

Places People Thrive[®]

2025
Annual Report



A Purpose-Driven Real Estate Platform

Choice Properties is Canada's largest Real Estate Investment Trust, guided by a clear purpose: to create places where people thrive. This is how we build enduring value. As a national owner, operator, and developer of high-quality commercial and residential real estate, we go beyond managing assets. We create spaces that strengthen how tenants and communities live, work, and connect. Our strategy is grounded in industry leadership across sustainability, community engagement, and social impact, embedded throughout our business. Our core values of Care, Ownership, Respect and Excellence guide our actions and decisions, shaping how we operate, build, and grow.

A Proven Strategy for Long-Term Value Creation

Our financial goals are anchored in capital preservation, generating stable and growing cash flows, and delivering appreciation in net asset value and distributions. These objectives are supported by a proven strategy and a strong, differentiated foundation. We focus on three priorities:



Maintaining a Market-Leading Portfolio

A high-quality national footprint in local markets, strengthened by our strategic partnership with Loblaw¹, Canada's largest retailer.



Sustaining Operational Excellence

A consistent record of operational performance and ESG leadership, delivered by an experienced, engaged, and diverse team.



Delivering on our Development Pipeline

Projects that enhance tenant diversification and support steady short- and long-term growth, backed by an industry-leading balance sheet.

¹ Loblaw Companies Limited ("Loblaw")

⁽¹⁾ See Section 15, "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 21 of this MD&A

In This Report

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Front cover:
100 Country Village Road NE,
Calgary, Alberta

Canada's Leading REIT

Proven performance, positioned for long-term growth

Largest in Canadaⁱ	Unmatched Necessity-Based Portfolio	Strategic Relationship with Canada's Largest Retailer
699 High-quality properties	83% Necessity-based retail portfolio ⁱⁱⁱ	57% Loblaw tenancy ^{iv}
68.5M Across 3 strategic asset classes sq. ft.	37M Grocery-anchored retail portfolio sq. ft.	 Relationship with Loblaw provides a unique competitive advantage
\$17.8B Fair value ⁱⁱ		
One of Canada's Largest Urban Landowners	Industry-Leading Balance Sheet	ESG Leadership
18M+ Development pipeline sq. ft.	BBB (High) DBRS Rating Positive Outlook	Net Zero One of Canada's first entities with targets validated by SBTi By 2050
70+ Sites with potential incremental density	BBB+ S&P Rating	50%+ Women executives (VP+)
7.0x Adjusted Debt to EBITDAFV ⁽¹⁾		

ⁱ Based on total portfolio GLA, number of properties and market capitalization

ⁱⁱ Fair value of investment properties is shown on a proportionate share basis⁽¹⁾

ⁱⁱⁱ Calculated as a % of the retail segment's annualized gross rental revenue on a proportionate share basis⁽¹⁾ as at December 31, 2025 (Section 6)

^{iv} Calculated as a % of total annualized gross rental revenue on a proportionate share basis⁽¹⁾ as at December 31, 2025

Turning Space into Place

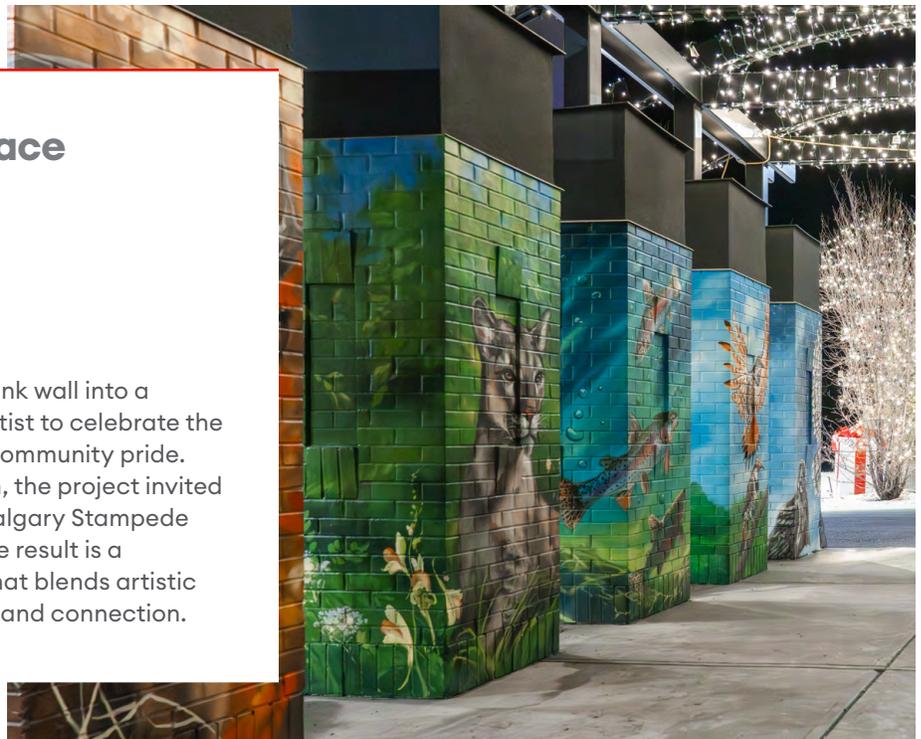
Creekside Shopping Centre

12432 Symons Valley Road NW
Calgary, Alberta

Asset class: Retail

Property GLA: 319,000 sq. ft.

Choice Properties transformed a blank wall into a striking mural designed by a local artist to celebrate the city's history, multiculturalism, and community pride. Brought to life through collaboration, the project invited residents to contribute during the Calgary Stampede and return for a shared unveiling. The result is a powerful example of placemaking that blends artistic vision with community participation and connection.



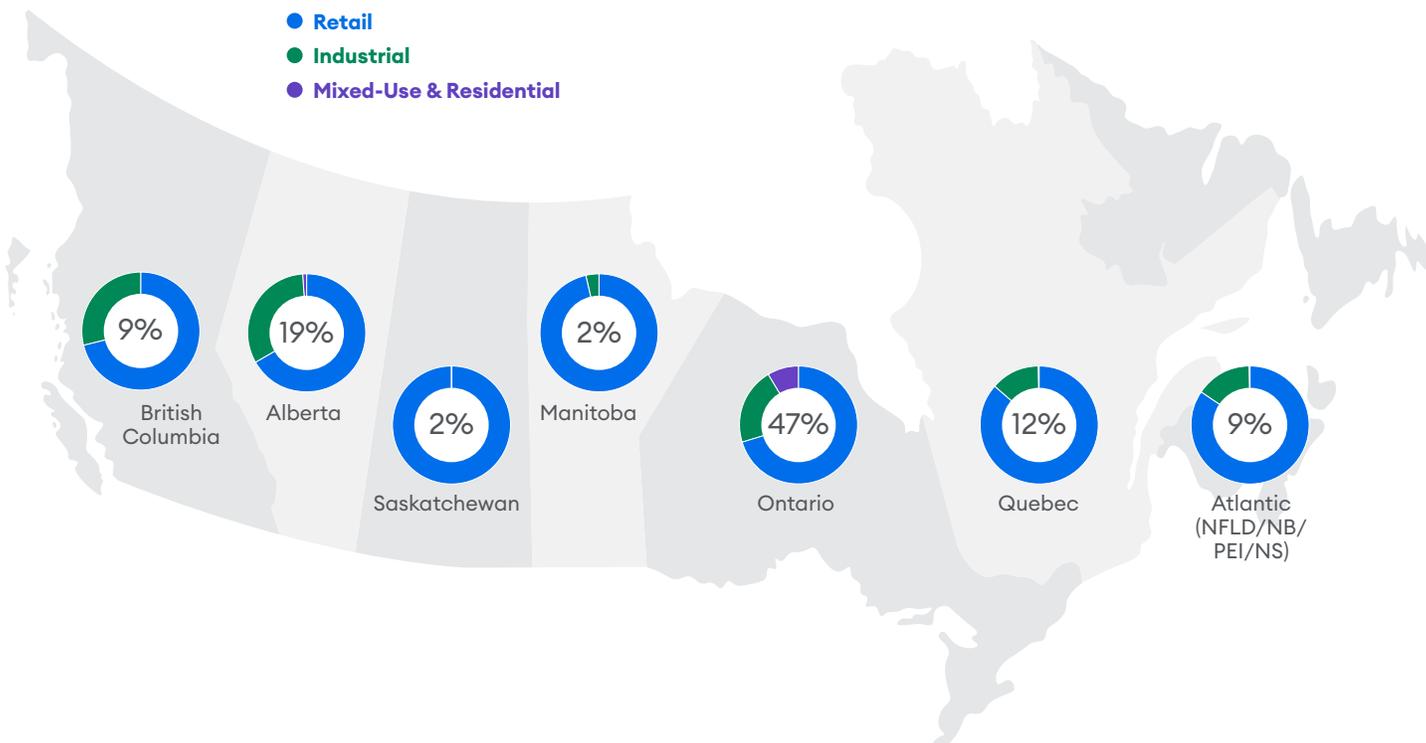
An Integrated Portfolio Built Where Canadians Live and Work

Achieving stable cash flow, resilience, and growth

Our competitive advantage is rooted in the strength of our three strategic asset classes. We combine a predominantly necessity-based, grocery-anchored retail portfolio supported by leading tenants, a flexible and well-located industrial portfolio in key distribution markets, and transit-oriented mixed-use and residential rental properties in Canada’s most attractive urban centres.

Income Producing Properties	Properties	Square Feet	Fair Value ⁱ	Occupancy	Properties Under Development
Retail	563	44.5M	\$11.6B	98.0%	40 Projects
Industrial	124	22.2M	\$4.6B	98.8%	18.8M Square Feet
Mixed-Use & Residential	12	1.8M ⁱⁱ	\$0.9B	93.7%	\$0.7B Fair Value ⁱ

Percentage of NOI by Provinceⁱⁱⁱ



ⁱ Fair value of investment properties as at December 31 shown on a proportionate share basis⁽¹⁾

ⁱⁱ GLA of mixed-use & residential includes 0.7 million sq. ft. associated with Choice Properties’ 923 residential units

ⁱⁱⁱ Calculated as a % of total NOI on a proportionate share⁽¹⁾ cash basis for the three months ended December 31, 2025

2025: Performance and Operational Highlights

Advancing our strategy



Named as a GTA Top Employer 2026



Exceeded LEED/BOMA BEST certification target

3.6%

FFO⁽¹⁾ per unit growth

2.2%

Growth in Same-Asset NOI, Cash Basis⁽¹⁾

2.6%

NAV⁽¹⁾ per unit growth

98.2%

Occupancy

13.9%

Leasing spreads on renewals

7.0x

Adjusted Debt to EBITDAFV⁽¹⁾

\$801M

Total transactionsⁱ

\$222M

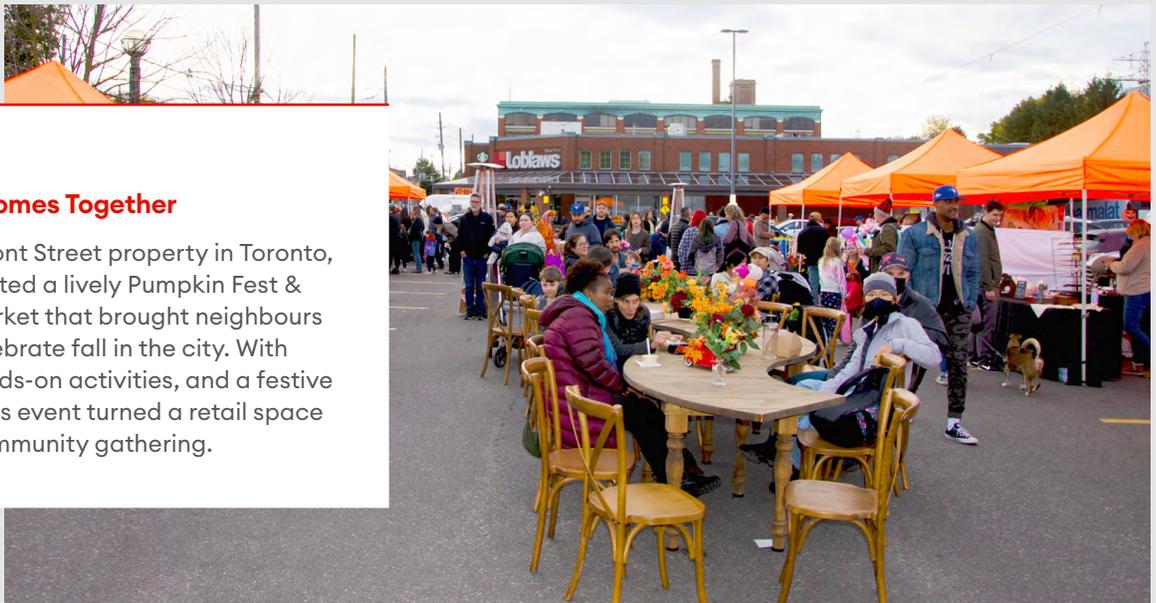
Total development transfersⁱ

\$938M

Total gross financing raisedⁱ

Fall Festival: Community Comes Together

At our 650 Dupont Street property in Toronto, Ontario, we hosted a lively Pumpkin Fest & Street Food Market that brought neighbours together to celebrate fall in the city. With great food, hands-on activities, and a festive atmosphere, this event turned a retail space into a joyful community gathering.



ⁱ On a proportionate share basis⁽¹⁾

Message from the President & CEO

Delivering growth and stability



Choice Properties delivered strong operational and financial results in the fourth quarter and throughout 2025.

Rael Diamond

President and CEO, Choice Properties



Fellow Unitholders,

2025 marked another year of strong operational and financial results for Choice Properties through continued focus on our strategic priorities. We advanced our long-term value creation strategy anchored in capital preservation, generating stable and growing cash flows, and delivering long term appreciation in net asset value and distributions, positioning us for future growth and success.

During the year, our operating environment continued to reflect a mix of opportunity and uncertainty arising from economic and geopolitical instability. Despite this uncertainty, we witnessed a tightened retail market, fueling strong demand for our grocery-anchored neighbourhood centres. In particular, we experienced continued growth among necessity-based and discount retailers, a trend that played directly to the strengths of our national platform. Tariff-related concerns that were present in 2025 did not significantly impact the positive momentum in our industrial portfolio, and signs of market stabilization emerged in the second half of the year. In addition, improved sentiment in the commercial real estate market contributed to increased transaction activity across our portfolio in 2025. Choice Properties' focus on high-quality assets, combined with our strong balance sheet

and disciplined capital allocation, enabled us to navigate market volatility, deliver positive 2025 financial results and create long-term value for our Unitholders.

2025 Financial Highlights

In 2025, our portfolio delivered consistent and growing cash flows, driven by robust tenant demand across our national grocery-anchored retail portfolio and new leasing activity in our well-located industrial assets. We capitalized on this operating environment, increasing occupancy to 98.2%, up 60 basis points from last year, and achieved healthy leasing spreads of 13.9%. Same-Asset Cash NOI grew by 2.2%, and Funds from Operations increased 3.6% year-over-year to \$1.069 per unit.

We ended 2025 with ample liquidity and an industry leading balance sheet. This included an Adjusted Debt to EBITDAFV ratio of 7.0 times, \$1.5 billion available on our credit facility, and approximately \$13.8 billion of unencumbered assets. This financial strength and operational consistency enabled us to increase our Unitholder distribution for the fourth consecutive year.

A Resilient and Differentiated Platform

Our consistent performance is anchored in the quality of our diversified national platform, comprising three strategic asset classes: retail, industrial, and mixed-use and residential. Each plays a distinct role in generating stable cash flows and supporting long-term value creation.

- **Retail:** Our retail portfolio is one of the largest and most resilient in Canada, anchored by necessity-based, grocery-focused assets located where Canadians live and work. In 2025, demand for high-quality retail space remained strong. Occupancy increased to 98.0%, with strong retention rates and leasing spreads of 10.2%, including a significant number of Loblaw renewals. We continued to unlock value through retail intensifications and rightsizing initiatives with Loblaw, delivering accretive growth at attractive yields. Our team strategically repositioned vacant space at certain properties, securing higher-covenant tenants that enhance foot traffic and support NOI growth. With steady demand for quality space and a proven track record of execution, Choice Properties continues to build new retail space to meet that need, enabling sustained growth and enhancing long-term value.
- **Industrial:** Our industrial portfolio continued to perform well, with occupancy rising 90 basis points to 98.8% in 2025, supported by strong tenant retention and a year of solid leasing activity. Leasing spreads averaged 29.5%, as in-place rents continued to adjust to market levels. While the broader industrial market stabilized over the course of the year, our portfolio remained well-positioned for further growth given the meaningful gap between our

13.9%

Leasing spreads on renewals achieved in 2025

836k sq. ft.

Delivered 16 retail intensifications and one industrial development

\$119M

Net acquirer in 2025

in-place rents and current market rates. Choice Caledon Business Park is a clear example of our industrial development strategy in action. In 2025, we completed construction of a logistics facility on schedule and achieved a solid yield, with full operations anticipated in 2026. We also announced the planned next phase of development at this site, supported by strong GTA industrial fundamentals, the site's strategic location, and our low land cost. Together, these achievements underscore the reliability of our execution and the long-term value embedded in our industrial platform.

- **Mixed-Use & Residential:** We delivered stable performance in our mixed-use and residential portfolio in 2025, reflecting the high quality of our office assets, which are primarily leased to entities within the Weston Group of Companies. While select residential properties experienced some pressure from new supply, we believe they remain supported by strong long-term fundamentals in major urban markets.

2025 Development Completions	Number of Projects	Transferred GLA (sq. ft.)	Expected Total Costs	Expected Stabilized Yield
Retail ⁱ	16	306k	\$72.4M	6.6%
Industrial	1	530k	\$121.4M	7.9%
Total	17	836k	\$193.8M	7.4%

ⁱ Includes 0.1 million sq. ft. that represents the building area on properties where the Trust has leased the underlying sites to the tenants through ground leases

Message from the President & CEO

Furthermore, we advanced two projects to zoning approval, positioning us to launch a new residential project in the near term. Supported by our industry leading balance sheet, we are placed to meet future demand with a thoughtful pipeline of high-quality, strategically located developments.

Reliable, Repeatable Development Performance

Our disciplined development strategy continues to serve as a reliable engine of value creation. In 2025, we completed 17 projects totaling 0.8 million square feet of new commercial space, creating \$46.2 million of value and reinforcing our ability to deliver our development pipeline.

Improving Portfolio Quality

We continued our capital recycling program as part of our ongoing effort to improve portfolio quality through disciplined capital allocation. Enabled by significant financial capacity, our acquisitions in 2025 outpaced our dispositions, and included:

- **Strategic Acquisitions:** We completed \$459.8 million in acquisitions, including two high-quality grocery-anchored retail centres, an industrial outdoor storage portfolio, a Loblaw distribution centre, and 50% interests in two mixed-use and one retail asset. These additions to our portfolio reflect our continued focus on income-producing assets aligned with our core strategy.
- **Targeted Dispositions:** We also completed the sale of 19 non-core properties and a 50% interest in a mixed-use asset, generating \$341.0 million in proceeds and achieving prices above our recorded fair value. These dispositions included assets across the country, allowing us to optimize our portfolio further and support long-term capital preservation.

\$800.8M

Capital recycling activity

Advantage with Scale

Our strategic relationship with Loblaw continues to be a significant differentiator for our business. The Choice Properties and Loblaw teams work collaboratively to achieve our respective operational, financial, sustainability, and long-term growth goals.

Choice Properties and Loblaw actively engage on new developments and acquisitions that enhances the quality of our portfolio, informs our capital strategy, and supports our position as a disciplined, opportunity-driven acquirer. During 2025, we added six new Loblaw-branded stores with more in the pipeline, including the greenfield development at our newly acquired Strandherd asset near Ottawa, Ontario to be anchored by No Frills and Shoppers Drug Mart.

Creating Cross-Portfolio Value

Choice Properties' national scale allows us to unlock value across our portfolio. A number of our tenants operate both storefronts in our retail portfolio and distribution facilities within our industrial properties, allowing them to benefit from integrated solutions under a single landlord. These cross-portfolio relationships enhance leasing efficiency, tenant retention, and long-term relationships. At the same time, our residential platform continues to evolve from our commercial land holdings. By introducing new housing near existing retail, we create vibrant mixed-use communities that bring more people to our sites and increase the productivity of surrounding assets.

Advancing ESG with Purpose

Throughout 2025, we advanced our ESG initiatives in ways that support both our business and the communities that we serve. We made good progress against our three-year climate action roadmap, including low-carbon development initiatives, retrofits of LED lighting and dual-fuel HVAC units installations, and signing new green leases with several national retailers. Our people remain central to our success, driving operational



Why Not Theatre

The Brixton
41 Alma Avenue
Toronto, Ontario



Access to affordable, adaptable space is one of the biggest challenges facing Toronto's dance community. This project has made a meaningful difference, providing much needed space for classes, rehearsals, and creative work across generations and disciplines. It has become an essential support for dance in the city.

Brandy Leary
Artistic Director, Anandam Dance Theatre
Cofounder and Codirector of Collective Space

excellence through collaboration, engagement, and a shared commitment to our purpose. In addition, this year we expanded community activations beyond the GTA and raised over \$1 million through our 10th Annual Choice Cares Golf Classic.

Moving Forward with Momentum

Looking ahead, we are confident in our ability to achieve consistent and stable operating and financial results during times of uncertainty, demonstrating the strength of our strategy and the resilience of our portfolio.

Through prudent capital allocation, a strong balance sheet, and an exceptional team, Choice Properties is well positioned for future growth.

Thank you to our employees, tenants, partners, and Unitholders for your continued commitment and confidence.

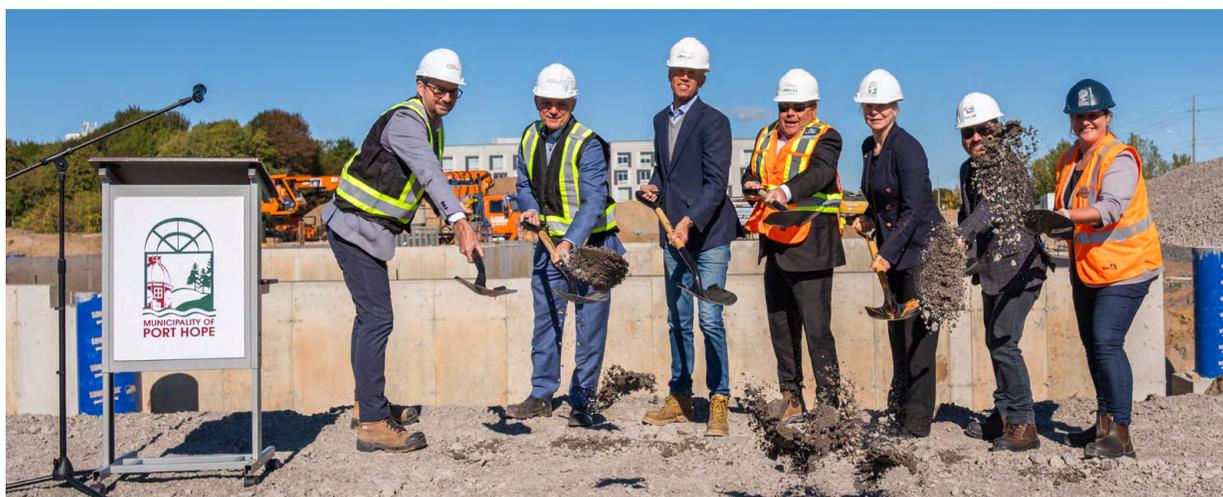
Rael L. Diamond
President and CEO, Choice Properties

A Development Pipeline Driving Future Growth

A clear path to sustained value creation

Square Feet ⁱ	In Planning	Zoned & Ready	Active		Total
Retail	—	0.3M	0.2M	>	0.5M
Industrial	—	3.4M	1.2M	>	4.6M
Mixed-Use & Residential	8.4M	5.3M	—	>	13.7M
Total	8.4M	9.0M	1.4M	>	18.8M

ⁱ At the Trust's share



Independent Living Reimagined

The Wellings of Port Hope

20 Jocelyn Road
Port Hope, Ontario

Property GLA: 108,900 sq. ft.
Intensification GLA: 43,900 sq. ft.
(4-storey mid-rise building with 76 apartments and 36 villas)
Ownership: 100% (Ground lease)

Nautical Lands Group and Wellings Communities are bringing an award-winning standard of 55+ living to Port Hope through a long-term ground lease with the Trust. The Wellings of Port Hope will combine independence, comfort, and community connection with convenient access to essential amenities including grocery and pharmacy. Featuring apartment living and bungalow villas, along with vibrant shared spaces, this development supports active lifestyles while contributing to the long-term vitality of the community.



We are proud to partner with Choice Properties to expand the Wellings 55-plus housing model across Ontario. Together, we are delivering accessible, amenity-rich communities that reflect the needs of today's seniors. This partnership brings our collective market leadership, shared vision and values to life in locations where seniors can truly thrive.

Natalie Tommy

VP Marketing & Branding, Nautical Lands Group of Companies

Purpose in Action

Robust tenant partnerships

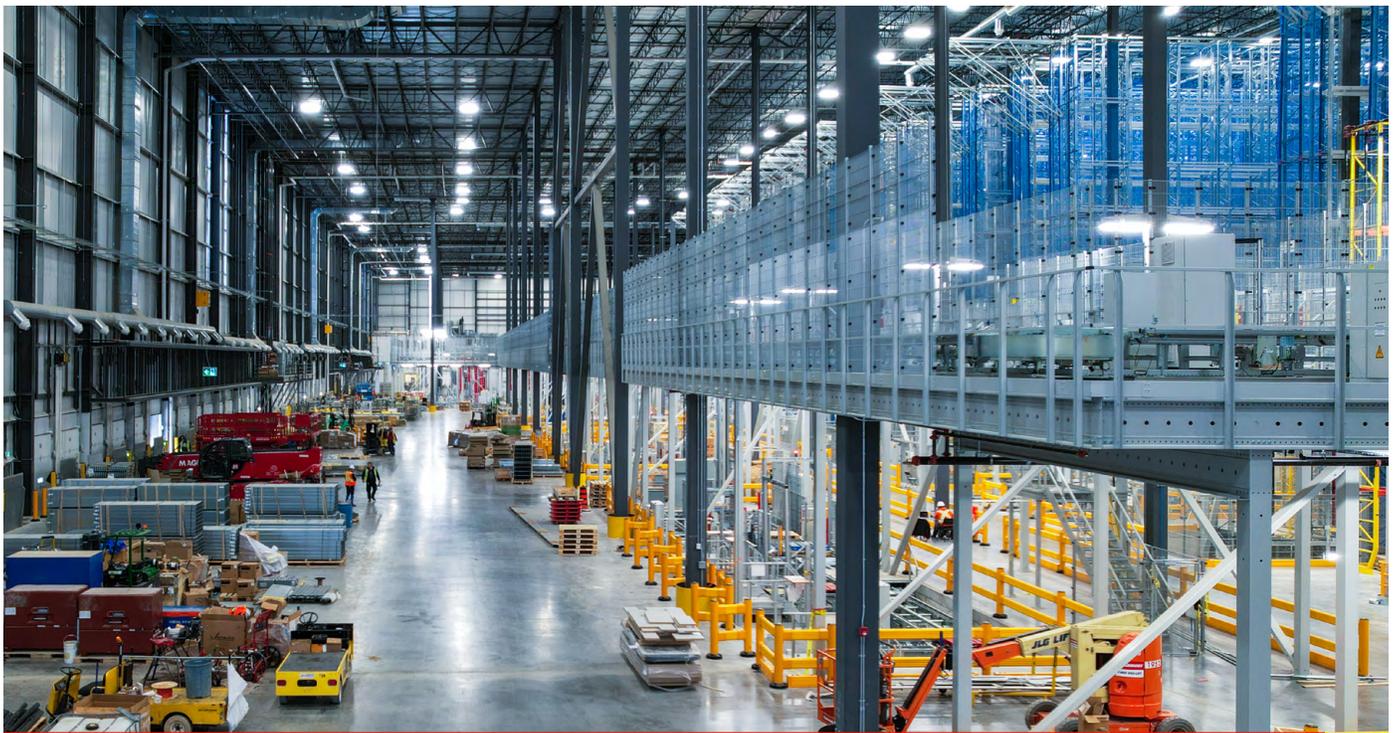
At Choice Properties, we work closely with our tenants to turn insight into action. We design and operate spaces that enhance customer experiences, strengthen neighbourhood engagement, and support long-term business success. From evolving store formats and operational improvements to sustainable, welcoming environments, our focus on operational excellence, innovation, and partnership helps create places where tenants can grow, connect, and thrive.

90%

Retail located at key intersections

90%

Industrial NOI in VECTOM



State-of-the-Art Industrial

Loblaw Distribution Centre (Land lease)
Choice Eastway Industrial Centre
18818-18948 Woodbine Avenue
East Gwillimbury, Ontario

Asset class: Industrial
Property GLA: 1,240,000 sq. ft.
Ownership: 75%

Choice Properties continues to invest in state-of-the-art industrial facilities that support tenant growth and operational efficiency. At Choice Eastway Industrial Centre, we delivered a fully serviced land pad to Loblaw, enabling the development of a next-generation automated distribution centre. Strategically located near major highways, the site offers scale, automation, and flexibility. By providing modern, well-located infrastructure, we help tenants enhance logistics capabilities and serve their customers even better.

A Partnership That Delivers for Tenants

Choice Properties' long-standing partnership with Loblaw is a powerful differentiator across our portfolio. We work collaboratively on locations and store formats to create high-performing, necessity-based destinations that serve daily needs. This collaboration supports strong traffic, long-term tenancy, and resilient cash flows. Our shared focus on sustainability further enhances how we design, build, and operate our properties, creating environments that support tenant success while strengthening the communities that we serve.



Choice Properties is a key strategic partner for Loblaw, supporting our continued growth and network expansion. Our collaborative approach allows us to plan ahead, identify opportunities at scale, and deliver store formats that serve our customers and communities today and into the future. Together, we are building a resilient and sustainable platform that supports long-term success for both organizations.

Sharla Paraskevopoulos
Senior Vice President, Real Estate,
Loblaw Companies Limited



Purpose in Action

Strong-covenant tenants drive stable, predictable cash flows

Long-Term Leases

Weighted
Average
Lease Term

Loblaw
6.1
Years

Ancillary
6.0
Years

Total
6.0
Years

Top 5 Tenants

% Revenueⁱ

1	Loblaw	57.3%
2	Canadian Tire	1.6%
3	Dollarama	1.2%
4	TJX Companies	1.2%
5	Pet Valu	1.0%

Strong Necessity-Based Retail Anchor Tenants



+64%

of retail revenue from
Loblaw bannersⁱⁱ

Key Tenants:

Loblaws
Shoppers Drug Mart
Real Canadian Superstore
No Frills
Maxi
Fortinos
T&T



+68%

of retail revenue from
grocery and pharmacyⁱⁱ

Key Tenants:

Sobeys
Metro
Save on Foods
Nations Fresh Foods
Costco
Walmart
Rexall



+83%

of retail revenue from
necessity-based retailⁱⁱ

Key Tenants:

Dollarama
Canadian Tire
LCBO
TD
Restaurant Brands International
Pet Valu
Scotiabank
CIBC

Resilient Industrial Tenant Base

Top 10 Industrial Tenantsⁱⁱ

- 1 Loblaw
- 2 Amazon
- 3 Canada Cartage
- 4 TEN Canada
- 5 Wonderbrands
- 6 Pet Valu
- 7 NFI IPD
- 8 Uline Canada Corporation
- 9 Kimberly-Clark
- 10 Alberta Gaming, Liquor and Cannabis

35%

Loblaw gross
industrial
revenueⁱⁱ



Choice Eastway Industrial Centre, East Gwillimbury, Ontario

ⁱ Calculated on total annualized gross rental revenue of all segments on a proportionate share basis⁽¹⁾ as at December 31, 2025

ⁱⁱ Calculated on the segment's annualized gross rental revenue on a proportionate share basis⁽¹⁾ as at December 31, 2025 (Section 6)

Purpose in Action

Advancing sustainability and climate progress

We have set ambitious net-zero targets approved by the Science Based Targets initiative and aligned with the Paris Agreement. 2025 marked the first year of implementing measurable actions under our three-year climate action roadmap. Integrating sustainability strengthens the resilience of our assets and support long-term value creation.

100%

Properties with climate risk assessments and impact scores

Maintained

B rating

for fourth year from CDPi Climate Change Questionnaire

6 national tenants

New green leases or MOU

Omnibus Agreement with Loblaw

Amended 280+ leases to implement energy and water savings measures



Driving Measurable Impact

In 2025, Choice Properties advanced our three-year climate action roadmap by turning strategy into measurable results. More than 800,000 square feet were upgraded with dual-fuel or all-electric rooftop units, reducing emissions, while over one million square feet transitioned to LED lighting. We deepened collaboration with tenants through new green leases and MOUs, further embedding sustainability into our operations. With updated climate risk scores across our entire portfolio, we strengthened resilience while continuing to lower our environmental footprint.



Read our [ESG Report](#) to learn more about our sustainability strategy, initiatives and achievements: choicereit.ca/sustainabilityⁱⁱ.

ⁱ Climate Disclosure Project

ⁱⁱ The ESG Report is not incorporated by reference

Leading the Future of Low-Carbon Retail

Coventry Hills

100 Country Village Road NE
Calgary, Alberta

Asset class type: Retail

Property GLA: 191,185 sq. ft.

Intensification GLA: 29,232 sq.ft.

In Calgary, Choice Properties achieved a significant milestone at our Coventry Hills property – the first retail project in the country to earn the Canada Green Building Council’s Zero Carbon Building Design certification. Created as a real-world demonstration of low-carbon retail, it incorporates an enhanced building envelope, electrified and high-efficiency mechanical systems, rooftop solar, LED lighting, and low-carbon materials that reduced embodied emissions by approximately 25% versus a typical build. This achievement reinforces our commitment to climate leadership and long-term value creation, while setting a new benchmark for sustainable retail development.



By achieving Zero Carbon Building Design certification for Coventry Hills, Choice Properties is showing leadership by embedding some of the highest levels of decarbonization in a retail project. It sets a benchmark for a more competitive and climate-ready approach to decarbonizing retail.

Thomas Mueller

President and CEO – Canada Green Building Council



Purpose in Action

The team behind our performance

Our dynamic culture fuels creativity, collaboration, and strategic thinking. Rooted in the shared values of Care, Ownership, Respect, and Excellence, we create meaningful experiences for our people, customers, and communities. We foster an inclusive environment where diverse talent and perspectives drive innovation and strengthen performance. Through a strong commitment to diversity, equity, and inclusion, along with continuous learning and growth opportunities, we support our colleagues in building fulfilling careers and delivering lasting value.



Choice Cares Golf Classic: New Fundraising Milestone

In 2025, Choice Properties marked its 10th Annual Choice Cares Golf Classic, raising over \$1 million for community causes. Hosted at Copper Creek Golf Club, the event brought together partners, sponsors, and colleagues. Every swing has helped strengthen communities to prosper, pushing total donations raised by Choice Cares to over \$4 million in aggregate.



Choice Properties is a place where people are trusted, supported, and encouraged to grow. Beyond meaningful work and collaboration, colleagues are empowered to give back by raising funds and volunteering in the communities where we operate. It's rewarding to be part of a team that delivers results while working alongside our business partners to strengthen communities and support local economic development.

Indi Madar
Senior Manager, Social Impact

20

Participants in the newly launched leadership program

\$20K

Tuition reimbursement grants

\$1.1M+

Raised for to Canadian charities

3rd year

Mentorship program supporting 20 future leaders

88%

Voluntary participation rate in DEI self-identification program

Purpose in Action

Creating local impact through partnership and participation

Our Social Impact Framework focuses on strengthening communities by leveraging our assets, partnerships, and people to support local economic growth and social connection at the neighbourhood level. Through *Choice Cares*, colleagues lead fundraising and volunteer efforts alongside local charitable partners, reinforcing a hands-on culture of giving. By aligning these initiatives with our core business, we create meaningful, lasting impact and help communities prosper, year after year.



Barrie Dog Run: Creating Connection

In 2025, we opened a new dog run, transforming an underused space into a welcoming community hub. The launch was celebrated with a lively Halloween themed costume party, bringing together dozens of dogs and their owners. This initiative reflects our placemaking commitment by creating inclusive, joyful spaces where neighbours – and their pups – can connect and foster relationships.



BGC Canada's Club Day: Supporting Canadian Youth

This year saw Choice Properties colleagues came together nationwide to support BGC Canada's Club Day. Over 50 volunteers across six regions helped host activities, prepare spaces, and support youth programs. As one of BGC Canada's corporate partner coordinating volunteers at scale, Choice Properties is proud to help create more opportunities for young people in their communities.

27

Days of community programming

12

Charity partners supported in 2025

1,250+

Volunteer hours served by employees



Lots of Play: Placemaking in Roncesvalles

In the summer, Choice Properties brought neighbourhoods to life through Lots of Play, converting several parking lots and sidewalks into dynamic community spaces. In Toronto's Roncesvalles neighbourhood, families gathered for free art, music, dance, and creative play – in partnership with VIBE Arts. These events highlighted how placemaking can turn everyday spaces into unique shared experiences.



Key Performance Indicators

Financial and Operating Performance

Financial Performance

	Q4 2025	Q4 2024	Change	2025	2024	Change
Same-Asset NOI, Cash Basis ⁽¹⁾	\$249.6M	\$243.7M	+2.4%	\$982.8M	\$961.6M	+2.2%
FFO ⁽¹⁾	\$0.262 /unit	\$0.260 /unit	+0.8%	\$1.069 /unit	\$1.032 /unit	+3.6%
AFFO ⁽¹⁾	\$0.201 /unit	\$0.151 /unit	+33.1%	\$0.873 /unit	\$0.864 /unit	+1.0%
Occupancy				98.2%	97.6%	+0.6%

Visit Section 6, “Leasing Activity”, Section 7.2, “Net Operating Income Summary”, and Section 7.3, “Other Key Performance Indicators”, of our MD&A for more context and details on the trends and significant events affecting the financial condition and results of our operations

2025 Debt Metrics

Adjusted Debt ⁽¹⁾	\$7.6B
Adjusted Debt to EBITDAFV ⁽¹⁾	7.0x
Weighted Avg. Term to Maturity ⁱ	6.5 years
Weighted Avg. Interest Rate ⁱ	4.28%
Unencumbered Assets	\$13.8B
Adjusted Debt to Total Assets ⁽¹⁾	40.5%

ⁱ Weighted average reflects senior unsecured debentures and fixed-rate secured debt



Throughout 2025, we remained focused on prudent financial management to maintain our industry-leading balance sheet, which provides us the stability and flexibility to execute on our strategic initiatives and drive long-term value for Unitholders.

Erin Johnston
CFO, Choice Properties



1632 Lonsdale Avenue, Vancouver, British Columbia

Fourth Quarter

Financial Highlightsⁱ

During the three months ended December 31, 2025

Operating

- **Reported a net loss for the quarter of \$53.4 million**, compared to net income of \$791.9 million in the prior year period. The loss in the current quarter is primarily due to an unfavourable fair value adjustment to the Trust's Exchangeable Unitsⁱⁱ compared with a favourable adjustment in the same prior year period.
- **Reported FFO⁽¹⁾ per unit diluted for the quarter of \$0.262**, increased by 0.8% compared to \$0.260 in the prior year period.
- **AFFO⁽¹⁾ per unit diluted for the quarter was \$0.201**, compared to \$0.151 in the prior year period. The increase was primarily due to the timing of maintenance capital spend, which occurred earlier in 2025 than in 2024.
- **Same-Asset NOI on a cash basis⁽¹⁾ increased by 2.4%** over the prior year period.
- **Retail and Industrial Same-Asset NOI on a cash basis⁽¹⁾ increased by 1.6% and 6.2%, respectively.** Mixed-Use & Residential Same-Asset NOI on a cash basis⁽¹⁾ decreased by 1.8% primarily due to lower revenue at certain residential properties.
- **Period end occupancy remained strong at 98.2%**, with Retail at 98.0%, Industrial at 98.8%, and Mixed-Use & Residential at 93.7%ⁱⁱⁱ.
- **Net fair value loss on investment properties in the quarter was \$29.2 million** on a proportionate share basis⁽¹⁾, reflecting adjustments to property under development and capitalization rate changes in mixed-use and residential assets to reflect market conditions, as well as favourable leasing assumptions and capitalization rate compression in the retail portfolio.

Financing

- Subsequent to year end, the Trust:
 - Announced an **increase of distributions to \$0.78 per unit per annum** from the previous rate of \$0.77 per unit per annum (an increase of 1.3%). The increase will be effective for Unitholders of record on March 31, 2026.

Investing

- **The Trust completed \$261.3 million of transactions in the quarter:**
 - Acquired a retail property in Peterborough, Ontario for \$23.1 million.
 - Disposed two retail assets in Alberta for an aggregate of \$34.3 million.
 - Disposed a portfolio of four retail assets in Ontario for \$66.6 million.
 - Disposed an industrial property in Halifax, Nova Scotia for \$17.6 million.
 - Acquired a 50% interest for \$43.5 million and sold a 50% interest for \$76.2 million each on a proportionate share basis⁽¹⁾ in two mixed-use properties in Toronto, Ontario through a newly formed joint venture with Wittington.
- **The Trust invested \$39.6 million in its development program** during the quarter on a proportionate share basis⁽¹⁾.
- **The Trust transferred \$160.5 million of properties under development to income producing**, delivering approximately 600,500 square feet of new commercial GLA on a proportionate share basis⁽¹⁾, including a 530,000 square feet logistics facility at Choice Caledon Business Park located in Caledon, Ontario.
- **Subsequent to year end, the Trust completed the following transactions:**
 - Acquired a retail property in Sherbrooke, Quebec for \$13.0 million.
 - Acquired its partner's 50% interest in a retail property in Edmonton, Alberta for \$14.7 million.

