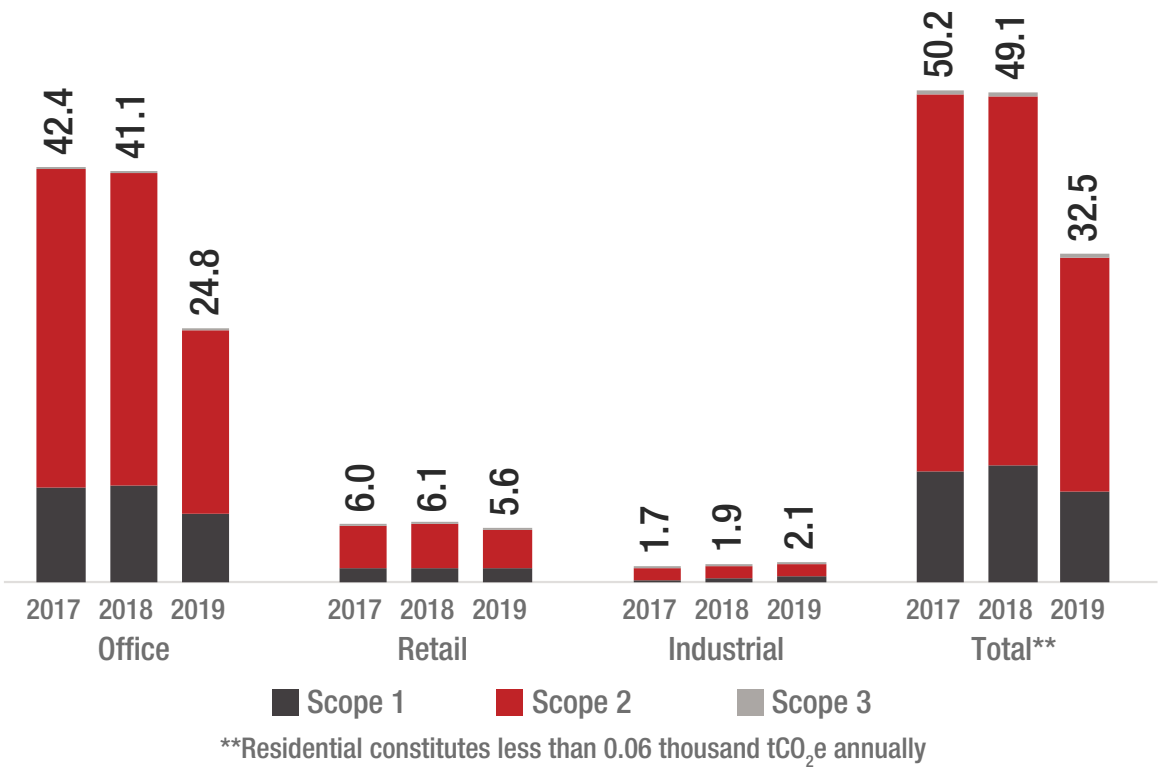


Greenhouse Gases

Same-Asset: Total GHG Emissions (Thousand tCO₂e)



Absolute: Total GHG Emissions (Thousand tCO₂e)



When we set our greenhouse gas (GHG) target, it was with the intent of continuing to reduce emissions while the company experienced growth. However, between 2018 and 2019, Choice reduced its absolute greenhouse gas (GHG) emissions by 33.8% primarily as the result of the sale of a 1.1 million ft² Calgary office property in December 2018. Due to limited operational control over our retail and industrial assets, our office assets are the primary drivers of our GHG emissions performance. Over the coming years, we anticipate that the growth in our mixed-use developments in Ontario will slightly increase our emissions, although we anticipate that our absolute emissions will remain significantly lower than our 2018 baseline.

Recognizing the need to demonstrate performance improvements, we are committing to a modified GHG target: reducing both absolute and same-asset GHG emissions by 10% by 2023, relative to a 2018 baseline. On a same-asset basis, GHG emissions reduced by 4.3% in 2019, driven by a reduction of electricity consumption in our office and retail portfolio as the result of our improvements to lighting, equipment and operations. Increased heating fuel increases contributed to a 7.2% increase in Scope 1 emissions in 2019 and presents an opportunity for additional GHG reductions in future years.

Our industrial assets generated additional emissions in 2019, primarily due to increases at a vacant space within a single industrial asset. Since tenant-generated emissions are not reflected in our greenhouse gas inventory, and this vacant space became occupied in summer 2019, we expect a corresponding decrease in emissions at this asset in 2020.

SPOTLIGHT:

West Block

In 1928, Loblaw's Groceries Warehouse was unveiled in Toronto at Fleet and Bathurst Streets, along today's Lake Shore Boulevard West. It was one of the first projects constructed on the city's newly reclaimed land. Hailed as a model of efficiency, the Loblaw Warehouse included its own electric tram railway, giant ovens for baking cakes and cookies each day, huge drums for blending tea, and 22 thousand feet of refrigeration piping. Warehouse employees even had their own bowling alley and an auditorium for performing shows and plays. This state-of-the-art warehouse was a place that brought people together from far and wide.

Today, Choice and its partners are redeveloping the Loblaw's Groceries Warehouse into a mixed-use complex. The development will provide new retail, office and residential to the surrounding Fort York & Cityplace neighbourhoods. The original brick envelope has been retained, along with the original 1920s character of the building. Energy-efficient features include new windows, LED lighting and HVAC systems that allow for energy-sharing between the office and retail. The development also incorporates stormwater collection and reuse, a green roof, electric vehicle charging stations and access to higher-order transit. To demonstrate our commitment to sustainable design and construction, the commercial tower is pursuing LEED certification. We are looking forward with excitement to the grand opening of this new development in 2020.





Social



To make a positive and lasting difference in our communities today and for future generations, we must begin by focusing on the impact that each of our colleagues can have as individuals. Choice Cares is an employee led program, empowering employees to both lead philanthropic activities and support the communities in which they live and work in meaningful ways. By encouraging positive citizenship and team building through our Choice Cares program, we hope to form a collective of engaged individuals capable of real impact. At Choice we believe that an empowered individual is an empowered community.



Volunteering

2019 was the inaugural year of our employee-led community involvement program, Choice Cares. Through Choice Cares, employees raised funds and volunteered their time to support the work of local charitable organizations. With the 2019 campaign theme in mind – “helping children lead healthy, active lives” – employees were given the opportunity to vote for a local charity whose work resonated with them.

We are proud to have partnered with the following organizations:



1,224 Paid Hours of Volunteer Time



Charitable Giving

8

Employee
Events

4

Tenant
Events

1

Business
Partner Event

\$309^K

Raised
in 2019



In September 2019, Choice hosted its 4th Annual Hole-in-One Shootout and Social. Our vendors, employees and partners came out to support this “not-your-average golf event”. Participants stepped up to a different challenge at each hole run by Choice employees. It was a fun day filled with golfing, eating, drinking and mingling – all in support of our Toronto charities.



In August 2019, we presented the ChoICE Your Boss Challenge. Toronto employees donated funds to local charities in order to nominate their leaders to have a bucket of ice water dumped on them. Rankings on the leaderboard fluctuated daily as nominees had the opportunity to pay to decrease their nominations. In the end, four “lucky” winners were iced – all for a good cause!



Employees organized chili cook-offs, bake sales, trivia nights, and barbeques in support of our local charities.

Employee Engagement

Employee Engagement

Employee engagement is measured annually through our Tell It As It Is survey, which is conducted by an independent service provider. The survey poses questions on a variety of dimensions, such as engagement, involvement and belonging, communication, growth and development, recognition and rewards, health and wellness and compliance.

We introduced the survey in March 2019 to all employees, followed by a short pulse survey

in September, with the pulse survey providing additional insight. Following the March survey, all teams created their own action plans to improve engagement. From completing the survey in March 2019 and the pulse later in the year, we have seen an upward trend in engagement overall. Our annual engagement survey will continue in 2020.



Culture Journey

In 2019, we began our culture journey by launching new company values and hosting a company-wide culture workshop. Our culture is grounded by our CORE Values – Care, Ownership, Respect and Excellence – and our three culture principles – Be Authentic, Build Trust and Make Connections. This has become a common thread that extends across our company.

The culture workshop (Better Me, Better We, Better Choice, or “b3”) provided employees with tools and concepts to help shape our culture and helped to that examine how employees work together.

We have also assembled a company-wide Culture Committee comprised of employee volunteers to promote and drive our culture.