ⁱ Refer to the Notes for Readers located on page 21 of this MD&A for definitions of capitalized terms

ⁱⁱ 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's unit price rises and a positive impact when the Trust unit price declines

ⁱⁱⁱ Occupancy represents retail and office portion of mixed-use properties; residential units are excluded

Year End

Financial Highlightsⁱ

During the year ended December 31, 2025



Operating

- **Reported a net loss of \$61.2 million**, compared to net income of \$784.4 million in the prior yearⁱⁱ.
- **Reported FFO⁽¹⁾ per unit diluted for the year of \$1.069**, increased by 3.6% compared to \$1.032 in the prior year.
- **AFFO⁽¹⁾ per unit diluted for the year was \$0.873**, compared to \$0.864 in the prior year. AFFO payout ratio was 88.0% compared to 87.8% in the prior year.
- **Same-Asset NOI on a cash basis⁽¹⁾ increased by 2.2%** over the prior year.
 - Retail increased by 1.9%;
 - Industrial increased by 3.5%; and
 - Mixed-Use & Residential increased by 2.0%
- **Period end occupancy remained strong at 98.2%**, with Retail at 98.0%, Industrial at 98.8% and Mixed-Use & Residential at 93.7%.
- **During the year, the Trust and Loblaw renewed 39 of 41 leases expiring in 2026**, comprising 2.52 million of 2.62 million square feet, at a weighted average extension term of 5.0 years and an average leasing spread of 8.6%.



Financing

- **Issued \$800.0 million of senior unsecured debentures**, bearing interest at a weighted average rate of 4.647% and a weighted average term of 11.9 year.
- **Repaid \$550.0 million of senior unsecured debentures**, bearing interest at a weighted average rate of 3.76%.
- **Executed a \$136.5 million at share mortgage** secured by the Loblaw distribution centre at Choice Caledon Business Park, bearing interest at 4.88% and a 25-year term.
- **Extended the maturity of the \$1.5 billion credit facility** from June 13, 2029 to May 21, 2030.
- **Ended the year with Adjusted Debt to EBITDAFV⁽¹⁾ of 7.0x**, Adjusted Debt to Total Assets⁽¹⁾ at 40.5%, and Interest Coverage ratio⁽¹⁾ of 3.2x.
- **Ended the year in a strong liquidity position with \$1.5 billion of available credit** and a \$13.8 billion pool of unencumbered assets.



Investing

- **The Trust completed \$800.8 million of transaction in the year:**
 - **Acquisitions of \$459.8 million** on a proportionate share basis⁽¹⁾ including two retail assets, an industrial property, a portfolio of 8 industrial outdoor storage sites, and 50% interests in one retail development land parcel and two mixed-use assets.
 - **Dispositions of \$341.0 million** on a proportionate share basis⁽¹⁾ of 19 non-core assets and a 50% interest in a mixed-use asset.
- **The Trust invested \$236.5 million in its development program** during the year in a proportionate share basis⁽¹⁾.
- **The Trust transferred \$222.2 million of properties under development to income producing**, generating \$46.9 million of value, delivering approximately 836,000 square feetⁱⁱⁱ of new commercial GLA on a proportionate share basis⁽¹⁾.

ⁱ Refer to the Notes for Readers located on page 21 of this MD&A for definitions of capitalized terms

ⁱⁱ 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's unit price rises and a positive impact when the Trust unit price declines

ⁱⁱⁱ Includes 101,500 sq. ft. that represents the building area on properties where the Trust has leased the underlying sites to the tenants through ground leases



Retail Growth in Ottawa

4175 Strandherd Drive
Nepean, Ontario

Asset class: Retail
Future Property GLA: 123,000 sq. ft.
Ownership: 50%

Choice Properties is advancing a new retail development in Nepean, one of Ottawa's fastest growing communities. Anchored by No Frills and Shoppers Drug Mart, the site is strategically located near Highway 416 and surrounded by established national retailers and new residential developments. Designed to serve a growing population, the centre will deliver essential retail services, strong visibility, and convenient access, supporting long-term tenant success and reinforcing the area as a key commercial destination.



Management's Discussion and Analysis

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Notes for Readers

Please refer to the Choice Properties Real Estate Investment Trust (“Choice Properties” or the “Trust”) audited consolidated financial statements for the year ended December 31, 2025 and accompanying notes (“2025 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’ 2025 Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards” or “GAAP”) and were authorized for issuance by the Board of Trustees (“Board”).

In addition to using performance measures determined in accordance with IFRS Accounting Standards, 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 GAAP and are, therefore, unlikely to be comparable to similar measures presented by other real estate investment trusts or enterprises. Please refer to Section 15, “Non-GAAP Financial Measures”, for a list of defined non-GAAP financial measures and reconciliations thereof.

This Annual Report, including this MD&A, contains forward-looking statements about Choice Properties’ objectives, outlook, 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 13, “Environmental, Social and Governance (“ESG”)”, and Section 14, “Outlook”. Forward-looking statements are typically identified by words such as “expect”, “anticipate”, “believe”, “foresee”, “could”, “estimate”, “goal”, “intend”, “plan”, “seek”, “strive”, “will”, “may”, “should”, “aspire”, “pledge”, “aim”, and similar expressions, as they relate to Choice Properties and its management.

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

Choice Properties’ expectation of operating and financial performance is based on certain assumptions, including assumptions about the Trust’s future growth potential, prospects and opportunities, industry trends, future levels of indebtedness, tax laws, economic conditions and competition. Management’s estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding

future events and as such, are subject to change. Choice Properties can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Trust’s actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in Section 12, “Enterprise Risks and Risk Management” of this MD&A and the Trust’s Annual Information Form (“AIF”) for the year ended December 31, 2025. Selected highlights of such risks and uncertainties include:

- changes in economic conditions, including changes in interest rates and inflation rates, tariffs, and supply chain constraints;
- failure by Choice Properties to realize the anticipated benefits associated with its strategic priorities and major initiatives, including failure to develop quality assets and effectively manage development, redevelopment, and renovation initiatives and the timelines and costs related to such initiatives;
- failure to adapt to environmental and social risks, including failure to execute against the Trust’s environmental and social equity initiatives, and in the context of the Trust’s environmental, social and governance disclosures, additional factors such as the availability, accessibility and sustainability of comprehensive and high-quality data, and the development of applicable national and international laws, policies and regulations;
- the inability of Choice Properties’ information technology infrastructure to support the requirements of Choice Properties’ business, failure by Choice Properties to identify and respond to business disruptions, or the occurrence of any internal or external security breaches, denial of service attacks, viruses, worms or other known or unknown cyber security or data breaches;
- failure by Choice Properties to anticipate, identify and react to demographic changes, including shifting consumer preferences toward digital commerce, which may result in a decrease in demand for physical space by retail tenants;
- failure by Choice Properties to manage effectively and efficiently its property and leasing management processes; and
- the inability of Choice Properties to make acquisitions and dispositions of properties in accordance with its near and long-term strategies.

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

Choice Properties’ financial results are impacted by adjustments to the fair value of the Class B LP units of Choice Properties Limited Partnership (the “Exchangeable Units”), unit-based compensation, the exchangeable Class B limited partnership units of Allied Properties Exchangeable Limited Partnership (“Class B 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 publicly traded units of Allied (“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, 2025. 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 (“Trust Units” or “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 December 31, 2025, GWL held a 61.7% effective interest in Choice Properties. Choice Properties’ ultimate parent is Wittington Investments, Limited (“Wittington”), the controlling shareholder of GWL.

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

The information in this MD&A is current to February 18, 2026, unless otherwise noted.

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

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 consolidated financial statements of the Trust as at and for the years ended December 31, 2025, 2024, and 2023. The analysis of the indicators focuses on trends and significant events affecting the financial condition and results of operations of the Trust.

As at or for the year ended December 31 (\$ thousands except where otherwise indicated)	2025	2024	2023
Number of income producing properties	699	705	705
GLA (in millions of square feet) ⁽ⁱ⁾	68.5	67.2	66.1
Occupancy ⁽ⁱⁱ⁾	98.2 %	97.6 %	98.0 %
Total assets (GAAP)	\$ 17,913,146	\$ 17,557,532	\$ 17,308,727
Total liabilities (GAAP)	\$ 13,328,337	\$ 12,657,732	\$ 12,940,225
Rental revenue (GAAP)	\$ 1,414,621	\$ 1,358,105	\$ 1,309,170
Net (loss) income	\$ (61,188)	\$ 784,437	\$ 796,691
Net (loss) income per unit diluted	\$ (0.085)	\$ 1.084	\$ 1.101
FFO ⁽¹⁾ per unit diluted*	\$ 1.069	\$ 1.032	\$ 1.003
FFO ⁽¹⁾ payout ratio*	71.9 %	73.5 %	74.6 %
AFFO ⁽¹⁾ per unit diluted*	\$ 0.873	\$ 0.864	\$ 0.827
AFFO ⁽¹⁾ payout ratio*	88.0 %	87.8 %	90.5 %
Distribution declared per unit	\$ 0.768	\$ 0.758	\$ 0.749
NAV ⁽¹⁾ per unit	\$ 14.43	\$ 14.07	\$ 13.67
Weighted average number of units outstanding – diluted ⁽ⁱⁱⁱ⁾	723,800,904	723,680,890	723,666,503
Adjusted debt to total assets ^{(iii)*}	40.5 %	40.0 %	40.4 %
Debt service coverage ^{(iii)*}	2.9x	3.0x	3.0x
Adjusted Debt to EBITDAFV ^{(1)(iii)(iv)*}	7.0x	7.0x	7.2x
Indebtedness ^(v) – weighted average term to maturity*	6.5 years	6.1 years	5.7 years
Indebtedness ^(v) – weighted average interest rate*	4.28 %	4.18 %	4.03 %

* Denotes a key performance indicator

- (i) Includes 3,355,000 sq. ft. that represents the building area on properties where the Trust has leased the underlying sites to the tenants through ground leases (December 31, 2024 - 2,780,000 sq. ft.; December 31, 2023 - 1,848,000 sq. ft.) and GLA associated with Choice Properties' residential units.
- (ii) Includes Trust Units and Exchangeable Units.
- (iii) 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.
- (iv) Adjusted Debt to EBITDAFV, net of cash was 6.9x at December 31, 2025, 6.9x at December 31, 2024, and 7.0x at December 31, 2023.
- (v) Indebtedness reflects only senior unsecured debentures, fixed rate mortgages and fixed rate construction loans.

2. BALANCE SHEET

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

(\$ thousands)	As at December 31, 2025			As at December 31, 2024		
	GAAP Basis	Adjustment to Proportionate Share Basis ⁽¹⁾	Proportionate Share Basis ⁽¹⁾	GAAP Basis	Adjustment to Proportionate Share Basis ⁽¹⁾	Proportionate Share Basis ⁽¹⁾
Assets						
Investment properties	\$ 15,758,000	\$ 2,012,000	\$ 17,770,000	\$ 15,331,000	\$ 1,790,000	\$ 17,121,000
Equity accounted joint ventures	961,678	(961,678)	—	884,431	(884,431)	—
Financial real estate assets	202,079	(202,079)	—	199,374	(199,374)	—
Residential development inventory	2,095	—	2,095	2,095	—	2,095
Mortgages, loans and notes receivable	645,432	(35,289)	610,143	720,205	(94,307)	625,898
Investment in real estate securities	157,888	—	157,888	202,526	—	202,526
Intangible assets	11,964	—	11,964	12,964	—	12,964
Accounts receivable and other assets	102,830	17,488	120,318	105,594	16,181	121,775
Assets held for sale	—	—	—	35,955	—	35,955
Cash and cash equivalents	71,180	58,819	129,999	63,388	33,838	97,226
Total Assets	\$ 17,913,146	\$ 889,261	\$ 18,802,407	\$ 17,557,532	\$ 661,907	\$ 18,219,439
Liabilities and Equity						
Long term debt	\$ 6,804,960	\$ 804,884	\$ 7,609,844	\$ 6,684,940	\$ 599,628	\$ 7,284,568
Exchangeable Units	5,861,598	—	5,861,598	5,283,750	—	5,283,750
Trade payables and other liabilities	661,779	84,377	746,156	689,042	62,279	751,321
Total Liabilities	13,328,337	889,261	14,217,598	12,657,732	661,907	13,319,639
Equity						
Unitholders' equity	4,584,809	—	4,584,809	4,899,800	—	4,899,800
Total Equity	4,584,809	—	4,584,809	4,899,800	—	4,899,800
Total Liabilities and Equity	\$ 17,913,146	\$ 889,261	\$ 18,802,407	\$ 17,557,532	\$ 661,907	\$ 18,219,439

Balance Sheet Analysis (GAAP Basis)

Line Item	\$ Change	Variance Commentary
Investment properties and assets held for sale	\$ 391,045	The increase was primarily due to acquisitions of \$401.6 million, capital and leasing expenditures of \$215.2 million, and a favourable fair value adjustment of \$144.6 million. The increase was partially offset by dispositions of \$215.3 million and disposition to equity accounted joint ventures of \$152.3 million.
Equity accounted joint ventures	77,247	The increase was primarily due to contributions, including the contribution of the Weston Centre to a new joint venture, partially offset by distributions received from joint ventures including the proceeds from net dispositions.
Mortgages, loans and notes receivable	(74,773)	The decrease was primarily due to net mortgages and loans receivable repayments.
Investment in real estate securities	(44,638)	The decrease was due to a fair value loss of \$44.6 million resulting from the decrease in the price of Allied's publicly traded units.
Working capital, cash and cash equivalents	32,291	The net increase was due to the settlement of a contingent consideration payable of \$20.7 million and a decrease in accrued liabilities and provisions of \$14.4 million.
Long term debt	120,020	The increase was primarily due to the issuance of the \$300.0 million Series V senior unsecured debentures, the \$350.0 million Series W senior unsecured debentures and the \$150.0 million Series X senior unsecured debentures. The increase was partially offset by the repayment of the \$350.0 million Series J senior unsecured debentures, the \$200.0 million Series F senior unsecured debenture, and \$130.2 million of mortgages payable.
Exchangeable Units	577,848	As this liability is measured at fair value, the change was due to the increase in the Trust's unit price since December 31, 2024.
Unitholders' equity	(314,991)	The decrease was primarily due to the distributions to Unitholders and the net loss recognized in the year.

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.

The following continuity schedule presents Choice Properties' investment properties on a GAAP basis and inclusive of its proportionate share ownership in equity accounted joint ventures and financial real estate assets for the year ended December 31, 2025:

For the year ended December 31, 2025 (\$ thousands)	Income Producing Properties			Properties Under Development			Total Investment Properties	
	GAAP Basis	Adjustment to Proportionate Share Basis ⁽ⁱ⁾	Proportionate Share Basis ⁽¹⁾	GAAP Basis	Adjustment to Proportionate Share Basis ⁽ⁱ⁾	Proportionate Share Basis ⁽¹⁾	GAAP Basis	Proportionate Share Basis ⁽¹⁾
Balance, beginning of year	\$ 15,086,000	\$ 1,265,000	\$ 16,351,000	\$ 245,000	\$ 525,000	\$ 770,000	\$ 15,331,000	\$ 17,121,000
Acquisitions of investment properties ⁽ⁱⁱ⁾	401,636	49,477	451,113	—	8,666	8,666	401,636	459,779
Capital expenditures								
Development capital ⁽ⁱⁱⁱ⁾	500	14,376	14,876	79,425	132,509	211,934	79,925	226,810
Building improvements	8,000	1,776	9,776	—	—	—	8,000	9,776
Capitalized interest ^(iv)	—	—	—	4,146	5,556	9,702	4,146	9,702
Property capital	81,629	1,687	83,316	—	—	—	81,629	83,316
Direct leasing costs	8,871	607	9,478	—	—	—	8,871	9,478
Tenant improvement allowances	32,579	2,307	34,886	—	—	—	32,579	34,886
Amortization of straight-line rent	(2,483)	7,265	4,782	—	—	—	(2,483)	4,782
Transfers to assets held for sale	(77,060)	(23,400)	(100,460)	—	—	—	(77,060)	(100,460)
Transfers from properties under development	57,516	164,682	222,198	(57,516)	(164,682)	(222,198)	—	—
Dispositions	(102,525)	(20,030)	(122,555)	—	(5,491)	(5,491)	(102,525)	(128,046)
Disposition to equity accounted joint ventures	(152,300)	76,150	(76,150)	—	—	—	(152,300)	(76,150)
Adjustment to fair value of investment properties	187,637	(31,897)	155,740	(43,055)	2,442	(40,613)	144,582	115,127
Balance, as at December 31, 2025	\$ 15,530,000	\$ 1,508,000	\$ 17,038,000	\$ 228,000	\$ 504,000	\$ 732,000	\$ 15,758,000	\$ 17,770,000

(i) Includes acquisition costs.

(ii) Development capital for income producing properties represents development expenditure after the transfer of a project.

(iii) Development capital includes \$4,894 of site intensification payments made to Loblaw for the year ended December 31, 2025.

(iv) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.25% for the year ended December 31, 2025.

During the year ended December 31, 2025, the Trust classified five retail assets and one retail unit, with a fair value of \$100,460 on a proportionate share basis⁽¹⁾ (December 31, 2024 - four retail properties with an aggregate fair value of \$85,205 on a proportionate share basis⁽¹⁾) as assets held for sale. During the year ended December 31, 2025, the Trust disposed of these assets and two retail properties classified as assets held for sale as at December 31, 2024 for aggregate proceeds of \$136,765 (December 31, 2024 - \$48,901) (see Section 3.2, "Investment Property and Other Transactions").

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.

The following transactions were completed subsequent to year end:

On January 7, 2026, the Trust acquired a retail property in Sherbrooke, Quebec for a purchase price of \$13,000 excluding related costs.

On January 15, 2026, The Trust acquired its partner's 50% interest in a retail property in Edmonton, Alberta for a purchase price of \$14,700 excluding related costs.

3.1 Valuation Method

Investment properties are measured at fair value primarily determined using the discounted cash flow method. Under this methodology, discount rates are applied to the projected annual operating cash flows, generally over a minimum term of ten years, including a terminal value based on a capitalization rate applied to the estimated NOI⁽¹⁾ in the terminal year. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. Overall capitalization rates are applied when undertaking the Direct Capitalization method of the Income Approach. This methodology applies the overall capitalization rate to a future estimated stabilized NOI. Currently, this method is primarily applied to value residential assets and certain ground leases.

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

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

As at December 31, 2025	Retail	Industrial	Mixed-Use & Residential	Total Investment Properties
Discount rate	7.26%	6.73%	6.08%	7.06%
Terminal capitalization rate	6.51%	5.90%	5.32%	6.29%
Overall capitalization rate	6.28%	5.58%	5.11%	6.04%
As at December 31, 2024	Retail	Industrial	Mixed-Use & Residential	Total Investment Properties
Discount rate	7.32%	6.71%	5.77%	7.07%
Terminal capitalization rate	6.56%	5.88%	5.21%	6.31%
Overall capitalization rate	6.34%	5.59%	4.93%	6.06%

Valuation Commentary

For the three months ended December 31, 2025, the Trust recorded a favourable adjustment to the value of investment properties of \$2.5 million on a GAAP basis and an unfavourable adjustment of \$29.2 million on a proportionate share basis⁽¹⁾. Fair value adjustments for the three months reflected adjustments to property under development and capitalization rate changes in certain mixed-use and residential assets to reflect market conditions, as well as favourable leasing assumptions and capitalization rate compression in the retail portfolio.

For the year ended December 31, 2025, the Trust recorded a favourable adjustment to the value of investment properties of \$144.6 million on a GAAP basis and a favourable adjustment of \$115.1 million on a proportionate share basis⁽¹⁾. Fair value adjustments for the year reflected updates to market leasing assumptions, including the 2026 Loblaw renewals in the retail and industrial portfolios, as well as adjustments to discount and capitalization rates across all asset classes. In addition, the Trust recognized a fair value loss in properties under development to reflect market conditions.

3.2 Investment Property and Other Transactions

Acquisition of Investment Properties

The following table summarizes the investment properties acquired in the year ended December 31, 2025:

(\$ thousands except where otherwise indicated)

Property / Location	Date of Acquisition	Segment	Ownership Interest Acquired	GLA (square feet)	Purchase Price incl. Related Costs	Consideration	
						Investment Property Disposed	Cash
Investment properties							
Acquisitions from related parties							
35 Worthington Ave., Brampton, ON	Feb 4	Retail	100%	119,012	\$ 33,697	\$ —	\$ 33,697
500 Bayly St. E, Ajax, ON ⁽ⁱ⁾	Apr 3	Industrial	100%	1,058,256	182,871	—	182,871
Acquisitions from related parties				1,177,268	216,568	—	216,568
Acquisition from third parties							
Portfolio of 8 assets across Canada ⁽ⁱⁱ⁾	Apr 17	Industrial	100%	293,000	161,962	—	161,962
Mapleridge Plaza, Peterborough, ON	Dec 1	Retail	100%	75,756	23,106	—	23,106
Acquisitions from third parties				368,756	185,068	—	185,068
Equity accounted joint ventures							
555 Yonge St., Toronto, ON	Jun 10	Mixed-Use & Residential	50%	3,357	6,008	—	6,008
4175 Strandherd Dr., Nepean, ON	Sep 5	Retail (Land Parcel)	50%	N/A	8,666	—	8,666
St. Clair Centre, Toronto, ON ⁽ⁱⁱⁱ⁾	Dec 12	Mixed-Use & Residential	50%	81,419	43,469	40,000	3,469
Acquisitions in equity accounted joint ventures				84,776	58,143	40,000	18,143
Total acquisitions of investment properties				1,630,800	\$ 459,779	\$ 40,000	\$ 419,779

(i) Cash consideration was paid in two instalments consisting of \$165,471 on the acquisition date and \$17,400 in the fourth quarter of 2025.

(ii) GLA represents the building area on properties where the Trust leased the underlying sites to the tenants through ground leases.

(iii) Acquired through a newly formed joint venture with Wittington. Refer to Dispositions table below.

Dispositions of Investment Properties

The following table summarizes the investment properties sold in the year ended December 31, 2025:

Property / Location	Date of Disposition	Segment	Ownership Interest Disposed	GLA (square feet)	Sale Price excl. Selling Costs	Consideration		
						Investment in Equity Accounted Joint Venture	Mortgage Receivable Advanced	Cash
Investment properties								
172 Chain Lake Dr., Halifax, NS	Apr 24	Retail	100%	8,910	\$ 2,850	\$ —	\$ —	\$ 2,850
Portfolio of 9 assets in Calgary, AB	Jun 9	Industrial	100%	497,436	73,425	—	—	73,425
Summer Breeze Shopping Centre, Edmonton, AB	Jul 15	Retail	50%	26,374	8,650	—	—	8,650
Weston Centre, Toronto, ON ⁽ⁱ⁾	Dec 12	Mixed-Use & Residential	50%	165,371	76,150	40,000	—	36,150
155 Chain Lake Dr., Halifax, NS	Dec 23	Industrial	100%	98,498	17,600	—	—	17,600
Dispositions of investment properties				796,589	178,675	40,000	—	138,675
Assets held for sale								
6750-6800 rue Jean-Talon E, Montreal, QC	Jan 31	Retail	100%	80,223	28,585	\$ —	\$ —	28,585
15820-15830 Bayview Ave., Aurora, ON ⁽ⁱⁱ⁾	Jan 31	Retail	100%	18,825	7,370	—	—	7,370
Cornerstone Camrose, Camrose, AB ⁽ⁱⁱⁱ⁾	Oct 15	Retail	50%	105,888	24,000	—	—	24,000
Cornerstone Fort Saskatchewan, Fort Saskatchewan, AB	Oct 20	Retail	100%	66,675	10,250	—	—	10,250
Portfolio of 4 assets in Ontario	Oct 30	Retail	100%	291,551	66,560	—	12,998	53,562
Dispositions of assets held for sale				563,162	136,765	—	12,998	123,767
Equity accounted joint ventures								
Aurora Market Place, Aurora, ON ^(iv)	Jan 31	Retail	50%	38,072	17,565	—	—	17,565
Harvest Hills Market, Edmonton, AB ^(v)	Feb 28	Retail (Land Parcel)	50%	8,624	7,956	—	—	7,956
Dispositions in equity accounted joint ventures				46,696	25,521	—	—	25,521
Total dispositions of investment properties				1,406,447	\$ 340,961	\$ 40,000	\$ 12,998	\$ 287,963

(i) Disposed to a newly formed equity accounted joint venture between the Trust and Wittington, in which the Trust owns 50% (Section 9, "Related Party Transactions").

(ii) Cash consideration included a fee paid by Wittington of \$1,370.

(iii) Represents the disposition of an equity accounted joint venture.

(iv) Cash consideration included a fee paid by Wittington of \$1,315.

(v) GLA represents the building area on properties where the Trust leased the underlying sites to the tenants through ground leases.

Acquisition of Investment Properties

The following table summarizes the investment properties acquired in the year ended December 31, 2024:

Property / Location	Date of Acquisition	Segment	Ownership Interest Acquired	GLA (square feet)	Purchase Price incl. Related Costs	Consideration		
						Debt Assumed from Seller	Assumed Liabilities	Cash
Investment properties								
Acquisitions from related parties								
396 St. Clair Ave. W, Toronto, ON	Mar 19	Retail	100%	74,322	\$ 38,433	\$ —	\$ —	\$ 38,433
6941 Kennedy Rd., Mississauga, ON ⁽ⁱ⁾	Sep 05	Industrial	50%	355,356	90,845	—	—	90,845
1385 Sargent Ave., Winnipeg, MB ⁽ⁱ⁾	Sep 05	Retail	50%	75,250	16,070	—	—	16,070
19 Beechville Park Dr., Lakeside, NS ⁽ⁱ⁾	Dec 18	Industrial	50%	106,653	14,560	—	1,750	12,810
Acquisitions from related parties				611,581	159,908	—	1,750	158,158
Acquisitions from third parties								
755 Mount Pleasant Rd., Toronto, ON	Jun 20	Retail	100%	13,280	11,966	—	—	11,966
Cornerstone Shopping Centre, Fort Saskatchewan, AB	Jun 21	Retail	50%	101,577	21,125	12,153	—	8,972
402 and 406 Main St., Wolfville, NS	Aug 22	Retail	100%	6,500	1,323	—	—	1,323
9025–17 Ave. SE and 1825–92 St. SE, Calgary, AB	Nov 27	Retail (Land)	80%	N/A	5,617	—	—	5,617
Avalon Centre, Ottawa, ON	Dec 11	Retail	100%	85,438	32,278	18,974	—	13,304
1770 Keene Cres. SW, Edmonton, AB	Dec 20	Retail (Land)	100%	N/A	6,137	—	—	6,137
Acquisitions from third parties				206,795	78,446	31,127	—	47,319
Equity accounted joint ventures								
60 Carlton St., Toronto, ON ⁽ⁱⁱ⁾	Sep 05	Retail	50%	47,537	21,779	—	—	21,779
Acquisition in equity accounted joint ventures				47,537	21,779	—	—	21,779
Total acquisitions of investment properties				865,913	\$ 260,133	\$ 31,127	\$ 1,750	\$ 227,256

(i) The Trust acquired four properties from Loblaw in partnership with Crestpoint Real Estate Investments Ltd.

(ii) The Trust acquired this retail property from Loblaw through an equity accounted joint venture.

Dispositions of Investment Properties

The following table summarizes the investment properties sold in the year ended December 31, 2024:

(\$ thousands except where otherwise indicated)

Property / Location	Date of Disposition	Segment	Ownership Interest Disposed	GLA (square feet)	Sale Price excl. Selling Costs	Consideration		
						Debt Assumed by Purchaser	Mortgage Receivable Advanced	Cash
Investment properties								
Crossroads Shopping Centre, Edmonton, AB	Feb 14	Retail	50%	13,520	\$ 6,700	\$ —	\$ —	\$ 6,700
379 Orenda Rd., Brampton, ON	Mar 14	Industrial	100%	114,000	16,625	—	—	16,625
Cornerstone Shopping Centre, Olds, AB	May 13	Retail	50%	58,221	15,685	7,586	2,510	5,589
2955 Hazelton Place, Mississauga, ON	Aug 01	Retail	100%	9,461	8,150	—	—	8,150
100 Rorke Ave., Haileybury, ON	Oct 01	Retail	100%	30,600	250	—	—	250
Dispositions of investment properties				225,802	47,410	7,586	2,510	37,314
Assets held for sale								
Mega Centre Lebourgneuf, Quebec City, QC	Sep 13	Retail	50%	170,666	33,901	—	9,151	24,750
800 Blvd. Henri-Bourassa W, Montreal, QC	Dec 18	Retail	100%	81,307	15,000	—	—	15,000
Dispositions of assets held for sale				251,973	48,901	—	9,151	39,750
Equity accounted joint ventures								
Cornerstone Shopping Centre, Okotoks, AB	May 13	Retail	50%	78,370	23,500	7,705	4,300	11,495
Cornerstone Shopping Centre, Prince Albert, SK ⁽ⁱ⁾	Jun 19	Retail	44%	195,901	41,244	—	4,260	36,984
Fort McMurray Shopping Centre, Fort McMurray, AB	Dec 03	Retail	50%	17,756	5,375	—	—	5,375
Disposition in equity accounted joint ventures				292,027	70,119	7,705	8,560	53,854
Total dispositions of investment properties				769,802	\$ 166,430	\$ 15,291	\$ 20,221	\$ 130,918

(i) Comprised of two retail assets.

3.3 Completed Developments

For the year ended December 31, 2025, Choice Properties completed a total of \$193.8 million in development projects delivering 306,000 square feet of retail space (including 101,500 square feet associated with ground leases) and 530,000 square feet of industrial space, with a total weighted average yield of 7.4%. From these developments, the Trust generated a total gain in fair value of \$46.9 million during the development period.

The Trust delivered 16 retail developments. These developments included five Shoppers Drug Mart stores, one value retailer, one grocery store, one cosmetics retailer, ten quick service restaurants, and five ground leases.

During the fourth quarter, the Trust delivered a logistics facility at Choice Caledon Business Park, in which the Trust holds a 85% ownership interest.

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.

For the year ended December 31, 2025, 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)				Investment ⁽ⁱ⁾⁽ⁱⁱ⁾			
Project / Location ⁽ⁱⁱⁱ⁾	Completion Date	Ownership %	Transferred GFA/GLA ^(iv) (square feet)	Costs Incurred at substantial completion	Expected costs to complete ⁽²⁾	Expected total costs ⁽²⁾	Expected stabilized yield ^{(2) (iii)}
Commercial							
Retail							
Q1 2025 retail development transfers			97,600	\$ 12,500	\$ 107	\$ 12,607	6.8 %
Q2 2025 retail development transfers			30,900	10,468	1,378	11,846	7.6 %
Q3 2025 retail development transfers			107,000	33,081	6,273	39,354	6.2 %
Sunwapta West, Parcel B, Edmonton, AB ^(iv)	Q4 2025	50 %	53,500	1,503	—	1,503	6.1 %
12035 Highway 17E, Sturgeon Falls, ON	Q4 2025	100 %	17,000	6,900	147	7,047	6.9 %
Q4 2025 retail development transfers			70,500	8,403	147	8,550	6.8 %
Total retail development transfers^(v)			306,000	64,452	7,905	72,357	6.6 %
Industrial							
Choice Caledon Business Park - Building H2, Caledon, ON ^(vi)	Q4 2025	85 %	530,000	110,813	10,636	121,449	7.9 % ^(vii)
Total industrial development transfers			530,000	110,813	10,636	121,449	7.9 %
Total transferred properties at cost			836,000	\$ 175,265	\$ 18,541	\$ 193,806	7.4 %
Total transferred properties at fair value				\$ 222,198	\$ 18,541	\$ 240,739	

(i) Choice Properties's 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) Unless otherwise noted, there were no material changes in previously reported expected stabilized yield.

(iv) This development includes a ground lease.

(v) Total retail development transfers included 101,500 square feet of GLA associated with ground leases.

(vi) Project represents 64% of the total building GLA being constructed.

(vii) Expected stabilized yield for this development has increased due to lower 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.

The Trust categorizes the projects within its development pipeline as follows:

Category	Description
Active Development	Projects under construction, or projects which have both the Trust's internal approvals and the necessary approvals and permits from municipal and other authorities required to commence construction in the next six to twelve months.
Development in Planning	
Zoning Approved	Projects which have received full zoning by-law amendment approval.
Zoning Application Submitted	Projects where re-zoning application has been submitted to change municipality zoning designation and/or increase density.
Zoning Application to be Submitted	Sites where re-zoning application submissions to the municipality are being actively pursued.
Future Development	Sites that have been identified as medium to long term development opportunities across retail, industrial, mixed use and residential uses. The sites included reflect currently identified, early stage opportunities and do not capture the full range of potential future development opportunities that may exist across the Trust's portfolio.

Choice Properties' development program as at December 31, 2025 is summarized below:

(\$ thousands except where otherwise indicated)		Estimated GFA/GLA ⁽ⁱ⁾ (square feet)			Investment ⁽ⁱⁱ⁾		
Project Type	Estimated number of units ⁽ⁱ⁾	Commercial (GLA)	Residential (GFA)	Total	To-date	Estimated costs to completion ⁽²⁾	Estimated total ⁽²⁾
Active Developments ⁽ⁱⁱⁱ⁾	—	1,372,000	—	1,372,000	\$ 117,677	\$ 268,960	\$ 386,637
Developments in Planning							
Zoning Approved	5,954	4,170,000	4,826,000	8,996,000	343,789		
Zoning Applications Submitted	10,812	389,000	8,025,000	8,414,000	93,509		
Zoning Applications to be Submitted	—	—	—	—	—		
Future Developments	—	430,000	—	430,000	46,310		
Total development at cost	16,766	6,361,000	12,851,000	19,212,000	\$ 601,285	\$ 268,960	\$ 386,637
Total properties under development at fair value					\$ 732,000		

(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 unless otherwise noted.

(iii) Active developments includes 71,000 square feet of commercial GLA associated with ground leases.

3.5 Properties Under Active Development

As at December 31, 2025, the Trust has 14 active developments comprised of 12 retail and two industrial. Upon completion, the projects under active development are expected to deliver a total of 1,372,000 square feet of commercial space (including 71,000 square feet associated with ground leases). The Trust has invested a total of \$117.7 million to date and is expected to invest an additional \$269.0 million over the next 12-24 months to complete these projects⁽²⁾.

The following table details the Trust's retail projects under active development on a proportionate share basis⁽¹⁾ as of December 31, 2025:

(\$ thousands except where otherwise indicated)		Estimated GLA ⁽ⁱ⁾	Investment ⁽ⁱⁱ⁾			
Project / Location ^{(iii)(iv)}	Ownership %	Commercial (GLA)	To-date	Estimated costs to completion ⁽²⁾	Estimated total	Expected stabilized yield ^{(2)(v)}
Retail						
1 4270 Innes Rd., Ottawa, ON ^(vi)	100 %	5,000	\$ 42	\$ 222	\$ 264	43.25%-43.75% (x)
2 680 O'Brien Rd., Renfrew, ON	100 %	17,000	182	7,133	7,315	7.25%-7.75%
3 1048 Midland Ave., Kingston, ON ^(vi)	100 %	65,000	94	2,016	2,110	27.25%-27.75%
4 3850 Cambrian Rd., Ottawa, ON	100 %	37,000	8,704	16,374	25,078	5.75%-6.25%
5 550 Kenaston Blvd., Winnipeg, MB ^(vi)	50 %	1,000	4	292	296	18.50%-19.00% (x)
H1 2026 expected retail development transfers		125,000	9,026	26,037	35,063	7.75%-8.25%
6 657 John St. N., Aylmer, ON	100 %	17,000	167	7,674	7,841	7.25%-7.75%
7 101 Second Line, Shelburne, ON	100 %	17,000	404	8,214	8,618	6.25%-6.75%
8 13311 Loyalist Parkway, Picton, ON	100 %	17,000	847	7,661	8,508	7.25%-7.75%
9 5251 Country Hills Blvd. NW, Calgary, AB	100 %	17,000	84	7,278	7,362	5.75%-6.25%
10 13311 Loyalist Parkway, Picton, ON	100 %	5,000	110	3,365	3,475	7.00%-7.50%
H2 2026 expected retail development transfers		73,000	1,612	34,192	35,804	6.50%-7.00%
11 1045 Paisley Rd., Guelph, ON	100 %	17,000	71	7,858	7,929	7.25%-7.75%
12 1641 & 1675 Jane St., North York, ON	100 %	17,000	82	9,899	9,981	5.00%-5.50%
H1 2027 expected retail development transfers		34,000	153	17,757	17,910	6.00%-6.50%
Subtotal active retail development		232,000	10,791	77,986	88,777	7.00%-7.50%
Industrial						
1 Choice Caledon Business Park - Building H1, Caledon, ON ^{(vii)(viii)}	85 %	299,000	17,629	61,501	79,130	6.50%-7.00% (xi)
2 Choice Caledon Business Park - Building D, Caledon, ON ^{(vii)(ix)}	85 %	841,000	89,257	129,473	218,730	5.75%-6.25%
H2 2027 expected industrial development transfers		1,140,000	106,886	190,974	297,860	6.00%-6.50%
Subtotal active industrial development		1,140,000	106,886	190,974	297,860	6.00%-6.50%
Total active developments		1,372,000	\$ 117,677	\$ 268,960	\$ 386,637	6.25%-6.75%

(i) Choice Properties' share.

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

(iii) H1 represents the first six months of the year. H2 represents the last six months of the year.

(iv) Unless otherwise noted, the development project is fully leased.

(v) Unless otherwise noted, there were no material changes in previously reported expected stabilized yields.

(vi) This development includes a ground lease.

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

(viii) Development project represents 36% of total building GLA being constructed and is not leased.

(ix) Development project is not leased.

(x) Expected stabilized yield for this development has decreased due to higher expected costs.

(xi) Expected stabilized yield for this development has decreased due to separation of phases.

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 in various stages of planning, 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 sites currently in different stages of the rezoning and planning process.

As of December 31, 2025, the Trust has identified 26 sites with potential for future development. This includes 12 opportunities totalling 330,000 square feet at existing retail sites, two industrial sites totalling 3,373,000 square feet, and 12 residential and mixed-use projects totalling 13,707,000 square feet and 16,766 residential units (at the Trust's share). The development plan for each property is subject to completion of the Trust's 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 \$437.3 million on land acquisition and initial development and planning costs at these sites.

The following table details the Trust's projects in planning by zoning status:

(\$ thousands except where otherwise indicated)			Estimated GFA/GLA ⁽ⁱ⁾⁽ⁱⁱ⁾ (000s square feet)			Investment to-date ⁽ⁱ⁾⁽ⁱⁱⁱ⁾
			Commercial (GLA)	Residential (GFA)	Total	
Project / Location	Ownership %	Estimated number of units ⁽ⁱ⁾				
Development in Planning						
Zoning approved						
Retail						
12 sites across Canada	50%-100%	—	330	—	330	\$ 35,615
Subtotal retail zoning approved		—	330	—	330	35,615
Industrial						
Choice Caledon Business Park - Remaining Phases, Caledon, ON	85 %	—	2,737	—	2,737	177,383
Choice Eastway Industrial Centre - Phase 2, East Gwillimbury, ON	75 %	—	636	—	636	34,883
Subtotal industrial zoning approved		—	3,373	—	3,373	212,266
Mixed-use & residential						
Carlaw Ave., Toronto, ON	100 %	1,080	84	993	1,077	8,037
Golden Mile, Toronto, ON	100 %	3,597	323	2,907	3,230	23,320
Grenville & Grosvenor, Toronto, ON	50 %	385	17	320	337	40,960
Parkway Forest Dr., Toronto, ON	50 %	191	—	120	120	3,061
Sheppard Ave. W, Toronto, ON	50 %	100	5	64	69	7,030
Woodbine Ave., Toronto, ON	100 %	601	38	422	460	13,500
Subtotal mixed-use & residential zoning approved		5,954	467	4,826	5,293	95,908
Subtotal zoning approved		5,954	4,170	4,826	8,996	343,789
Zoning applications submitted						
Bovaird Dr. W, Brampton, ON	50 %	1,460	18	1,074	1,092	9,329
Broadview Ave., Toronto, ON	100 %	503	23	409	432	4,934
Dundas St. W, Toronto, ON	100 %	1,923	178	1,477	1,655	48,563
North Rd., Coquitlam, BC	100 %	2,470	110	1,765	1,875	8,799
Photography Dr., Toronto, ON	100 %	2,356	50	2,010	2,060	5,980
Warden Ave., Toronto, ON	100 %	2,100	10	1,290	1,300	15,904
Subtotal mixed-use & residential zoning applications submitted		10,812	389	8,025	8,414	93,509
Total development in planning		16,766	4,559	12,851	17,410	\$ 437,298

(i) Choice Properties' share.

(ii) Estimated GFA and GLA are based on current development plans, and final development square footage may differ. For projects in planning, GFA and GLA are 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.

Retail Development in Planning

As at December 31, 2025, the Trust currently had 12 retail intensification and greenfield opportunities classified as zoning approved. Retail intensification is focused on adding at-grade retail density within the existing retail portfolio. Retail greenfield is focused on developing neighbourhood retail centres in well-established communities across Canada. These projects provide the opportunity to add new tenants, further expand the high-quality tenant mix and provide steady growth to the business.

Industrial Development in Planning

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

Project / Location	Description
Choice Caledon Business Park - Remaining Phases, Caledon, ON	During the third quarter of 2022, the joint venture achieved entitlement to convert the lands from agricultural uses to employment uses through a Ministerial Zoning Order. The Draft Plan of Subdivision and Site Plan Applications for the first phase were submitted during the second quarter of 2023 and the grading permit was received and site works commenced. Site preparation costs for the subdivision of the remaining phases is expected to be \$44.1 million at 100% share or \$37.5 million at share. The remainder of the development is expected to consist of warehouse, distribution, and industrial uses totalling approximately 3.2 million square feet on 157 net developable acres (at 100% share). The Trust has invested \$177.4 million to date (at share), including land acquisition related to the remaining phases of the development.
Choice Eastway Industrial Centre - Phase 2, East Gwillimbury, ON	The second phase of the Trust's project constitutes approximately 54 acres (at 100% share) of developable land and is fully zoned. The second phase is anticipated to be approximately 0.8 million total square feet (at 100% share). The Trust has invested \$34.9 million to date (at share), including land acquisition.