Our CORE Values:

**Care
Ownership
Respect
Excellence**

Our Culture Principles:

**Be Authentic
Build Trust
Make
Connections**

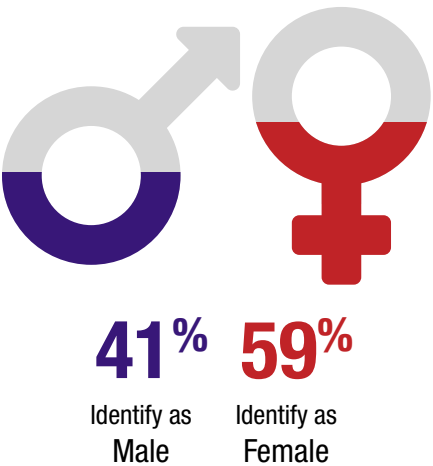
Diversity and Inclusion

Choice Properties has a strong commitment to inclusion and diversity in our organization. Inclusion is part of our culture, where all people are valued, and differences are leveraged to achieve better business results. At Choice, our culture principles encourage everyone to be their authentic selves and we support them through a variety of events.

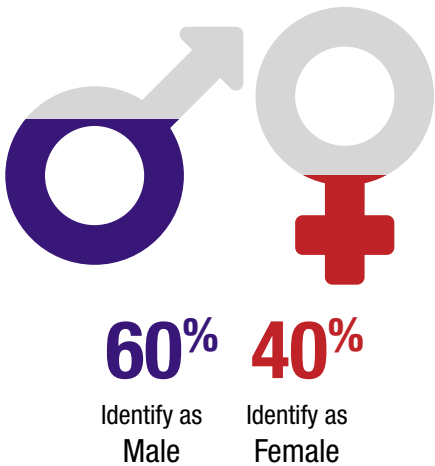
Each year, Choice celebrates International Women's Day for a week in March to recognize the women in our organization. During this week, we have contests to learn more about notable women in history, host a guest speaker and profile many of the women on the senior leadership team.

We also celebrate LGBTQ+ Pride month in June with online postings, office posters, food and activities. Highlighted during this month is our slogan, "Proud to be me," which reinforces our culture principles where we respect and care about each other, and encourage authenticity, trust and connections in our daily interactions.

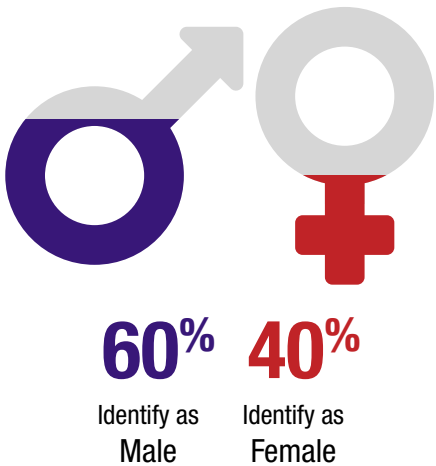
All Employees



Senior Management (SVP+)



Board of Trustees





SPOTLIGHT:

Tenant Engagement with BOMA BEST

BOMA BEST, Canada's leading independent certification program for existing green buildings, is a natural fit for Choice. Where a property is BOMA BEST certified, we can credibly state that our property management activities follow best practices. One very important step in the certification process is engaging with and educating retail and industrial tenants. To that end, we have worked to create tools such as our Tenant Sustainability Guide, which outlines opportunities for tenants to improve energy and water performance, maintain high levels of indoor air quality, and divert waste from landfill in their own space.

In 2019, Pinetree Village Shopping Centre (Coquitlam, BC) and Island Home Centre (Saanich, BC) became our most recent BOMA BEST Silver retail property certification recipients (joining Méga Centre Ste-Foy and Méga Centre Lebourgneuf which were certified in 2017). These two properties provided us with the opportunity to pilot BOMA BEST's Portfolio Program, and their certification is a milestone on the way to achieving our target of certifying 65% of our entire portfolio. We are proud of these accomplishments and are excited to pilot our first industrial certifications in the coming year.



Tenant Engagement

As Canada's preeminent diversified real estate investment trust, Choice Properties plays a role in how Canadians shop, work, live, and thrive. We actively engage with our tenants to collectively create welcoming and sustainable shopping centres, industrial facilities and workplaces. We regularly meet with Loblaw, our largest tenant representing about 56% of GLA (as of Dec 31, 2019), to coordinate on sustainability initiatives, including the installation of modern equipment such as LED lighting and electric vehicle charging stations.

Our standard lease agreements contain a cost-recovery clause for capital improvements that reduce utility consumption. We have utilized this provision to continuously upgrade our properties, whether it is with new LED lighting, updated HVAC controls or an upgraded building envelope. Our standard office lease also contains several green lease clauses related to energy use, green cleaning and indoor air quality.

In several of our office properties, we have issued tenant satisfaction surveys where the results were disseminated to the tenants and action was taken to take advantage of improvement opportunities.

We also actively engage in regular environmental and social activities. These include participating in Earth Hour, coordinating tenant appreciation activities, and hosting charitable events such as a barbecue fundraiser in Halifax, a charity casino in Toronto and a children's toy drive in Montreal.



Health & Safety

Healthy Workplaces



Choice is committed to providing a safe and healthy work environment. We believe that our employees are our most valuable resource. Having a robust health and safety program creates an environment where injury prevention and continuous process improvement are regular business practices. We promote and support the overall well-being of our employees through effective training and comprehensive wellness programs.

Each major office location has a Joint Health and Safety Committee that inspect offices and meet regularly to discuss health and safety concerns and to ensure matters are raised with management. The Joint Health and Safety Committees are empowered to ensure that the company is always keeping the health and safety of employees at the forefront.

The company celebrates Health and Safety week in May where we host a guest speaker to speak on key issues such as mental wellness. We also provide a comprehensive Employee and Family Assistance Program which offers employees and their immediate family a resource for free and confidential help for any work, health or life concern.

In addition to mental health, we also recognize the importance of physical health. Employees enjoy the benefit of receiving a gym membership at a significantly discounted rate in addition to a fitness subsidy, and most of our employees have access to shower rooms in their workplaces to encourage cycling to and from the office.

Safe Properties

Choice is also committed to ensuring that our assets are operated in a safe and reliable manner. Health and safety starts by providing training to our Property Management team. Our operators are trained on a variety of health and safety topics including designated substance management, fall arrest, hazardous materials, and first aid.

We also work with a 3rd party assessor who provides us with oversight into our compliance

with property health and safety regulations. This assessor utilizes both questionnaires and visual inspections to determine compliance with health and safety regulations. The assessor also certifies that contractors who work on many of our sites have adequate training and health and safety procedures.



Governance

Choice
Properties^{REIT}

Business Ethics and Governance

Governance Overview

Choice's Board of Trustees (the "Board") and management team are dedicated to strong governance practices designed to maintain high standards of oversight, accountability, integrity and ethics while promoting long-term growth and complying with the Canadian Securities Administrators' Corporate Governance Guidelines. The Board's Governance Committee regularly reviews the Trust's governance practices and considers any changes necessary to ensure they reflect evolving best practices in a rapidly changing environment.

Choice's website, www.choicereit.ca, includes additional governance information, including the Trust's Code of Conduct, Disclosure Policy, Majority Voting Policy, the position description for the Chair of the Board and mandates of the Board and of its committees.

Code of Conduct & Integrity Action Line

Our policies related to ethical behaviour are outlined in our Code of Conduct, available on Choice's website under Corporate Governance. All employees receive Code of Conduct training when they join the organization and formally acknowledge the Code of Conduct annually. Choice has an Integrity Action Line, an externally managed reporting service available to relay concerns or issues to Choice by anyone who suspects a violation of the Code of Conduct. This service is available on Choice's website and reports can be made anonymously by phone or online.

Board of Trustees

The Board is responsible for the overall stewardship and governance of the Trust. It oversees the management of the business and affairs of the Trust, both directly and through its committees. In addition, the Board has the following responsibilities:

- Strategic planning
- Overview of management
- Enterprise Risk Management ("ERM")
- Internal controls and financial reporting
- Talent management and succession planning
- Governance matters

As of December 31, 2019, the Board was comprised of ten Trustees, eight of whom were "independent" as defined by the National Instrument 52-110. The Board has appointed a Chair who is not independent. Recognizing the importance of strong independent board oversight, the Board has also appointed an independent trustee to serve as Lead Trustee. The Lead Trustee ensures that the Board operates independently of management and that the trustees have an independent leadership contact. The Board's view on the effective role of an independent lead trustee has been endorsed by leading corporate governance organizations.



ESG Program Governance

The Board oversees the Trust's environmental, social and governance (ESG) program. The Board receives updates on these matters as required, and at least annually. The Board also oversees the company's Enterprise Risk Management (ERM) program, which identifies and manages risks relevant to Choice, including risks stemming from climate change.

Choice President and CEO, Rael Diamond, acts as the executive sponsor for the Trust's ESG program. He oversees the integration of ESG into business operations. He has specific and quantifiable targets related to the program.