Mixed-Use & Residential Development in Planning

Mixed-use development represents a key component of Choice Properties' long-term development strategy. The Trust endeavours to create enduring value through high-quality mixed-use assets with a significant residential rental component. Leveraging the Trust's sizeable 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 create additional 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. Commencement of each development will depend on market conditions and project viability.

Mixed-Use & Residential 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 three mixed-use and three residential developments in Toronto, Ontario. As of December 31, 2025, the Trust has invested a total of \$95.9 million to date on land acquisition and initial development and planning costs.

Project / Location	Description
Carlaw Avenue, Toronto, ON	During the second quarter of 2024, Choice Properties entered into an agreement with the Province of Ontario (the "Province") to facilitate the construction of a transit station at its Carlaw Avenue property. In partnership with the Province, Choice Properties has developed a concept for the future transit-oriented community at this site, located at the northeast corner of Gerrard Street East and Carlaw Avenue. The approximately 5.6 acre site 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 commenced in 2024 and is expected to continue through 2030 and beyond ⁽²⁾ , at which point Choice Properties will begin construction on the residential towers. During the second quarter of 2025, the Province issued a Ministerial Zoning Order for the site, providing zoning permissions consistent with the proposed concept. While the site remains under the Province's control, it is expected to be returned to the Trust once the transit station is complete. At that time, the Trust will advance site plan approvals and detailed design in preparation for development.
Golden Mile, Toronto, ON	The approximately 19 acre site is located along Eglinton Avenue in the Golden Mile district of Toronto. The current redevelopment plans contemplate a large, mixed-use master-plan community to be built in phases with a focus on high density residential and retail uses. The site is directly adjacent to new transit stations along the first phase of the Eglinton Crosstown LRT, which is currently under construction. The current plan includes approximately 3.2 million square feet of total ground floor area, with 0.3 million square feet of commercial GLA and approximately 3,600 residential units. The development will transform the area through the introduction of the Golden Mile Community Innovation District by bringing together expertise from all stakeholders including community organizations, the local councillor, and post-secondary educational institutions ⁽²⁾ . The development will create a community comprising residential and commercial uses along with privately owned public spaces including a new park. The Official Plan and Zoning By-law Amendment Applications have been approved by the City of Toronto and the Trust continues to work with the City to fulfill conditions of subdivision and site plan.
Grenville & Grosvenor, Toronto, ON	The approximately 1 acre site is located in the area of Yonge Street and College Street in downtown Toronto. The current development plan contemplates two residential towers providing 0.7 million square feet of total gross floor area, including 34,000 square feet of commercial GLA and approximately 770 rental residential units (at 100% share). Approximately one third of the residential units will be affordable housing units ⁽²⁾ .
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 33-storey residential building comprised of approximately 380 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 and Zoning By-law Amendment have been approved by the City of Toronto. The project is currently advancing through site plan approval, with technical refinements and resubmission underway.
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 plan includes a 15-storey residential building comprising 10,000 square feet of commercial GLA and approximately 200 residential units (at 100% share).
Woodbine Avenue, Toronto, ON	The approximately 1.7 acres 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. Toronto City Council has approved the redevelopment of the site into a mixed-use project. The approved plan includes a new at-grade grocery store, a theatre, and a preschool. The project will feature two residential buildings of 35 and 10 storeys, comprising approximately 600 purpose-built rental units. This includes 12 affordable units and 14 replacement units for existing tenants, aligning the development with community and housing objectives. The design of this project will incorporate the urban design significance of the Danforth neighbourhood and sustainable architecture. It will improve the public realm through the addition of a significant privately owned public open space on Woodbine Avenue and the widening of both Danforth Avenue and Woodbine Avenue. The project is currently advancing through site plan approval, with technical refinements and resubmission underway.

Mixed-Use & Residential Zoning Applications Submitted

Choice Properties has submitted zoning applications for five mixed-use developments in Toronto, Ontario and Coquitlam, British Columbia. As of December 31, 2025, the Trust has invested a total of \$93.5 million to date on land acquisition and initial development and planning costs.

Project / Location	Description
Bovaird Drive West, Brampton, ON	The approximately 8.0 acre site is located at the northeast corner of Bovaird Drive West and Creditview Road in Brampton's west end and is situated adjacent to the Mount Pleasant GO Station. The current development proposal includes a large mixed-use community including seven residential towers, a new public street connecting Bovaird Drive West to Lagerfeld Drive, and 0.7 acres of outdoor privately-owned public space. The submitted application proposes over 2.1 million square feet of total ground floor area and approximately 2,900 residential units (at 100% share). The Trust, alongside our development partner, reached a settlement with the City of Brampton for Zoning By-law Amendment and Draft Plan of Subdivision, and are working to clear conditions prior to the issuance of a final approval.
Broadview Avenue, Toronto, ON	The approximately 3.3 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.
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, 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 plan contemplates a large mixed-use community integrated with the surrounding transit services with a focus on high density residential, office, retail and other community uses including a public park. 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 Official Plan, Rezoning, Plan of Subdivision and Site Plan Applications have been submitted to the City of Toronto.
North Road, Coquitlam, BC	The approximately 7.8 acre site is located at the southeast corner of North Road and Austin Avenue in Coquitlam. The Master Development Plan proposes the redevelopment of the existing Cariboo Centre into a diverse range of housing, retail, public amenity space, and childcare over four phases. The overall project, upon completion, will see a total of approximately 2,500 new homes through both market residential and rental in six towers, along with approximately 110,000 square feet of retail space within commercial podiums, including a new food store and a drug store within Phase 1 and a daycare in both Phases 1 and 4. In addition, the overall project will deliver approximately 26,000 square feet of public plaza. The original Master Development Plan was submitted to the City of Coquitlam in December 2023 with third reading approval issued in January 2025. The entitlements process associated with fourth reading of the Master Development Plan along with the overall phasing and Phase 1 Development Permit continues to make progress.
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, within close proximity to several major transit corridors, including the Kitchener GO Line, the Union-Pearson Express train 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 Saint Clair Avenue and Warden Avenue in Toronto and 500 meters from the Warden TTC subway station. The current development plan includes approximately 2,100 residential units, over 1.3 million square feet of gross floor area and a proposal for a public park. The Trust has reached a settlement with the City of Toronto and is working to clear conditions prior to the issuance of an Official Plan Amendment and Zoning By-law Amendment.

3.7 Future Pipeline

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

In addition, the Trust has identified approximately 100 additional retail sites totalling over one million square feet of potential future retail development, with several being considered for intensification in the near term. The Trust continues to assess its sites to ascertain further opportunities for intensification.

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.

As at December 31, 2025, the Trust had issued \$306,377 (December 31, 2024 - \$305,348) of secured mortgages to third-party borrowers. These loans have been extended to borrowers who are strategic partners and counterparties of the Trust and are secured by real property assets.

On January 31, 2025, the Trust advanced a \$5,918 mortgage to a joint venture partner. The loan bears interest at a rate of 5.00% and is secured by the partner's portion of an income producing retail property in Richmond Hill, Ontario.

On January 31, 2025, the loan receivable from a development partner and interest accrued thereon totalling \$20,868 was settled against the contingent consideration payment owed to the development partner.

On January 31, 2025, a mortgage receivable and interest accrued thereon totalling \$114,217 (\$19,915 on a proportionate share basis⁽¹⁾), issued to an entity in which the Trust has an ownership interest, was repaid.

On March 5, 2025, the Trust advanced \$15,000 on an existing mezzanine loan to a joint venture partner. The loan bears interest at a rate of prime rate plus 3.55% with a floor rate of 10.00% and is secured by the partner's portion of an income producing residential property in Ottawa, Ontario.

On June 10, 2025, the Trust advanced \$4,954 on an existing mezzanine loan to a joint venture partner. The loan bears interest at a rate of 6.00% and is secured by the partner's portion of an income producing mixed-use & residential property in Toronto, Ontario.

On July 31, 2025, the Trust advanced \$8,210 on an existing mezzanine loan and extended the maturity of the loan by two years. The loan bears interest at a rate of prime plus 2.00% with a floor rate of 7.00%. The loan is secured against three properties in Toronto, ON.

On September 4, 2025, a vendor take-back mortgage secured against a retail property located in Quebec City, Quebec totalling \$9,555, inclusive of accrued interest, was settled in full.

On September 10, 2025, the Trust advanced \$9,367 on an existing mezzanine loan to a development partner. The loan bears interest at a rate of 8.00% and is secured by industrial development land located in East Gwillimbury, Ontario.

On October 28, 2025, the Trust advanced a vendor take-back mortgage with a value of \$12,998 (Section 3.2). The mortgage bears an interest rate of 6.06% and is secured by the disposed properties.

During the fourth quarter, the Trust advanced \$40,241 on an existing mezzanine loan (\$6,036 on a proportionate share basis⁽¹⁾) to a joint venture in which the Trust has an ownership interest. The loan bears interest at a rate of prime rate plus 1.30% with a floor rate of 7.25% and is secured by assets held in the joint venture.

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 year ended December 31, 2025, \$303,766 were issued to GWL and are settled against distributions payable by the Trust to GWL in January 2026. Non-interest bearing short-term notes totalling \$299,807 with respect to the loans issued in the 2024 fiscal year were settled against distributions payable by the Trust to GWL in January 2025.

As at December 31, 2025 (\$ thousands)	GAAP Basis	Proportionate Share Basis ⁽¹⁾⁽ⁱ⁾	Proportionate Share Basis ⁽¹⁾	
			Weighted average term to maturity (years)	Weighted average interest rate (%)
Mortgages receivable	\$ 341,666	\$ 306,377	1.0	7.70 %
Notes receivable from GWL	303,766	303,766	—	— %
Mortgages and notes receivable	\$ 645,432	\$ 610,143		

(i) Adjusted to eliminate mortgage receivable balances advanced to an equity accounted joint venture at the Trust's share.

As at December 31, 2024 (\$ thousands)	GAAP Basis	Proportionate Share Basis ⁽¹⁾⁽ⁱ⁾	Proportionate Share Basis ⁽¹⁾	
			Weighted average term to maturity (years)	Weighted average interest rate (%)
Mortgages receivable	\$ 399,655	\$ 305,348	1.0	8.16 %
Loans receivable	20,743	20,743	0.1	7.00 %
Notes receivable from GWL	299,807	299,807	—	— %
Mortgages, loans and notes receivable	\$ 720,205	\$ 625,898		

(i) Adjusted to eliminate mortgage receivable balances advanced to an equity accounted joint venture at the Trust's share.

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 Class B Units 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. The promissory note was repaid on December 29, 2023. As at December 31, 2025, the Trust holds an approximate 8.4% effective interest in Allied through its ownership of the Class B Units. The Trust does not have significant influence over Allied.

Allied is a leading owner-operator of distinctive urban workspace in Canada's major cities. As at December 31, 2025⁽ⁱ⁾, Allied's income producing portfolio consisted of 191 properties across Canada totalling 14.5 million square feet in gross leasable area and was valued at \$8.0 billion. Allied reported net asset value of \$4.2 billion or \$29.87 per unit diluted at December 31, 2025⁽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.

As a holder of the Class B Units, the Trust is entitled to distributions paid by Allied. For the year ended December 31, 2025, the Trust recognized distribution income of \$20,194 (December 31, 2024 - \$21,260) from its investment in Allied. The distributions were 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 year ended December 31, 2025 was \$13.37 (December 31, 2024 - \$17.15). For the year ended December 31, 2025, the Trust recognized a loss of \$44,638 (December 31, 2024 - loss of \$35,782) on its investment in Allied due to the change in the price of Allied's publicly traded units. As at December 31, 2025 the Trust held 11,809,145 Class B Units with a fair value of \$157,888 (December 31, 2024 - 11,809,145 Class B Units with a fair value of \$202,526).

(\$ thousands)	Year Ended December 31, 2025	Year Ended December 31, 2024
Balance, beginning of year	\$ 202,526	\$ 238,308
Adjustment to fair value of investment in real estate securities	(44,638)	(35,782)
Balance, end of year	\$ 157,888	\$ 202,526

(i) Values obtained from Allied's Annual Report, December 31, 2025. Please refer to Allied's Annual Report for further details.

Subsequent to year end, Allied completed an equity offering of 56,000,000 units. As a result of this offering, in which the Trust did not participate, the Trust now holds approximately 6.0% ownership interest in Allied. Based on the trading price of Allied's unit as of market close on February 17, 2026, the Trust's Class B units in Allied had a fair value of \$112,659.

4. LIQUIDITY AND CAPITAL RESOURCES

4.1 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		Change \$
	December 31, 2025	December 31, 2024	
Cash and cash equivalents - proportionate share basis ⁽¹⁾⁽ⁱ⁾	\$ 129,999	\$ 97,226	\$ 32,773
Unused portion of the credit facility	1,500,000	1,500,000	—
Liquidity	\$ 1,629,999	\$ 1,597,226	\$ 32,773
Unencumbered assets - proportionate share basis⁽¹⁾	\$ 13,820,000	\$ 12,982,000	\$ 838,000

(i) As at December 31, 2025, cash and cash equivalents included \$nil of short-term investments (December 31, 2024 - \$16,102).

Base Shelf Prospectus

On June 20, 2025, Choice Properties renewed a Short Form Base Shelf Prospectus allowing for the issuance of Units and debt securities over a 25-month period.

4.2 Major Cash Flow Components

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Cash and cash equivalents, beginning of period - GAAP basis	\$ 35,012	\$ 73,931	\$ (38,919)	\$ 63,388	\$ 252,424	\$ (189,036)
Cash flows from operating activities	232,500	242,441	(9,941)	697,706	724,729	(27,023)
Cash flows used in investing activities	(70,695)	(212,169)	141,474	(550,460)	(584,208)	33,748
Cash flows used in financing activities	(125,637)	(40,815)	(84,822)	(139,454)	(329,557)	190,103
Cash and cash equivalents, end of period - GAAP basis	\$ 71,180	\$ 63,388	\$ 7,792	\$ 71,180	\$ 63,388	\$ 7,792

Three Months and Year Ended

During the three months ended, cash was primarily generated from operations and net dispositions, partially offset by net mortgages, loans and notes receivable advances, capital expenditures, cash distributions paid on Trust Units, repayment of the credit facility and contributions to equity accounted joint ventures.

During the year ended, cash was primarily generated from operations and net issuances of senior unsecured debentures. Cash inflows were partially offset by cash distributions paid on Trust Units, net mortgages, loans and note receivable advances, capital expenditures, net repayments of mortgages payable, and net acquisitions of investment properties.

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

4.3 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 requirements related to operating capital expenditures that maintain productive capacity of the investment properties, which adds volatility to the values due to the seasonality of capital projects. Management includes this non-GAAP measure in its assessment of cash flows available for distributions. Refer to Section 15.4, “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 December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Adjusted cash flow from operations ⁽¹⁾	\$ 150,836	\$ 129,708	\$ 21,128	\$ 640,746	\$ 641,135	\$ (389)
Cash distributions declared	139,334	137,505	1,829	556,123	548,783	7,340
Cash retained after cash distributions	\$ 11,502	\$ (7,797)	\$ 19,299	\$ 84,623	\$ 92,352	\$ (7,729)
ACFO ⁽¹⁾ payout ratio	92.4 %	106.0 %	(13.6)%	86.8 %	85.6 %	1.2 %

Three Months

ACFO⁽¹⁾ increased for the three months compared to the prior year period primarily due to lower leasing and maintenance spend due to timing and higher net operating income, partially offset by an unfavourable change in non-cash working capital and higher interest expense. ACFO may fluctuate each quarter due to the timing of maintenance capital spend during the year.

Years Ended

ACFO⁽¹⁾ decreased for the year ended compared to prior year primarily due to higher leasing and maintenance spend, lower interest income, higher interest expense, and an unfavourable change in non-cash working capital, partially offset by higher net operating income.

4.4 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 December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Cash flows from operating activities	\$ 232,500	\$ 242,441	\$ (9,941)	\$ 697,706	\$ 724,729	\$ (27,023)
Less: Cash distributions declared	(139,334)	(137,505)	(1,829)	(556,123)	(548,783)	(7,340)
Excess of cash flows provided by operating activities over cash distributions declared	\$ 93,166	\$ 104,936	\$ (11,770)	\$ 141,583	\$ 175,946	\$ (34,363)

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Adjusted Cash Flow from Operations ⁽¹⁾	\$ 150,836	\$ 129,708	\$ 21,128	\$ 640,746	\$ 641,135	\$ (389)
Less: Cash distributions declared	(139,334)	(137,505)	(1,829)	(556,123)	(548,783)	(7,340)
Excess (Shortfall) of ACFO after distributions	\$ 11,502	\$ (7,797)	\$ 19,299	\$ 84,623	\$ 92,352	\$ (7,729)

ACFO may fluctuate each quarter due to the timing of maintenance capital spend during the year.

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Net (loss) income	\$ (53,357)	\$ 791,916	\$ (845,273)	\$ (61,188)	\$ 784,437	\$ (845,625)
Add: Distributions on Exchangeable Units included in net interest expense and other financing charges	76,189	75,199	990	304,096	300,137	3,959
Net income attributable to Unitholders excluding distributions on Exchangeable Units	22,832	867,115	(844,283)	242,908	1,084,574	(841,666)
Less: Cash distributions declared	(139,334)	(137,505)	(1,829)	(556,123)	(548,783)	(7,340)
(Shortfall) Excess of net income attributable to Unitholders, less distributions on Exchangeable Units, over cash distributions declared	\$ (116,502)	\$ 729,610	\$ (846,112)	\$ (313,215)	\$ 535,791	\$ (849,006)

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

4.5 Components of Total Adjusted Debt

Choice Properties' debt structure was as follows:

As at December 31, 2025 (\$ thousands)	Proportionate Share Basis ⁽¹⁾			
	GAAP Basis	Proportionate Share Basis ⁽¹⁾⁽ⁱ⁾	Weighted average term to maturity (years)	Weighted average interest rate (%)
Construction loans (variable rate)	\$ 5,306	\$ 185,385	1.3	3.97 %
Senior unsecured debentures	5,650,000	5,650,000	5.8	4.31 %
Mortgages payable	1,169,939	1,801,700	8.7	4.18 %
Less: Debt placement costs, discounts and premiums	(20,285)	(27,241)		
Fixed rate debt	6,799,654	7,424,459	6.5	4.28%
Total adjusted debt, net	\$ 6,804,960	\$ 7,609,844		

(i) Proportionate share⁽¹⁾ reflects construction loans and mortgages payable within equity accounted joint ventures.

As at December 31, 2024 (\$ thousands)	Proportionate Share Basis ⁽¹⁾			
	GAAP Basis	Proportionate Share Basis ⁽¹⁾⁽ⁱ⁾	Weighted average term to maturity (years)	Weighted average interest rate (%)
Construction loans (variable rate)	\$ 5,230	\$ 96,994	1.0	5.47 %
Senior unsecured debentures	5,400,000	5,400,000	5.4	4.20 %
Mortgages payable	1,300,158	1,815,675	8.0	4.12 %
Less: Debt placement costs, discounts and premiums	(20,448)	(28,101)		
Fixed rate debt	6,679,710	7,187,574	6.1	4.18 %
Total adjusted debt, net	\$ 6,684,940	\$ 7,284,568		

(i) Proportionate share⁽¹⁾ reflects construction loans and mortgages payable within equity accounted joint ventures.

Construction Loans

For the purpose of financing the development of certain industrial and mixed-use & residential properties, various investments in equity accounted joint ventures and co-ownerships have variable rate non-revolving construction facilities, in which certain subsidiaries of the Trust guarantee its own share. As at December 31, 2025, the construction loans have a maximum capacity to be drawn at the Trust's ownership interest of \$277,681, of which \$272,156 relates to equity accounted joint ventures (December 31, 2024 - \$276,225 and \$270,700, respectively). The construction loans mature throughout 2026 and 2027.

As at December 31, 2025, \$185,385 was drawn on the construction loans, of which \$180,079 relates to equity accounted joint ventures. The construction loans had a weighted average interest rate of 3.97% and a weighted average term to maturity of 1.3 years (December 31, 2024 - 5.47% and 1.0 year, respectively).

Credit Facility

Choice Properties has a \$1,500,000 senior unsecured committed revolving credit facility provided by a syndicate of lenders. During the second quarter of 2025, the Trust extended the maturity date for the credit facility from June 13, 2029 to May 21, 2030.

Under the credit facility, the Trust has the ability to draw funds at variable rates in either Canadian dollars or U.S. dollars. Canadian dollar-denominated borrowings bear interest at either the Canadian bank prime rate plus 0.20% or Canadian Overnight Repo Rate Average ("CORRA") plus 1.20% and a daily compounded CORRA adjustment of approximately 0.30%, and U.S. dollar-denominated borrowings bear interest at the U.S. prime rate plus 0.30% or Secured Overnight Financing Rate ("SOFR") plus 1.30%. The pricing is contingent on the credit ratings for Choice Properties from either DBRS remaining at BBB (high) or S&P remaining at BBB+. Concurrently with any U.S. dollar draws, the Trust enters into cross currency swaps to exchange its U.S. dollar borrowings into Canadian dollar borrowings. The Trust applies hedge accounting to the cross currency swaps.

As at December 31, 2025, \$nil was drawn in Canadian dollar-denominated borrowings (December 31, 2024 - \$nil) and \$nil was drawn in U.S. dollar-denominated borrowings (December 31, 2024 - \$nil). The credit facility is subject to an annual commitment fee of 0.24% of the undrawn balance. The unamortized balance for debt placement costs as at December 31, 2025 of \$1,954 (December 31, 2024 - \$2,213) was included in other assets.

The credit facility contains certain financial covenants. As at December 31, 2025, the Trust was in compliance with all its financial covenants for the credit facility.

Senior Unsecured Debentures

On January 10, 2025, the Trust paid in full upon maturity, at par, plus accrued and unpaid interest thereon, the \$350 million aggregated principal amount of the 3.55% Series J senior unsecured debentures outstanding. The repayment of the Series J senior unsecured debenture was primarily funded by an advance on the Trust's credit facility.

On January 16, 2025, the Trust completed the issuance, on a private placement basis, of the \$300 million aggregated principal amount of Series V senior unsecured debentures bearing interest at a rate of 4.29% per annum and maturing on January 16, 2030. The Trust used the net proceeds to repay certain amounts drawn on its revolving credit facility which were utilized to repay upon maturity its Series J senior unsecured debentures.

On August 8, 2025, the Trust completed the issuance, on a private placement basis, of the \$350 million aggregate principal amount of Series W senior unsecured debentures bearing interest at a rate of 4.63% per annum and maturing on August 8, 2035, and the \$150 million aggregate principal amount of Series X senior unsecured debentures bearing interest at a rate of 5.37% per annum and maturing on August 8, 2055. The Trust used a portion of the net proceeds to repay certain amounts drawn on its revolving credit facility and the Series F senior unsecured debentures.

On September 5, 2025, the Trust redeemed in full, at par, plus accrued and unpaid interest thereon, the \$200 million aggregate principal amount of Series F senior unsecured debentures bearing interest at 4.06%, with an original maturity date of November 24, 2025.

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 year ended December 31, 2025:

For the year ended December 31, 2025 (\$ thousands)	GAAP Basis		Adjustment to Proportionate Share Basis ⁽¹⁾	Proportionate Share Basis ⁽¹⁾
	Credit facility	Construction loans	Construction loans ⁽ⁱ⁾	Total adjusted debt, variable rate
Principal balance outstanding, beginning of year	\$ —	\$ 5,230	\$ 91,764	\$ 96,994
Issuances and advances	200,000	76	114,515	314,591
Repayments	(200,000)	—	(26,200)	(226,200)
Principal balance outstanding, end of year	\$ —	\$ 5,306	\$ 180,079	\$ 185,385

(i) Adjustment to proportionate share⁽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 year ended December 31, 2025:

For the year ended December 31, 2025 (\$ thousands)	GAAP Basis		Adjustment to Proportionate Share Basis ⁽¹⁾	Proportionate Share Basis ⁽¹⁾
	Senior unsecured debentures	Mortgages payable	Mortgages payable ⁽ⁱ⁾	Total adjusted debt, fixed rate
Principal balance outstanding, beginning of year	\$ 5,400,000	\$ 1,300,158	\$ 515,517	\$ 7,215,675
Issuances and advances	800,000	—	138,500	938,500
Repayments	(550,000)	(130,219)	(22,256)	(702,475)
Principal balance outstanding, end of year	\$ 5,650,000	\$ 1,169,939	\$ 631,761	\$ 7,451,700

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

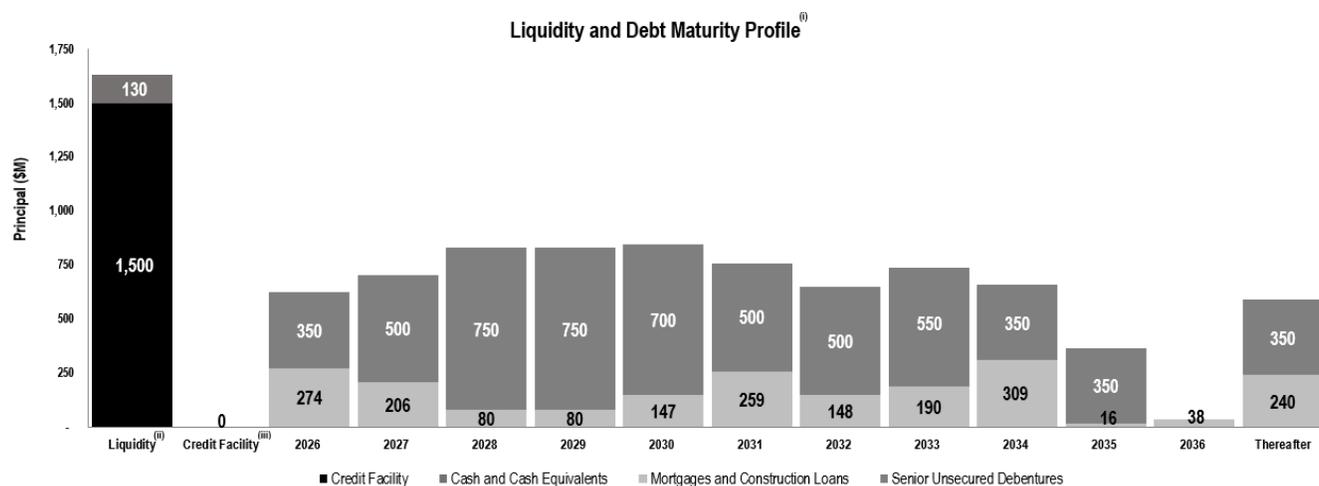
Schedules of Repayments and Cash Flow Activities

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

As at December 31, 2025 (\$ thousands)	GAAP Basis				Adjustment to Proportionate Share Basis ⁽¹⁾		Proportionate Share Basis ⁽¹⁾
	Credit facility	Senior unsecured debentures	Mortgages payable	Construction loans	Mortgages payable ⁽ⁱ⁾	Construction loans ⁽ⁱ⁾	Total
2026	\$ —	\$ 350,000	\$ 155,250	\$ 5,306	\$ 19,424	\$ 93,909	\$ 623,889
2027	—	500,000	95,109	—	24,555	86,170	705,834
2028	—	750,000	49,819	—	29,812	—	829,631
2029	—	750,000	40,205	—	40,089	—	830,294
2030	—	700,000	133,498	—	13,194	—	846,692
Thereafter	—	2,600,000	696,058	—	504,687	—	3,800,745
Total adjusted debt outstanding	\$ —	\$ 5,650,000	\$ 1,169,939	\$ 5,306	\$ 631,761	\$ 180,079	\$ 7,637,085

(i) Adjustment to proportionate share⁽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 May 21, 2030.

4.6 Contractual Obligations

The undiscounted future principal and interest payments on Choice Properties' debt instruments and other contractual obligations as at December 31, 2025 were as follows:

(\$ thousands)	2026	2027	2028	2029	2030	Thereafter	Total
Senior unsecured debentures	\$ 593,622	\$ 727,906	\$ 955,119	\$ 926,206	\$ 850,560	\$ 3,240,268	\$ 7,293,681
Mortgage payable ⁽ⁱ⁾	202,853	137,652	90,289	78,434	167,495	820,026	1,496,749
Mortgage payable ⁽ⁱⁱ⁾	44,325	48,709	52,707	62,005	33,997	639,367	881,110
Total mortgage payable	247,178	186,361	142,996	140,439	201,492	1,459,393	2,377,859
Construction loan ⁽ⁱ⁾	5,343	—	—	—	—	—	5,343
Construction loan ⁽ⁱⁱ⁾	94,450	86,170	—	—	—	—	180,620
Total construction loans	99,793	86,170	—	—	—	—	185,963
Other ⁽ⁱⁱⁱ⁾	202,924	95,114	162,588	412	152	467	461,657
Total	\$ 1,143,517	\$ 1,095,551	\$ 1,260,703	\$ 1,067,057	\$ 1,052,204	\$ 4,700,128	\$ 10,319,160

(i) Compiled on a GAAP basis.

(ii) Mortgages payable and construction loans held within equity accounted joint ventures.

(iii) As at December 31, 2025, Choice Properties had commitments of approximately \$462,000 for future capital expenditures related to ongoing development and property capital projects, and other contractual obligations such as operating rents, of which approximately \$361,000 related to equity accounted joint ventures.

4.7 Financial Condition

Choice Properties is subject to certain financial and non-financial covenants on its senior unsecured debentures and credit facility that include maintaining certain leverage and debt service ratios. These ratios are monitored by management on an ongoing basis to ensure compliance. Choice Properties was in compliance with all these covenants as at December 31, 2025 and December 31, 2024.

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

		As at December 31, 2025	As at December 31, 2024
Adjusted Debt to Total Assets⁽ⁱ⁾⁽ⁱⁱ⁾	Limit: Maximum excluding convertible debt is 60.0%	40.5 %	40.0 %
Debt Service Coverage Ratio⁽ⁱ⁾⁽ⁱⁱ⁾	Limit: Minimum 1.5x	2.9x	3.0x
Adjusted Debt to EBITDAFV^{(i)(ii)(iii)(iv)(v)}		7.0x	7.0x
Interest Coverage Ratio^{(i)(iii)(iv)}		3.2x	3.3x

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

(iii) Refer to Section 15.5, "Net Interest Expense and Other Financing Charges Reconciliation" for a reconciliation of proportionate share basis⁽¹⁾ to GAAP basis for net interest expense and other financing charges used in this ratio.

(iv) The senior unsecured debentures and credit facility financial covenants do not include the Adjusted Debt to EBITDAFV⁽¹⁾ and Interest Coverage Ratio⁽¹⁾ 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 15 "Non-GAAP Financial Measures".

(v) Adjusted Debt to EBITDAFV, net of cash⁽¹⁾ was 6.9x as at December 31, 2025 and 6.9x as at December 31, 2024.

4.8 Credit Ratings

Choice Properties' debt securities are rated by two independent credit rating agencies: DBRS and S&P.

On May 15, 2025, S&P confirmed the Choice Properties rating at BBB+ with a stable outlook. On May 26, 2025, DBRS confirmed the Choice Properties rating at BBB (high) and upgraded the trend from stable to positive. 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 December 31, 2025:

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

4.9 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:

	Year ended December 31, 2025	Year ended December 31, 2024
Units, beginning of year	327,923,972	327,859,972
Units issued and granted under unit-based compensation arrangements	424,398	368,610
Units repurchased for unit-based compensation arrangements	(324,098)	(304,610)
Units, end of year	328,024,272	327,923,972
Exchangeable Units, end of year	395,786,525	395,786,525
Total Units and Exchangeable Units, end of year	723,810,797	723,710,497

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 19, 2025, Choice Properties received approval from the TSX to purchase up to 27,436,700 Units during the twelve-month period from November 21, 2025 to November 20, 2026, 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 and Granted under Unit-Based Compensation Arrangements

Units were issued as part of settlements under the Unit Option and Trustee Deferred Unit Plans and granted under the Unit-Settled Restricted Unit Plan, as applicable.

Units Repurchased for Unit-Based Compensation Arrangements

The Trust acquired Units under its NCIB during the year ended December 31, 2025 and 2024, 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. During the year ended December 31, 2025, the Trust acquired Units under its NCIB to settle an obligation under the Trustee Deferred Unit Plan.

Distributions

The distributions declared for the three months and years ended December 31, 2025 and 2024, including distributions to holders of Exchangeable Units, were as follows:

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Total distributions declared	\$ 139,334	\$ 137,505	\$ 1,829	\$ 556,123	\$ 548,783	\$ 7,340

Choice Properties' Board retains full discretion with respect to the timing and quantum of distributions and expects to distribute the amount necessary to ensure the Trust will not be liable to pay income taxes under Part I of the *Income Tax Act (Canada)*. Accordingly, no provision for current income taxes payable is required, except for amounts incurred for the Trust's Canadian corporate subsidiaries. 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 12, 2025, the Board reviewed and approved an increase of distributions to \$0.77 per unit per annum from the previous rate of \$0.76 per unit per annum (an increase of 1.3%). The increase was effective for Unitholders of record on March 31, 2025.

At its most recent meeting on February 18, 2026, the Board reviewed and approved an increase of distributions to \$0.78 per unit per annum from the previous rate of \$0.77 per unit per annum (an increase of 1.3%). The increase will be effective for Unitholders of record on March 31, 2026.

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.

4.10 Net Asset Value

NAV⁽¹⁾ is an alternate measure of equity and includes Unitholder's Equity and the fair value of the Trust's Exchangeable Units. Under GAAP, Exchangeable Units are considered debt. The Exchangeable Units are not required to be repaid and the holder of these units has the right to convert them into Units, therefore management considers the Exchangeable Units to be equivalent to equity.

(\$ thousands except where otherwise indicated)	As at December 31, 2025	As at December 31, 2024	Change
Unitholders' equity	\$ 4,584,809	\$ 4,899,800	\$ (314,991)
Exchangeable Units	5,861,598	5,283,750	577,848
NAV⁽¹⁾	\$ 10,446,407	\$ 10,183,550	\$ 262,857
NAV⁽¹⁾ per unit	\$ 14.43	\$ 14.07	\$ 0.36
Trust Units and Exchangeable Units, end of year	723,810,797	723,710,497	100,300

Year Ended

NAV⁽¹⁾ increased by \$262.9 million or \$0.36 per unit during the year ended December 31, 2025, primarily due to net contributions from FFO of \$773.8 million and a fair value gain on investment properties of \$115.1 million on a proportionate share basis⁽¹⁾, partially offset by distributions of \$556.1 million and a fair value loss on the investment of real estate securities of \$44.6 million due to the change in Allied's unit price.

4.11 Financial Instruments

Designated hedging derivatives consist of interest rate swaps to hedge the interest rate associated with an equivalent amount of variable rate mortgages, and cross currency swaps to hedge foreign exchange associated with the equivalent amount borrowed in U.S. dollars on the Trust's credit facility. As at December 31, 2025, the interest rates associated with the interest rate swaps ranged from 2.8% to 5.0% (December 31, 2024 - 2.8% to 5.0%).

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

(\$ thousands)	Maturity Date	Notional Amount	As at December 31, 2025	As at December 31, 2024
Derivative assets				
Interest rate swaps	Sep 2026 - Jun 2030	\$ 62,720	\$ 4,319	\$ 5,619
Total derivative assets		\$ 62,720	\$ 4,319	\$ 5,619
Derivative liabilities				
Interest rate swaps	March 1, 2030	\$ 73,758	\$ 1,761	\$ 2,048
Total derivative liabilities		\$ 73,758	\$ 1,761	\$ 2,048

During the year ended December 31, 2025, Choice Properties recorded an unrealized fair value loss in other comprehensive loss of \$1,013 (December 31, 2024 - unrealized fair value loss of \$2,964).

4.12 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. The Trust has aggregate letters of credit with a maximum capacity of \$103,181 at the Trust's ownership interest. As at December 31, 2025, the aggregate gross potential liability related to these letters of credit totalled \$29,918 (December 31, 2024 - \$37,479).

5. RESULTS OF OPERATIONS

Choice Properties' results, as reported under GAAP, for the three months and years ended December 31, 2025 and 2024 are summarized below:

For the periods ended December 31 (\$ thousands)	Three Months				Years Ended			
	2025	2024	Change \$	% Change	2025	2024	Change \$	% Change
Net Operating Income								
Rental revenue	\$ 354,444	\$ 344,861	\$ 9,583	2.8 %	\$1,414,621	\$1,358,105	\$ 56,516	4.2 %
Property operating costs	(100,504)	(97,375)	(3,129)	3.2 %	(399,144)	(381,568)	(17,576)	4.6 %
	253,940	247,486	6,454	2.6 %	1,015,477	976,537	38,940	4.0 %
Residential Inventory Income								
Gross sales	—	—	—	— %	—	11,268	(11,268)	(100.0)%
Cost of sales	—	—	—	— %	—	(9,234)	9,234	(100.0)%
	—	—	—	— %	—	2,034	(2,034)	(100.0)%
Other Income and Expenses								
Interest income	9,829	10,247	(418)	(4.1)%	41,892	52,593	(10,701)	(20.3)%
Investment income ⁽ⁱ⁾	4,249	5,315	(1,066)	(20.1)%	20,194	21,260	(1,066)	(5.0)%
Fee income	1,213	712	501	70.4 %	5,157	3,389	1,768	52.2 %
Net interest expense and other financing charges	(150,770)	(147,490)	(3,280)	2.2 %	(597,632)	(586,388)	(11,244)	1.9 %
General and administrative expenses	(18,042)	(16,987)	(1,055)	6.2 %	(63,725)	(67,833)	4,108	(6.1)%
Share of income from equity accounted joint ventures	(22,619)	37,820	(60,439)	(159.8)%	488	49,138	(48,650)	(99.0)%
Amortization of intangible assets	(250)	(250)	—	— %	(1,000)	(1,000)	—	— %
Transaction costs and other related expenses	—	(55)	55	(100.0)%	—	38,560	(38,560)	(100.0)%
Adjustment to fair value of unit-based compensation	(610)	1,927	(2,537)	(131.7)%	(1,941)	657	(2,598)	(395.4)%
Adjustment to fair value of Exchangeable Units	(43,536)	704,500	(748,036)	(106.2)%	(577,848)	237,472	(815,320)	(343.3)%
Adjustment to fair value of investment properties	2,212	(16,112)	18,324	(113.7)%	144,332	92,731	51,601	55.6 %
Adjustment to fair value of investment in real estate securities	(87,034)	(36,254)	(50,780)	140.1 %	(44,638)	(35,782)	(8,856)	24.7 %
(Loss) Income before Income Taxes	(51,418)	790,859	(842,277)	(106.5)%	(59,244)	783,368	(842,612)	(107.6)%
Income tax (expense) recovery	(1,939)	1,057	(2,996)	(283.4)%	(1,944)	1,069	(3,013)	(281.9)%
Net (Loss) Income	\$ (53,357)	\$ 791,916	\$ (845,273)	(106.7)%	\$ (61,188)	\$ 784,437	\$ (845,625)	(107.8)%

(i) Investment income is comprised of distributions from the Trust's investment in Allied.

Adjustments to fair value can vary widely from period to period, as they are impacted by market factors such as the Trust's Unit price, Allied's publicly traded unit price, and market capitalization rates. These market factors can have a significant impact on the Trust's net income.

Three Months

The Trust reported a net loss of \$53.4 million for the three months compared to net income of \$791.9 million for the prior year period. The decrease was primarily due to changes in certain non-cash adjustments to fair value including: a \$748.0 million unfavourable change in the adjustment to fair value of the Trust's Exchangeable Units due to the change in the Trust's unit price, a \$60.4 million decrease in income from equity accounted joint ventures resulting from an unfavourable change in the adjustment to fair value of related investment properties, and a \$50.8 million unfavourable change in the adjustment to fair value of the investment in real estate securities of Allied due to the change in Allied's unit price, partially offset by a \$18.3 million favourable change in the adjustment to fair value of investment properties.

Years Ended

The Trust reported a net loss of \$61.2 million for the year ended compared to net income of \$784.4 million for the prior year. The decrease was primarily due to changes in certain non-cash adjustments to fair value including: an \$815.3 million unfavourable change in the adjustment to fair value of the Trust's Exchangeable Units due to the change in the Trust's unit price and a \$48.7 million decrease in income from equity accounted joint ventures resulting from an unfavourable change in the adjustment to fair value of related investment properties, partially offset by a \$51.6 million favourable change in the adjustment to fair value of investment properties.

In addition to the fair value changes described above, the reversal of a \$38.6 million transaction related provision during the second quarter of 2024 further contributed to the decrease. The decrease was partially offset by higher net operating income of \$38.9 million.

Rental Revenue and Property Operating Costs

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

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

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Rental revenue	\$ 354,444	\$ 344,861	\$ 9,583	\$ 1,414,621	\$ 1,358,105	\$ 56,516
Property operating costs	(100,504)	(97,375)	(3,129)	(399,144)	(381,568)	(17,576)
Net Operating Income	\$ 253,940	\$ 247,486	\$ 6,454	\$ 1,015,477	\$ 976,537	\$ 38,940

Three Months and Years Ended

Net operating income increased for the three months and year ended compared to the prior year periods primarily due to increased rental revenue from higher rental rates on renewals, new leasing, and contractual rent steps mainly in the retail and industrial portfolios. Further contributing to the increase were contributions from net acquisitions and completed developments over the past twelve months, partially offset by lower lease surrender revenue.

Residential Inventory Income

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Gross sales	\$ —	\$ —	\$ —	\$ —	\$ 11,268	\$ (11,268)
Cost of sales	—	—	—	—	(9,234)	9,234
Residential Inventory Income	\$ —	\$ —	\$ —	\$ —	\$ 2,034	\$ (2,034)

Three Months and Years Ended

For the three months ended, there were no residential inventory sales in the current or prior year periods. Residential inventory income decreased for the year ended compared to the prior year as the Trust recognized gross sales and cost of sales related to the sale of its ownership interest of 36 condominium units of its Mount Pleasant Village residential project in Brampton, Ontario during the first quarter of the prior year.