Beginning in 2018, the Trust employed a full-time employee, the Director, Sustainability and Environmental Programs, who was

tasked with the day-to-day management of initiatives related to the ESG program. These initiatives include:

1. integrating ESG into our daily business activities;
2. establishing targets, and the design of methodologies to measure our progress and impacts; and
3. developing reporting formats that provide visibility on Choice Properties' progress and achievements.

Choice has also established a Sustainability Steering Committee, a cross-functional group comprised of senior management and executives from across the business. The Committee is chaired by the Director, Sustainability & Environmental Programs and

is responsible for setting priorities, metrics and championing environmental, social and governance initiatives (ESG) across our organization. The Committee meets regularly throughout the year to review progress on our key initiatives, to budget and monitor expenses related to the sustainability program, and to prioritize new activities based on their importance to our stakeholders (including employees, tenants, communities and investors), relevance to our business and the potential for Choice to take a leadership position.



Statement of Assurance

Independent Reasonable Assurance Report for Choice Properties REIT

Quinn & Partners was engaged by Choice Properties REIT (Choice) to verify its energy, water, waste and greenhouse gas (GHG) emissions statements for the reporting year from January 1, 2019 to December 31, 2019 as presented in the 2019 Environmental, Social & Governance Report and 2020 GRESB Real Estate Assessment response.

Quinn & Partners responsibilities

Quinn & Partners conducted a verification of Choice's 2019 energy, water, waste and GHG emissions statements to a reasonable level of assurance in accordance with ISO 14064-3:2019¹. Verification activities were conducted with appropriate impartiality, using an evidence-based approach, ethical conduct, fair presentation, conservativeness and due professional care.

Choice responsibilities

Choice (the responsible party) prepared its 2019 energy, water, waste and GHG emissions statements with the assistance of a third-party service provider. Choice was responsible for confirming that the results from the provider fairly presented the performance of its real estate portfolio. This responsibility included maintaining data management systems to ensure its statements fairly reflect its operations and are free from material

misstatement. Choice's statements are voluntary – there is no mandatory requirement for disclosing this information.

Scope of engagement

Quinn & Partners provided verification to a reasonable level of assurance. The scope of the engagement verified that the GHG statement is fairly stated in accordance with ISO 14064-1:2018² and that energy, water and waste statements are without material discrepancy and prepared in accordance with industry best practices and the principles of relevance, completeness, consistency, accuracy and transparency outlined in the GHG Protocol³. The quantitative materiality threshold was 5% for each statement. The investigation included the following metrics:

GHG emissions

- Direct GHG emissions (Scope 1) – stationary combustion
- Electricity indirect GHG emissions (Scope 2) – purchased electricity and steam
- Other indirect GHG emissions (Scope 3) – energy use in tenant areas and upstream emissions from water use, when available^{4,5}

Energy, water and waste

- Total energy, electricity, stationary combustion fuels and steam
- Total purchased water consumption
- Total waste generation, when available
- Waste diversion rate, when available
- Waste data coverage percentage

Criteria

The objective of the verification was to reach a conclusion about the accuracy of the GHG statement and its conformity with ISO 14064-1:2018, the GHG Protocol and industry best practices for the quantification and reporting of energy, water and waste data. To do so, we followed the verification criteria provided by ISO 14064-3:2019.

Work performed

The verification team employed several methods to verify Choice's statements, including desktop review, analysis, sampling, recalculation, tracing, estimate testing, cross-checking and interviews with the quantification team. Sufficient and

Continued on next page

1 ISO 14064-3:2019 - Greenhouse gases - Part 3: Specification with guidance for the verification and validation of greenhouse gas statement

2 ISO 14064-1:2018 - Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

3 The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (World Resources Institute/World Business Council - Revised Edition)

4 Scope 3 GHG emissions were reported when available. Scope 3 GHG emissions exclude major tenants Loblaws and Shoppers Drug Mart data

5 Tenant areas and water use correspond to Category 3 and Category 12 of the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard

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appropriate evidence was collected to support the verification statements and ensure that the inventory methods, systems, calculations and results conform to the verification requirements. The principles of GHG accounting in ISO 14064-1:2018 and the GHG Protocol were used to guide the verification process:

- **Relevance:** Does the inventory contain the information that users—both internal and external to the company—need for their decision-making?
- **Completeness:** Has Choice accounted for all relevant sources within the inventory boundary and time period?
- **Consistency:** Do the methods and systems used to aggregate emission sources ensure that results are consistent and comparable over time?
- **Accuracy:** Was the quantification process conducted in a manner that is likely to identify and minimize areas of uncertainty? Has Choice reduced bias and uncertainties as far as is practical?
- **Transparency:** Has Choice prepared its statements in a coherent manner, and disclosed relevant methods and assumptions?