Interest Income

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Interest income from mortgages and loans receivable	\$ 6,361	\$ 6,505	\$ (144)	\$ 24,284	\$ 24,031	\$ 253
Income earned from financial real estate assets	3,046	2,969	77	12,028	11,772	256
Income (loss) from financial real estate assets due to changes in value	81	(409)	490	2,553	3,206	(653)
Other interest income	341	1,182	(841)	3,027	13,584	(10,557)
Interest Income	\$ 9,829	\$ 10,247	\$ (418)	\$ 41,892	\$ 52,593	\$ (10,701)

Three Months

Interest income decreased for the three month period compared to the prior year period primarily due to a decrease in interest income earned on excess cash, partially offset by changes in fair value from financial real estate assets.

Years Ended

Interest income decreased for the year ended compared to the prior year primarily due to a decrease in interest income earned on excess cash.

A higher excess cash balance in the prior year resulted from the issuances of new senior unsecured debentures ahead of repayments of maturing senior unsecured debentures.

Fee Income

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

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Fees charged to related party	\$ 134	\$ 62	\$ 72	\$ 514	\$ 320	\$ 194
Fees charged to third parties	1,079	650	429	4,643	3,069	1,574
Fee Income	\$ 1,213	\$ 712	\$ 501	\$ 5,157	\$ 3,389	\$ 1,768

Three Months

Fee income increased for the three months compared to the prior year period primarily due to higher development management fees earned in the current year.

Years Ended

Fee income increased for the year ended compared to the prior year primarily due to a fee recognized in the first quarter of 2025 resulting from the termination of an agreement with a development partner.

Net Interest Expense and Other Financing Charges

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Interest on senior unsecured debentures	\$ 61,406	\$ 57,064	\$ 4,342	\$ 234,281	\$ 231,621	\$ 2,660
Interest on mortgages and construction loans	12,013	13,934	(1,921)	50,892	48,286	2,606
Interest on credit facility	937	958	(21)	7,424	4,105	3,319
Interest on right-of-use lease liabilities	9	10	(1)	38	45	(7)
Amortization of debt discounts and premiums	85	135	(50)	455	665	(210)
Amortization of debt placement costs	1,142	1,140	2	4,592	4,577	15
Capitalized interest ⁽ⁱ⁾	(1,011)	(950)	(61)	(4,146)	(3,048)	(1,098)
	74,581	72,291	2,290	293,536	286,251	7,285
Distributions on Exchangeable Units ⁽ⁱⁱ⁾	76,189	75,199	990	304,096	300,137	3,959
Net interest expense and other financing charges	\$ 150,770	\$ 147,490	\$ 3,280	\$ 597,632	\$ 586,388	\$ 11,244

(i) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.28% and 4.25% for the three months and year ended December 31, 2025, respectively (December 31, 2024 - 4.19% and 4.13%, respectively).

(ii) Represents interest on indebtedness due to GWL.

Three Months and Years Ended

Net interest expense and other financing charges increased for the three months and year ended compared to the prior year periods primarily due to new debt issuances over the past twelve months bearing interest at higher rates than maturing debt and a higher average debt balance.

General and Administrative Expenses

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Salaries, benefits and employee costs	\$ 17,368	\$ 18,054	\$ (686)	\$ 66,402	\$ 71,880	\$ (5,478)
Investor relations and other public entity costs	837	792	45	3,351	3,268	83
Professional fees	1,899	961	938	6,553	7,206	(653)
Information technology costs	3,237	2,823	414	10,976	9,368	1,608
Services Agreement expense charged by related party ⁽ⁱ⁾	1,247	1,247	—	4,988	4,988	—
Amortization of other assets	301	315	(14)	1,249	1,254	(5)
Office related costs	462	611	(149)	1,599	1,828	(229)
Other	1,537	1,092	445	4,450	3,389	1,061
	26,888	25,895	993	99,568	103,181	(3,613)
Less:						
Capitalized to properties under development	(3,066)	(3,428)	362	(12,782)	(13,159)	377
Allocated to recoverable operating expenses	(5,780)	(5,480)	(300)	(23,061)	(22,189)	(872)
General and administrative expenses	\$ 18,042	\$ 16,987	\$ 1,055	\$ 63,725	\$ 67,833	\$ (4,108)

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

Three Months

General and administrative expenses increased for the three months compared to the prior year period primarily due to higher professional fees, information technology and other costs. The increase is partially offset by restructuring costs related to the outsourcing of a portion of the Trust's operational accounting function incurred in the prior year.

Years Ended

General and administrative expenses decreased for the year ended compared to the prior year primarily due to restructuring costs related to the outsourcing of a portion of the Trust's operational accounting function and certain other one-time expenses incurred in the prior year. The decrease is partially offset by higher information technology and other costs.

6. LEASING ACTIVITY

Choice Properties' leasing activities are centred 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 December 31, 2025:

(in thousands of square feet except where otherwise indicated)	Retail ⁽ⁱ⁾				Industrial ⁽ⁱⁱ⁾				Mixed-Use & Residential ⁽ⁱⁱⁱ⁾			Total Portfolio			
	Leasable	Occupied	%	Rate ^(iv)	Leasable	Occupied	%	Rate ^(iv)	Leasable	Occupied	%	Leasable	Occupied	%	Rate ^(iv)
Sep. 30, 2025	44,505	43,543	97.8 %	\$ 17.42	21,774	21,412	98.3 %	\$ 10.22	1,156	1,104	95.5 %	67,435	66,059	98.0 %	\$15.21
New Leasing	—	89		\$ 27.59	—	138		\$ 12.49	—	6		—	233		\$ 18.08
Net Expiries ^(v)	—	(63)		\$ 24.16	—	(66)		\$ 9.70	—	(2)		—	(131)		\$ 16.56
Absorption	—	26			—	72			—	4		—	102		
Portfolio changes ^(vi)	(50)	(17)			431	459			(81)	(101)		300	341		
Dec. 31, 2025	44,455	43,552	98.0 %	\$ 17.51	22,205	21,943	98.8 %	\$ 10.40	1,075	1,007	93.7 %	67,735	66,502	98.2 %	\$15.31
Renewals		596		\$ 19.63		1,006		\$ 9.78					1,602		\$ 13.70
Long Term Renewal Spread ^(vii)			16.8 %				26.0 %								21.5 %
Retention Ratio			90.4 %				93.8 %								92.4 %

- (i) Includes 950,000 sq. ft. that represents the building area on properties where the Trust has leased the underlying sites to the tenants through ground leases (September 30, 2025 - 662,000 sq. ft.).
- (ii) Includes 2,405,000 sq. ft. that represents the building area on properties where the Trust has leased the underlying sites to the tenants through ground leases (September 30, 2025 - 2,405,000 sq. ft.).
- (iii) Occupancy represents retail and office portion of mixed-use properties; residential units are excluded.
- (iv) Weighted average rate per occupied square foot excludes ground leases. Total portfolio excludes Mixed-Use & Residential.
- (v) Net expiries reflects spaces that naturally expired and were not renewed, as well as early terminations.
- (vi) Portfolio changes represents changes in occupied square footage arising from acquisitions, dispositions, intensifications, expansions, and transfers from properties under development.
- (vii) Long term renewal spread is calculated as the difference between the average rental rate of the renewal term and the expiring rental rate. Comparing the rental rate during the first year of the renewal term versus the expiring rate, spread was 16.6% (Retail - 12.7%, Industrial - 20.3%). Total portfolio excludes Mixed-Use & Residential.

Three Months

Overall occupancy improved to 98.2% as at December 31, 2025, compared to 98.0% as at September 30, 2025.

Occupancy improved slightly in the retail segment primarily due to positive absorption of 26,000 square feet.

Occupancy improved in the industrial segment due to positive absorption of 72,000 square feet and the positive impact of portfolio changes, primarily resulting from the completion of a logistics facility at Choice Caledon Business Park during the period.

Occupancy decreased in the mixed-use and residential segment due to the impact of portfolio changes resulting from the transactions that occurred during the period.

The following table details the changes for in-place occupancy by segment for the year ended December 31, 2025:

(in thousands of square feet except where otherwise indicated)	Retail ⁽ⁱ⁾			Industrial ⁽ⁱⁱ⁾			Mixed-Use & Residential ⁽ⁱⁱⁱ⁾			Total Portfolio					
	Leasable	Occupied	Rate ^(iv)	Leasable	Occupied	Rate ^(iv)	Leasable	Occupied	Rate ^(iv)	Leasable	Occupied	Rate ^(iv)			
Dec. 31, 2024	44,479	43,404	97.6 %	\$ 17.13	20,925	20,486	97.9 %	\$ 9.76	1,158	1,090	94.1 %	66,562	64,980	97.6 %	\$ 14.92
New Leasing	—	480		\$ 23.14	—	595		\$ 11.45	—	23		—	1,098		\$ 16.21
Net Expiries ^(v)	—	(324)		\$ 22.61	—	(416)		\$ 8.49	—	(3)		—	(743)		\$ 15.01
Absorption	—	156			—	179			—	20		—	355		
Portfolio changes ^(vi)	(24)	(8)			1,280	1,278			(83)	(103)		1,173	1,167		
Dec. 31, 2025	44,455	43,552	98.0 %	\$ 17.51	22,205	21,943	98.8 %	\$ 10.40	1,075	1,007	93.7 %	67,735	66,502	98.2 %	\$ 15.31
Renewals		4,605		\$ 16.47		2,066		\$ 9.48		—			6,671		\$ 14.39
Long Term Renewal Spread ^(vii)				10.2 %				29.5 %							13.9 %
Retention Ratio				93.4 %				83.2 %							90.0 %

- (i) Includes 950,000 sq. ft. that represents the building area on properties where the Trust has leased the underlying sites to the tenants through ground leases (December 31, 2024 - 668,000 sq. ft.).
- (ii) Includes 2,405,000 sq. ft. that represents the building area on properties where the Trust has leased the underlying sites to the tenants through ground leases (December 31, 2024 - 2,112,000 sq. ft.).
- (iii) Occupancy represents retail and office portion of mixed-use properties; residential units are excluded.
- (iv) Weighted average rate per occupied square foot excludes ground leases. Total portfolio excludes Mixed-Use & Residential.
- (v) Net expiries reflects spaces that naturally expired and were not renewed, as well as early terminations.
- (vi) Portfolio changes represents changes in occupied square footage arising from acquisitions, dispositions, intensifications, expansions, and transfers from properties under development.
- (vii) Long term renewal spread is calculated as the difference between the average rental rate of the renewal term and the expiring rental rate. Comparing the rental rate during the first year of the renewal term versus the expiring rate, spread was 12.0% (Retail - 9.2%, Industrial - 23.6%). Total portfolio excludes Mixed-Use & Residential.

Year Ended

Overall occupancy improved to 98.2% as at December 31, 2025 from 97.6% as at December 31, 2024.

Occupancy improved in the retail segment due to positive absorption of 156,000 square feet, primarily in the Alberta and Quebec portfolios.

Occupancy improved in the industrial segment due to positive absorption of 179,000 square feet, primarily in the Ontario and Alberta portfolios. Retention of 83.2% was lower than normal due to the expiry of a 124,000 square foot unit, which was re-leased within the year.

Occupancy decreased in the mixed-use and residential segment due to the impact of portfolio changes resulting from the transactions that occurred during the fourth quarter of 2025.

Choice Properties' principal tenant, Loblaw, represents 59.4% of its total GLA (December 31, 2024 - 58.9%). During the current year, the Trust and Loblaw renewed 39 of a tranche of 41 leases expiring in 2026, comprising 2.52 million of 2.62 million square feet, at a weighted average spread of 8.6% and a weighted average extension term of 5.0 years.

(in millions of square feet except where otherwise indicated)	As at December 31, 2025				As at December 31, 2024			
	Portfolio GLA	Occupied GLA	Occupancy (%)	WALT ⁽ⁱ⁾ (years)	Portfolio GLA	Occupied GLA	Occupancy (%)	WALT ⁽ⁱ⁾ (years)
Loblaw banners ⁽ⁱⁱ⁾	40.2	40.2	100.0%	6.1	39.2	39.2	100.0%	6.6
Third-party tenants ⁽ⁱⁱⁱ⁾	27.5	26.3	95.6%	6.0	27.4	25.8	94.2%	5.3
Total commercial GLA	67.7	66.5	98.2%	6.0	66.6	65.0	97.6%	6.1

- (i) Weighted average lease term.
- (ii) Included in Loblaw banners GLA is 1.9 million sq. ft. related to ground leases (December 31, 2024 - 1.9 million sq. ft.).
- (iii) Included in third-party tenants GLA is 1.5 million sq. ft. related to ground leases (December 31, 2024 - 0.9 million sq. ft.).

The lease maturity profile for Choice Properties' portfolio as at December 31, 2025 was as follows:

(in thousands of square feet except where otherwise indicated)	Third-party GLA	Loblaws GLA	Total GLA	Expiring GLA as a % of total GLA	Expiring annualized base rent (\$ 000s)	Average expiring base rent (per square foot)
Month-to-month	220	—	220	0.3 %	\$ 3,320	\$ 15.09
2026	2,021	111	2,132	3.1 %	32,641	15.31
2027	3,189	3,896	7,085	10.5 %	112,014	15.81
2028	3,380	4,845	8,225	12.1 %	131,353	15.97
2029	2,737	6,989	9,726	14.4 %	151,628	15.59
2030	3,810	6,996	10,806	16.0 %	169,762	15.71
2031	1,460	6,865	8,325	12.3 %	140,027	16.82
2032 & Thereafter	7,974	8,654	16,628	24.5 %	294,149	17.69
Occupied GLA	24,791	38,356	63,147	93.2 %	1,034,894	16.39
Ground lease GLA ⁽ⁱ⁾	1,503	1,852	3,355	5.0 %	51,453	15.34
Vacant GLA	1,233	—	1,233	1.8 %	—	—
Total	27,527	40,208	67,735	100.0 %	\$ 1,086,347	\$ 16.34

(i) Represents the building area on properties where the Trust has leased the underlying sites to tenants through ground leases

Retail Tenant Profile

Choice Properties' retail portfolio is the foundation for maintaining stable and growing cash flows. It is primarily leased to grocery stores, pharmacies, and other necessity-based tenants. In addition, the Trust has 175 gas bars in its retail segment (December 31, 2024 - 177), which are excluded from reported occupancy. Stability is attained through a strategic relationship and long-term leases with Loblaws.

The Trust's 15 largest retail tenants as at December 31, 2025 represented approximately 57.0% of total annualized gross rental revenue and 76.1% of retail annualized 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 Annualized Gross Rental Revenue	GLA (000s square feet)
1. Loblaws	64.7 %	30,824
2. Canadian Tire	1.7 %	833
3. Dollarama	1.6 %	596
4. TJX Companies	1.6 %	687
5. Goodlife	1.2 %	496
6. Liquor Control Board of Ontario (LCBO)	0.7 %	185
7. TD Canada Trust	0.7 %	125
8. Walmart	0.6 %	544
9. Sobeys	0.6 %	245
10. Staples	0.6 %	270
11. Leon's Furniture	0.5 %	202
12. Restaurant Brands International	0.4 %	95
13. Recipe Unlimited Corporation	0.4 %	104
14. Pet Valu	0.4 %	114
15. LA Fitness	0.4 %	115
Total	76.1 %	35,435

The following table outlines further details of the Trust's retail tenant composition as at December 31, 2025:

Retail Category⁽ⁱ⁾	% of Retail Annualized Gross Rental Revenue	GLA (000s square feet)
Grocery & Pharmacy	68.1 %	32,579
Essential Services	15.3 %	4,565
Specialty & Value	5.6 %	2,497
Fitness & Other Personal Services	3.5 %	1,198
Furniture & Home	2.7 %	1,183
Full-Service Restaurants	2.5 %	632
Other	2.3 %	898
Total	100.0 %	43,552

(i) During the fourth quarter of 2025, the Trust reclassified certain tenants within the Fitness & Other Personal Services to the Essential Services, Specialty & Value and Other categories.

The lease maturity profile for Choice Properties' retail portfolio as at December 31, 2025 was as follows:

(in thousands of square feet except where otherwise indicated)	Third-party GLA	Loblaws GLA	Total GLA	Expiring GLA as a % of total GLA	Expiring annualized base rent (\$ 000s)	Average expiring base rent (per square foot)
Month-to-month	220	—	220	0.5 %	\$ 3,320	\$ 15.09
2026 ⁽ⁱ⁾	1,096	111	1,207	2.7 %	22,740	18.84
2027	1,825	3,896	5,721	12.9 %	98,458	17.21
2028	1,618	4,059	5,677	12.8 %	102,186	18.00
2029	1,428	6,319	7,747	17.4 %	127,593	16.47
2030	1,374	6,393	7,767	17.5 %	133,282	17.16
2031	1,310	5,114	6,424	14.5 %	120,578	18.77
2032 & Thereafter	2,907	4,932	7,839	17.6 %	168,617	21.51
Occupied GLA	11,778	30,824	42,602	95.9 %	776,774	18.23
Ground lease GLA ⁽ⁱⁱ⁾	950	—	950	2.1 %	12,382	13.03
Vacant GLA	903	—	903	2.0 %	—	—
Total	13,631	30,824	44,455	100.0 %	\$ 789,156	\$ 18.12

(i) The 1,207,000 sq. ft. of GLA maturing in 2026 is located in the following markets: 32.4% Greater Toronto Area, 6.9% Calgary, 4.1% Edmonton, 4.1% Ottawa, 3.6% Vancouver, 3.5% Greater Montreal Area, and 45.4% other markets.

(ii) Represents the building area on properties where the Trust has leased the underlying sites to tenants through ground leases.

Industrial Tenant Profile

Choice Properties' industrial portfolio is centred on 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, such that the leasing or re-leasing timeframe is reduced.

The Trust's 15 largest industrial tenants as at December 31, 2025 represented approximately 15.2% of total annualized gross rental revenue and 68.3% of industrial annualized 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 Annualized Gross Rental Revenue	GLA (000s square feet)
1. Loblaw	34.8 %	8,541
2. Amazon	4.5 %	1,020
3. Canada Cartage	4.2 %	741
4. TEN Canada Ltd.	3.9 %	293
5. Wonderbrands Inc.	3.4 %	1,050
6. Pet Valu	3.1 %	353
7. NFI IPD	2.4 %	354
8. Uline Canada Corporation	2.0 %	635
9. Kimberly-Clark	1.8 %	514
10. Alberta Gaming, Liquor and Cannabis	1.8 %	424
11. Canadian Tire	1.6 %	486
12. Ecco Heating Products	1.4 %	374
13. Chep Canada Corporation	1.4 %	198
14. Kuehne + Nagel Ltd.	1.3 %	297
15. Stephenson's Rental Services	0.7 %	86
Total	68.3 %	15,366

The following table outlines further details of the Trust's industrial tenant composition as at December 31, 2025:

Building Type / Tenant Use	% of Industrial Annualized Gross Rental Revenue	GLA (000s square feet) ⁽ⁱ⁾	Occupied GLA (000s square feet)	Occupancy
Distribution	53.4 %	11,594	11,359	98.0 %
Large Bay-Loblaw Distribution	34.8 %	8,541	8,541	100.0 %
Warehouse ⁽ⁱⁱ⁾	11.8 %	2,070	2,043	98.7 %
Total	100.0 %	22,205	21,943	98.8 %

(i) Includes 1,852,000 sq. ft. in Large Bay-Loblaw Distribution and 553,000 sq. ft. in Distribution that represent the building area on properties where the Trust has leased the underlying sites to the tenants through ground leases.

(ii) Warehouse includes certain Small Bay assets.

The lease maturity profile for Choice Properties' industrial portfolio as at December 31, 2025 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 (\$ 000s)	Average expiring base rent (per square foot)
2026 ⁽ⁱ⁾	882	—	882	4.0 %	8,926 \$	10.12
2027	1,319	—	1,319	5.9 %	12,214	9.26
2028	1,746	772	2,518	11.3 %	28,277	11.23
2029	1,273	670	1,943	8.8 %	22,966	11.82
2030	2,423	596	3,019	13.6 %	35,836	11.87
2031	111	1,267	1,378	6.2 %	11,548	8.38
2032 & Thereafter	5,095	3,384	8,479	38.2 %	115,145	13.58
Occupied GLA ⁽ⁱⁱ⁾	12,849	6,689	19,538	88.0 %	234,912	12.02
Ground lease GLA ⁽ⁱⁱⁱ⁾	553	1,852	2,405	10.8 %	39,070	16.25
Vacant GLA	262	—	262	1.2 %	—	—
Total	13,664	8,541	22,205	100.0 %	\$ 273,982	\$ 12.49

- (i) The 882,000 sq. ft. of GLA maturing in 2026 is located in the following markets: 45.0% Edmonton, 30.2% Calgary, 15.7% Greater Toronto Area, and 9.1% other markets.
- (ii) Average in-place base rent per square foot for the major markets (excluding ground leases): \$14.56 Vancouver, \$9.61 Edmonton, \$8.68 Calgary, \$11.16 Greater Toronto Area, \$10.40 Greater Montreal Area, and \$8.74 other markets.
- (iii) Represents the building area on properties where the Trust has leased the underlying sites to tenants through ground leases.

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⁽¹⁾ 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 loss on a proportionate share basis⁽¹⁾ to net loss as determined in accordance with GAAP for the three months ended December 31, 2025:

(\$ thousands)	Retail	Industrial	Mixed-Use & Residential	Proportionate Share Basis ⁽¹⁾	Adjustment to GAAP ⁽²⁾	GAAP Basis
Rental revenue, excluding straight-line rental revenue	\$ 281,787	\$ 80,473	\$ 18,011	\$ 380,271	\$ (24,692)	\$ 355,579
Property operating costs	(81,437)	(20,428)	(6,962)	(108,827)	8,323	(100,504)
Net Operating Income, Cash Basis⁽¹⁾	200,350	60,045	11,049	271,444	(16,369)	255,075
Straight-line rental revenue	(2,161)	3,926	121	1,886	(3,021)	(1,135)
Net Operating Income, Accounting Basis⁽¹⁾	198,189	63,971	11,170	273,330	(19,390)	253,940
Other Income and Expenses						
Interest income				6,443	3,386	9,829
Investment income				4,249	—	4,249
Fee income				1,213	—	1,213
Net interest expense and other financing charges				(158,340)	7,570	(150,770)
General and administrative expenses				(18,042)	—	(18,042)
Share of income from equity accounted joint ventures				—	(22,619)	(22,619)
Amortization of intangible assets				(250)	—	(250)
Adjustment to fair value of unit-based compensation				(610)	—	(610)
Adjustment to fair value of Exchangeable Units				(43,536)	—	(43,536)
Adjustment to fair value of investment properties				(28,841)	31,053	2,212
Adjustment to fair value of investment in real estate securities				(87,034)	—	(87,034)
Loss before Income Taxes				(51,418)	—	(51,418)
Income tax expense				(1,939)	—	(1,939)
Net Loss				\$ (53,357)	\$ —	\$ (53,357)

(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, respectively, under GAAP.

The following table reconciles net loss on a proportionate share basis⁽¹⁾ to net loss as determined in accordance with GAAP for the year ended December 31, 2025:

(\$ thousands)	Retail	Industrial	Mixed-Use & Residential	Proportionate Share Basis ⁽¹⁾	Adjustment to GAAP ⁽ⁱ⁾	GAAP Basis
Rental revenue, excluding straight-line rental revenue and lease surrender revenue	\$ 1,121,050	\$ 307,378	\$ 75,024	\$ 1,503,452	\$ (96,398)	\$ 1,407,054
Property operating costs	(325,190)	(76,957)	(28,658)	(430,805)	31,661	(399,144)
Net Operating Income, Cash Basis⁽¹⁾	795,860	230,421	46,366	1,072,647	(64,737)	1,007,910
Straight-line rental revenue	(7,852)	11,689	945	4,782	(7,265)	(2,483)
Lease surrender revenue	10,050	—	—	10,050	—	10,050
Net Operating Income, Accounting Basis⁽¹⁾	798,058	242,110	47,311	1,087,479	(72,002)	1,015,477
Other Income and Expenses						
Interest income				27,334	14,558	41,892
Investment income				20,194	—	20,194
Fee income				5,157	—	5,157
Net interest expense and other financing charges				(625,733)	28,101	(597,632)
General and administrative expenses				(63,725)	—	(63,725)
Share of income from equity accounted joint ventures				—	488	488
Amortization of intangible assets				(1,000)	—	(1,000)
Adjustment to fair value of unit-based compensation				(1,941)	—	(1,941)
Adjustment to fair value of Exchangeable Units				(577,848)	—	(577,848)
Adjustment to fair value of investment properties				115,477	28,855	144,332
Adjustment to fair value of investment in real estate securities				(44,638)	—	(44,638)
Loss before Income Taxes				(59,244)	—	(59,244)
Income tax expense				(1,944)	—	(1,944)
Net Loss				\$ (61,188)	\$ —	\$ (61,188)

(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, respectively, under GAAP.

7.2 Net Operating Income⁽¹⁾ Summary

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 15.1, “Net Operating Income”, of this MD&A for a definition of NOI⁽¹⁾ and a reconciliation to net (loss) 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 24 months ended December 31, 2025, 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 is presented separately from the Same-Asset financial results.

Choice Properties’ NOI⁽¹⁾, calculated on a proportionate share basis⁽¹⁾ to incorporate the Trust’s investment in equity accounted joint ventures and financial real estate assets as if they were owned directly, for the three months and years ended December 31, 2025 and 2024 is summarized below.

Summary - Accounting Basis

For the periods ended December 31 (\$ thousands)	Three Months				Years Ended			
	2025	2024	Change \$	% Change	2025	2024	Change \$	% Change
Rental revenue	\$ 350,145	\$ 340,358	\$ 9,787	2.9 %	\$1,381,610	\$1,343,097	\$ 38,513	2.9 %
Straight-line rental revenue	(2,538)	(951)	(1,587)	n/a	(6,991)	(2,752)	(4,239)	n/a
Property operating costs excluding bad debt expense	(100,100)	(96,981)	(3,119)	3.2 %	(398,178)	(383,869)	(14,309)	3.7 %
Same-Asset NOI, Accounting Basis excluding bad debt expense	247,507	242,426	5,081	2.1 %	976,441	956,476	19,965	2.1 %
Bad debt (expense) recovery	(466)	307	(773)	n/a	(675)	2,378	(3,053)	n/a
Same-Asset NOI, Accounting Basis	247,041	242,733	4,308	1.8 %	975,766	958,854	16,912	1.8 %
Transactions NOI including straight-line rental revenue, excluding bad debt expense	26,529	18,420	8,109		101,819	67,568	34,251	
Bad debt expense	(240)	(126)	(114)		(156)	(869)	713	
Transactions NOI, Accounting Basis	26,289	18,294	7,995		101,663	66,699	34,964	
Lease surrender revenue	—	2,558	(2,558)		10,050	11,204	(1,154)	
Total NOI, Accounting Basis	\$ 273,330	\$ 263,585	\$ 9,745		\$1,087,479	\$1,036,757	\$ 50,722	

Summary - Cash Basis

For the periods ended December 31 (\$ thousands)	Three Months				Years Ended			
	2025	2024	Change \$	% Change	2025	2024	Change \$	% Change
Rental revenue	\$ 350,145	\$ 340,358	\$ 9,787	2.9 %	\$1,381,610	\$1,343,097	\$ 38,513	2.9 %
Property operating costs excluding bad debt expense	(100,100)	(96,981)	(3,119)	3.2 %	(398,178)	(383,869)	(14,309)	3.7 %
Same-Asset NOI, Cash Basis excluding bad debt expense	250,045	243,377	6,668	2.7 %	983,432	959,228	24,204	2.5 %
Bad debt (expense) recovery	(466)	307	(773)	n/a	(675)	2,378	(3,053)	n/a
Same-Asset NOI, Cash Basis	249,579	243,684	5,895	2.4 %	982,757	961,606	21,151	2.2 %
Transactions NOI excluding bad debt expense	22,105	16,408	5,697		90,046	63,382	26,664	
Bad debt expense	(240)	(126)	(114)		(156)	(869)	713	
Transactions NOI, Cash Basis	21,865	16,282	5,583		89,890	62,513	27,377	
Total NOI, Cash Basis	\$ 271,444	\$ 259,966	\$ 11,478		\$1,072,647	\$1,024,119	\$ 48,528	

Three Months and Years Ended

Same-Asset NOI, Cash Basis increased by 2.4% and 2.2% for the three months and year ended, respectively, primarily due to increased revenue from higher rental rates on renewals, new leasing, and contractual rent steps mainly in the retail and industrial portfolios.

Growth in Same-Asset NOI, Cash Basis for the three months and year ended was impacted by the reversal of bad debt provisions in the prior year in the retail and industrial portfolios. Excluding bad debt expense, Same-Asset NOI, Cash Basis increased by 2.7% and 2.5% for the three months and year ended, respectively.

Transactions NOI increased for the three months and year ended primarily due to the contribution from acquisitions and development transfers, partially offset by the foregone income from dispositions.

Retail Segment

For the periods ended December 31 (\$ thousands)	Three Months				Years Ended			
	2025	2024	Change \$	% Change	2025	2024	Change \$	% Change
Rental revenue	\$ 270,116	\$ 264,097	\$ 6,019	2.3 %	\$1,069,472	\$1,042,853	\$ 26,619	2.6 %
Property operating costs excluding bad debt expense	(77,634)	(75,596)	(2,038)	2.7 %	(311,860)	(299,909)	(11,951)	4.0 %
Same-Asset NOI, Cash Basis excluding bad debt expense	192,482	188,501	3,981	2.1 %	757,612	742,944	14,668	2.0 %
Bad debt (expense) recovery	(517)	386	(903)	n/a	(214)	456	(670)	n/a
Same-Asset NOI, Cash Basis	191,965	188,887	3,078	1.6 %	757,398	743,400	13,998	1.9 %
Transactions NOI excluding bad debt expense	8,385	10,245	(1,860)		38,018	41,088	(3,070)	
Bad debt recovery	—	25	(25)		444	260	184	
Transactions NOI, Cash Basis	8,385	10,270	(1,885)		38,462	41,348	(2,886)	
Total NOI, Cash Basis	\$ 200,350	\$ 199,157	\$ 1,193		\$ 795,860	\$ 784,748	\$ 11,112	

Three Months and Years Ended

Same-Asset NOI, Cash Basis for the retail segment increased by 1.6% and 1.9% for the three months and year ended, respectively, primarily due to increased revenue from higher rental rates on renewals, new leasing, and contractual rent steps.

Growth in Same-Asset NOI, Cash Basis for the three months and year ended was impacted by the reversal of a bad debt provision in the fourth quarter of the prior year. Excluding bad debt expense, Same-Asset NOI, Cash Basis for the retail segment increased by 2.1% and 2.0% for the three months and year ended, respectively.

Transactions NOI for the retail segment decreased for the three months and year ended primarily due to the foregone income from dispositions, partially offset by the contribution from acquisitions and development transfers.

Industrial Segment

For the periods ended December 31 (\$ thousands)	Three Months				Years Ended			
	2025	2024	Change \$	% Change	2025	2024	Change \$	% Change
Rental revenue	\$ 68,444	\$ 64,304	\$ 4,140	6.4 %	\$ 264,955	\$ 253,378	\$ 11,577	4.6 %
Property operating costs excluding bad debt expense	(18,184)	(16,798)	(1,386)	8.3 %	(69,423)	(66,147)	(3,276)	5.0 %
Same-Asset NOI, Cash Basis excluding bad debt expense	50,260	47,506	2,754	5.8 %	195,532	187,231	8,301	4.4 %
Bad debt recovery (expense)	155	(39)	194	n/a	(203)	1,521	(1,724)	n/a
Same-Asset NOI, Cash Basis	50,415	47,467	2,948	6.2 %	195,329	188,752	6,577	3.5 %
Transactions NOI excluding bad debt expense	9,745	2,084	7,661		35,266	7,098	28,168	
Bad debt (expense) recovery	(115)	230	(345)		(174)	7	(181)	
Transactions NOI, Cash Basis	9,630	2,314	7,316		35,092	7,105	27,987	
Total NOI, Cash Basis	\$ 60,045	\$ 49,781	\$ 10,264		\$ 230,421	\$ 195,857	\$ 34,564	

Three Months and Years Ended

Same-Asset NOI, Cash Basis for the industrial segment increased by 6.2% and 3.5% for the three months and year ended, respectively, primarily due to increased revenue from higher rental rates on renewals, new leasing, and contractual rent steps.

The increase for the year ended was impacted by a bad debt provision reversal in the prior year following the resolution of a tenant dispute. Excluding bad debt expense, Same-Asset NOI, Cash Basis increased by 4.4% for the year ended.

Transactions NOI for the industrial segment increased for the three months and year ended primarily due to the contribution from acquisitions and development transfers, partially offset by the foregone income from dispositions.

Mixed-Use & Residential Segment

For the periods ended December 31 (\$ thousands)	Three Months				Years Ended			
	2025	2024	Change \$	% Change	2025	2024	Change \$	% Change
Rental revenue	\$ 11,585	\$ 11,957	\$ (372)	(3.1)%	\$ 47,183	\$ 46,866	\$ 317	0.7 %
Property operating costs excluding bad debt expense	(4,282)	(4,587)	305	(6.6)%	(16,895)	(17,813)	918	(5.2)%
Same-Asset NOI, Cash Basis excluding bad debt expense	7,303	7,370	(67)	(0.9)%	30,288	29,053	1,235	4.3 %
Bad debt (expense) recovery	(104)	(40)	(64)	n/a	(258)	401	(659)	n/a
Same-Asset NOI, Cash Basis	7,199	7,330	(131)	(1.8)%	30,030	29,454	576	2.0 %
Transactions NOI excluding bad debt expense	3,975	4,079	(104)		16,762	15,196	1,566	
Bad debt expense	(125)	(381)	256		(426)	(1,136)	710	
Transactions NOI, Cash Basis	3,850	3,698	152		16,336	14,060	2,276	
Total NOI, Cash Basis	\$ 11,049	\$ 11,028	\$ 21		\$ 46,366	\$ 43,514	\$ 2,852	

Three Months and Years Ended

Same-Asset NOI, Cash Basis for the mixed-use & residential segment decreased by 1.8% for the three months compared to the prior year period primarily due to lower revenues at certain residential properties.

Same-Asset NOI, Cash Basis for the mixed-use & residential segment increased by 2.0% for the year ended, primarily due to higher revenues in the mixed-use assets and a property tax incentive recognized in the first quarter of 2025, partially offset by higher bad debt expense in the current year.

Transactions NOI for the mixed-use & residential segment increased for the year ended primarily due to contributions from recently completed residential development projects.

7.3 Other Key Performance Indicators

FFO⁽¹⁾ and AFFO⁽¹⁾ are included in the Trust's summary of key performance indicators. See Section 15, "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⁾ are summarized below for the periods ended as indicated:

For the periods ended December 31 (\$ thousands except where otherwise indicated)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Funds from Operations ⁽¹⁾	\$ 189,922	\$ 188,220	\$ 1,702	\$ 773,844	\$ 746,770	\$ 27,074
FFO ⁽¹⁾ per unit basic	\$ 0.262	\$ 0.260	\$ 0.002	\$ 1.069	\$ 1.032	\$ 0.037
FFO ⁽¹⁾ per unit diluted	\$ 0.262	\$ 0.260	\$ 0.002	\$ 1.069	\$ 1.032	\$ 0.037
FFO ⁽¹⁾ payout ratio - diluted	73.4 %	73.1 %	0.3 %	71.9 %	73.5 %	(1.6)%
Adjusted Funds from Operations ⁽¹⁾	\$ 145,471	\$ 109,326	\$ 36,145	\$ 631,735	\$ 624,948	\$ 6,787
AFFO ⁽¹⁾ per unit basic	\$ 0.201	\$ 0.151	\$ 0.050	\$ 0.873	\$ 0.864	\$ 0.009
AFFO ⁽¹⁾ per unit diluted	\$ 0.201	\$ 0.151	\$ 0.050	\$ 0.873	\$ 0.864	\$ 0.009
AFFO ⁽¹⁾ payout ratio - diluted	95.8 %	125.8 %	(30.0)%	88.0 %	87.8 %	0.2 %
Distribution declared per unit	\$ 0.193	\$ 0.190	\$ 0.003	\$ 0.768	\$ 0.758	\$ 0.010
Weighted average number of units outstanding - basic ⁽ⁱ⁾	723,810,797	723,710,497	100,300	723,800,904	723,667,543	133,361
Weighted average number of units outstanding - diluted ⁽ⁱ⁾	723,810,797	723,726,328	84,469	723,800,904	723,680,890	120,014
Number of units outstanding, end of period ⁽ⁱ⁾	723,810,797	723,710,497	100,300	723,810,797	723,710,497	100,300

(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 of FFO⁽¹⁾ and accordingly the impact of these items are excluded from the calculation for management's review purposes. Refer to Section 15.2, "Funds from Operations" for a reconciliation of FFO⁽¹⁾ to net (loss) income determined in accordance with GAAP.

Three Months

FFO⁽¹⁾ per unit diluted increased by 0.8% for the three month period. The increase was primarily due to an increase in net operating income, partially offset by higher interest expense, lower lease surrender revenue, lower interest income, and lower investment income as a result of the reduction in Allied's distribution.

Years Ended

FFO⁽¹⁾ per unit diluted increased by 3.6% for the year ended primarily due to an increase in net operating income and lower general and administrative expenses, partially offset by higher interest expense and lower interest income.

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

AFFO⁽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 of AFFO⁽¹⁾ and accordingly the impact of these items are excluded from the calculation for management's review purposes. AFFO⁽¹⁾ is impacted by the seasonality inherent in the timing of executing capital projects. Refer to Section 15.3, "Adjusted Funds from Operations" for a reconciliation of AFFO⁽¹⁾ to net income determined in accordance with GAAP.

Three Months and Years Ended

AFFO⁽¹⁾ increased for the three months due to the impact of maintenance projects commencing earlier in the current year.

AFFO⁽¹⁾ increased for the year ended primarily due to the increase in FFO⁽¹⁾ as noted above, partially offset by higher tenant improvement spend.

Capital Expenditures

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Property capital	\$ 27,061	\$ 62,377	\$ (35,316)	\$ 83,316	\$ 81,363	\$ 1,953
Direct leasing costs	2,476	2,209	267	9,478	9,246	232
Tenant improvements	10,412	10,552	(140)	34,886	19,863	15,023
Total operating capital expenditures, proportionate share basis⁽¹⁾	\$ 39,949	\$ 75,138	\$ (35,189)	\$ 127,680	\$ 110,472	\$ 17,208
Building Improvements	6,883	47	6,836	9,776	17,399	(7,623)
Development capital and capitalized interest	39,648	55,517	(15,869)	236,512	170,532	65,980
Total capital expenditures, proportionate share basis⁽¹⁾	\$ 86,480	\$ 130,702	\$ (44,222)	\$ 373,968	\$ 298,403	\$ 75,565

Operating Capital

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 and year ended December 31, 2025, Choice Properties incurred \$27,061 and \$83,316, respectively, of property capital expenditures, which may be recoverable from tenants under the terms of their leases over the useful life of the improvements (December 31, 2024 - \$62,377 and \$81,363, respectively). The decrease in property capital expenditures for the three months was due to the earlier commencement of capital projects in the current year, primarily during the third quarter. Recoverable capital improvements may include items such as parking lot resurfacing and roof replacements. These items are recorded as part of investment properties and the recoveries from tenants are recorded as revenue.

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

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

Building Improvements and Development Capital

Building improvements expenditures, which are considered revenue enhancing in nature, are incurred for the expansion and/or improvement of existing income producing properties to increase their revenue generating ability.

Development capital expenditures are incurred primarily for properties classified as under development. Costs capitalized in development capital include: permit and other municipal fees, architectural fees, hard construction costs, payments to tenants under lease obligations for construction allowances that revert to the Trust upon vacancy, site intensification payments, project and development management fees, directly attributable costs of internal team members, professional fees, and property taxes.

Directly attributable borrowing costs associated with acquiring or constructing a qualifying development property are also capitalized. Capitalization of borrowing costs commences when the activities necessary to prepare an asset for development or redevelopment begin, and ceases once the asset is substantially complete.

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)	Fourth Quarter 2025	Third Quarter 2025	Second Quarter 2025	First Quarter 2025	Fourth Quarter 2024	Third Quarter 2024	Second Quarter 2024	First Quarter 2024
Number of income producing properties	699	702	703	704	705	705	702	705
Gross leasable area (in millions of square feet) ⁽ⁱ⁾	68.5	68.1	68.1	67.2	67.2	66.2	65.9	66.1
Occupancy	98.2 %	98.0 %	97.8 %	97.7 %	97.6 %	97.7 %	98.0 %	97.9 %
Rental revenue (GAAP)	\$ 354,444	\$ 362,486	\$ 350,779	\$ 346,912	\$ 344,861	\$ 339,898	\$ 335,388	\$ 337,958
Net (loss) income	\$ (53,357)	\$ 242,649	\$ (154,247)	\$ (96,233)	\$ 791,916	\$ (662,989)	\$ 513,231	\$ 142,279
Net (loss) income per unit	\$ (0.074)	\$ 0.335	\$ (0.213)	\$ (0.133)	\$ 1.094	\$ (0.916)	\$ 0.709	\$ 0.197
Net (loss) income per unit - diluted	\$ (0.074)	\$ 0.335	\$ (0.213)	\$ (0.133)	\$ 1.094	\$ (0.916)	\$ 0.709	\$ 0.197
Net operating income, cash basis ⁽¹⁾	\$ 271,444	\$ 270,734	\$ 268,399	\$ 262,070	\$ 259,966	\$ 255,952	\$ 256,568	\$ 251,633
FFO ⁽¹⁾	\$ 189,922	\$ 201,416	\$ 191,567	\$ 190,939	\$ 188,220	\$ 186,647	\$ 184,714	\$ 187,189
FFO ⁽¹⁾ per unit - diluted	\$ 0.262	\$ 0.278	\$ 0.265	\$ 0.264	\$ 0.260	\$ 0.258	\$ 0.255	\$ 0.259
AFFO ⁽¹⁾	\$ 145,471	\$ 139,054	\$ 166,945	\$ 180,265	\$ 109,326	\$ 165,876	\$ 176,600	\$ 173,146
AFFO ⁽¹⁾ per unit - diluted	\$ 0.201	\$ 0.192	\$ 0.231	\$ 0.249	\$ 0.151	\$ 0.229	\$ 0.244	\$ 0.239
Distribution declared per unit	\$ 0.193	\$ 0.193	\$ 0.193	\$ 0.191	\$ 0.190	\$ 0.190	\$ 0.190	\$ 0.188
NAV ⁽¹⁾ per unit	\$ 14.43	\$ 14.53	\$ 14.38	\$ 14.17	\$ 14.07	\$ 14.04	\$ 13.79	\$ 13.69
Market price per unit - closing	\$ 14.91	\$ 14.70	\$ 14.87	\$ 13.95	\$ 13.35	\$ 15.13	\$ 12.84	\$ 13.78
Number of units outstanding, period end	723,810,797	723,810,797	723,810,797	723,810,797	723,710,497	723,710,497	723,646,497	723,646,497
Adjusted debt to total assets ⁽¹⁾⁽ⁱⁱ⁾	40.5 %	40.6 %	40.8 %	40.6 %	40.0 %	40.0 %	42.2 %	40.3 %
Debt service coverage ⁽¹⁾⁽ⁱⁱ⁾	2.9x	3.0x	3.0x	3.0x	3.0x	2.9x	3.0x	3.1x

- (i) Includes GLA that represents the building area on properties where the Trust has leased the underlying sites to the tenants through ground leases and GLA associated with Choice Properties' residential units.
- (ii) 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 are impacted by acquisition and disposition activity and the development of additional GLA. In addition, net (loss) income is impacted by fluctuations in adjustments to fair value of Exchangeable Units, investment properties, investment in real estate securities, and unit-based compensation, and therefore are often not comparable from quarter to quarter.

9. RELATED PARTY TRANSACTIONS

Choice Properties' controlling unitholder is GWL, which, as at December 31, 2025, held either directly or indirectly, a 61.7% effective interest in the Trust through ownership of 50,661,415 Units and all the Exchangeable Units, which are economically equivalent to and exchangeable to Units. Choice Properties' ultimate parent is Wittington, the controlling shareholder of GWL. Wittington directly owns 10,910,000 of the Trust's Units. Galen G. Weston beneficially owns or controls, directly and indirectly, including through Wittington, approximately 59.5% of GWL's outstanding common shares. Galen G. Weston also beneficially owns 1,569,007 of the Trust's Units.

GWL is also the controlling shareholder of Loblaw, with ownership of 52.6% of outstanding common shares as at December 31, 2025 (December 31, 2024 - 52.6%). Therefore, Choice Properties is a related party of Loblaw by virtue of common control.

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' rental revenue on a proportionate share basis⁽¹⁾ and 59.4% of its commercial GLA as at December 31, 2025 (December 31, 2024 - 57.4% and 58.9%, respectively).

Leases

During the year ended December 31, 2025, Choice Properties and Loblaw renewed 39 of a tranche of 41 leases expiring in 2026, comprising 2.52 million of 2.62 million square feet, at a weighted average spread of 8.6% and a weighted average extension term of 5.0 years (December 31, 2024 - 46 of 48 leases expiring in 2025, comprising 3.08 million of 3.20 million square feet, at a weighted average extension term of 5.0 years and an average spread of 8.4%).

Acquisitions

During the year ended December 31, 2025, Choice Properties acquired from Loblaw a retail property in Brampton, Ontario for a purchase price of \$33,200 and an industrial distribution centre in Ajax, Ontario for a purchase price of \$182,290. In each case the purchase price excludes transaction costs. Concurrent with the transactions, the properties were leased back to Loblaw.

During the year ended December 31, 2024, Choice Properties completed five acquisitions from Loblaw, for an aggregate purchase price of \$178,902. The acquisitions included: a retail property in Toronto, Ontario for \$38,300, a 50% interest in a retail property in Winnipeg, Manitoba for \$15,596, a 50% interest in an industrial property in Mississauga, Ontario for \$89,601, a 50% interest in a retail property in Toronto, Ontario that was acquired through an equity accounted joint venture for \$21,267, and a 50% interest in an industrial property in Lakeside, Nova Scotia for \$14,138. In each case the purchase price excludes transaction costs. Concurrent with the transactions, the properties were leased back to Loblaw.

Joint Ventures

During the year ended December 31, 2025, Choice Properties and Wittington formed a joint venture, with each party holding a 50% ownership interest. This joint venture completed two acquisitions of mixed-use properties located in Toronto, Ontario: an acquisition from a third party for a purchase price of \$80,000 and an acquisition from the Trust for a purchase price of \$152,300, in each case excluding transaction costs. The joint venture is equity accounted by the Trust.

Lease Surrender Revenue

During the year ended December 31, 2025, Choice Properties recognized \$9,629 of lease surrender revenue from Loblaw (December 31, 2024 - \$9,534).

Services Agreement

During the year ended December 31, 2025, GWL provided Choice Properties with corporate, administrative and other support services for an annualized cost of \$4,988 (December 31, 2024 - \$4,988).

Strategic Alliance Agreement

The Strategic Alliance Agreement creates a series of rights and obligations between Choice Properties and Loblaw intended to establish a preferential and mutually beneficial business and operating relationship. The initial term of the Strategic Alliance Agreement expired on July 5, 2023. Upon expiry of the initial term, the Strategic Alliance Agreement renewed until July 5, 2033 or the date on which GWL and its affiliates own less than 50% of the Trust on a fully diluted basis. The Strategic Alliance Agreement provides Choice Properties with important rights that are expected to meaningfully contribute to the Trust's growth. Subject to certain exceptions, rights include:

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

Included in certain investment properties acquired from Loblaw is excess land with development potential. In accordance with the Strategic Alliance Agreement, Choice Properties will compensate Loblaw, over time, with intensification payments, as Choice

Properties pursues development, intensification or redevelopment of such excess land. The payments to Loblaw are calculated in accordance with a payment grid that takes into account the region, market ranking and type of use for the property.

Management Agreements

Choice Properties provides Wittington with property management services for jointly and wholly owned assets 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 \$4,894 in connection with completed gross leasable area for which tenants took possession during the year ended December 31, 2025 (December 31, 2024 - \$3,872).

Other Transactions

Cash consideration for the disposition of a retail property, as well as the disposition of a retail property held within an equity accounted joint venture, both located in Aurora, Ontario, included fees paid by Wittington of \$1,370 and \$1,315, respectively (Section 3.2, "Investment Property and Other Transactions").

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 year ended December 31, 2025, distributions declared on the Exchangeable Units totalled \$304,096 (December 31, 2024 - \$300,137).

As at December 31, 2025, Choice Properties had distributions on Exchangeable Units payable to GWL of \$329,162 (December 31, 2024 - \$324,873).

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 year ended December 31, 2025, GWL elected to receive distributions from Choice Properties Limited Partnership in the form of loans. As such, non-interest bearing short-term notes totalling \$303,766 were issued to GWL and were settled against distributions payable by the Trust to GWL in January 2026. Non-interest bearing short-term notes totalling \$299,807 with respect to the loans received in the 2024 fiscal year were settled against distributions payable by the Trust to GWL in January 2025.

Trust Unit Distributions

During the year ended December 31, 2025, Choice Properties declared cash distributions of \$38,924 on the Units held by GWL (December 31, 2024 - \$38,419). As at December 31, 2025, \$3,251 of Trust Unit distributions declared were payable to GWL (December 31, 2024 - \$3,209).

10. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgments and estimates in applying Choice Properties' accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes.

Within the context of these consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key sources of estimation uncertainty that Choice Properties believes could have the most significant impact on the amounts recognized in the consolidated financial statements.

a. Investment Properties

Judgments Made in Relation to Accounting Policies Applied

Judgment is applied in determining whether certain costs are additions to the carrying value of investment properties, identifying the point at which substantial completion of a development property occurs, and identifying the attributable borrowing costs to be included in the carrying value of the development property. Choice Properties also applies judgment in determining whether the properties it acquires are considered to be asset acquisitions or business combinations. Choice Properties considers all properties acquired in the current year to be asset acquisitions.

Key Sources of Estimation

The fair value of income producing properties is dependent on significant assumptions related to discount rates and terminal capitalization rates, and other assumptions related to the future cash flows over the holding period. The review of future cash flows involves assumptions relating to market rents, as well as current leasing and/or development activity, renewal probability, downtime on lease expiry, vacancy allowances, and expected maintenance costs. In addition to reviewing future cash flows, management assesses changes in the business climate and other factors, which may affect the ultimate value of the property. These assumptions may not ultimately be achieved.

b. Joint Arrangements

Judgments Made in Relation to Accounting Policies Applied

Judgment is applied in determining whether the Trust has joint control and whether the arrangements are joint operations or joint ventures. In assessing whether the joint arrangements are joint operations or joint ventures, management applies judgment to determine the Trust's rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement.

c. Leases

Judgments Made in Relation to Accounting Policies Applied

Choice Properties is required to make judgments in determining whether certain leases are operating or finance leases, in particular long-term leases. All tenant leases where Choice Properties is the lessor have been determined to be operating leases.

d. Income Taxes

Judgments Made in Relation to Accounting Policies Applied

Choice Properties is a mutual fund trust and a Real Estate Investment Trust ("REIT") as defined in the *Income Tax Act (Canada)*. Choice Properties is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to Unitholders each year. Choice Properties is a REIT if it meets the prescribed conditions under the *Income Tax Act (Canada)*. Choice Properties uses judgment in reviewing these conditions in assessing its interpretation and application to its assets and revenue.

Choice Properties has determined that it qualifies as a REIT for the current period. Choice Properties expects to continue to qualify as a REIT under the *Income Tax Act (Canada)*, however, should it no longer qualify, it would not be able to flow through its taxable income to Unitholders and would therefore be subject to tax.

e. Sale Leaseback Transactions

Judgments Made in Relation to Accounting Policies Applied

These judgments apply where Choice Properties enters into agreements to acquire investment properties where the seller is also the lessee. Judgment is applied in determining the useful life of the leased asset and whether the lease term covers the major part of the economic life of that leased asset. In addition, the fair value of the leased asset is compared to the present value of the future minimum lease payments to determine whether those payments represent substantially all the fair value, and purchase options are compared to the fair value of the leased asset to identify bargain purchase options. There are judgments applied in determining fair value for purposes of these comparisons. Refer to Section 3, Investment Properties for more information regarding estimates and judgments associated with valuations. The Trust evaluates each transaction individually based on the specifics of the agreement.

11. INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal Controls Over Financial Reporting

Management is 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.

As required by National Instrument 52-109, “Certification of Disclosure in Issuers’ Annual and Interim Filings” (“NI 52-109”), the President and Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) have caused the effectiveness of the internal controls over financial reporting to be evaluated using the framework established in ‘Internal Control - Integrated Framework (COSO Framework)’ (2013) published by The Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on that evaluation, they have concluded that the design and operation of the Trust’s internal controls over financial reporting were effective as at December 31, 2025.

In designing such controls, it should be recognized that due to inherent limitations, any control, 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. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is required to use judgment in evaluating controls and procedures.

Changes in Internal Controls Over Financial Reporting

There were no changes in the Trust’s internal controls over financial reporting in 2025 that materially affected or are reasonably likely to materially affect the Trust’s internal control over financial reporting.

Disclosure Controls and Procedures

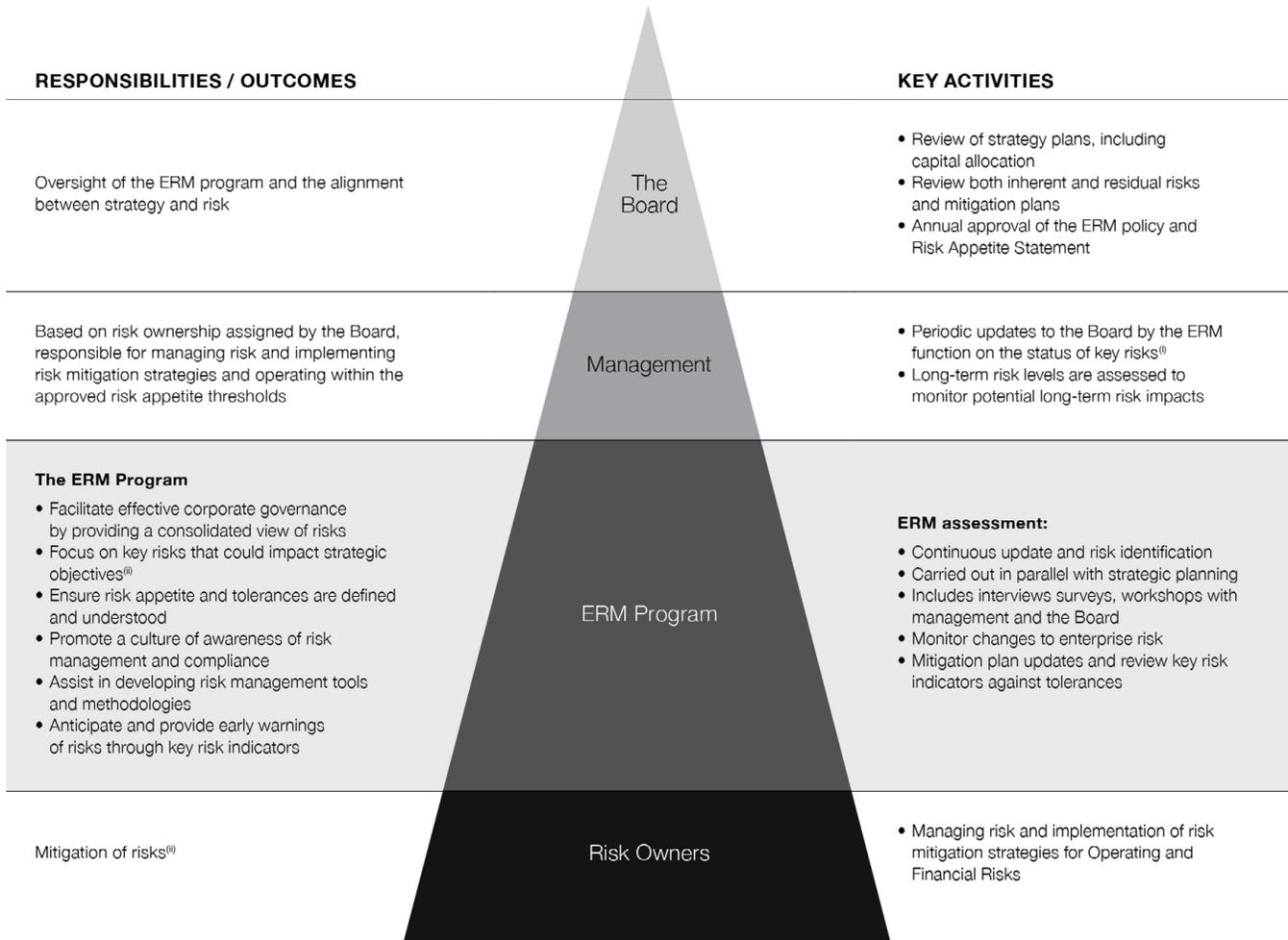
Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to Choice Properties is gathered and reported to senior management on a timely basis so that appropriate decisions can be made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

As required by NI 52-109, the CEO and CFO have caused the effectiveness of the disclosure controls and procedures to be evaluated. Based on that evaluation, they have concluded that the design and operation of the system of disclosure controls and procedures were effective as at December 31, 2025.

12. ENTERPRISE RISKS AND RISK MANAGEMENT

Choice Properties is committed to maintaining a framework that ensures risk management is an integral part of its activities. The Trust's Enterprise Risk Management ("ERM") program assists all areas of the business in managing risks within appropriate levels of tolerance by bringing a systematic approach and methodology for evaluating, measuring and monitoring key risks. The results of the ERM program and other business planning processes are used to identify emerging risks to the Trust, prioritize risk mitigation activities and develop a risk-based internal audit plan.

Risks are not eliminated through the ERM program, but rather, are identified and managed in line with the Trust's Risk Appetite Statement and within approved risk tolerances. The Risk Appetite Statement articulates key aspects of the Trust's business and values and provides directional guidance on risk taking.



(i) Risks are assessed and evaluated based on the Trust's vulnerability to the risk and the potential impact that the underlying risks would have on the Trust's ability to execute on its strategies and achieve its objectives.

(ii) Any of the key risks have the potential to affect the Trust and its financial performance negatively. The Trust has risk management strategies in place for key risks. However, there can be no assurance that the risks will be mitigated or will not materialize or that events or circumstances will not occur that could adversely affect the reputation, operations or financial condition or performance of the Trust.

12.1 Operating Risks and Risk Management

The following discussion of risks identifies significant factors that may adversely affect the Trust's business, operations and financial condition or future performance. This information should be read in conjunction with the Trust's consolidated financial statements and related notes. The following discussion of risks is not exhaustive but is designed to highlight the key risks inherent in the Trust's business.

Economic Environment

Choice Properties' financial results may be affected to varying degrees by the general business and economic conditions in the geographic regions in which it operates. Continued concerns about the uncertainty over whether the economy will be adversely affected by various factors, including volatile energy costs, geopolitical issues, tariffs, pandemics and the availability and cost of credit have contributed to increased market volatility and weakened business and consumer confidence. This operating environment could adversely affect Choice Properties' ability to generate revenues, thereby reducing its operating income and earnings. It could also have a material adverse effect on the ability of Choice Properties to maintain occupancy rates in the properties, which could harm Choice Properties' financial condition. In a prolonged negative economic environment, Choice Properties' tenants may be unable to meet their rental payments and other obligations owing to Choice Properties, which could have a material adverse effect on Choice Properties.

Property Development and Construction

Choice Properties engages in development, redevelopment and major renovation activities with respect to certain properties. It is subject to certain risks, including: (a) the availability and pricing of financing on satisfactory terms or availability at all; (b) the availability and timely receipt of zoning, occupancy, land use and other regulatory and governmental approvals; (c) changes in zoning and land use laws; (d) the ability to achieve an acceptable level of occupancy upon completion; (e) the potential that Choice Properties may fail to recover expenses already incurred if it abandons redevelopment opportunities after commencing to explore them; (f) the potential that Choice Properties may expend funds on and devote management time to projects which are not completed; (g) construction or redevelopment costs of a project, including rising construction costs and development charges and shortages of experienced labour in certain construction related trades, may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (h) the time required to complete the construction or redevelopment of a project or to lease-up the completed project may be greater than originally anticipated, thereby adversely affecting Choice Properties' cash flows and liquidity; (i) the cost and timely completion of construction (including risks beyond Choice Properties' control, such as weather, labour conditions or material shortages); (j) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (k) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; and (l) Choice Properties' ability to dispose of properties redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of development activities or the completion of development activities once undertaken. In addition, development projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its accompanying risks) with contractors, subcontractors, suppliers, partners and others. Any failure by Choice Properties to develop quality assets and effectively manage all development, redevelopment and major renovation initiatives may negatively impact the reputation and financial performance of the Trust.

Property Valuation

Choice Properties conducts a valuation assessment of its properties on a quarterly basis. As property values fluctuate over time in response to market factors, or as underlying assumptions and inputs to the valuation model change, the fair value of the Trust's portfolio could change materially. Choice Properties is responsible for the reasonableness of the assumptions and for the accuracy of the inputs into the property valuation model. Errors in the inputs to the valuation model or inappropriate assumptions may result in an inaccurate valuation of the properties. In addition to a market activity report that is tailored to Choice Properties' portfolio, management uses the market information obtained in external appraisals, across multiple firms, commissioned during the reporting period to assess whether changes to market-related assumptions are required for the balance of the portfolio. The Trust is responsible for monitoring the value of its portfolio going forward and evaluating the impact of any changes in property value over time. Any changes in the value of the Trust's properties may impact Unitholder value.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the above-mentioned valuations.

Capitalization Rate Risk

The property valuation process is dependent on several inputs, including the current market capitalization rate. Risks associated with the Trust's property valuation model include fluctuations in the current market capitalization rate which can significantly impact the value of Choice Properties' overall real estate portfolio. In addition, Choice Properties is subject to certain financial and non-financial covenants in the Debentures and the Revolving Credit Facility that include maintaining certain leverage ratios. Changes in the market capitalization rate could impact the Trust's property valuation which, in turn, could impact financial covenants.

Environmental and Social

ESG considerations are an integral component of the Trust's corporate strategy. As a leading real estate company, Choice Properties is committed to creating positive environmental and social change by focusing on the issues that matter most to the Trust's tenants, employees, communities, investors and other stakeholders, with a particular focus on combating climate change and advancing social equity. Any failure or perceived failure to advance the ESG priorities of the Trust may negatively affect the Trust's reputation, operations or financial performance.

Environmental

Choice Properties faces environmental risks that could, directly or indirectly, negatively impact the Trust's reputation, operations or performance over the short or long term. In particular, Choice Properties is confronted with issues related to climate change. Choice Properties defines climate-related risk as the risk of loss, either directly through financial loss or indirectly through reputational damage, resulting from the inability or failure to adequately prepare for the impacts from climate change or the transition to a lower-carbon economy. Choice Properties may be exposed to the impact of events caused by climate change, such as natural disasters, severe weather events, floods, forest fires and rising sea levels. Such events could interrupt Choice Properties' operations and activities, damage its properties and require Choice Properties to incur additional expenses to recover or repair properties from a natural disaster and inclement weather. Choice Properties' financial position and results from operations could be adversely affected by the materialization of any of the risks identified herein related to climate change. Furthermore, as a real estate property owner and manager, Choice Properties faces the risk that its properties will be subject to government initiatives and reforms aimed at countering climate change, such as transitioning to a low carbon economy and may entail extensive changes to policies, regulations and technologies to address mitigation and adaptation efforts. Choice Properties may require operational changes and/or incur financial costs to comply with various reforms. Any failure to adhere and adapt to climate change could result in fines or adversely affect Choice Properties' reputation, operations or financial performance.

As an owner of real property in Canada, Choice Properties is subject to various federal, provincial, territorial and municipal laws relating to environmental matters. Such laws provide that Choice Properties could be, or become, liable for environmental harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties. Further, liability may be incurred by Choice Properties with respect to the release of such substances from or to its properties. Applicable laws often impose liability regardless of whether the property owner knew of, or was responsible for, the presence of such substances. Additional liability may be incurred by Choice Properties with respect to the release of such substances from its properties to properties owned by third parties, including properties adjacent to its properties or with respect to the exposure of persons to such substances. Laws also govern the maintenance and removal of materials containing asbestos in the event of damage, demolition or renovation of a property as well as emissions of, and exposure to, asbestos fibres in the air.

The portfolio of properties may contain ground contamination, hazardous substances and/or other residual pollution and environmental risks. Buildings and their fixtures might contain asbestos or other hazardous substances above the allowable or recommended thresholds, or other environmental risks could be associated with the buildings. Some of the properties have, or have had, tenants that would or currently use, hazardous, toxic or other regulated substances. For example, retail gas stations and dry-cleaning operations are currently located, or have been located in the past, at some of the properties.

In such cases, Choice Properties will bear the risk of cost-intensive assessment, remediation or removal of such ground contamination, hazardous substances or other residual pollution. The discovery of any such residual pollution on the sites and/or in the buildings, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against Choice Properties. The remediation of any pollution and the related additional measures Choice Properties would have to undertake could have a materially adverse effect on Choice Properties and could involve considerable additional costs. Choice Properties will also be exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible. Moreover, the existence or even the mere suspicion of the existence of ground contamination, hazardous materials or other residual pollution can adversely affect the value of a property and Choice Properties' ability to lease or sell such property.

Choice Properties' operating policy is to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have Phase II environmental site assessment work completed where recommended in a Phase I environmental site assessment. Although such environmental site assessments would provide Choice Properties with some level of assurance about the condition of such properties, Choice Properties may become subject to liability for undetected contamination or other environmental conditions at its properties.

Choice Properties intends to make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs may have a material adverse effect on Choice Properties' business, financial condition or results of operations and decrease or eliminate the amount of cash available for distribution to Unitholders. Environmental laws can change and Choice Properties may become subject to more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition, may have a material adverse effect on Choice Properties' financial condition and results of operations and decrease or eliminate the amount of cash available for distribution to Unitholders.

Social

Choice Properties faces risks associated with social issues and has established certain priorities in response, including achieving adequate representation of traditionally under-represented groups on the Board and in management positions and the employee population as a whole and building a culture of inclusion. The Trust recognizes its responsibility to respect and protect the human rights of all people who support and intersect with the business, and will not tolerate abuse, discrimination or harassment in any form. In addition, Choice Properties is subject to various occupational health and safety laws and regulations. Any failure by Choice Properties to adhere to appropriate and established workplace health and safety procedures and to ensure compliance with applicable laws and regulations could have an adverse effect on the operations, financial performance and reputation of Choice Properties.

Information and Cyber Security

Choice Properties requires segregation and protection of its information, including security over tenant lease details, employee information, financial records and operational data (“Confidential Information”). Some of this Confidential Information is held and managed by third-party service providers. Any failure in data security or any system vulnerability (internal or external) could result in harm to the reputation or competitive position of the Trust. To reduce the level of vulnerability, the Trust has implemented security measures, including monitoring and testing, maintenance of protective systems and contingency plans to protect and to prevent unauthorized access of Confidential Information and to reduce the likelihood of disruptions to its IT systems.

Despite these measures, all of the Trust’s information systems, including its back-up systems and any third-party service provider systems that it employs, are vulnerable to damage, interruption, disability or failures due to a variety of reasons, including physical theft, fire, power loss, computer and telecommunication failures or other catastrophic events, as well as internal and external security breaches, denial of service attacks, viruses, worms and other known or unknown disruptive events.

Choice Properties or its third-party service providers may be unable to anticipate, timely identify or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which computer hackers, cyber terrorists and others may attempt to breach the Trust’s security measures or those of our third-party service providers’ information systems.

As cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat the Trust’s security measures or those of its third-party service providers. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a breach of the Trust’s or its third-party service providers’ security measures, which could result in a breach of Confidential Information.

If Choice Properties does not allocate and effectively manage the resources necessary to build and sustain reliable IT infrastructure, fails to identify or respond to cybersecurity incidents in a timely or appropriate manner, or Choice Properties’ or its third-party service providers’ information systems are damaged, destroyed, shut down, interrupted or cease to function properly, Choice Properties’ business could be disrupted and Choice Properties could, among other things, be subject to: the loss of or failure to attract new tenants; the loss of revenue; the loss or unauthorized access to Confidential Information or other assets; the loss of or damage to trade secrets; damage to its reputation; litigation; regulatory enforcement actions; violation of privacy, security or other laws and regulations; and remediation costs.

Demographic and Tenant Changes

A large portion of Choice Properties’ existing real estate portfolio is comprised of necessity-based retail tenants. Shifting consumer preferences toward e-commerce may result in a decrease in the demand for physical space by retail tenants. The failure of Choice Properties to adapt to changes in the retail landscape, including finding new tenants to replace any lost income stream from existing tenants that reduce the amount of physical space they rent from Choice Properties, could adversely affect Choice Properties’ operations or financial performance.

Asset Management

Certain significant expenditures, including property taxes, maintenance costs, debt service payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. In order to retain desirable rentable space, increase tenant demand and to generate adequate revenue over the long-term, Choice Properties must maintain or, in some cases, improve each property’s condition to meet market demand. Property management services, including lease management and facility repairs and maintenance must be executed in a timely and cost-effective manner. Maintaining a rental property in accordance with market standards can entail significant costs, which Choice Properties may not be able to recover from its tenants. All the Loblaw leases contain exclusions on certain operating costs and/or property tax recoveries. In addition, property tax reassessments based on updated appraised values may occur, which Choice Properties may not be able to recover from its tenants. As a result, Choice Properties may bear the economic cost of such operating costs and/or property taxes which may adversely impact the financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. Numerous factors, including the age of the relevant building, the materials used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization. In addition, the timing and amount of capital expenditures may indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when Choice Properties deems it necessary to make significant capital or other expenditures.

If the actual costs of maintaining or upgrading a property exceed Choice Properties' estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, additional and unexpected costs may be incurred. If similar properties located in the vicinity of one of the properties in the Trust's portfolio are substantially refurbished and the property is not similarly refurbished, the net operating income derived from, and the value of, such property could be reduced. Any failure by Choice Properties to undertake appropriate maintenance and refurbishment work in response to the factors described above could adversely affect the rental income that is earned from such properties. Any such event could have a material adverse effect on Choice Properties' business, cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

In addition, a failure by Choice Properties to allocate operational capital adequately could negatively impact occupancy levels, attraction of high-quality tenants and lease renewals, which could have a material adverse effect on Choice Properties' operations and financial performance.

Regulatory Compliance

Choice Properties is subject to laws and regulations governing the ownership and leasing of real property, securities, intellectual property, privacy, employment standards and other matters. It is possible that future changes in applicable federal, provincial, municipal, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the Trust. Also, to retain its tax status as a REIT, Choice Properties must comply with the REIT exception to the Specified Investment Flow Through ("SIFT") Rules at all times. Choice Properties' failure to comply with the REIT exception would result in certain distributions from the Trust not being deductible in computing its taxable income and the Trust being subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. Any non-compliance under the Tax Act or non-compliance with other laws or regulations could subject Choice Properties to civil or regulatory actions, investigations or proceedings, which in turn could negatively impact Choice Properties' operations and financial position. There can be no assurance that the Canadian federal income tax laws respecting real estate investment trusts, or the ways in which these rules are interpreted and applied by the Canada Revenue Agency, will not be changed in a manner which adversely affects Choice Properties and/or Unitholders. It is impossible to predict whether there will be any future changes in the regulatory regimes to which the Trust will be subject or the effect of any such changes on its investments.

Talent Management and Succession Planning

Choice Properties' continued growth is dependent on its ability to hire, retain and develop its leaders and other key personnel. Any failure to attract and retain talented and experienced employees effectively and to establish adequate succession planning and retention strategies could result in a lack of requisite knowledge, skill and experience. This could erode Choice Properties' competitive position or result in increased costs and competition for, or high turn-over of, employees. Any of the foregoing could negatively affect Choice Properties' ability to operate its business and execute its strategies, which in turn, could adversely affect its reputation, operations or financial performance.

Business Continuity

Choice Properties' ability to continue critical operations and processes could be negatively impacted by adverse events resulting from various incidents, including severe weather, development site work stoppages, prolonged IT systems failure, terrorist activity, pandemics, power failures or other national or international catastrophes. Any of these events, including ineffective contingency planning, may have a material adverse effect on Choice Properties' reputation, business, cash flows, financial condition and results of operations and its ability to make distributions to Unitholders.

Acquisitions and Dispositions

Acquired properties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of Choice Properties. Representations and warranties given by third parties to Choice Properties may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Furthermore, it is not always possible to obtain from the seller the records and documents that are required in order to verify fully that the buildings to be acquired are constructed in accordance, and that their use complies, with planning laws and building code requirements. Accordingly, in the course of acquiring a property, specific risks might not be or might not have been recognized or correctly evaluated. These circumstances could lead to additional costs and could have a material adverse effect on rental income of the relevant properties or the sale prices of such properties upon a disposition of such properties.

Choice Properties' ability to acquire properties on satisfactory terms and integrate and operate them successfully is subject to the following additional risks: (a) Choice Properties may be unable to acquire desired properties because of (i) constraints imposed by the terms of the Strategic Alliance Agreement, or (ii) competition from other real estate investors with more capital, including other real estate operating companies, real estate investment trusts and investment funds; (b) Choice Properties may acquire properties that are not accretive to results upon acquisition, and Choice Properties may not successfully manage and lease those properties to meet its expectations; (c) competition from other potential acquirers may significantly increase the purchase price of a desired property; (d) Choice Properties may be unable to generate sufficient cash from operations, or obtain the necessary debt or equity financing to consummate an acquisition or, if obtainable, financing may not be on satisfactory terms; (e) Choice Properties may

need to spend more than budgeted amounts to make necessary improvements or renovations to acquired properties; (f) agreements for the acquisition of properties are typically subject to customary conditions to closing, including satisfactory completion of due diligence investigations, and Choice Properties may spend significant time and money on potential acquisitions that Choice Properties does not consummate; (g) the process of acquiring or pursuing the acquisition of a new property may divert the attention of Choice Properties' senior management team from existing business operations; (h) Choice Properties may be unable to integrate new acquisitions quickly and efficiently, particularly acquisitions of portfolios of properties, into existing operations; (i) market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and (j) Choice Properties may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of environmental contamination, claims by tenants, vendors or other persons against the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

If Choice Properties cannot complete property acquisitions on favourable terms, or operate acquired properties to meet Choice Properties' goals or expectations, Choice Properties' business, financial condition, results of operations, cash flows, the per Unit trading price, and its ability to satisfy debt service obligations and to make distributions to Unitholders could be materially and adversely affected.

In addition, Choice Properties undertakes strategic property dispositions from time to time in order to recycle its capital and maintain an optimal portfolio composition. Failure to dispose of certain assets not aligned with Choice Properties' investment criteria may adversely affect its operations and financial performance.

Vendor Management, Partnerships and Third-Party Service Providers

Choice Properties relies on third-party vendors, joint venture partners, developers, co-owners and strategic partners to provide the Trust with various services or to complete projects. The lack of an effective process for developing joint venture arrangements or for contract tendering, drafting, review, approval and monitoring may pose a risk for the Trust. Choice Properties may not be able to negotiate contracts with terms, services levels and rates that are optimal for Choice Properties. In addition, co-owners or joint venture partners may fail to fund their share of capital, may not comply with the terms of any governing agreements or may incur reputational damage which could negatively impact the Trust. Inefficient, ineffective or incomplete vendor management / partnership strategies, policies and procedures could impact the Trust's reputation, operations and/or financial performance.

Tenant Concentration

The Trust's properties generate income through rent payments made by tenants, and particularly rent payments made by Loblaw as Choice Properties' largest tenant. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease, including the addition of restrictive covenants. In addition, historical occupancy rates and rents are not necessarily an accurate prediction of future occupancy rates. Choice Properties' cash flows and financial position would be adversely affected if its tenants (and especially Loblaw) were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties was not able to be leased on economically favourable lease terms. In the event of default by a tenant, Choice Properties may experience delays or limitations in enforcing its rights as lessor and incur substantial costs in protecting its investment. In addition, restrictive covenants and the terms of the Strategic Alliance Agreement may narrow the field of potential tenants at a property and could contribute to difficulties in leasing space to new tenants.

Choice Properties' net income could also be adversely affected in the event of a downturn in the business, or the bankruptcy or insolvency, of Loblaw, as Choice Properties' largest tenant. Choice Properties derives a large portion of its annual base minimum rent from Loblaw. Consequently, revenues are dependent on the ability of Loblaw to meet its rent obligations and Choice Properties' ability to collect rent from Loblaw. The future financial performance and operating results of Loblaw are subject to inherent risks, uncertainties, and other factors. If Loblaw were to terminate its tenancies, default on or cease to satisfy its payment obligations, it would have a material adverse effect on Choice Properties' financial condition or results of operations and its ability to make distributions to Unitholders.

The closing of an anchor store at a property could also have a material adverse effect on the value of that property. Vacated anchor tenant space also tends to adversely affect the entire property because of the loss of the departed anchor tenant's power to draw customers to the property, which in turn may cause other tenants' operations to suffer and adversely affect such other tenants' ability to pay rent or perform any other obligations under their leases. No assurance can be given that Choice Properties will be able to re-lease space vacated by an anchor tenant quickly and/or on favourable terms, if at all. In addition, certain leases contain a provision requiring tenants to maintain continuous occupancy of leased premises, and there can be no assurance that such tenants will continue to occupy such premises. Furthermore, at any time, an anchor tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of the tenant and thereby cause a reduction in Choice Properties' cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

12.2 Financial Risks and Risk Management

Choice Properties is exposed to a number of financial risks, which have the potential to affect its operating and financial performance. The following is a summary of Choice Properties' financial risks:

Interest Rate Risk

Choice Properties requires extensive financial resources to complete the implementation of its strategy. Successful implementation of Choice Properties' strategy will require cost effective access to additional funding. There is a risk that interest rates may increase, which could impact long-term borrowing costs and negatively impact financial performance.

The majority of Choice Properties' debt is financed at fixed rates with maturities staggered over the long-term, thereby mitigating the exposure to near term changes in interest rates. To the extent that Choice Properties incurs variable rate indebtedness (such as borrowings under the Revolving Credit Facility), this will result in fluctuations in Choice Properties' cost of borrowing as interest rates change. If interest rates rise, Choice Properties' operating results and financial condition could be materially adversely affected and the amount of cash available for distribution to Unitholders could decrease.

Choice Properties' Revolving Credit Facility and the Debentures also contain covenants that require it to maintain certain financial ratios on a consolidated basis. If Choice Properties does not maintain such ratios, its ability to make distributions to Unitholders may be limited or suspended.

Choice Properties analyzes its interest rate risk and the impact of rising and falling interest rates on operating results and financial condition on a regular basis.

Liquidity and Capital Availability Risk

Liquidity risk is the risk that Choice Properties cannot meet a demand for cash or fund its obligations as they come due. Although a portion of the cash flows generated by its properties is devoted to servicing such outstanding debt, there can be no assurance that Choice Properties will continue to generate sufficient cash flows from operations to meet interest payments and principal repayment obligations upon an applicable maturity date. If Choice Properties is unable to meet interest payments or principal repayment obligations, it could be required to renegotiate such payments or issue additional equity or debt or obtain other financing. The failure of Choice Properties to make or renegotiate interest or principal payments or issue additional equity or debt or obtain other financing could materially adversely affect Choice Properties' financial condition and results of operations and decrease or eliminate the amount of cash available for distribution to Unitholders.

The real estate industry is highly capital intensive. Choice Properties requires access to capital to fund operating expenses, property maintenance costs, development spending, and other capital expenditures, and to refinance indebtedness. Although Choice Properties expects to have access to the Revolving Credit Facility, there can be no assurance that it will otherwise have access to sufficient capital or access to capital on favourable terms. Further, in certain circumstances, Choice Properties may not be able to borrow funds due to limitations set forth in the Declaration of Trust, the Indenture, as supplemented by the Supplemental Indentures. Failure by Choice Properties to access required capital could have a material adverse effect on its financial condition or results of operations and its ability to make distributions to Unitholders.

Liquidity and capital availability risks are mitigated by maintaining appropriate levels of liquidity, by diversifying the Trust's sources of funding, by maintaining a well-diversified debt maturity profile and by actively monitoring market conditions.

Liquidity of Real Property

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit Choice Properties' ability to adjust its portfolio promptly in response to changing economic or investment conditions or in the event it seeks to sell real estate assets as a source of liquidity. In recessionary times, it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession, Choice Properties may be faced with ongoing expenditures with a declining prospect of incoming revenue. In such circumstances, it may be necessary for Choice Properties to dispose of properties at lower prices in order to generate sufficient cash for operations and for making distributions to Unitholders.

Unit Price Risk

Choice Properties is exposed to Unit price risk as a result of the issuance of the Exchangeable Units, which are economically equivalent to and exchangeable for Units, as well as the issuance of unit-based compensation. The Exchangeable Units and unit-based compensation liabilities are recorded at their fair value based on market trading prices. The Exchangeable Units and unit-based compensation negatively impact net income when the Unit price rises and positively impact net income when the Unit price declines.

Credit Risk

Choice Properties is exposed to credit risk resulting from the possibility that counterparties could default on their financial obligations to Choice Properties. Exposure to credit risk relates to rent receivables, cash and cash equivalents, short-term investments, security deposits, derivatives, and mortgages, loans and notes receivable.

Choice Properties mitigates the risk of credit loss related to rent receivables by evaluating the creditworthiness of new tenants,

obtaining security deposits wherever permitted by legislation, ensuring its tenant mix is diversified and limiting its exposure to any one tenant (except Loblaw). Choice Properties establishes for expected credit losses with respect to rent receivables. The allowance is determined on a tenant-by-tenant basis based on the specific factors related to the tenant.

The risk related to cash and cash equivalents, short-term investments, security deposits, and derivatives is reduced by policies and guidelines that require Choice Properties to enter into transactions only with Canadian financial and government institutions that have a minimum short-term rating of "A-2" and a long-term credit rating of "A-" from S&P or an equivalent credit rating from another recognized credit rating agency and by placing minimum and maximum limits for exposures to specific counterparties and instruments.

The risk related to its mortgages, loans and notes receivable arise in the event that the borrowers default on the repayment of such financing. Choice Properties has established a program with a group of strategic development partners whereby the Trust provides financing in the form of mezzanine loans, joint venture financing, vendor take-back financing and other arrangements. In exchange, the Trust generally receives an option or other rights to acquire an interest in real property assets. The Trust mitigates this risk by ensuring the loans are well secured by real property assets and by obtaining guarantees where necessary.

Despite such mitigation efforts, if Choice Properties' counterparties default, it could have a material adverse impact on Choice Properties' financial condition or results of operations and its ability to make distributions to Unitholders.

Degree of Leverage

Choice Properties' degree of leverage could have important consequences to Unitholders, including: (i) Choice Properties' ability to obtain additional financing in the future for operating costs, capital expenditures, acquisitions, development or other general business purposes; (ii) a larger portion of Choice Properties' cash flows being dedicated to the payment of the principal of, and interest on, its indebtedness, thereby reducing the amount of funds available for distributions to Unitholders; and (iii) making Choice Properties more vulnerable to a downturn in business or the economy in general. Under the Declaration of Trust, the maximum amount that Choice Properties can leverage is (i) 60% excluding any convertible Indebtedness and (ii) 65% including any convertible Indebtedness.

To reduce this risk, Choice Properties actively monitors its degree of leverage to ensure it is within acceptable levels.

Any of these risks could have an adverse effect on Choice Properties' financial condition, results of operations, cash flows, the trading price of the Units, distributions to Unitholders and its ability to satisfy principal and interest obligations on its outstanding debt.

Credit Rating Risk

Credit ratings assigned to the Trust, Partnership and any of their respective securities may be changed at any time based on the judgement of the credit rating agencies and may also be impacted by a change in the credit rating of GWL, Loblaw and their respective affiliates. In addition, the Trust, GWL, Loblaw and their respective affiliates may incur additional indebtedness in the future, which could impact current and future credit ratings. A reduction in credit ratings could materially adversely affect the market value of the Trust's outstanding securities and the Trust's access to and cost of financing.

13. ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Environmental, Social and Governance ("ESG") considerations are integrated into the Trust's day-to-day business activities, and are aligned with the Trust's purpose of creating enduring value through places where people thrive. ESG principles are embedded in the Trust's corporate strategy, which prioritizes maintaining a market-leading portfolio, sustaining operational excellence and executing on its development pipeline.

The Board oversees the Trust's ESG program, with the Trust's President and Chief Executive Officer as the executive sponsor. Progress against the Trust's 2025 environmental targets will be made available in the upcoming ESG Report to be issued later this year.

Reporting and Disclosure

As part of the Trust's continued efforts to enhance communication with its stakeholder community, it publishes an annual ESG Report, which is available on the Trust's website at www.choicereit.ca. The ESG Report is overseen by the Board and the controls related to the Trust's ESG disclosures are reviewed by the Audit Committee. The Trust also engages a third party to provide limited assurance on the energy, water, waste and GHG emission statements in the ESG Report. The ESG Report is not incorporated by reference in the MD&A.

The Trust has a robust governance framework in place, elements of which are discussed in the Management Proxy Circular, available on the Trust's website at www.choicereit.ca, including the section titled "Statement of Governance Practices."

14. OUTLOOK⁽²⁾

We are focused on capital preservation, delivering stable and growing cash flows and net asset value appreciation. 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 will continue to advance our development program, with a focus on commercial developments, 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 benefit us. In 2026, Choice Properties is targeting:

- Stable occupancy across the portfolio, resulting in approximately 2%-3% year-over-year growth in Same-Asset NOI, Cash Basis⁽¹⁾;
- Annual FFO per unit diluted⁽¹⁾ in a range of approximately \$1.08 to \$1.10; and
- Strong leverage metrics, targeting Adjusted Debt to EBITDAFV⁽¹⁾ below 7.5x.

15. 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 flows from operating activities determined in accordance with GAAP and may not be comparable to similar measures presented by other real estate investment trusts or enterprises. These terms are defined below and are cross referenced, as applicable, to a reconciliation elsewhere in this MD&A to the most comparable GAAP measure. Choice Properties believes these non-GAAP financial measures and ratios provide useful information to both management and investors in measuring the financial performance and financial condition of the Trust for the reasons outlined below.

Non-GAAP Measure	Description	Reconciliation
Proportionate Share	<ul style="list-style-type: none"> Represents financial information adjusted to reflect the Trust's equity accounted joint ventures and financial real estate assets and its share of net income (loss) from equity accounted joint ventures and financial real estate assets on a proportionately consolidated basis at the Trust's ownership percentage of the related investment. Management views this method as relevant in demonstrating the Trust's ability to manage the underlying economics of the related investments, including the financial performance and cash flows and the extent to which the underlying assets are leveraged, which is an important component of risk management. 	<p>Section 2, "Balance Sheet"</p> <p>Section 7.1, "Net Income and Segment NOI Reconciliation"</p>
Net Operating Income ("NOI"), Accounting Basis	<ul style="list-style-type: none"> Defined as property rental revenue including straight-line rental revenue, reimbursed contract revenue and lease surrender revenue, less direct property operating expenses and realty taxes, and excludes certain expenses such as interest expense and indirect operating expenses in order to provide results that reflect a property's operations before consideration of its financing or the costs of operating the entity in which it is held. Management believes that NOI is an important measure of operating performance for the Trust's commercial real estate assets that is used by real estate industry analysts, investors and management, while also being a key input in determining the fair value of the Choice Properties portfolio. 	<p>Section 7.1, "Net Income and Segment NOI Reconciliation"</p>
NOI, Cash Basis	<ul style="list-style-type: none"> Defined as property rental revenue and reimbursed contract revenue, excluding straight-line rental 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 its financing or the costs of operating the entity in which it is held. Management believes NOI, Cash Basis is a useful measure in understanding period-over-period changes in income from operations due to occupancy, rental rates, operating costs and realty taxes. 	<p>Section 7.1, "Net Income and Segment NOI Reconciliation"</p> <p>Section 15.1, "Net Operating Income"</p>
Same-Asset NOI, Cash Basis and Same-Asset NOI, Accounting Basis	<ul style="list-style-type: none"> Same-Asset NOI is used to evaluate the period-over-period performance of those commercial properties and stabilized residential properties, owned and operated by Choice Properties since January 1, 2024, 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 Transactions and development activities. 	<p>Section 7.2, "Net Operating Income Summary"</p>

<p>Funds from Operations (“FFO”)</p>	<ul style="list-style-type: none"> • Calculated in accordance with the Real Property Association of Canada’s (“REALPAC”) <i>Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS</i> issued in January 2022. • Management considers FFO to be a useful measure of operating performance as it adjusts for items included in net income (or loss) that do not arise from operating activities or do not necessarily provide an accurate depiction of the Trust’s past or recurring performance, such as adjustments to fair value of Exchangeable Units, investment properties, investment in real estate securities, and unit-based compensation. From time to time, the Trust may enter into transactions that materially impact the calculation and are eliminated from the calculation for management’s review purposes. • Management uses and believes that FFO is a useful measure of the Trust’s performance that, when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and realty taxes, acquisition activities and interest costs. 	<p>Section 15.2, “Funds from Operations”</p> <p>Section 15.7, “Selected Information for Comparative Purposes”</p>
<p>Adjusted Funds from Operations (“AFFO”)</p>	<ul style="list-style-type: none"> • Calculated in accordance with REALPAC’s <i>Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS</i> issued in January 2022. • Management considers AFFO to be a useful measure of operating performance as it further adjusts FFO for capital expenditures that sustain income producing properties and eliminates the impact of straight-line rental revenue. AFFO is impacted by the seasonality inherent in the timing of executing property capital projects. • In calculating AFFO, FFO is adjusted to exclude straight-line rental revenue, and deduct expenditure 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 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 rental revenue, but also includes capital and leasing costs incurred during the period which are capitalized for GAAP purposes. From time to time, the Trust may enter into transactions that materially impact the calculation and are eliminated from the calculation for management’s review purposes. 	<p>Section 15.3, “Adjusted Funds from Operations”</p> <p>Section 15.7, “Selected Information for Comparative Purposes”</p>
<p>Adjusted Cash Flow from Operations (“ACFO”)</p>	<ul style="list-style-type: none"> • Calculated in accordance with REALpac’s <i>Adjusted Cashflow from Operations (ACFO) for IFRS</i> issued in January 2023. • Management views ACFO as a useful measure of the cash generated from operations after providing for operating capital requirements, and in evaluating the ability of Choice Properties to fund distributions to Unitholders. ACFO adjusts cash flows from operations as calculated under GAAP including, but not limited to, removing the effects of distributions on Exchangeable Units, deducting amounts for property capital expenditures to sustain existing GLA and for leasing capital expenditures. • The resulting ACFO will include the impact of the seasonality of property capital expenditures and the impact of fluctuations from normal operating working capital, such as changes to net rent receivable from tenants, trade accounts payable and accrued liabilities. • From time to time, the Trust may enter into transactions that materially impact the calculation and are eliminated from the calculation for management’s review purposes. 	<p>Section 15.4, “Adjusted Cash Flow from Operations”</p>
<p>FFO, AFFO and ACFO Payout Ratios</p>	<ul style="list-style-type: none"> • FFO, AFFO and ACFO payout ratios are supplementary measures used by Management to assess the sustainability of the Trust’s distribution payments. • The ratios are calculated using cash distributions declared divided by FFO, AFFO or ACFO, as applicable. 	<p>Section 7.3, “Other Key Performance Indicators”</p>

Earnings before Interest, Taxes, Depreciation, Amortization and Fair Value (“EBITDAFV”)	<ul style="list-style-type: none"> Defined as net income (loss) attributable to Unitholders, reversing, where applicable, income taxes, interest expense, amortization expense, depreciation expense, adjustments to fair value and other adjustments on a proportionate share basis as allowed in the Trust Indentures, as supplemented. Management believes EBITDAFV is useful in assessing the Trust’s ability to service its debt, finance capital expenditures and provide distributions to its Unitholders. 	Section 15.6, “Earnings before Interest, Taxes, Depreciation, Amortization and Fair Value”
Cash Retained after Distributions	<ul style="list-style-type: none"> Calculated as ACFO less cash distributions declared. Represents the portion of ACFO retained within Choice Properties which can be used to invest in new acquisitions, development properties and capital activity. 	Section 4.4, “Distribution Excess / Shortfall Analysis”
Total Adjusted Debt	<ul style="list-style-type: none"> Defined as variable rate debt (construction loans, mortgages, and credit facility) and fixed rate debt (senior unsecured debentures, construction loans and mortgages), as measured on a proportionate share basis, 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 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 4.5, “Components of Total Adjusted Debt”
Net Asset Value (“NAV”)	<ul style="list-style-type: none"> NAV is an alternative measurement of equity. It is calculated by summing Unitholder’s Equity and the fair value of the Trust’s Exchangeable Units. Under GAAP, the Exchangeable Units are considered debt. The Exchangeable Units are not required to be repaid and the holder of these units has the right to convert them into Units, therefore management considers the Exchangeable Units to be equivalent to equity. NAV is a useful measure as it reflects management’s view of the intrinsic value of the Trust. NAV per unit allows management to determine if the Trust is trading at a discount or premium to its intrinsic value. 	Section 4.10, “Net Asset Value”
Adjusted Debt to Total Assets	<ul style="list-style-type: none"> Determined by dividing Total Adjusted Debt (as defined above) by total assets as presented on a proportionate share basis⁽¹⁾ and can be interpreted as the proportion of the Trust’s assets that are financed by debt. Management believes this ratio is useful in evaluating the Trust’s flexibility to incur additional financial leverage. 	Section 4.7, “Financial Condition” Section 15.7, “Selected Information for Comparative Purposes”
Debt Service Coverage	<ul style="list-style-type: none"> Calculated as EBITDAFV divided by interest expense on the Total Adjusted Debt and all regularly scheduled principal payments made with respect to indebtedness during such period (other than any balloon, bullet or similar principal payable at maturity or which repays such indebtedness in full). This ratio is calculated based on the Trust Indentures, as supplemented. This ratio is useful in determining the ability of Choice Properties to service the interest and principal installment requirements of its outstanding debt. 	Section 4.7, “Financial Condition” Section 15.7, “Selected Information for Comparative Purpose”
Adjusted Debt to EBITDAFV and Adjusted Debt to EBITDAFV, net of cash	<ul style="list-style-type: none"> Calculated as Total Adjusted Debt divided by EBITDAFV. This ratio is used to assess the financial leverage of Choice Properties, measure its ability to meet financial obligations, and provide a snapshot of its balance sheet strength. Management also presents this ratio with Total Adjusted Debt calculated net of cash and cash equivalents at the measurement date. 	Section 4.7, “Financial Condition”
Interest Coverage	<ul style="list-style-type: none"> Calculated as EBITDAFV divided by interest expense on the Total Adjusted Debt incurred by Choice Properties for the period. This ratio is useful in determining Choice Properties’ ability to service the interest requirements of its outstanding debt. 	Section 4.7, “Financial Condition”
Liquidity	<ul style="list-style-type: none"> Calculated based on the sum of total cash and cash equivalents and the undrawn portion of the revolving unsecured operating line of credit. 	Section 4, “Liquidity and Capital Resources” Section 4.1, “Liquidity and Capital Structure”

15.1 Net Operating Income

The following table reconciles net (loss) 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 15, “Non-GAAP Financial Measures” for further details about this non-GAAP measure.

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Net (Loss) Income	\$ (53,357)	\$ 791,916	\$ (845,273)	\$ (61,188)	\$ 784,437	\$ (845,625)
Residential inventory income	—	—	—	—	(2,034)	2,034
Interest income	(9,829)	(10,247)	418	(41,892)	(52,593)	10,701
Investment income	(4,249)	(5,315)	1,066	(20,194)	(21,260)	1,066
Fee income	(1,213)	(712)	(501)	(5,157)	(3,389)	(1,768)
Net interest expense and other financing charges	150,770	147,490	3,280	597,632	586,388	11,244
General and administrative expenses	18,042	16,987	1,055	63,725	67,833	(4,108)
Share of income from equity accounted joint ventures	22,619	(37,820)	60,439	(488)	(49,138)	48,650
Amortization of intangible assets	250	250	—	1,000	1,000	—
Transaction costs and other related expenses	—	55	(55)	—	(38,560)	38,560
Adjustment to fair value of unit-based compensation	610	(1,927)	2,537	1,941	(657)	2,598
Adjustment to fair value of Exchangeable Units	43,536	(704,500)	748,036	577,848	(237,472)	815,320
Adjustment to fair value of investment properties	(2,212)	16,112	(18,324)	(144,332)	(92,731)	(51,601)
Adjustment to fair value of investment in real estate securities	87,034	36,254	50,780	44,638	35,782	8,856
Income tax expense (recovery)	1,939	(1,057)	2,996	1,944	(1,069)	3,013
Net Operating Income, Accounting Basis - GAAP	253,940	247,486	6,454	1,015,477	976,537	38,940
Straight-line rental revenue	1,135	675	460	2,483	2,194	289
Lease surrender revenue	—	(2,558)	2,558	(10,050)	(11,204)	1,154
Net Operating Income, Cash Basis - GAAP	255,075	245,603	9,472	1,007,910	967,527	40,383
Adjustments for equity accounted joint ventures and financial real estate assets	16,369	14,363	2,006	64,737	56,592	8,145
Net Operating Income, Cash Basis - Proportionate Share	\$ 271,444	\$ 259,966	\$ 11,478	\$ 1,072,647	\$ 1,024,119	\$ 48,528

15.2 Funds from Operations

The following table reconciles net (loss) 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 15, "Non-GAAP Financial Measures" for further details about this non-GAAP measure.

For the periods ended December 31 (\$ thousands except where otherwise indicated)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Net (Loss) Income	\$ (53,357)	\$ 791,916	\$ (845,273)	\$ (61,188)	\$ 784,437	\$ (845,625)
Add (deduct) impact of the following:						
Amortization of intangible assets	250	250	—	1,000	1,000	—
Transaction costs and other related expenses	—	55	(55)	—	(38,560)	38,560
Adjustment to fair value of unit-based compensation	610	(1,927)	2,537	1,941	(657)	2,598
Adjustment to fair value of Exchangeable Units	43,536	(704,500)	748,036	577,848	(237,472)	815,320
Adjustment to fair value of investment properties	(2,212)	16,112	(18,324)	(144,332)	(92,731)	(51,601)
Adjustment to fair value of investment properties to proportionate share	31,053	(29,752)	60,805	28,855	(25,684)	54,539
Adjustment to fair value of investment in real estate securities	87,034	36,254	50,780	44,638	35,782	8,856
Interest otherwise capitalized for development in equity accounted joint ventures	2,264	2,975	(711)	9,395	11,671	(2,276)
Distributions on Exchangeable Units ⁽ⁱ⁾	76,189	75,199	990	304,096	300,137	3,959
Internal expenses for leasing	2,616	2,695	(79)	9,647	9,916	(269)
Income tax expense (recovery)	1,939	(1,057)	2,996	1,944	(1,069)	3,013
Funds from Operations	\$ 189,922	\$ 188,220	\$ 1,702	\$ 773,844	\$ 746,770	\$ 27,074
FFO per unit - diluted	\$ 0.262	\$ 0.260	\$ 0.002	\$ 1.069	\$ 1.032	\$ 0.037
FFO payout ratio - diluted ⁽ⁱⁱ⁾	73.4 %	73.1 %	0.3 %	71.9 %	73.5 %	(1.6)%
Distribution declared per unit	\$ 0.193	\$ 0.190	\$ 0.003	\$ 0.768	\$ 0.758	\$ 0.010
Weighted average number of units outstanding - diluted ⁽ⁱⁱⁱ⁾	723,810,797	723,726,328	84,469	723,800,904	723,680,890	120,014

(i) Represents interest on indebtedness due to GWL.

(ii) FFO payout ratio is calculated as cash distributions declared divided by FFO.

(iii) Includes Trust Units and Exchangeable Units.

FFO as calculated on a proportionate share basis:

For the periods ended December 31 (\$ thousands except where otherwise indicated)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Net Operating Income, Cash Basis	\$ 271,444	\$ 259,966	\$ 11,478	\$ 1,072,647	\$ 1,024,119	\$ 48,528
Straight-line rental revenue	1,886	1,061	825	4,782	1,434	3,348
Lease surrender revenue	—	2,558	(2,558)	10,050	11,204	(1,154)
Net Operating Income, Accounting Basis	273,330	263,585	9,745	1,087,479	1,036,757	50,722
Residential inventory income	—	—	—	—	2,034	(2,034)
Interest income	6,443	7,949	(1,506)	27,334	38,159	(10,825)
Investment income	4,249	5,315	(1,066)	20,194	21,260	(1,066)
Fee income	1,213	712	501	5,157	3,389	1,768
Net interest expense and other financing charges	(158,340)	(153,223)	(5,117)	(625,733)	(608,720)	(17,013)
Distributions on Exchangeable Units ⁽ⁱ⁾	76,189	75,199	990	304,096	300,137	3,959
Interest otherwise capitalized for development in equity accounted joint ventures	2,264	2,975	(711)	9,395	11,671	(2,276)
General and administrative expenses	(18,042)	(16,987)	(1,055)	(63,725)	(67,833)	4,108
Internal expenses for leasing	2,616	2,695	(79)	9,647	9,916	(269)
Funds from Operations	\$ 189,922	\$ 188,220	\$ 1,702	\$ 773,844	\$ 746,770	\$ 27,074
FFO per unit - diluted	\$ 0.262	\$ 0.260	\$ 0.002	\$ 1.069	\$ 1.032	\$ 0.037
FFO payout ratio - diluted ⁽ⁱⁱ⁾	73.4 %	73.1 %	0.3 %	71.9 %	73.5 %	(1.6)%
Distribution declared per unit	\$ 0.193	\$ 0.190	\$ 0.003	\$ 0.768	\$ 0.758	\$ 0.010
Weighted average number of units outstanding - diluted ⁽ⁱⁱⁱ⁾	723,810,797	723,726,328	84,469	723,800,904	723,680,890	120,014

(i) Represents interest on indebtedness due to GWL.

(ii) FFO payout ratio is calculated as cash distributions declared divided by FFO.

(iii) Includes Trust Units and Exchangeable Units.

15.3 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 15, "Non-GAAP Financial Measures" for further details about this non-GAAP measure.

For the periods ended December 31 (\$ thousands except where otherwise indicated)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Funds from Operations	\$ 189,922	\$ 188,220	\$ 1,702	\$ 773,844	\$ 746,770	\$ 27,074
Add (deduct) impact of the following:						
Internal expenses for leasing	(2,616)	(2,695)	79	(9,647)	(9,916)	269
Straight-line rental revenue	1,135	675	460	2,483	2,194	289
Straight-line rental revenue adjustment to proportionate share	(3,021)	(1,736)	(1,285)	(7,265)	(3,628)	(3,637)
Property capital	(27,341)	(61,315)	33,974	(81,629)	(80,205)	(1,424)
Direct leasing costs	(2,217)	(1,738)	(479)	(8,871)	(7,824)	(1,047)
Tenant improvements	(10,183)	(10,107)	(76)	(32,579)	(16,797)	(15,782)
Operating capital expenditures adjustment to proportionate share	(208)	(1,978)	1,770	(4,601)	(5,646)	1,045
Adjusted Funds from Operations	\$ 145,471	\$ 109,326	\$ 36,145	\$ 631,735	\$ 624,948	\$ 6,787
AFFO per unit - diluted	\$ 0.201	\$ 0.151	\$ 0.050	\$ 0.873	\$ 0.864	\$ 0.009
AFFO payout ratio - diluted ⁽ⁱ⁾	95.8 %	125.8 %	(30.0)%	88.0 %	87.8 %	0.2 %
Distribution declared per unit	\$ 0.193	\$ 0.190	\$ 0.003	\$ 0.768	\$ 0.758	\$ 0.010
Weighted average number of units outstanding - diluted ⁽ⁱⁱ⁾	723,810,797	723,726,328	84,469	723,800,904	723,680,890	120,014

(i) AFFO payout ratio is calculated as cash distributions declared divided by AFFO.

(ii) Includes Trust Units and Exchangeable Units.

15.4 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 4.3, "Adjusted Cash Flow from Operations" and Section 15, "Non-GAAP Financial Measures" for further details about this non-GAAP measure.

For the periods ended December 31 (\$ thousands except where otherwise indicated)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Cash Flows from Operating Activities	\$ 232,500	\$ 242,441	\$ (9,941)	\$ 697,706	\$ 724,729	\$ (27,023)
Add (deduct) impact of the following:						
Net interest expense and other financing charges in excess of interest paid ⁽ⁱ⁾	(98,178)	(89,952)	(8,226)	(314,855)	(302,657)	(12,198)
Distributions on Exchangeable Units included in net interest expense and other financing charges	76,189	75,199	990	304,096	300,137	3,959
Interest and other income in excess of interest received ⁽ⁱ⁾	3,377	761	2,616	(12,063)	7,921	(19,984)
Interest otherwise capitalized for development in equity accounted joint ventures	2,264	2,975	(711)	9,395	11,671	(2,276)
Portion of internal expenses for leasing relating to development activity	1,308	1,347	(39)	4,824	4,958	(134)
Adjustment for property capital expenditures on a proportionate share basis	(27,061)	(62,377)	35,316	(83,316)	(81,363)	(1,953)
Adjustment for leasing expenditures to a proportionate share basis	(488)	(916)	428	(2,914)	(4,488)	1,574
Transaction costs and other related expenses	—	55	(55)	—	(38,560)	38,560
Adjustment for proportionate share of operating income from equity accounted joint ventures ⁽ⁱⁱ⁾	8,434	8,068	366	29,343	23,454	5,889
Adjustment for distributions from equity accounted joint ventures	(1,499)	(4,563)	3,064	(18,046)	(31,938)	13,892
Adjustment for additions to residential inventory	—	—	—	—	2,648	(2,648)
Adjustment for changes in non-cash working capital items not indicative of sustainable operating cash flows ⁽ⁱⁱⁱ⁾	(46,010)	(43,330)	(2,680)	26,576	24,623	1,953
Adjusted Cash Flow from Operations	150,836	129,708	21,128	640,746	641,135	(389)
Cash distributions declared	139,334	137,505	1,829	556,123	548,783	7,340
Cash Retained (Utilized) after Distributions	\$ 11,502	\$ (7,797)	\$ 19,299	\$ 84,623	\$ 92,352	\$ (7,729)
ACFO Payout Ratio^(iv)	92.4 %	106.0 %	(13.6)%	86.8 %	85.6 %	1.2 %

(i) The timing of the recognition of interest expense and income differs from the cash payment and collection.

(ii) Excludes adjustment to fair value of investment properties for equity accounted joint ventures.

(iii) ACFO is adjusted each quarter for fluctuations in non-cash working capital due to the timing of 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.

(iv) ACFO payout ratio is calculated as the cash distributions declared divided by ACFO.

Based on the Real Property Association of Canada's *Adjusted Cashflow from Operations (ACFO) for IFRS* issued in January 2023, Choice Properties adjusts ACFO for amounts included in the net change in non-cash working capital, a component of cash flows from operating activities, to eliminate fluctuations that are not indicative of sustainable cash available for distribution. The resulting remaining impacts on ACFO from changes in non-cash working capital are calculated below:

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Net change in non-cash working capital ⁽ⁱ⁾	\$ 47,144	\$ 58,411	\$ (11,267)	\$ (32,214)	\$ (21,295)	\$ (10,919)
Adjustment for changes in non-cash working capital items not indicative of sustainable operating cash flows	(46,010)	(43,330)	(2,680)	26,576	24,623	1,953
Net non-cash working capital change included in ACFO	\$ 1,134	\$ 15,081	\$ (13,947)	\$ (5,638)	\$ 3,328	\$ (8,966)

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

15.5 Net Interest Expense and Other Financing Charges Reconciliation

The following tables reconcile net interest expense and other financing charges as determined in accordance with GAAP to net interest expense and other financing charges on a proportionate share basis⁽¹⁾ for the periods ended as indicated:

For the three months ended December 31 (\$ thousands)	2025			2024		
	GAAP Basis	Adjustment to Proportionate Share Basis	Proportionate Share Basis	GAAP Basis	Adjustment to Proportionate Share Basis	Proportionate Share Basis
Interest on senior unsecured debentures	\$ 61,406	\$ —	\$ 61,406	\$ 57,064	\$ —	\$ 57,064
Interest on mortgages and construction loans	12,013	8,473	20,486	13,934	6,516	20,450
Interest on credit facility	937	—	937	958	—	958
Subtotal (for use in Debt Service Coverage calculation)	74,356	8,473	82,829	71,956	6,516	78,472
Distributions on Exchangeable Units ⁽ⁱ⁾	76,189	—	76,189	75,199	—	75,199
Subtotal (for use in EBITDAFV calculation)	150,545	8,473	159,018	147,155	6,516	153,671
Interest on right-of-use lease liabilities	9	—	9	10	—	10
Amortization of debt discounts and premiums	85	42	127	135	54	189
Amortization of debt placement costs	1,142	207	1,349	1,140	186	1,326
Capitalized interest	(1,011)	(1,152)	(2,163)	(950)	(1,023)	(1,973)
Net interest expense and other financing charges	\$ 150,770	\$ 7,570	\$ 158,340	\$ 147,490	\$ 5,733	\$ 153,223

(i) Represents interest on indebtedness due to GWL.

For the years ended December 31 (\$ thousands)	2025			2024		
	GAAP Basis	Adjustment to Proportionate Share Basis	Proportionate Share Basis	GAAP Basis	Adjustment to Proportionate Share Basis	Proportionate Share Basis
Interest on senior unsecured debentures	\$ 234,281	\$ —	\$ 234,281	\$ 231,621	\$ —	\$ 231,621
Interest on mortgages and construction loans	50,892	32,689	83,581	48,286	25,007	73,293
Interest on credit facility	7,424	—	7,424	4,105	—	4,105
Subtotal (for use in Debt Service Coverage calculation)	292,597	32,689	325,286	284,012	25,007	309,019
Distributions on Exchangeable Units ⁽ⁱ⁾	304,096	—	304,096	300,137	—	300,137
Subtotal (for use in EBITDAFV calculation)	596,693	32,689	629,382	584,149	25,007	609,156
Interest on right-of-use lease liabilities	38	—	38	45	—	45
Amortization of debt discounts and premiums	455	169	624	665	156	821
Amortization of debt placement costs	4,592	799	5,391	4,577	659	5,236
Capitalized interest	(4,146)	(5,556)	(9,702)	(3,048)	(3,490)	(6,538)
Net interest expense and other financing charges	\$ 597,632	\$ 28,101	\$ 625,733	\$ 586,388	\$ 22,332	\$ 608,720

(i) Represents interest on indebtedness due to GWL.

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

The following table reconciles net (loss) income, as determined in accordance with GAAP, to EBITDAFV for the periods ended as indicated. Refer to Section 15, “Non-GAAP Financial Measures” for further details about this non-GAAP measure.

For the periods ended December 31 (\$ thousands)	Three Months			Years Ended		
	2025	2024	Change \$	2025	2024	Change \$
Net (Loss) Income	\$ (53,357)	\$ 791,916	\$ (845,273)	\$ (61,188)	\$ 784,437	\$ (845,625)
Add (deduct) impact of the following:						
Transaction costs and other related expenses	—	55	(55)	—	(38,560)	38,560
Adjustment to fair value of unit-based compensation	610	(1,927)	2,537	1,941	(657)	2,598
Adjustment to fair value of Exchangeable Units	43,536	(704,500)	748,036	577,848	(237,472)	815,320
Adjustment to fair value of investment properties	(2,212)	16,112	(18,324)	(144,332)	(92,731)	(51,601)
Adjustment to fair value of investment properties to proportionate share	31,053	(29,752)	60,805	28,855	(25,684)	54,539
Adjustment to fair value of investment in real estate securities	87,034	36,254	50,780	44,638	35,782	8,856
Interest expense on a proportionate share basis ⁽ⁱ⁾	159,018	153,671	5,347	629,382	609,156	20,226
Amortization of other assets	301	315	(14)	1,249	1,254	(5)
Amortization of intangible assets	250	250	—	1,000	1,000	—
Income tax expense (recovery)	1,939	(1,057)	2,996	1,944	(1,069)	3,013
Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value (EBITDAFV)	\$ 268,172	\$ 261,337	\$ 6,835	\$ 1,081,337	\$ 1,035,456	\$ 45,881

(i) As calculated in Section 15.5, “Net Interest Expense and Other Financing Charges Reconciliation”.

15.7 Selected Information For Comparative Purposes

The following table reconciles net (loss) 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 15, "Non-GAAP Financial Measures" for further details about this non-GAAP measure.

(\$ thousands except where otherwise indicated)	Fourth Quarter 2025	Third Quarter 2025	Second Quarter 2025	First Quarter 2025	Fourth Quarter 2024	Third Quarter 2024	Second Quarter 2024	First Quarter 2024	Fourth Quarter 2023
Net (loss) income	\$ (53,357)	\$ 242,649	\$ (154,247)	\$ (96,233)	\$ 791,916	\$ (662,989)	\$ 513,231	\$ 142,279	\$ (445,684)
Amortization of intangible assets	250	250	250	250	250	250	250	250	250
Transaction costs and other related expenses	—	—	—	—	55	—	(38,615)	—	—
Adjustment to fair value of unit-based compensation	610	438	875	18	(1,927)	3,339	(1,288)	(781)	1,435
Adjustment to fair value of Exchangeable Units	43,536	(67,284)	364,124	237,472	(704,500)	906,351	(372,039)	(67,284)	502,649
Adjustment to fair value of investment properties	(2,212)	(18,676)	(93,486)	(29,958)	16,112	(82,173)	(28,035)	1,365	74,445
Adjustment to fair value of investment properties to proportionate share	31,053	5,371	2,451	(10,020)	(29,752)	(620)	2,493	2,195	(1,164)
Adjustment to fair value of investment in real estate securities	87,034	(42,277)	(9,093)	8,974	36,254	(57,983)	27,870	29,641	(26,570)
Interest otherwise capitalized for development in equity accounted joint ventures	2,264	2,295	2,340	2,496	2,975	3,119	3,069	2,508	2,670
Exchangeable Units distributions	76,189	76,189	76,189	75,529	75,199	75,199	75,199	74,540	74,210
Internal expenses for leasing	2,616	2,458	2,163	2,410	2,695	2,154	2,579	2,488	2,399
Income tax expense (recovery)	1,939	3	1	1	(1,057)	—	—	(12)	—
Funds from Operations	\$ 189,922	\$ 201,416	\$ 191,567	\$ 190,939	\$ 188,220	\$ 186,647	\$ 184,714	\$ 187,189	\$ 184,640
FFO per unit - diluted	\$ 0.262	\$ 0.278	\$ 0.265	\$ 0.264	\$ 0.260	\$ 0.258	\$ 0.255	\$ 0.259	\$ 0.255
FFO payout ratio - diluted ⁽ⁱ⁾	73.4 %	69.2 %	72.7 %	72.3 %	73.1 %	73.7 %	74.4 %	72.8 %	73.5 %
Distribution declared per unit	\$ 0.193	\$ 0.193	\$ 0.193	\$ 0.191	\$ 0.190	\$ 0.190	\$ 0.190	\$ 0.188	\$ 0.188
Weighted average number of units outstanding - diluted ⁽ⁱⁱ⁾	723,810,797	723,810,797	723,810,797	723,770,677	723,726,328	723,683,222	723,659,539	723,666,036	723,662,727

(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 15, “Non-GAAP Financial Measures” for further details about this non-GAAP measure.

(\$ thousands except where otherwise indicated)	Fourth Quarter 2025	Third Quarter 2025	Second Quarter 2025	First Quarter 2025	Fourth Quarter 2024	Third Quarter 2024	Second Quarter 2024	First Quarter 2024	Fourth Quarter 2023
Funds from operations	\$ 189,922	\$ 201,416	\$ 191,567	\$ 190,939	\$ 188,220	\$ 186,647	\$ 184,714	\$ 187,189	\$ 184,640
Add (deduct) impact of the following:									
Internal expenses for leasing	(2,616)	(2,458)	(2,163)	(2,410)	(2,695)	(2,154)	(2,579)	(2,488)	(2,399)
Straight-line rental revenue	1,135	411	570	367	675	346	1,434	(261)	(446)
Straight-line rental revenue adjustment to proportionate share	(3,021)	(1,343)	(1,535)	(1,366)	(1,736)	(620)	(658)	(614)	(626)
Property capital	(27,341)	(41,688)	(12,171)	(429)	(61,315)	(11,890)	(2,606)	(4,394)	(46,491)
Direct leasing costs	(2,217)	(2,879)	(2,316)	(1,459)	(1,738)	(2,890)	(2,024)	(1,172)	(1,357)
Tenant improvements	(10,183)	(13,582)	(5,487)	(3,327)	(10,107)	(2,295)	(1,369)	(3,026)	(4,381)
Operating capital expenditures adjustment to proportionate share	(208)	(823)	(1,520)	(2,050)	(1,978)	(1,268)	(312)	(2,088)	(1,845)
Adjusted Funds from Operations	\$ 145,471	\$ 139,054	\$ 166,945	\$ 180,265	\$ 109,326	\$ 165,876	\$ 176,600	\$ 173,146	\$ 127,095
AFFO per unit - diluted	\$ 0.201	\$ 0.192	\$ 0.231	\$ 0.249	\$ 0.151	\$ 0.229	\$ 0.244	\$ 0.239	\$ 0.176
AFFO payout ratio - diluted ⁽ⁱ⁾	95.8 %	100.2 %	83.5 %	76.6 %	125.8 %	82.9 %	77.9 %	78.7 %	106.8 %
Weighted average number of units outstanding - diluted ⁽ⁱⁱ⁾	723,810,797	723,810,797	723,810,797	723,770,677	723,726,328	723,683,222	723,659,539	723,666,036	723,662,727

(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 Adjusted Debt to Total Assets ratio and Debt Service Coverage ratio for the periods indicated. Refer to section 4.7 “Financial Condition” and Section 15, “Non-GAAP Financial Measures” for further details about this non-GAAP measure.

	Fourth Quarter 2025	Third Quarter 2025	Second Quarter 2025	First Quarter 2025	Fourth Quarter 2024	Third Quarter 2024	Second Quarter 2024	First Quarter 2024	Fourth Quarter 2023
Total Assets - Proportionate Basis	\$18,802,407	\$ 18,845,090	\$ 18,518,958	\$ 18,069,141	\$ 18,219,439	\$ 18,042,431	\$18,243,332	\$17,467,013	\$ 17,889,244
Debt Service Coverage Ratio - Denominator	\$ 92,344	\$ 93,318	\$ 89,251	\$ 88,815	\$ 87,597	\$ 89,641	\$ 83,587	\$ 82,312	\$ 84,686

Financial Statements

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Management's Statement of Responsibility for Financial Reporting

The management of Choice Properties Real Estate Investment Trust (the "Trust") is responsible for the preparation, presentation and integrity of the accompanying consolidated financial statements, Management's Discussion and Analysis and all other information in the Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgments and estimates necessary to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (the "IFRS Accounting Standards" or "GAAP"). It also includes ensuring that the financial information presented elsewhere in the Annual Report is consistent with that in the consolidated financial statements.

Management is also responsible for providing reasonable assurance that assets are safeguarded, and that relevant and reliable financial information is produced. Management is required to design a system of internal controls and certify as to the design and operating effectiveness of internal controls over financial reporting. A dedicated control compliance team reviews and evaluates internal controls, the results of which are shared with management on a quarterly basis. PricewaterhouseCoopers LLP, whose report follows, are the independent auditors engaged to audit the consolidated financial statements of the Trust.

The Board of Trustees, acting through an Audit Committee comprised solely of trustees who are independent, is responsible for determining that management fulfills its responsibilities in the preparation of the consolidated financial statements and the financial control of operations. The Audit Committee recommends the independent auditors for appointment by the Unitholders. The Audit Committee meets regularly with senior and financial management and the independent auditors to discuss internal controls, auditing activities and financial reporting matters. The independent auditors and internal auditors have unrestricted access to the Audit Committee. These consolidated financial statements and Management's Discussion and Analysis have been approved by the Board of Trustees for inclusion in the Annual Report based on the review and recommendation of the Audit Committee.

Toronto, Canada
February 18, 2026

[signed]

Rael Diamond

President and Chief Executive Officer

[signed]

Erin Johnston

Chief Financial Officer



Independent auditor's report

To the Unitholders of Choice Properties Real Estate Investment Trust

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Choice Properties Real Estate Investment Trust and its subsidiaries (together, the Trust) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Trust's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2025 and 2024;
- the consolidated statements of income and comprehensive (loss) income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

PricewaterhouseCoopers LLP
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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of income producing properties</p> <p>Refer to note 2 – Material Accounting Policy Information, note 4 – Critical Accounting Judgments and Estimates and note 6 – Investment Properties to the consolidated financial statements.</p> <p>The Trust measures its income producing properties at fair value and, as at December 31, 2025, these assets were valued at \$15.5 billion. The fair values of these assets are prepared by the Trust’s internal valuations team and reviewed by management. 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. Income producing properties are valued using the discounted cash flow method. The significant assumptions under this method include the discount rates and terminal capitalization rates applicable to those assets.</p> <p>We considered this a key audit matter due to (i) significant audit effort required to assess the fair values of income</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"> • Developed a point estimate of the fair value of each individual income producing property using external market data and compared each independent point estimate to management’s estimate of each property to evaluate the reasonableness of management’s estimate. • For the individual estimates that fell outside of the expected range established from the point estimate, we tested how management determined the fair value estimate of the income producing property, which included the following: <ul style="list-style-type: none"> – evaluated the appropriateness of the valuation methodology used; – evaluated the reasonableness of the discount rates and terminal capitalization rates by comparing to externally available market data. For certain properties, professionals with specialized skill and

Key audit matter	How our audit addressed the key audit matter
<p>producing properties; (ii) critical judgments by management when determining the fair values of the income producing properties, including the development of the significant assumptions; and (iii) a high degree of complexity in assessing audit evidence related to the significant assumptions developed by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.</p>	<p>knowledge in the field of real estate valuations assisted in evaluating the reasonableness of the discount rates and terminal capitalization rates; and</p> <ul style="list-style-type: none"> - tested the underlying data used in the discounted cash flow method.

Other information

Management is responsible for the other information. The other information comprises the Management’s Discussion and Analysis and the information, other than the consolidated financial statements and our auditor’s report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Trust as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Frank Magliocco.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

February 18, 2026

Choice Properties Real Estate Investment Trust
Consolidated Balance Sheets

(in thousands of Canadian dollars)	Note	As at December 31, 2025	As at December 31, 2024
Assets			
Investment properties	6	\$ 15,758,000	\$ 15,331,000
Equity accounted joint ventures	7	961,678	884,431
Financial real estate assets	9	202,079	199,374
Residential development inventory	10	2,095	2,095
Mortgages, loans and notes receivable	11	645,432	720,205
Investment in real estate securities	12	157,888	202,526
Intangible assets	13	11,964	12,964
Accounts receivable and other assets	14	102,830	105,594
Assets held for sale	5,6	—	35,955
Cash and cash equivalents	29(c)	71,180	63,388
Total Assets		\$ 17,913,146	\$ 17,557,532
Liabilities and Equity			
Long term debt	15	\$ 6,804,960	\$ 6,684,940
Exchangeable Units	17	5,861,598	5,283,750
Trade payables and other liabilities	19	661,779	689,042
Total Liabilities		13,328,337	12,657,732
Equity			
Unitholders' equity	17	4,584,809	4,899,800
Total Equity		4,584,809	4,899,800
Total Liabilities and Equity		\$ 17,913,146	\$ 17,557,532

Contingencies, Commitments, and Guarantees (Note 31).
See accompanying notes to the audited consolidated financial statements.

Approved on behalf of the Board of Trustees

[signed]

Gordon A. M. Currie

Chair, Board of Trustees

[signed]

Diane Kazarian

Chair, Audit Committee

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

(in thousands of Canadian dollars)	Note	Years Ended	
		December 31, 2025	December 31, 2024
Net Rental Income			
Rental revenue	21	\$ 1,414,621	\$ 1,358,105
Property operating costs	22	(399,144)	(381,568)
		1,015,477	976,537
Residential Inventory Income			
Gross sales	10	—	11,268
Cost of sales	10	—	(9,234)
		—	2,034
Other Income and Expenses			
Interest income	23	41,892	52,593
Investment income	12	20,194	21,260
Fee income		5,157	3,389
Net interest expense and other financing charges	24	(597,632)	(586,388)
General and administrative expenses	25	(63,725)	(67,833)
Share of income from equity accounted joint ventures	7	488	49,138
Amortization of intangible assets	13	(1,000)	(1,000)
Transaction costs and other related expenses		—	38,560
Adjustment to fair value of unit-based compensation	20	(1,941)	657
Adjustment to fair value of Exchangeable Units	17	(577,848)	237,472
Adjustment to fair value of investment properties	6	144,332	92,731
Adjustment to fair value of investment in real estate securities	12	(44,638)	(35,782)
(Loss) Income before Income Taxes		(59,244)	783,368
Income tax (expense) recovery	18	(1,944)	1,069
Net (Loss) Income		\$ (61,188)	\$ 784,437
Net (Loss) Income		\$ (61,188)	\$ 784,437
Other Comprehensive Loss			
Unrealized loss on designated hedging instruments	27	(1,013)	(2,964)
Other Comprehensive Loss		(1,013)	(2,964)
Comprehensive (Loss) Income		\$ (62,201)	\$ 781,473

See accompanying notes to the audited consolidated financial statements.