Limitations of our work performed

The verification team understands that voluntary disclosures of sustainability data by nature are subject to uncertainty, including scientific and estimation uncertainty, that lead to inherent limitations in the accuracy of the information reported. The verification team has performed the verification with the highest level of quality to ensure that our work recognizes these inherent limitations and reduces the impact they may have on the accuracy of the resulting statements.

Our conclusions

Quinn & Partners conducted a verification of Choice’s 2019 energy, water, waste and GHG emissions statements for the reporting year from January 1, 2019 to December 31, 2019 to a reasonable level of assurance. Based on our verification activities and findings, Choice’s GHG emissions statement and energy, water and waste statements are fairly stated and prepared in all material respects in accordance with the standards and principles of ISO 14064-1:2018.

Attestation

Isabel Sbragia, Ph.D.
Lead Verifier
Quinn & Partners Inc.
April 9, 2020

Luke Westfall, P.Eng.
Independent Reviewer
Quinn & Partners Inc.
April 9, 2020

Client’s Attestation

I, as a representative of Choice Properties REIT, accept the findings in this verification statement.

Ariel Feldman
Director, Sustainability & Environmental Programs
Choice Properties REIT
April 13, 2020



SASB Index

One of the primary challenges with ESG disclosures is the lack of consistent and comparable metrics between reporting entities. Choice supports the standardization of ESG reporting metrics, and in 2019 started working towards the full disclosure of accounting metrics in line with *SASB’s Real Estate Sustainable Accounting Standard, October 2018*. As we improve our data management tools and processes, we anticipate having more information in future years’ reports.

SASB Code	Accounting Metric	Notes & Locations
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	Most details found in “About This Report”.
IF-RE-130a.2	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	Most details found in “Energy”.
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	“Energy”
IF-RE-130a.4	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	“Energy Star Portfolio Manager”
IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	“ESG Program Governance”
IF-RE-140a.1	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	(1) “About This Report” (2) Not currently tracked
IF-RE-140a.2	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	(1) “Water”. (2) Not currently tracked
IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	“Water”
IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	Water management is not currently a material risk to Choice

SASB Code	Accounting Metric	Notes & Locations
IF-RE-410a.1	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and (2) associated leased floor area, by property subsector	Some details in “Tenant Engagement.” Percentage and associated GLA not currently tracked.
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	Some details in “About This Report.” Percentage not currently tracked.
IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	“Tenant Engagement”
IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	Not currently tracked
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Not currently tracked
IF-RE-000.A	Number of assets, by property subsector	Choice’s 2019 Annual Report
IF-RE-000.B	Leasable floor area, by property subsector	Choice’s 2019 Annual Report
IF-RE-000.C	Percentage of indirectly managed assets, by property subsector	Choice’s 2019 Annual Information Form
IF-RE-000.D	Average occupancy rate, by property subsector	Choice’s 2019 Annual Report



About Choice Properties REIT

Choice Properties, Canada's preeminent diversified real estate investment trust, is the owner, manager and developer of a high quality portfolio comprising 726 properties totaling 65.8 million square feet of gross leasable area. The portfolio is comprised of retail properties, predominantly leased to necessity-based tenants, industrial, office and residential assets concentrated in attractive markets and offers an impressive and substantial development pipeline. Choice Properties' strategic alliance with its principal tenant, Loblaw Companies Limited, the country's leading retailer, is a key competitive advantage providing long-term growth opportunities. For more information, visit Choice Properties' website at www.choicereit.ca and Choice Properties' issuer profile at www.sedar.com.

This report may contain forward-looking statements. Forward-looking statements reflect current beliefs and assumptions, based on management's perception. Choice Properties can give no assurance that such estimates, beliefs and assumptions will prove to be correct as they are inherently subject to uncertainties, and as such, are subject to change. Other risks and uncertainties not presently known to us or that are presently seen as immaterial could also cause actual results or events to differ materially from those expressed herein. Readers are cautioned not to place undue reliance on these forward-looking statements. Choice Properties disclaims any obligation to update or revise any forward-looking statements, except as required by law.