Choice Properties Real Estate Investment Trust
Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)	Note	Attributable to Choice Properties' Unitholders				Total Unitholders' equity
		Trust Units	Cumulative net income	Accumulated other comprehensive income	Cumulative distributions to Unitholders	
Equity, December 31, 2024		\$ 3,659,456	\$ 3,160,123	\$ 3,587	\$ (1,923,366)	\$ 4,899,800
Net loss		—	(61,188)	—	—	(61,188)
Other comprehensive loss		—	—	(1,013)	—	(1,013)
Distributions		—	—	—	(252,027)	(252,027)
Units issued under unit-based compensation arrangements	17	1,933	—	—	—	1,933
Reclassification of vested Unit-Settled Restricted Units liability to equity	17	1,786	—	—	—	1,786
Units repurchased for unit-based compensation arrangements	17	(4,482)	—	—	—	(4,482)
Equity, December 31, 2025		\$ 3,658,693	\$ 3,098,935	\$ 2,574	\$ (2,175,393)	\$ 4,584,809

(in thousands of Canadian dollars)	Note	Attributable to Choice Properties' Unitholders				Total Unitholders' equity
		Trust Units	Cumulative net income	Accumulated other comprehensive income	Cumulative distributions to Unitholders	
Equity, December 31, 2023		\$ 3,660,985	\$ 2,375,686	\$ 6,551	\$ (1,674,720)	\$ 4,368,502
Net income		—	784,437	—	—	784,437
Other comprehensive loss		—	—	(2,964)	—	(2,964)
Distributions		—	—	—	(248,646)	(248,646)
Units issued under unit-based compensation arrangements	17	951	—	—	—	951
Reclassification of vested Unit-Settled Restricted Units liability to equity	17	1,534	—	—	—	1,534
Units repurchased for unit-based compensation arrangements	17	(4,014)	—	—	—	(4,014)
Equity, December 31, 2024		\$ 3,659,456	\$ 3,160,123	\$ 3,587	\$ (1,923,366)	\$ 4,899,800

See accompanying notes to the audited consolidated financial statements.

Choice Properties Real Estate Investment Trust
Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Note	Years Ended	
		December 31, 2025	December 31, 2024
Operating Activities			
Net (loss) income		\$ (61,188)	\$ 784,437
Net interest expense and other financing charges	24	597,632	586,388
Interest paid		(282,777)	(283,731)
Interest income	23	(41,892)	(52,593)
Interest received		53,955	44,672
Share of income from equity accounted joint ventures	7	(488)	(49,138)
Distributions from equity accounted joint ventures	7	18,046	31,938
Additions to residential inventory		—	(2,648)
Direct leasing costs and tenant improvement allowances	6	(41,450)	(24,621)
Cash paid on vesting of restricted and performance units		(2,310)	(2,935)
Items not affecting cash and other items	29(a)	490,392	(285,745)
Net change in non-cash working capital	29(b)	(32,214)	(21,295)
Cash Flows from Operating Activities		697,706	724,729
Investing Activities			
Acquisitions of investment properties	5,7	(401,636)	(205,477)
Additions to investment properties	6	(163,541)	(148,410)
Additions to financial real estate assets	9	(152)	(711)
Contributions to equity accounted joint ventures	7	(47,329)	(48,534)
Distribution of disposition proceeds from equity accounted joint ventures	7	51,903	48,479
Return of capital distribution from equity accounted joint ventures	7	—	28,500
Mortgages, loans and notes receivable advances	11	(392,323)	(381,305)
Mortgages, loans and notes receivable repayments	11	164,176	46,186
Proceeds from dispositions	5	238,442	77,064
Cash Flows used in Investing Activities		(550,460)	(584,208)
Financing Activities			
Proceeds from issuance of debentures, net	15	795,997	496,888
Repayments of debentures	15	(550,000)	(750,000)
Net (repayments) advances of mortgages payable	15	(130,246)	201,132
Net advances (repayments) on construction loans	15	76	(25,304)
Payment of credit facility extension fee		(562)	(703)
Cash received on exercise of options		1,229	813
Repurchase of units for unit-based compensation arrangement	17	(4,482)	(4,014)
Distributions paid on Trust Units		(251,466)	(248,369)
Cash Flows used in Financing Activities		(139,454)	(329,557)
Change in cash and cash equivalents		7,792	(189,036)
Cash and cash equivalents, beginning of year		63,388	252,424
Cash and Cash Equivalents, End of Year	29(c)	\$ 71,180	\$ 63,388

Supplemental disclosure of non-cash operating activities (Note 29).
See accompanying notes to the audited 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 premier 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 December 31, 2025, 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’ audited 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. Material Accounting Policy Information

a. Statement of Compliance

The consolidated financial statements of Choice Properties are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards” or “GAAP”) and using the accounting policies described herein. These consolidated financial statements were authorized for issuance by the Choice Properties Board of Trustees (“Board”) on February 18, 2026.

b. Basis of Preparation

The consolidated financial statements are prepared on a historical cost basis except for investment properties (Note 6), financial real estate assets (Note 9), investment in real estate securities (Note 12), Class B LP Units (the “Exchangeable Units”) which are exchangeable for Trust Units at the option of the holder (Note 17), liabilities for unit-based compensation arrangements (Note 20) and certain financial instruments (Note 27) that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars, which is the Trust’s functional currency.

The Trust presents its consolidated balance sheet based on the liquidity method, whereby all assets and liabilities are presented in ascending order of liquidity, while the notes to the consolidated financial statements distinguish between current and non-current assets and liabilities. Choice Properties considers this presentation to be reliable and more relevant to the Trust’s business.

c. Basis of Consolidation

The consolidated financial statements include the accounts of Choice Properties and other entities controlled by the Trust (its subsidiaries). Control is achieved when the Trust has power over the entity, has exposure, or rights, to variable returns from its involvement with the entity, and has the ability to use its power to affect its returns. Choice Properties reassesses control on an ongoing basis.

Consolidation of a subsidiary begins when the Trust obtains control over the subsidiary and ceases when the Trust loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of income and comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When Choice Properties does not own all the equity in a subsidiary, the non-controlling equity interest is disclosed in the consolidated balance sheet as a separate component of total equity. Changes in the Trust’s ownership interests in subsidiaries that do not result in the Trust losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Trust’s interests and any non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Unitholders of the Trust. When the Trust loses control of a subsidiary, for example through sale or partial sale, a gain or loss is recognized and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests.

d. Business Combinations

When an investment is acquired, the Trust considers the substance of the assets and activities of the acquisition in determining whether the acquisition represents an asset acquisition or a business combination. The transaction is considered to be a business combination if the acquired investment meets the definition of a business in accordance with IFRS 3, "Business Combinations", being an integrated set of activities and assets that are capable of being managed for the purposes of providing a return to Unitholders.

The acquisition of a business is accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at fair value on the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Acquisition-related costs are expensed in the period as incurred.

If the acquisition of an investment does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values at the acquisition date, and no goodwill is recognized. Acquisition-related costs are capitalized to the investment at the time the acquisition is completed.

e. Joint Arrangements

Joint arrangements are arrangements of which two or more parties have joint control. Joint control is the contractual sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either joint operations or joint ventures depending on the Trust's rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement.

Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Trust's investments in joint ventures are recorded using the equity method and are initially recognized in the consolidated balance sheet at cost and adjusted thereafter to recognize the Trust's share of the profit or loss and other comprehensive income or loss of the joint venture. The Trust's share of the joint venture's profit or loss is recognized in the Trust's consolidated statements of income and comprehensive income.

The financial statements of the equity accounted joint ventures are prepared for the same reporting period as the Trust. Where necessary, adjustments are made to bring the accounting policies in line with those of the Trust.

A joint venture is considered to be impaired if there is objective evidence of impairment, as a result of one or more events that occurred after initial recognition of the joint venture, and that event has a negative impact on the future cash flows of the joint venture that can be reliably estimated.

Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. The financial statements of the joint operations are prepared for the same reporting period as the Trust. Where necessary, adjustments are made to bring the accounting policies in line with those of the Trust. The Trust accounts for its interests in joint operations by recognizing its proportionate share of jointly controlled assets, liabilities, revenues and expenses.

f. Investment Properties

Investment properties include income producing properties and properties under development that are held by the Trust to earn rental income or for capital appreciation or both. The Trust accounts for its investment properties in accordance with International Accounting Standard ("IAS") 40, "Investment Properties". Additionally, an investment property held under a lease is classified as investment property if it meets the definition of investment property. At the inception of the lease the investment property is recognized at the present value of the future minimum lease payments and an equivalent amount is recognized as a lease obligation.

Subsequent to initial recognition, investment properties are measured at fair value in accordance with the valuation policy discussed in Note 6. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated statements of income and comprehensive income in the period in which they arise. Investment properties are de-recognized when disposed.

Income Producing Properties

Additions to income producing properties are expenditures incurred for the expansion and/or improvement of existing income producing properties that increase the revenue generating ability of the properties and are considered revenue enhancing capital expenditures. Extending and improving the productive capacity of leasable area of existing income producing properties owned by the Trust requires significant on-going capital expenditures. The Trust considers these on-going capital expenditures to be the following:

- Property capital: Major expenditures such as parking lot resurfacing and roof replacements which are significant items of improvement incurred pursuant to a capital plan are capitalized and recoverable from tenants under the terms of their leases over the useful life of the improvements. All other repair and maintenance costs are expensed when incurred.
- Direct leasing costs: These include direct third-party brokerage fees incurred in the successful negotiation of a lease.
- Tenant improvement allowances: Amounts expended to meet the Trust's lease obligations are characterized as either tenant improvements, which are owned by the Trust, or tenant inducements. An expenditure is determined to be a tenant improvement when it primarily benefits and/or is owned by the Trust. In such circumstances, the Trust is considered to have acquired an asset which is recorded as an addition to income producing properties. Tenant inducements are amortized on a straight-line basis over the term of the lease as a reduction of revenue.

Properties Under Development

The cost of land and buildings under development (consisting of commercial development sites, density or intensification rights and related infrastructure) are specifically identifiable costs incurred in the period before construction is complete. Costs capitalized in development capital include:

- Permits, architect fees, hard construction costs;
- Payments to tenants under lease obligations when the payment is reimbursement for construction which Choice Properties will receive benefit after the tenant vacates; and
- Site intensification payments, project management fees, directly attributable costs of internal team members, professional fees, and property taxes.

Directly attributable borrowing costs associated with acquiring or constructing a qualifying investment property are capitalized. Capitalization of borrowing costs commences when the activities necessary to prepare an asset for development or redevelopment begin, and ceases once the asset is substantially complete, or if there is a prolonged period where development activity is interrupted. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments.

Properties under development are transferred to income producing properties at their fair value upon practical completion. The Trust considers practical completion to have occurred when the property is capable of operating in the manner intended by management.

g. Residential Development Inventory

Residential development inventory, which is developed for sale in the ordinary course of business, is stated at the lower of cost and estimated net realizable value. Residential development inventory is reviewed for impairment at each reporting date. An impairment loss is recognized as an expense when the carrying value of the property exceeds its net realizable value. Net realizable value is based on projections of future cash flows, which take into account the development plans for each project and management's best estimate of the most probable set of anticipated economic conditions.

The cost of residential development inventory includes borrowing costs directly attributable to projects under active development. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with specific developments. Borrowing costs are not capitalized on residential development inventory where no development activity is taking place.

Transfers between residential inventory and investment property occur when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property based on management's intentions and there is observable evidence of a change in use.

h. Assets Held for Sale

An investment property is classified as held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property, and its sale must be highly probable, generally within one year. Upon designation as held for sale, the investment property continues to be measured at fair value and is presented separately on the consolidated balance sheets.

i. Financial Instruments

Financial assets and liabilities are recognized when Choice Properties becomes a party to the contractual provision of the financial instrument.

Classification and Measurement

Financial assets are classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL. Derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9, "Financial Instruments" are not separated, but the hybrid financial instrument as a whole is assessed for classification.

The classification and measurement of financial assets based on the Trust's business model for managing these financial assets and their contractual cash flow characteristics, is summarized as follows:

- Assets held for the purpose of collecting contractual cash flows that represent solely payments of principal and interest ("SPPI") are measured at amortized cost;
- Assets held within a business model where assets are held for both the purpose of collecting contractual cash flows and selling financial assets prior to maturity, and the contractual cash flows represent solely payments of principal and interest, are measured at FVOCI; and
- Assets held within another business model or assets that do not have contractual cash flow characteristics that are SPPI are measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, unless the Trust identifies changes in its business model in managing financial assets and would reassess the classification of financial assets. All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Notes to the Consolidated Financial Statements

The following summarizes the classification and measurement of financial assets and liabilities:

Asset/Liability	Classification and Measurement Basis
Accounts receivable	Amortized cost
Mortgages, loans and notes receivable - SPPI	Amortized cost
Mortgages, loans and notes receivable - FVTPL	FVTPL
Financial real estate assets	FVTPL
Investment in real estate securities	FVTPL
Cash and cash equivalents	Amortized cost
Long term debt:	
Senior unsecured debentures	Amortized cost
Mortgages payable	Amortized cost
Construction loans	Amortized cost
Credit facility	Amortized cost
Trade payables and other liabilities	Amortized cost
Derivative instruments designated as hedge	FVOCI
Derivative instruments not designated as hedge	FVTPL
Exchangeable Units	FVTPL

Impairment

An allowance for expected credit losses (“ECL”) is recognized at each balance sheet date for all financial assets measured at amortized cost or those measured at FVOCI, except for investments in equity instruments. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

Impairment losses, if incurred, would be recorded as expenses in the consolidated statements of income and comprehensive income with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated statements of income and comprehensive income. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Trust takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, unless otherwise noted.

Choice Properties measures financial assets and financial liabilities under the following fair value hierarchy. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Acquisition costs, other than those related to financial instruments classified as FVTPL which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method.

Notes to the Consolidated Financial Statements

Valuation process

The determination of the fair value of financial instruments is performed by Choice Properties' treasury and financial reporting departments on a quarterly basis. The following table describes the valuation techniques used in the determination of the fair values of financial instruments:

Type	Valuation approach
Financial real estate assets	Fair value is determined based on valuation methodology described in Note 6.
Mortgages, loans and notes receivable	The fair value of each mortgage, loan and note receivable is based on the current market conditions for financing with similar terms and risks.
Investment in real estate securities	Fair value is based on closing market trading price of Allied Properties Real Estate Investment Trust ("Allied").
Accounts receivable, cash and cash equivalents, and trade payables and other liabilities	The carrying amount approximates fair value due to the short-term maturity of these instruments.
Unit Options	Fair value of each tranche is valued separately using a Black-Scholes option pricing model.
Restricted Units, Performance Units, Trustee Deferred Units and Exchangeable Units	Fair value is based on closing market trading price of Choice Properties' Units.
Unit-Settled Restricted Units ("URU")	Fair value of each grant is measured based on the market value of a Unit at the balance sheet date, less a discount to account for the vesting and holding period restriction placed on the URUs.
Long term debt	Fair value is based on the present value of contractual cash flows, discounted at Choice Properties' current incremental borrowing rate for similar types of borrowing arrangements or, where applicable, quoted market prices.

De-recognition of Financial Instruments

Financial assets are de-recognized when the contractual rights to receive cash flows and benefits from the financial asset expire, or if Choice Properties transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. The difference between the assets carrying amount and the sum of the consideration received and receivable is recognized in net income.

Financial liabilities are de-recognized when obligations under the contract expire, are discharged or cancelled. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in net income.

j. 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".

k. Mortgages, Loans and Notes Receivable

The Trust's mortgages, loans and notes receivable are classified into two categories: (1) those held for the purpose of collecting contractual cash flows that represent SPPI and are classified and measured at amortized cost; and (2) those that do not meet the SPPI criteria that are classified and measured at FVTPL.

Interest income for mortgages and loans receivable is recognized using the effective interest method. At the end of each reporting period management reviews its SPPI mortgages, loans and notes receivable to determine whether there is an event or change in circumstance that indicates a possible impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to measure any impairment loss and an allowance for expected credit losses is recorded.

Mortgages, loans, and notes receivables are assessed for impairment under an ECL model. The Trust applies the general approach for the mortgages, loans and notes receivables measured at amortized cost. An impairment loss is recognized if the present value of estimated future cash flows discounted at the original effective interest rate inherent in the loan is less than its carrying value and is measured as the difference between the two amounts. When the amounts and the timing of future cash flows cannot be estimated with reasonable reliability, impairment is recognized if either (a) the fair value of the underlying security, net of any realization costs and amounts legally required to be paid to the borrowers, or (b) the observable market price for the loan, is less than the carrying value. The valuation of such amounts is subjective and is based upon assumptions regarding market conditions that could differ materially from actual results in future periods.

Notes to the Consolidated Financial Statements

I. Intangible Assets

Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

m. Leases

As lessor

When the Trust acts as a lessor, it determines and classifies each lease as a finance lease or operating lease at the lease commencement date.

When a lease transfers to the lessee substantially all the risk and rewards of ownership incidental to the ownership of the underlying asset, the lease is classified as a finance lease; otherwise, the lease is classified as an operating lease. To make this assessment, the Trust considers certain indicators including whether the lease is for the major part of the economic life of the asset or the present value of lease payments is substantially all the fair value of the underlying asset.

The majority of the lease agreements entered into by the Trust as a lessor are classified as operating leases. The Trust's policy for these leases are discussed further in the accounting policy for revenue recognition.

At the commencement date of a finance lease, the Trust recognizes a lease receivable at the amount of its net investment in the lease, which is measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees, less any lease incentives payable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the lessee and payments of penalties for terminating a lease, if the lease term reflects the lessee exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as rental revenue in the period on which the event or condition that triggers the payment occurs.

n. Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted cash on hand and marketable investments with an original maturity date of 90 days or less from the date of acquisition.

o. Financial Derivative Instruments

The Trust does not use derivative instruments for speculative purposes. Any embedded derivative instruments that may be identified are separated from their host contract and recorded on the consolidated balance sheet at fair value. Derivative instruments are recorded in current or non-current assets and liabilities based on their remaining terms to maturity. All changes in fair values of the derivative instruments are recorded in net earnings unless the derivative qualifies and is effective as a hedging item in a designated hedging relationship. The Trust has cash flow hedges which are used to manage exposure to fluctuations in interest rates. The effective portion of the change in fair value of the hedging item is recorded in other comprehensive income. If the change in fair value of the hedging item is not completely offset by the change in fair value of the hedged item, the ineffective portion of the hedging relationship is recorded in net income. Amounts accumulated in other comprehensive income are reclassified to net earnings when the hedged item is recognized in net income.

p. Exchangeable Units

The Class B LP Units of the Trust's subsidiary, the Partnership, are exchangeable into Trust Units at the option of the holder (the "Exchangeable Units"). GWL holds all the Exchangeable Units. These Exchangeable Units are considered puttable instruments and are required to be classified as financial liabilities at FVTPL. Distributions paid on the Exchangeable Units are accounted for as interest expense.

q. Trust Units

With certain restrictions, the Units of Choice Properties are redeemable at the option of the holder, and, therefore, are considered puttable instruments in accordance with IAS 32, "Financial Instruments - Presentation" ("IAS 32"). Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32, in which case, the puttable instruments may be presented as equity.

To be presented as equity, a puttable instrument must meet all of the following conditions: (i) it must entitle the holder to a pro-rata share of the entity's net assets in the event of the entity's dissolution; (ii) it must be in the class of instruments that is subordinate to all other instruments; (iii) all instruments in the class in (ii) above must have identical features; (iv) other than the redemption feature, there can be no other contractual obligations that meet the definition of a liability; and (v) the expected cash flows for the instrument must be based substantially on the profit or loss of the entity or change in fair value of the instrument. The Trust Units meet the conditions of IAS 32 and, accordingly, are presented as equity in the consolidated financial statements.

r. Revenue Recognition*Property Rental Revenue*

Choice Properties has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for its leases with tenants as operating leases. The Trust commences revenue recognition on its leases based on a number of factors. In most cases, revenue recognition under a lease begins when the tenant takes possession of, or controls, the physical use of the leased property. Generally, this occurs on the later of the lease commencement date, or when the Trust is required to make additions to the leased property in the form of tenant improvements, upon substantial completion of such additions.

The Trust's revenues are earned from lease contracts with tenants and include both a lease component and a non-lease component. The Trust recognizes revenue from lease components on a straight-line basis over the lease term, including the recovery of property taxes and insurance, which is included in revenue in the consolidated statements of income and comprehensive income due to its operating nature, except for contingent rental income which is recognized when it arises. An accrued straight-line rent receivable is recorded from tenants for the difference between the straight-line rent and the rent that is contractually due from the tenant.

The lease agreements include certain services offered to tenants such as cleaning, utilities, security, landscaping, snow removal, property maintenance costs, as well as other support services. The consideration charged to tenants for these services includes fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred. The Trust has determined that these services constitute a distinct non-lease component (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15, "Revenue from Contracts with Customers". These property management services are considered one performance obligation, meeting the criteria for over time recognition and are recognized in the period that recoverable costs are incurred, or services are performed.

Interest Income

Interest income is the interest earned on the amounts advanced under the Trust's mezzanine loans, vendor take-back loans and joint venture financing arrangements, as well as bank interest earned from deposits. Interest income is recognized in accordance with the terms set out in the financing arrangements using the effective interest method.

Fee Income

Fee income consists mainly of property management fees, leasing fees, project management fees and other miscellaneous fees. Property management fees are generally based on a percentage of property revenues and are recognized when earned in accordance with the property management or co-ownership agreements. Leasing fees are incurred when the Trust is the leasing manager for co-owned properties and are recognized when earned in accordance with the property management or co-ownership agreements.

Residential Inventory Income

The revenue generated from contracts with customers on the sale of residential condominium units is recognized at a point in time when control of the asset (i.e. condominium unit) has transferred to the purchaser (i.e., generally, when the purchaser takes possession of the condominium unit) as the purchaser has the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. The amount of revenue recognized is based on the transaction price included in the purchasers' contracts. Any funds received prior to the purchasers taking possession of their respective assets are recognized as deferred revenue (contractual liability).

Lease Termination Income

Lease termination income represents amounts earned from tenants in connection with the cancellation or the early termination of their remaining lease obligations. Lease termination income is recognized on a straight-line basis over the modified lease term, commencing when a lease termination is signed, and ending at the amended lease expiration date.

s. Unit-Based Compensation

The Trust has five unit-based compensation plans. The (1) Unit Option, (2) Restricted Unit ("RU"), (3) Performance Unit ("PU"), (4) Trustee Deferred Unit ("DU") and (5) Unit-Settled Restricted Unit ("URU") plans are accounted for as cash-settled awards, as the Trust is an open-ended trust making its units redeemable, and thus requiring its unit-based compensation plans to be recognized as a liability and carried at fair value. The fair value in respect of each plan is re-measured at each balance sheet date. Compensation expense is recognized in general and administrative expenses over the vesting period for each tranche with a corresponding change in the liability.

Unit Option Plan

Unit Options have a five to ten year term, vest 25% cumulatively on each anniversary date of the grant and are exercisable at the designated Unit price, which is based on the greater of the volume weighted average trading price of a Unit for the five trading days prior to the date of grant or the trading day immediately preceding the grant date. The fair value of each tranche is valued separately using a Black-Scholes option pricing model, and includes the following assumptions:

- The expected distribution yield is estimated based on the expected annual distribution prior to the balance sheet date and the closing unit price as at the balance sheet date;

Notes to the Consolidated Financial Statements

- The expected Unit price volatility is estimated based on the average volatility of the Trust over a period consistent with the expected life of the options;
- The risk-free interest rate is estimated based on the Government of Canada bond yield in effect at the balance sheet date for a term to maturity equal to the expected life of the options; and
- The effect of expected exercise of options prior to expiry is incorporated into the weighted average expected life of the options, which is based on expectations of option holder behaviour.

On February 18, 2026, the Board approved the termination of the Unit Option Plan.

Restricted Unit Plan

Restricted Units entitle certain employees to receive the value of the RU award in cash or Units at the employees' discretion 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 Unit at the balance sheet date.

Performance Unit Plan

Performance Units 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 Unit and an estimate of the performance conditions being met at the balance sheet date.

Trustee Deferred Unit Plan

Non-management members of the Board are required to receive a portion of their annual retainer in the form of DUs 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. DUs vest upon grant. The fair value of each DU granted is measured based on the market value of a Unit at the balance sheet date.

Unit-Settled Restricted Unit Plan

Unit-Settled Restricted Units are accounted for as cash-settled awards. Typically, full vesting of the URUs would not occur until the employee had remained with Choice Properties for three years from the grant date. Depending on the nature of the grant, the URUs are subject to a six-year holding period during which the Units cannot be disposed. The fair value of each URU granted is measured based on the market value of a Unit at the balance sheet date, less a discount to account for the vesting and holding period restriction placed on the URUs.

t. Income Taxes

Choice Properties qualifies as a "mutual fund trust" and a real estate investment trust ("REIT") under the Income Tax Act (Canada). Certain legislation relating to the federal income taxation of Specified Investment Flow Through trusts or partnerships ("SIFT") provide that certain distributions from a SIFT will not be deductible in computing the SIFT's taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations.

Under the SIFT rules, the taxation regime will not apply to a REIT that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions") and distributions may be deducted against the REIT's taxable income. Choice Properties has reviewed the SIFT rules and has assessed its interpretation and application to its assets and revenue and has determined that it meets the REIT Conditions. The Trustees intend to distribute annually all taxable income directly earned by Choice Properties to Unitholders and to deduct such distributions for income tax purposes and, accordingly, no net current income tax expense or deferred income tax assets or liabilities have been recorded in the consolidated financial statements related to its Canadian investment properties.

The Trust also consolidates certain taxable entities in Canada for which current and deferred income taxes are recorded. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the asset and liability method of accounting for temporary differences arising between the financial statement carrying values of existing assets and liabilities and their respective income tax bases. Deferred tax is measured using enacted or substantively enacted income tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. A deferred tax asset is recognized for temporary differences as well as unused tax losses and credits to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities where Choice Properties intends to settle its current tax assets and liabilities on a net basis.

Notes to the Consolidated Financial Statements

Deferred tax is recorded on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Trust and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 3. Future Accounting Standards

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, IFRS 18, “Presentation and Disclosure in Financial Statements” was issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, “Presentation of Financial Statements”, impacts the presentation of primary financial statements and notes, including the statement of earnings where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The standard will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements.

The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Trust is currently assessing the impact of the new standard.

Amendments to IFRS 9 and IFRS 7

In May 2024, amendments to IFRS 9, “Financial Instruments” and IFRS 7, “Financial Instruments: Disclosures” were issued. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. Further, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. In addition the amendments clarify the classification of financial assets with features linked to environmental, social and corporate governance. The amendments also require additional disclosures for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. The adoption is not expected to have a material impact on the Trust’s consolidated financial statements.

Note 4. Critical Accounting Judgments and Estimates

The preparation of the consolidated financial statements requires management to make judgments and estimates in applying Choice Properties' accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes.

Within the context of these consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key sources of estimation uncertainty that Choice Properties believes could have the most significant impact on the amounts recognized in the consolidated financial statements. Choice Properties' material accounting policies are disclosed in Note 2.

a. Investment Properties

Judgments Made in Relation to Accounting Policies Applied

Judgment is applied in determining whether certain costs are additions to the carrying value of investment properties, identifying the point at which substantial completion of a development property occurs, and identifying the attributable borrowing costs to be included in the carrying value of the development property. Choice Properties also applies judgment in determining whether the properties it acquires are considered to be asset acquisitions or business combinations. Choice Properties considers all properties acquired in the current year to be asset acquisitions.

Key Sources of Estimation

The fair value of income producing properties is dependent on significant assumptions related to discount rates and terminal capitalization rates, and other assumptions related to the future cash flows over the holding period. The review of future cash flows involves assumptions relating to market rents, as well as current leasing and/or development activity, renewal probability, downtime on lease expiry, vacancy allowances, and expected maintenance costs. In addition to reviewing future cash flows, management assesses changes in the business climate and other factors, which may affect the ultimate value of the property. These assumptions may not ultimately be achieved.

b. Joint Arrangements

Judgments Made in Relation to Accounting Policies Applied

Judgment is applied in determining whether the Trust has joint control and whether the arrangements are joint operations or joint ventures. In assessing whether the joint arrangements are joint operations or joint ventures, management applies judgment to determine the Trust's rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement.

c. Leases

Judgments Made in Relation to Accounting Policies Applied

Choice Properties is required to make judgments in determining whether certain leases are operating or finance leases, in particular long-term leases. All tenant leases where Choice Properties is the lessor have been determined to be operating leases.

d. Income Taxes

Judgments Made in Relation to Accounting Policies Applied

Choice Properties is a mutual fund trust and a REIT as defined in the *Income Tax Act (Canada)*. Choice Properties is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to Unitholders each year. Choice Properties is a REIT if it meets the prescribed conditions under the *Income Tax Act (Canada)*. Choice Properties uses judgment in reviewing these conditions in assessing its interpretation and application to its assets and revenue.

Choice Properties has determined that it qualifies as a REIT for the current period. Choice Properties expects to continue to qualify as a REIT under the *Income Tax Act (Canada)*, however, should it no longer qualify, it would not be able to flow through its taxable income to Unitholders and would therefore be subject to tax.

e. Sale Leaseback Transactions

Judgments Made in Relation to Accounting Policies Applied

These judgments apply where Choice Properties enters into agreements to acquire investment properties where the seller is also the lessee. Judgment is applied in determining the useful life of the leased asset and whether the lease term covers the major part of the economic life of that leased asset. In addition, the fair value of the leased asset is compared to the present value of the future minimum lease payments to determine whether those payments represent substantially all the fair value, and purchase options are compared to the fair value of the leased asset to identify bargain purchase options. There are judgments applied in determining fair value for purposes of these comparisons. Refer to Note 6, Investment Properties for more information regarding estimates and judgments associated with valuations. The Trust evaluates each transaction individually based on the specifics of the agreement.

Notes to the Consolidated Financial Statements

Note 5. Investment Property and Other Transactions

The following table summarizes the investment properties acquired in the year ended December 31, 2025:

(\$ thousands except where otherwise indicated)

Property / Location	Date of Acquisition	Segment	Ownership Interest Acquired	Purchase Price	Purchase Price incl. Related Costs	Consideration	
						Cash	
Investment properties							
35 Worthington Ave., Brampton, ON	Feb 4	Retail	100%	\$ 33,200	\$ 33,697	\$	33,697
500 Bayly St. E, Ajax, ON ⁽ⁱ⁾	Apr 3	Industrial	100%	182,290	182,871		182,871
Acquisitions from related parties (Note 32)				215,490	216,568		216,568
Portfolio of 8 assets across Canada	Apr 17	Industrial	100%	158,000	161,962		161,962
Mapleridge Plaza, Peterborough, ON	Dec 1	Retail	100%	22,530	23,106		23,106
Acquisitions from third parties				180,530	185,068		185,068
Total acquisitions				\$ 396,020	\$ 401,636	\$	401,636

(i) Cash consideration was paid in two instalments consisting of \$165,471 on the acquisition date and \$17,400 in the fourth quarter of 2025.

The following table summarizes the investment properties sold in the year ended December 31, 2025:

(\$ thousands except where otherwise indicated)

Property / Location	Date of Disposition	Segment	Ownership Interest Disposed	Sale Price excl. Selling Costs	Consideration		
					Investment in Equity Accounted Joint Venture	Mortgage Receivable Advanced	Cash
Investment properties							
172 Chain Lake Dr., Halifax, NS	Apr 24	Retail	100%	\$ 2,850	\$ —	\$ —	2,850
Portfolio of 9 assets in Calgary, AB	Jun 9	Industrial	100%	73,425	—	—	73,425
Summer Breeze Shopping Centre, Edmonton, AB	Jul 15	Retail	50%	8,650	—	—	8,650
Weston Centre, Toronto, ON ⁽ⁱ⁾	Dec 12	Mixed-Use & Residential	100%	152,300	116,150	—	36,150
155 Chain Lake Dr., Halifax, NS	Dec 23	Industrial	100%	17,600	—	—	17,600
Total dispositions of investment properties				254,825	116,150	—	138,675
Assets held for sale							
6750-6800 rue Jean-Talon E, Montreal, QC	Jan 31	Retail	100%	28,585	—	—	28,585
15820-15830 Bayview Ave., Aurora, ON ⁽ⁱⁱ⁾	Jan 31	Retail	100%	7,370	—	—	7,370
Cornerstone Fort Saskatchewan, Fort Saskatchewan, AB	Oct 20	Retail	100%	10,250	—	—	10,250
Portfolio of 4 assets in Ontario	Oct 30	Retail	100%	66,560	—	12,998	53,562
Total dispositions of assets held for sale				112,765	—	12,998	99,767
Total dispositions				\$ 367,590	\$ 116,150	\$ 12,998	\$ 238,442

(i) Disposed to a newly formed equity accounted joint venture between the Trust and Wittington, in which the Trust owns a 50% interest (Note 32, "Related Party Transactions").
(ii) Cash consideration included a fee paid by Wittington of \$1,370.

Notes to the Consolidated Financial Statements

The following table summarizes the investment properties acquired in the year ended December 31, 2024:

(\$ thousands except where otherwise indicated)						Consideration		
Property / Location	Date of Acquisition	Segment	Ownership Interest Acquired	Purchase Price	Purchase Price incl. Related Costs	Debt Assumed from Seller	Assumed Liabilities	Cash
Investment properties								
396 St. Clair Ave. W, Toronto, ON	Mar 19	Retail	100%	\$ 38,300	\$ 38,433	\$ —	\$ —	\$ 38,433
6941 Kennedy Rd., Mississauga, ON	Sep 05	Industrial	50%	89,601	90,845	—	—	90,845
1385 Sargent Ave., Winnipeg, MB	Sep 05	Retail	50%	15,596	16,070	—	—	16,070
19 Beechville Park Dr., Lakeside, NS	Dec 18	Industrial	50%	14,138	14,560	—	1,750	12,810
Acquisitions from related parties (Note 32)				157,635	159,908	—	1,750	158,158
755 Mount Pleasant Rd., Toronto, ON	Jun 20	Retail	100%	11,500	11,966	—	—	11,966
Cornerstone Shopping Centre, Fort Saskatchewan, AB	Jun 21	Retail	50%	21,125	21,125	12,153	—	8,972
402 and 406 Main St., Wolfville, NS	Aug 22	Retail	100%	1,250	1,323	—	—	1,323
9025–17 Ave. SE and 1825–92 St. SE, Calgary, AB	Nov 27	Retail (Land)	80%	5,617	5,617	—	—	5,617
Avalon Centre, Ottawa, ON	Dec 11	Retail	100%	31,650	32,278	18,974	—	13,304
1770 Keene Cres. SW, Edmonton, AB	Dec 20	Retail (Land)	100%	6,123	6,137	—	—	6,137
Acquisitions from third parties				77,265	78,446	31,127	—	47,319
Total acquisitions				\$ 234,900	\$ 238,354	\$ 31,127	\$ 1,750	\$ 205,477

The following table summarizes the investment properties sold in the year ended December 31, 2024:

(\$ thousands except where otherwise indicated)						Consideration		
Property / Location	Date of Disposition	Segment	Ownership Interest Disposed	Sale Price excl. Selling Costs	Debt Assumed by Purchaser	Mortgage Receivable Advanced	Cash	
Investment properties								
Crossroads Shopping Centre, Edmonton, AB	Feb 14	Retail	50%	\$ 6,700	\$ —	\$ —	6,700	
379 Orenda Rd., Brampton, ON	Mar 14	Industrial	100%	16,625	—	—	16,625	
Cornerstone Shopping Centre, Olds, AB	May 13	Retail	50%	15,685	7,586	2,510	5,589	
2955 Hazelton Place, Mississauga, ON	Aug 01	Retail	100%	8,150	—	—	8,150	
100 Rorke Ave., Haileybury, ON	Oct 01	Retail	100%	250	—	—	250	
Total disposition of investment properties				47,410	7,586	2,510	37,314	
Assets held for sale								
Mega Centre Lebourgneuf, Quebec City, QC	Sep 13	Retail	50%	33,901	—	9,151	24,750	
800 Blvd. Henri-Bourassa W, Montreal, QC	Dec 18	Retail	100%	15,000	—	—	15,000	
Total dispositions of assets held for sale				48,901	—	9,151	39,750	
Total dispositions				\$ 96,311	\$ 7,586	\$ 11,661	\$ 77,064	

Notes to the Consolidated Financial Statements

Note 6. Investment Properties

(\$ thousands)	Note	Income producing properties	Properties under development	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of year		\$ 15,086,000	\$ 245,000	\$ 15,331,000	\$ 14,923,000
Acquisitions - including transaction costs of \$5,616 (2024 - \$3,454)	5	401,636	—	401,636	238,354
Capital expenditures					
Development capital ⁽ⁱ⁾⁽ⁱⁱ⁾		500	79,425	79,925	70,878
Building improvements		8,000	—	8,000	11,498
Capitalized interest ⁽ⁱⁱⁱ⁾	24	—	4,146	4,146	3,048
Property capital		81,629	—	81,629	80,205
Direct leasing costs		8,871	—	8,871	7,824
Tenant improvement allowances		32,579	—	32,579	16,797
Amortization of straight-line rent		(2,483)	—	(2,483)	(2,194)
Transfers to assets held for sale		(77,060)	—	(77,060)	(85,205)
Transfer from equity accounted joint ventures	7	—	—	—	21,125
Transfers from properties under development		57,516	(57,516)	—	—
Dispositions	5	(102,525)	—	(102,525)	(47,410)
Disposition to equity accounted joint venture	5, 7, 32	(152,300)	—	(152,300)	—
Adjustment to fair value of investment properties ^(iv)		187,637	(43,055)	144,582	93,080
Balance, end of year		\$ 15,530,000	\$ 228,000	\$ 15,758,000	\$ 15,331,000

(i) Development capital for income producing properties represents development expenditure after the transfer of a project.

(ii) Development capital included \$4,894 of site intensification payments paid to Loblaw (December 31, 2024 - \$3,872) (Note 32).

(iii) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.25% (December 31, 2024 - 4.13%).

(iv) The unrealized fair value changes to income producing properties and properties under development were a gain of \$164,586 and a loss of \$43,055, respectively, for properties owned as at December 31, 2025 (December 31, 2024 - unrealized fair value gain of \$120,005 and loss of \$22,732, respectively).

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 32) 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 audited consolidated financial statements.

During the year ended December 31, 2025, the Trust classified several retail assets, with a fair value of \$77,060 (December 31, 2024 - four assets with a fair value of \$85,205) as assets held for sale. During the year ended December 31, 2025, the Trust disposed of these assets and two retail properties classified as assets held for sale as at December 31, 2024 for aggregate proceeds of \$112,765 (December 31, 2024 - \$48,901) (Note 5).

The following transactions were completed subsequent to year end:

On January 7, 2026, the Trust acquired a retail property in Sherbrooke, Quebec for a purchase price of \$13,000 excluding related costs.

On January 15, 2026, The Trust acquired its partner's 50% interest in a retail property in Edmonton, Alberta for a purchase price of \$14,700 excluding related costs.

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 President & Chief Executive Officer, with the valuation processes and results reviewed by Management at least once every quarter. The valuations exclude any portfolio premium or value for the management platform and reflect the highest and best use for each of the Trust's investment properties.

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

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

Income Producing Properties

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

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

Properties Under Development

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

Notes to the Consolidated Financial Statements

Significant Valuation Assumptions

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

Total Income Producing Properties	As at December 31, 2025		As at December 31, 2024	
	Range	Weighted average	Range	Weighted average
Discount rate	5.25% - 10.50%	7.11%	5.00% - 10.50%	7.14%
Terminal capitalization rate	4.50% - 9.95%	6.33%	4.50% - 9.95%	6.36%
Retail				
Discount rate	5.25% - 10.50%	7.26%	5.25% - 10.50%	7.32%
Terminal capitalization rate	4.50% - 9.95%	6.50%	4.50% - 9.95%	6.56%
Industrial				
Discount rate	6.00% - 9.00%	6.77%	6.00% - 9.00%	6.74%
Terminal capitalization rate	5.00% - 8.50%	5.92%	5.00% - 8.50%	5.89%
Mixed-Use & Residential				
Discount rate	5.25% - 7.75%	6.44%	5.00% - 7.75%	6.50%
Terminal capitalization rate	4.50% - 7.00%	5.64%	4.50% - 7.00%	5.83%

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. The aggregate fair value of investment properties independently appraised during each year, in accordance with the Trust's policy, is as follows:

(\$ thousands except where otherwise indicated)	Year ended December 31, 2025		Year ended December 31, 2024	
	Number of income producing properties	Fair value	Number of income producing properties	Fair value
	85	\$ 3,227,000	79	\$ 3,686,000

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:

Rate sensitivity	Terminal capitalization rate			Discount rate		
	Weighted average terminal capitalization rate	Fair value	Change in fair value	Weighted average discount rate	Fair value	Change in fair value
(0.75)%	5.58 %	\$ 16,700,000	\$ 1,170,000	6.36 %	\$ 16,399,000	\$ 869,000
(0.50)%	5.83 %	16,277,000	747,000	6.61 %	16,103,000	573,000
(0.25)%	6.08 %	15,888,000	358,000	6.86 %	15,813,000	283,000
— %	6.33 %	15,530,000	—	7.11 %	15,530,000	—
0.25 %	6.58 %	15,199,000	(331,000)	7.36 %	15,254,000	(276,000)
0.50 %	6.83 %	14,892,000	(638,000)	7.61 %	14,984,000	(546,000)
0.75 %	7.08 %	14,607,000	(923,000)	7.86 %	14,720,000	(810,000)

Note 7. Equity Accounted Joint Ventures

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

	As at December 31, 2025		As at December 31, 2024	
	Number of joint ventures	Ownership interest	Number of joint ventures	Ownership interest
Retail	9	50% - 75%	12	50% - 75%
Industrial	1	75%	1	75%
Mixed-Use & Residential	6	50%	4	50%
Land held for development	2	50% - 85%	1	85%
Total equity accounted joint ventures	18		18	
Choice Properties' investment in equity accounted joint ventures		\$ 961,678		\$ 884,431

In the fourth quarter of 2024, the Trust disposed its interest in a retail property located in Fort McMurray, Alberta, which was held in a joint venture. In the first quarter of 2025, the proceeds of the sale net of repayments to discharge to mortgage secured by the property were distributed to the Trust in the amount of \$2,382.

On January 31, 2025, the Trust disposed its interest in one retail joint venture. The proceeds of the sale were distributed to the Trust in the amount of \$17,565.

On February 28, 2025, the Trust disposed its interest in a land parcel held in one retail joint venture. The proceeds of sale were distributed to the Trust in the amount of \$7,956.

On June 10, 2025, the Trust contributed \$6,008 to a new joint venture. The funds were used to acquire a mixed-use parcel in Toronto, Ontario.

On September 5, 2025, the Trust contributed \$8,666 to a new joint venture. The funds were used to acquire land for a retail development in Nepean, Ontario.

On October 15, 2025, the Trust disposed its interest in a retail property located in Edmonton, Alberta, which was held in a joint venture. The proceeds of the sale were distributed to the Trust in the amount of \$24,000.

During the year ended December 31, 2025, Choice Properties and Wittington formed a joint venture, with each party holding a 50% ownership interest. This joint venture completed two acquisitions of mixed-use properties located in Toronto, Ontario: an acquisition from a third party for a purchase price of \$80,000 and an acquisition from the Trust for a purchase price of \$152,300, in each case excluding transaction costs. Refer also to Note 32, "Related Party Transactions".

Summarized financial information for equity accounted joint ventures at 100% and Choice Properties' ownership interest are set out below:

(\$ thousands)	Ownership	As at December 31, 2025					Net assets at 100%
		Current assets	Non-current assets	Current liabilities	Non-current liabilities		
Tullamore Industrial LP	85%	\$ 33,375	\$ 855,970	\$ (84,717)	\$ (347,505)	\$ 457,123	
22 St. Clair LP	50%	2,912	232,300	(7,600)	—	227,612	
Woodbine One LP	75%	14,952	243,457	(40,267)	(113,751)	104,391	
Other joint ventures	25%-75%	88,974	1,400,963	(105,671)	(742,143)	642,123	
Net assets at 100%		\$ 140,213	\$ 2,732,690	\$ (238,255)	\$ (1,203,399)	\$ 1,431,249	
Investment in equity accounted joint ventures		\$ 89,132	\$ 1,812,770	\$ (169,145)	\$ (771,079)	\$ 961,678	

Notes to the Consolidated Financial Statements
Year ended December 31, 2025

(\$ thousands)	Ownership	Rental revenue	Property operating costs	Interest expense	Adjustment to fair value	Net income and comprehensive income at 100%
Tullamore Industrial LP	85%	\$ 17,106	\$ (668)	\$ (8,792)	\$ (2,974)	\$ 4,672
Woodbine One LP	75%	14,711	(3,127)	(6,439)	(1,234)	3,911
Other joint ventures	25%-75%	112,722	(44,779)	(31,924)	(56,256)	(20,237)
Net income and comprehensive income at 100%		\$ 144,539	\$ (48,574)	\$ (47,155)	\$ (60,464)	\$ (11,654)
Share of net income and comprehensive income in equity accounted joint ventures		\$ 87,147	\$ (27,177)	\$ (29,309)	\$ (30,173)	488

As at December 31, 2024

(\$ thousands)	Ownership	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets at 100%
Tullamore Industrial LP	85%	\$ 7,537	\$ 733,647	\$ (210,198)	\$ (31,786)	\$ 499,200
Woodbine One LP	75%	14,057	244,285	(40,866)	(116,280)	101,196
Other joint ventures	50%-75%	73,143	1,519,002	(86,081)	(765,834)	740,230
Net assets at 100%		\$ 94,737	\$ 2,496,934	\$ (337,145)	\$ (913,900)	\$ 1,340,626
Investment in equity accounted joint ventures		\$ 41,830	\$ 1,617,717	\$ (249,905)	\$ (525,211)	\$ 884,431

Year ended December 31, 2024

(\$ thousands)	Ownership	Rental revenue	Property operating costs	Interest income	Interest expense	Adjustment to fair value	Net income and comprehensive income at 100%
Tullamore Industrial LP	85%	\$ 1,169	\$ (3)	\$ —	\$ (67)	\$ 15,719	\$ 16,818
Woodbine One LP	75%	14,743	(3,152)	—	(6,019)	15,040	20,612
Other joint ventures	50%-75%	115,285	(44,814)	1,242	(34,786)	(12,123)	24,804
Net income and comprehensive income at 100%		\$ 131,197	\$ (47,969)	\$ 1,242	\$ (40,872)	\$ 18,636	\$ 62,234
Share of net income and comprehensive income in equity accounted joint ventures		\$ 75,563	\$ (27,344)	\$ 257	\$ (22,999)	\$ 23,661	\$ 49,138

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

(\$ thousands)	Note	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of year		\$ 884,431	\$ 883,712
Contributions to equity accounted joint ventures		47,329	48,534
Distributions from equity accounted joint ventures		(18,046)	(31,938)
Distribution of disposition proceeds from equity accounted joint ventures		(51,903)	(48,479)
Interest paid in relation to loan from the Trust		(19,248)	—
Return of capital distribution from equity accounted joint ventures ⁽ⁱ⁾		—	(28,500)
Total cash flow activities		(41,868)	(60,383)
Transfers from equity accounted joint venture to consolidated investment properties	6	—	(21,125)
Contribution of investment property to equity accounted joint venture	5, 6	116,150	—
Mortgages receivable advanced upon dispositions of equity accounted joint ventures	11	—	(8,560)
Mortgages payable transferred from equity accounted joint ventures	15	—	38,240
Accretion of contingent consideration payable		2,477	3,409
Share of income from equity accounted joint ventures		488	49,138
Total non-cash activities		119,115	61,102
Balance, end of year		\$ 961,678	\$ 884,431

(i) Represents the distribution of net mortgage proceeds after the repayment of a construction loan within a joint venture.

Notes to the Consolidated Financial Statements

Note 8. 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 audited consolidated financial statements.

	As at December 31, 2025		As at December 31, 2024	
	Number of co-owned properties	Ownership interest	Number of co-owned properties	Ownership interest
Retail	33	50% - 80%	34	50% - 80%
Industrial	4	50% - 67%	4	50% - 67%
Mixed-Use & Residential	6	50%	6	50%
Total co-ownership property interests	43		44	

Note 9. Financial Real Estate Assets

(\$ thousands)	Note	Year Ended	Year Ended
		December 31, 2025	December 31, 2024
Balance, beginning of year		\$ 199,374	\$ 195,457
Additions		152	711
Income from financial real estate assets due to changes in value	23	2,553	3,206
Balance, end of year		\$ 202,079	\$ 199,374

As at December 31, 2025, the weighted average discount rate and terminal capitalization rate used to determine the fair value of the Trust's financial real estate assets were 6.82% and 6.22%, respectively (December 31, 2024 - 6.82% and 6.22%, respectively).

Note 10. 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	Year Ended	Year Ended
		December 31, 2025	December 31, 2024
Balance, beginning of year		\$ 2,095	\$ 8,681
Development capital		—	2,648
Cost of sales		—	(9,234)
Balance, end of year		\$ 2,095	\$ 2,095

The following table provides details on residential inventory income recognized for the years ended December 31, 2025 and 2024:

(\$ thousands)	Note	Year Ended	Year Ended
		December 31, 2025	December 31, 2024
Gross sales		\$ —	\$ 11,268
Cost of sales		—	(9,234)
Residential inventory income		\$ —	\$ 2,034

Notes to the Consolidated Financial Statements

Note 11. Mortgages, Loans and Notes Receivable

(\$ thousands)	Note	As at	
		December 31, 2025	December 31, 2024
Mortgages receivable classified as amortized cost ⁽ⁱ⁾		\$ 296,491	\$ 236,710
Mortgages receivable classified as fair value through profit and loss ("FVTPL")	27	45,175	162,945
Loans receivable classified as amortized cost ⁽ⁱ⁾		—	20,743
Notes receivable from GWL classified as amortized cost ⁽ⁱ⁾	32	303,766	299,807
Mortgages, loans and notes receivable		\$ 645,432	\$ 720,205
Classified as:			
Expected to be recovered in more than twelve months		\$ 63,220	\$ 81,590
Expected to be recovered in less than twelve months		582,212	638,615
		\$ 645,432	\$ 720,205

(i) The fair value of the mortgages, loans and notes receivable classified as amortized cost was \$600,700 (December 31, 2024 - \$560,200) (Note 27).

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.

The table below summarizes the rate and life of interest-bearing mortgages and loans:

	December 31, 2025		December 31, 2024	
	Weighted average term to maturity (years)	Weighted average interest rate	Weighted average term to maturity (years)	Weighted average interest rate
Mortgages receivable	1.0	7.70%	0.9	7.90%
Loans receivable	—	— %	0.1	7.00%
Mortgages and loans receivable	1.0	7.70%	0.9	7.86%

Notes Receivable from GWL

Non-interest bearing short-term notes totalling \$303,766 were issued to GWL during the year ended December 31, 2025 and were settled against distributions payable by the Trust to GWL in January 2026. Non-interest bearing short-term notes totalling \$299,807 with respect to the loans issued in the 2024 fiscal year were settled against distributions payable by the Trust to GWL in January 2025 (Note 32).

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)	2026	2027	2028	Total
Principal repayments				
Mortgages receivable	\$ 276,571	\$ 25,533	\$ 37,687	\$ 339,791
Notes receivable from GWL	303,766	—	—	303,766
Total principal repayments	580,337	25,533	37,687	643,557
Interest accrued	1,875	—	—	1,875
Total repayments	\$ 582,212	\$ 25,533	\$ 37,687	\$ 645,432

Notes to the Consolidated Financial Statements

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

(\$ thousands)	Note				December 31, 2025	December 31, 2024
		Mortgages receivable	Loans receivable	Notes receivable from GWL	Mortgages, loans and notes receivable	Mortgages, loans and notes receivable
Balance, beginning of year		\$ 399,655	\$ 20,743	\$ 299,807	\$ 720,205	\$ 656,001
Advances ⁽ⁱ⁾		88,557	—	303,766	392,323	381,305
Repayments		(164,176)	—	—	(164,176)	(46,186)
Interest received		(19,527)	(125)	—	(19,652)	(19,316)
Total cash flow activities		(95,146)	(125)	303,766	208,495	315,803
Mortgages receivable advanced upon dispositions of equity accounted joint ventures		—	—	—	—	8,560
Advances upon dispositions of properties	5	12,998	—	—	12,998	11,661
Settlement against contingent consideration	19	—	(20,743)	—	(20,743)	—
Settlement against distributions payable		—	—	(299,807)	(299,807)	(295,851)
Interest accrued	23	24,159	125	—	24,284	24,031
Total non-cash activities		37,157	(20,618)	(299,807)	(283,268)	(251,599)
Balance, end of year		\$ 341,666	\$ —	\$ 303,766	\$ 645,432	\$ 720,205

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

As a means to generate acquisition opportunities, Choice Properties has established a program with a group of real estate developers whereby Choice Properties provides mezzanine and/or co-owner financing. 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 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.

As at December 31, 2025, the Trust has issued \$306,377 (December 31, 2024 - \$305,348) of secured mortgages to third-party borrowers. These loans have been extended to borrowers who are strategic partners and counterparties of the Trust and are secured by real property assets. In the event of a large commercial real estate market correction, the fair market value of an underlying property may be unable to support the investment. The Trust mitigates this risk by obtaining guarantees and registered mortgage charges, which are often cross-collateralized on several different commercial properties that are in various stages of development.

On January 31, 2025, the Trust advanced a \$5,918 mortgage to a joint venture partner. The loan bears interest at a rate of 5.00% and is secured by the partner's portion of an income producing retail property in Richmond Hill, Ontario.

On January 31, 2025, the loan receivable from a development partner and interest accrued thereon totalling \$20,868 was settled against the contingent consideration payment owed to the development partner (Note 19).

On January 31, 2025, a mortgage receivable and interest accrued thereon totalling \$114,217, issued to an entity in which the Trust has an ownership interest, was repaid.

On March 5, 2025, the Trust advanced \$15,000 on an existing mezzanine loan to a joint venture partner. The loan bears interest at a rate of prime rate plus 3.55% with a floor rate of 10.00% and is secured by the partner's portion of an income producing residential property in Ottawa, Ontario.

On June 10, 2025, the Trust advanced \$4,954 on an existing mezzanine loan to a joint venture partner. The loan bears interest at a rate of 6.00% and is secured by the partner's portion of an income producing mixed-use & residential property in Toronto, Ontario.

On July 31, 2025, the Trust advanced \$8,210 on an existing mezzanine loan and extended the maturity of the loan by two years. The loan bears interest at a rate of prime plus 2.00% with a floor rate of 7.00%. The loan is secured against three properties in Toronto, ON.

On September 4, 2025, a vendor take-back mortgage secured against a retail property located in Quebec City, Quebec totalling \$9,555, inclusive of accrued interest, was settled in full.

Notes to the Consolidated Financial Statements

On September 10, 2025, the Trust advanced \$9,367 on an existing mezzanine loan to a development partner. The loan bears interest at a rate of 8.00% and is secured by industrial development land located in East Gwillimbury, Ontario.

On October 28, 2025, the Trust advanced a vendor take-back mortgage with a value of \$12,998 (Note 5). The mortgage bears an interest rate of 6.06% and is secured by the disposed properties.

During the fourth quarter, the Trust advanced \$40,241 on an existing mezzanine loan to a joint venture in which the Trust has an ownership interest. The loan bears interest at a rate of prime rate plus 1.30% with a floor rate of 7.25% and is secured by assets held in the joint venture.

Note 12. 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. The promissory note was repaid on December 29, 2023. As at December 31, 2025, the Trust holds an approximate 8.4% effective interest in Allied through its ownership of the Class B Units. The Trust does not have significant influence over Allied.

The Class B Units are exchangeable into, and are economically equivalent to, the publicly traded units of Allied ("Allied Units"), and were accompanied by a corresponding number of special voting units of Allied. There are no restrictions on the exchange of Class B Units into Allied Units.

As a holder of the Class B Units, the Trust is entitled to distributions paid by Allied. For the year ended December 31, 2025, the Trust recognized distribution income of \$20,194 (December 31, 2024 - \$21,260) from its investment in Allied. The distributions were 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 year ended December 31, 2025 was \$13.37 (December 31, 2024 - \$17.15). A change of one dollar in the underlying price of Allied's publicly traded units would result in a change to the fair value of the investment in real estate securities and a corresponding change in net income of \$11,809 (December 31, 2024 - \$11,809). For the year ended December 31, 2025, the Trust recognized a loss of \$44,638 (year ended December 31, 2024 - loss of \$35,782) on its investment in Allied due to the change in the price of its publicly traded units. As at December 31, 2025 the Trust held 11,809,145 Class B Units with a fair value of \$157,888 (December 31, 2024 - 11,809,145 Class B Units with a fair value of \$202,526).

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of year	\$ 202,526	\$ 238,308
Adjustment to fair value of investment in real estate securities	(44,638)	(35,782)
Balance, end of year	\$ 157,888	\$ 202,526

Subsequent to year end, Allied completed an equity offering of 56,000,000 units. As a result of this offering, in which the Trust did not participate, the Trust now holds approximately 6.0% ownership interest in Allied. Based on the trading price of Allied's unit as of market close on February 17, 2026, the Trust's Class B units in Allied had a fair value of \$112,659.

Note 13. 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.

As at December 31, 2025, the carrying value was \$11,964 (December 31, 2024 - \$12,964), net of accumulated amortization of \$6,000 (December 31, 2024 - \$5,000). The remaining useful economic life of these assets is 12 years.

Notes to the Consolidated Financial Statements

Note 14. Accounts Receivable and Other Assets

(\$ thousands)	Note	As at December 31, 2025	As at December 31, 2024
Rent receivables ⁽ⁱ⁾ - net of expected credit loss of \$8,564 (2024 - \$8,663)		\$ 3,932	\$ 8,139
Accrued recovery income		13,381	19,944
Other receivables		15,920	17,245
Cost-to-complete receivable	32	1,980	1,980
Due from related parties ⁽ⁱⁱ⁾	32	23,487	14,601
Restricted cash		211	211
Prepaid property taxes		8,087	7,359
Prepaid insurance		192	641
Other assets		22,175	21,200
Right-of-use assets - net of accumulated amortization of \$3,389 (2024 - \$2,876)		180	797
Deferred tax asset	18	1,923	3,861
Deferred acquisition costs and deposits on land		7,043	3,997
Designated hedging derivatives	27	4,319	5,619
Accounts receivable and other assets		\$ 102,830	\$ 105,594
Classified as:			
Expected to be recovered in more than twelve months		\$ 17,814	\$ 20,709
Expected to be recovered in less than twelve months		85,016	84,885
		\$ 102,830	\$ 105,594

(i) Includes net rent receivable of \$1,321 from Loblaw (December 31, 2024 - \$31 from Loblaw and \$132 from Wittington) (Note 32).

(ii) Includes \$23,373 from Loblaw and \$114 from GWL (December 31, 2024 - \$14,517 and \$84, respectively) (Note 32).

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. tenants 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.

Note 15. Long Term Debt

(\$ thousands)	As at December 31, 2025	As at December 31, 2024
Senior unsecured debentures	\$ 5,632,395	\$ 5,382,954
Mortgages payable	1,167,259	1,296,756
Construction loans	5,306	5,230
Long term debt	\$ 6,804,960	\$ 6,684,940
Classified as:		
Expected to be settled in more than twelve months	\$ 6,298,343	\$ 6,002,031
Expected to be settled in less than twelve months	506,617	682,909
	\$ 6,804,960	\$ 6,684,940

Senior Unsecured Debentures

(\$ thousands)				As at December 31, 2025	As at December 31, 2024
Series	Issuance Date	Maturity Date	Interest Rate		
F	Nov 24, 2015	Nov 24, 2025	4.06%	\$ —	\$ 200,000
H	Mar 7, 2016	Mar 7, 2046	5.27%	100,000	100,000
J	Jan 12, 2018	Jan 10, 2025	3.55%	—	350,000
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	550,000
T	Aug 1, 2023	Feb 28, 2034	5.70%	350,000	350,000
U	May 23, 2024	Feb 28, 2031	5.03%	500,000	500,000
V	Jan 16, 2025	Jan 16, 2030	4.29%	300,000	—
W	Aug 8, 2025	Aug 8, 2035	4.63%	350,000	—
X	Aug 8, 2025	Aug 8, 2055	5.37%	150,000	—
Total principal outstanding				5,650,000	5,400,000
Debt placement costs - net of accumulated amortization of \$28,877 (2024 - \$25,433)				(17,605)	(17,046)
Senior unsecured debentures				\$ 5,632,395	\$ 5,382,954

As at December 31, 2025, the senior unsecured debentures had a weighted average interest rate of 4.31% and a weighted average term to maturity of 5.8 years (December 31, 2024 - 4.20% and 5.4 years, respectively).

On January 10, 2025, the Trust paid in full upon maturity, at par, plus accrued and unpaid interest thereon, the \$350 million aggregated principal amount of the 3.55% Series J senior unsecured debentures outstanding.

On January 16, 2025, the Trust completed the issuance, on a private placement basis, of the \$300 million aggregated principal amount of Series V senior unsecured debentures bearing interest at a rate of 4.29% per annum and maturing on January 16, 2030.

On August 8, 2025, the Trust completed the issuance, on a private placement basis, of the \$350 million aggregate principal amount of Series W senior unsecured debentures bearing interest at a rate of 4.63% per annum and maturing on August 8, 2035, and the \$150 million aggregate principal amount of Series X senior unsecured debentures bearing interest at a rate of 5.37% per annum and maturing on August 8, 2055.

Notes to the Consolidated Financial Statements

On September 5, 2025, the Trust redeemed in full, at par, plus accrued and unpaid interest thereon, the \$200 million aggregate principal amount of Series F senior unsecured debentures bearing interest at 4.06%, with an original maturity date of November 24, 2025.

Mortgages Payable

(\$ thousands)	As at December 31, 2025	As at December 31, 2024
Mortgages principal	\$ 1,169,939	\$ 1,300,158
Net debt discounts and premiums - net of accumulated amortization of \$7,228 (2024 - \$6,773)	(50)	(505)
Debt placement costs - net of accumulated amortization of \$1,319 (2024 - \$1,025)	(2,630)	(2,897)
Mortgages payable	\$ 1,167,259	\$ 1,296,756

As at December 31, 2025, the mortgages had a weighted average interest rate of 4.12% and a weighted average term to maturity of 6.5 years (December 31, 2024 - 4.11% and 6.9 years, respectively).

Construction Loans

As at December 31, 2025, \$5,306 was outstanding on the construction loans (December 31, 2024 - \$5,230), with a weighted average interest rate of 4.30% and a weighted average term to maturity of 0.7 years (December 31, 2024 - 5.78% and 0.7 years, respectively). The outstanding construction loans were financed at variable rates.

For the purpose of financing the development of certain industrial and mixed-use & residential properties, various investments in equity accounted joint ventures and co-ownerships have variable rate non-revolving construction facilities, in which certain subsidiaries of the Trust guarantee its own share. As at December 31, 2025, the construction loans have a maximum capacity to be drawn at the Trust's ownership interest of \$277,681, of which \$272,156 relates to equity accounted joint ventures (December 31, 2024 - \$276,225 and \$270,700, respectively). The construction loans mature throughout 2026 and 2027.

Schedules of Repayments and Cash Flow Activities

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

(\$ thousands)	2026	2027	2028	2029	2030	Thereafter	Total
Senior unsecured debentures	\$ 350,000	\$ 500,000	\$ 750,000	\$ 750,000	\$ 700,000	\$ 2,600,000	\$ 5,650,000
Mortgages payable	155,250	95,109	49,819	40,205	133,498	696,058	1,169,939
Construction loans	5,306	—	—	—	—	—	5,306
Total	\$ 510,556	\$ 595,109	\$ 799,819	\$ 790,205	\$ 833,498	\$ 3,296,058	\$ 6,825,245

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

(\$ thousands)				December 31, 2025	December 31, 2024
	Senior unsecured debentures	Mortgages payable	Construction loans	Long term debt	Long term debt
Balance, beginning of year	\$ 5,382,954	\$ 1,296,756	\$ 5,230	\$ 6,684,940	\$ 6,695,923
Issuances and advances	800,000	—	76	800,076	805,628
Repayments	(550,000)	(130,219)	—	(680,219)	(878,741)
Debt placement costs	(4,003)	(27)	—	(4,030)	(4,171)
Total cash flow activities	245,997	(130,246)	76	115,827	(77,284)
Assumed by purchaser	—	—	—	—	(7,586)
Assumed from seller	—	—	—	—	31,127
Transfer from equity accounted joint ventures	—	—	—	—	38,240
Amortization of debt discounts and premiums	—	455	—	455	665
Amortization of debt placement costs	3,444	294	—	3,738	3,855
Total non-cash activities	3,444	749	—	4,193	66,301
Balance, end of year	\$ 5,632,395	\$ 1,167,259	\$ 5,306	\$ 6,804,960	\$ 6,684,940

Note 16. Credit Facility

Choice Properties has a \$1,500,000 senior unsecured committed revolving credit facility provided by a syndicate of lenders. During the second quarter of 2025, the Trust extended the maturity date for the credit facility from June 13, 2029 to May 21, 2030.

Under the credit facility, the Trust has the ability to draw funds at variable rates in either Canadian dollars or U.S. dollars. Canadian dollar-denominated borrowings bear interest at either the Canadian bank prime rate plus 0.20% or Canadian Overnight Repo Rate Average (“CORRA”) plus 1.20% and a daily compounded CORRA adjustment of approximately 0.30%, and U.S. dollar-denominated borrowings bear interest at the U.S. prime rate plus 0.30% or Secured Overnight Financing Rate (“SOFR”) plus 1.30%. The pricing is contingent on the credit ratings for Choice Properties from either DBRS remaining at BBB (high) or S&P remaining at BBB+. Concurrently with any U.S. dollar draws, the Trust enters into cross currency swaps to exchange its U.S. dollar borrowings into Canadian dollar borrowings. The Trust applies hedge accounting to the cross currency swaps.

As at December 31, 2025, \$nil was drawn in Canadian dollar-denominated borrowings (December 31, 2024 - \$nil) and \$nil was drawn in U.S. dollar-denominated borrowings (December 31, 2024 - \$nil). The credit facility is subject to an annual commitment fee of 0.24% of the undrawn balance. For the year ended December 31, 2025, \$854 of amortization of the credit facility’s deferred financing costs are included in net interest and other financing charges (December 31, 2024 - \$722). The unamortized balance for debt placement costs as at December 31, 2025 of \$1,954 (December 31, 2024 - \$2,213) was included in other assets.

The credit facility contains certain financial covenants. As at December 31, 2025, the Trust was in compliance with all its financial covenants for the credit facility.

Note 17. 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 December 31, 2025		As at December 31, 2024	
		Units	Amount	Units	Amount
(\$ thousands except where otherwise indicated)					
Units, beginning of year		327,923,972	\$ 3,659,456	327,859,972	\$ 3,660,985
Units issued and granted under unit-based compensation arrangements	20	424,398	1,933	368,610	951
Reclassification of vested Unit-Settled Restricted Units liability to equity		—	1,786	—	1,534
Units repurchased for unit-based compensation arrangements	20	(324,098)	(4,482)	(304,610)	(4,014)
Units, end of year		328,024,272	\$ 3,658,693	327,923,972	\$ 3,659,456
Exchangeable Units, beginning of year		395,786,525	\$ 5,283,750	395,786,525	\$ 5,521,222
Adjustment to fair value of Exchangeable Units		—	577,848	—	(237,472)
Exchangeable Units, end of year		395,786,525	\$ 5,861,598	395,786,525	\$ 5,283,750
Total Units and Exchangeable Units, end of year		723,810,797		723,710,497	

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 19, 2025, Choice Properties received approval from the TSX to purchase up to 27,436,700 Units during the twelve-month period from November 21, 2025 to November 20, 2026, 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 and Granted under Unit-Based Compensation Arrangements

Units were issued as part of settlements under the Unit Option and Trustee Deferred Unit Plans and granted under the Unit-Settled Restricted Unit Plan, as applicable.

Units Repurchased for Unit-Based Compensation Arrangements

The Trust acquired Units under its NCIB during the year ended December 31, 2025 and the year ended December 31, 2024, 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. During the year ended December 31, 2025 the Trust acquired Units under its NCIB to settle an obligation under the Trustee Deferred Unit Plan (Note 20.)

Notes to the Consolidated Financial Statements

Distributions

Choice Properties' Board retains full discretion with respect to the timing and quantum of distributions and expects to distribute 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 18). Accordingly, no provision for current income taxes payable is required, except for amounts incurred for the Trust's Canadian corporate subsidiaries. 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 year ended December 31, 2025, Choice Properties declared cash distributions of \$0.768 per unit or \$556,123 in aggregate (December 31, 2024 - \$0.758 per unit or \$548,783, respectively), including distributions to holders of Exchangeable Units, which are reported as interest expense. Distributions declared to Unitholders of record at the close of business on the last business day of a month are paid on or about the 15th day of the following month.

On February 12, 2025, the Board reviewed and approved an increase of distributions to \$0.77 per unit per annum from the previous rate of \$0.76 per unit per annum (an increase of 1.3%). The increase was effective for Unitholders of record on March 31, 2025.

At its most recent meeting on February 18, 2026, the Board reviewed and approved an increase of distributions to \$0.78 per unit per annum from the previous rate of \$0.77 per unit per annum (an increase of 1.3%). The increase will be effective for Unitholders of record on March 31, 2026.

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.

Base Shelf Prospectus

On June 20, 2025, Choice Properties renewed a Short Form Base Shelf Prospectus allowing for the issuance of Units and debt securities over a 25-month period.

Note 18. 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.

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

(\$ thousands)	Years Ended	
	December 31, 2025	December 31, 2024
Current income tax expense	\$ (5)	\$ (1)
Deferred income tax (expense) recovery	(1,939)	1,070
Income tax (expense) recovery	\$ (1,944)	\$ 1,069

A deferred income tax asset of \$1,923 (Note 14) 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, 2024 - \$3,861).

Notes to the Consolidated Financial Statements

Note 19. Trade Payables and Other Liabilities

(\$ thousands)	Note	As at December 31, 2025	As at December 31, 2024
Trade accounts payable		\$ 12,621	\$ 18,110
Accrued liabilities and provisions ⁽ⁱ⁾		73,281	90,899
Accrued acquisition transaction costs and other related expenses		137	122
Accrued capital expenditures ⁽ⁱⁱ⁾		84,305	77,313
Accrued interest expense		71,394	61,536
Due to related party ⁽ⁱⁱⁱ⁾	32	330,821	326,501
Contingent consideration		—	20,623
Unit-based compensation	20	19,806	16,346
Distributions payable ^(iv)		21,503	20,942
Lease liabilities		992	1,149
Tenant deposits		20,104	19,629
Deferred revenue		25,054	33,824
Designated hedging derivatives	27	1,761	2,048
Trade payables and other liabilities		\$ 661,779	\$ 689,042
Classified as:			
Expected to be settled in more than twelve months		\$ 6,477	\$ 26,605
Expected to be settled in less than twelve months		655,302	662,437
		\$ 661,779	\$ 689,042

(i) Includes amounts payable to Loblaw of \$3,963 (December 31, 2024 - \$8,304) (Note 32).

(ii) Includes construction allowances payable to Loblaw of \$40,483 (December 31, 2024 - \$27,927) (Note 32).

(iii) Includes distributions accrued on Exchangeable Units of \$329,162 payable to GWL (December 31, 2024 - \$324,873); \$1,093 payable to GWL for shared costs incurred by GWL on behalf of the Trust, the Services Agreement expense and other related party charges (December 31, 2024 - \$1,030); \$288 payable to Wittington for various related party charges (December 31, 2024 - \$nil); and \$278 payable to Loblaw for reimbursed contract revenue and other related party charges (December 31, 2024 - \$598) (Note 32).

(iv) Includes distributions payable to GWL of \$3,251 (December 31, 2024 - \$3,209) (Note 32).

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 in the second quarter of 2022. On January 31, 2025, the outstanding amount was settled against a loan receivable owed by the development partner (Note 11).

Note 20. Unit-Based Compensation

(\$ thousands)	Years Ended	
	December 31, 2025	December 31, 2024
Unit Option plan	\$ (18)	\$ (2)
Restricted Unit plan	3,994	3,035
Performance Unit plan	1,503	858
Trustee Deferred Unit plan	3,276	1,591
Unit-based compensation expense	\$ 8,755	\$ 5,482
Recorded in:		
General and administrative expenses	\$ 6,814	\$ 6,139
Adjustment to fair value of unit-based compensation	1,941	(657)
	\$ 8,755	\$ 5,482

As at December 31, 2025, the carrying value of the unit-based compensation liability was \$19,806 (December 31, 2024 - \$16,346) (Note 19).

Unit Option Plan

Choice Properties maintained 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:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Number of awards	Weighted average exercise price/unit	Number of awards	Weighted average exercise price/unit
Outstanding Unit Options, beginning of year	100,300	\$ 11.92	164,300	\$ 11.92
Exercised	(100,300)	11.92	(64,000)	11.92
Outstanding Unit Options, end of year	—	\$ —	100,300	\$ 11.92
Unit Options exercisable, end of year	—	\$ —	100,300	\$ 11.92

The assumptions used to measure the fair value of the Unit Options under the Black-Scholes model (level 2) were as follows:

	As at December 31, 2025	As at December 31, 2024
Expected average distribution yield	n/a	5.69 %
Expected average Unit price volatility	n/a	14.47 %
Average risk-free interest rate	n/a	0.03 %
Expected average remaining life of options	n/a	0.1 Year

As at December 31, 2025, there were no Unit Options outstanding. All remaining awards were exercised during the year. On February 18, 2026, the Board approved the termination of the Unit Option Plan.

Restricted Unit Plan

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

Restricted Unit Plan

Restricted Units 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 December 31, 2025 (December 31, 2024 - nil).

Notes to the Consolidated Financial Statements

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

(Number of awards)	Year Ended December 31, 2025	Year Ended December 31, 2024
Outstanding Restricted Units, beginning of year	275,501	265,338
Granted	118,451	119,867
Reinvested	16,831	15,544
Exercised	(73,668)	(96,610)
Forfeited	(18,649)	(28,638)
Outstanding Restricted Units, end of year	318,466	275,501

Unit-Settled Restricted Unit Plan

Under the terms of the Unit-Settled Restricted Unit plan, certain employees are granted URUs which are subject to vesting conditions and disposition restrictions. Typically, full vesting of the URUs occurs three years after the date of grant. Depending on the nature of the grant, the URUs are subject to a six-year holding period during which the Units cannot be disposed. There were 1,022,679 URUs vested but still subject to disposition restrictions as at December 31, 2025 (December 31, 2024 - 1,573,240).

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

(Number of awards)	Year Ended December 31, 2025	Year Ended December 31, 2024
Outstanding Unit-Settled Restricted Units, beginning of year	771,081	705,401
Granted	282,657	304,610
Forfeited	(444)	(10,486)
Vested	(257,194)	(228,444)
Outstanding Unit-Settled Restricted Units, end of year	796,100	771,081

Performance Unit Plan

Performance Units 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 December 31, 2025 (December 31, 2024 - nil).

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

(Number of awards)	Year Ended December 31, 2025	Year Ended December 31, 2024
Outstanding Performance Units, beginning of year	253,533	256,674
Granted	93,835	94,335
Reinvested	13,667	14,000
Exercised	(94,560)	(116,832)
Forfeited	(13,470)	(14,562)
Added by performance factor	8,421	19,918
Outstanding Performance Units, end of year	261,426	253,533

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 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.

During the year ended December 31, 2025, a former Trustee exercised their option to have their awards under the Trustee Deferred Unit Plan settled in Units. The Trust issued 41,441 Units (net) to settle this obligation.

Notes to the Consolidated Financial Statements

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

(Number of awards)	Year Ended	Year Ended
	December 31, 2025	December 31, 2024
Outstanding Trustee Deferred Units, beginning of year	703,641	559,380
Granted	109,806	110,696
Reinvested	40,241	33,565
Exercised	(89,179)	—
Outstanding Trustee Deferred Units, end of year	764,509	703,641

Note 21. Rental Revenue

Rental revenue is comprised of the following:

(\$ thousands)	Related Parties ⁽ⁱ⁾	Third Parties	Year ended December 31, 2025	Related Parties ⁽ⁱ⁾	Third Parties	Year ended December 31, 2024
Base rent	\$ 553,225	\$ 396,998	\$ 950,223	\$ 532,674	\$ 375,199	\$ 907,873
Property tax and insurance recoveries	161,532	113,456	274,988	152,965	107,281	260,246
Operating cost recoveries	96,343	78,280	174,623	92,849	78,122	170,971
Lease surrender and other revenue	9,629	5,158	14,787	9,534	9,481	19,015
Rental revenue	\$ 820,729	\$ 593,892	\$ 1,414,621	\$ 788,022	\$ 570,083	\$ 1,358,105

(i) Refer to Note 32, 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 stand-alone retail sites, where Loblaw is directly responsible for the operating costs.

Future contractual base rent revenue, excluding adjustments for straight-line rent, for the years ended December 31 is as follows:

(\$ thousands)	
2026	\$ 958,419
2027	905,239
2028	803,732
2029	665,002
2030	506,570
Thereafter	1,626,996
Total	\$ 5,465,958

Note 22. Property Operating Costs

(\$ thousands)	Years Ended	
	December 31, 2025	December 31, 2024
Property taxes and insurance	\$ 284,520	\$ 272,078
Recoverable operating costs	108,995	106,380
Non-recoverable operating costs	5,629	3,110
Property operating costs	\$ 399,144	\$ 381,568

Included in non-recoverable operating expenses are net expected credit losses of \$563 for the year ended December 31, 2025 (December 31, 2024 - reversals of net expected credit losses of \$1,752). Refer to Note 14 for discussion on rents receivable and the related expected credit losses.

Notes to the Consolidated Financial Statements

Note 23. Interest Income

(\$ thousands)	Note	Years Ended	
		December 31, 2025	December 31, 2024
Interest income from mortgages and loans receivable ⁽ⁱ⁾	11	\$ 24,284	\$ 24,031
Income earned from financial real estate assets		12,028	11,772
Income from financial real estate assets due to changes in value	9	2,553	3,206
Other interest income		3,027	13,584
Interest income		\$ 41,892	\$ 52,593

(i) Interest income from mortgages and loans receivable includes \$1,137 accretion income in relation to vendor take-back mortgages issued to partners for the year ended December 31, 2025 (December 31, 2024 - \$1,169).

Note 24. Net Interest Expense and Other Financing Charges

(\$ thousands)	Note	Years Ended	
		December 31, 2025	December 31, 2024
Interest on senior unsecured debentures		\$ 234,281	\$ 231,621
Interest on mortgages and construction loans		50,892	48,286
Interest on credit facility		7,424	4,105
Interest on right-of-use lease liabilities		38	45
Amortization of debt discounts and premiums	15	455	665
Amortization of debt placement costs	15,16	4,592	4,577
Distributions on Exchangeable Units ⁽ⁱ⁾	32	304,096	300,137
		601,778	589,436
Less: Capitalized interest ⁽ⁱⁱ⁾	6	(4,146)	(3,048)
Net interest expense and other financing charges		\$ 597,632	\$ 586,388

(i) Represents interest on indebtedness due to GWL.

(ii) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.25% for the year ended December 31, 2025, (December 31, 2024 - 4.13%).

Note 25. General and Administrative Expenses

(\$ thousands)	Note	Years Ended	
		December 31, 2025	December 31, 2024
Salaries, benefits and employee costs ⁽ⁱ⁾		\$ 53,620	\$ 58,721
Investor relations and other public entity costs		3,351	3,268
Professional fees		6,553	7,206
Information technology costs		10,976	9,368
Services Agreement expense charged by related party	32	4,988	4,988
Amortization of other assets		1,249	1,254
Office related costs		1,599	1,828
Other		4,450	3,389
Total		86,786	90,022
Less: Allocated to recoverable operating expenses		(23,061)	(22,189)
General and administrative expenses		\$ 63,725	\$ 67,833

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

Note 26. Financial Risk Management

As a result of holding and issuing financial instruments, Choice Properties is exposed to credit risk, market risk and liquidity and capital availability risk. The following is a description of those risks and how the exposures are managed:

a. Credit Risk

Choice Properties is exposed to credit risk resulting from the possibility that counterparties could default on their financial obligations to Choice Properties. Exposure to credit risk relates to rent receivables, cash and cash equivalents, short-term investments, security deposits, derivatives, and mortgages, loans and notes receivable.

Choice Properties mitigates the risk of credit loss related to rent receivables by evaluating the creditworthiness of new tenants, obtaining security deposits wherever permitted by legislation, ensuring its tenant mix is diversified and limiting its exposure to any one tenant (except Loblaw). Choice Properties establishes for expected credit losses with respect to rent receivables. The allowance is determined on a tenant-by-tenant basis based on the specific factors related to the tenant.

The risk related to cash and cash equivalents, short-term investments, security deposits, and derivatives is reduced by policies and guidelines that require Choice Properties to enter into transactions only with Canadian financial and government institutions that have a minimum short-term rating of "A-2" and a long-term credit rating of "A-" from S&P or an equivalent credit rating from another recognized credit rating agency and by placing minimum and maximum limits for exposures to specific counterparties and instruments.

The risk related to its mortgages, loans and notes receivable arise in the event that the borrowers default on the repayment of such financing. Choice Properties has established a program with a group of strategic development partners whereby the Trust provides financing in the form of mezzanine loans, joint venture financing, vendor take-back financing and other arrangements. In exchange, the Trust generally receives an option or other rights to acquire an interest in real property assets. The Trust mitigates this risk by ensuring the loans are well secured by real property assets and by obtaining guarantees where necessary.

Despite such mitigation efforts, if Choice Properties' counterparties default, it could have a material adverse impact on Choice Properties' financial condition or results of operations and its ability to make distributions to Unitholders.

b. Market Risk

Interest Rate Risk

Choice Properties requires extensive financial resources to complete the implementation of its strategy. Successful implementation of Choice Properties' strategy will require cost effective access to additional funding. There is a risk that interest rates may increase, which could impact long-term borrowing costs and negatively impact financial performance.

The majority of Choice Properties' debt is financed at fixed rates with maturities staggered over the long-term, thereby mitigating the exposure to near term changes in interest rates. To the extent that Choice Properties incurs variable rate indebtedness (such as borrowings under the Revolving Credit Facility), this will result in fluctuations in Choice Properties' cost of borrowing as interest rates change. If interest rates rise, Choice Properties' operating results and financial condition could be materially adversely affected and the amount of cash available for distribution to Unitholders could decrease.

Choice Properties' Revolving Credit Facility and the Debentures also contain covenants that require it to maintain certain financial ratios on a consolidated basis. If Choice Properties does not maintain such ratios, its ability to make distributions to Unitholders may be limited or suspended.

Choice Properties analyzes its interest rate risk and the impact of rising and falling interest rates on operating results and financial condition on a regular basis. An increase of 1.0% per annum in the variable component of the interest rate for the credit facility would result in an increase to liabilities and a decrease in net income of \$15,000 (December 31, 2024 - \$15,000) (assuming fully drawn credit facility).

Unit Price Risk - Exchangeable Units

Choice Properties is exposed to Unit price risk as a result of the issuance of the Exchangeable Units, which are economically equivalent to and exchangeable for Units, as well as the issuance of unit-based compensation. The Exchangeable Units and unit-based compensation liabilities are recorded at their fair value based on market trading prices. The Exchangeable Units and unit-based compensation negatively impact net income when the Unit price rises and positively impact net income when the Unit price declines.

An increase of \$1.00 in the underlying price of Choice Properties' Units would result in an increase to liabilities and decrease in net income due to Exchangeable Units of \$395,787 (December 31, 2024 - \$395,787) and Unit-based compensation liabilities of \$1,337 (December 31, 2024 - \$1,422).

Notes to the Consolidated Financial Statements

Unit Price Risk - Investment in Real Estate Securities

Choice Properties is exposed to unit price risk as a result of its investment in the Class B Units of Allied Properties Exchangeable Limited Partnership (Note 12), which are economically equivalent to and exchangeable for the publicly traded units of Allied. The Class B Units are recorded at their fair value based on market trading prices the publicly traded units of Allied.

c. Liquidity and Capital Availability Risk

Liquidity risk is the risk that Choice Properties cannot meet a demand for cash or fund its obligations as they come due. Although a portion of the cash flows generated by its properties is devoted to servicing such outstanding debt, there can be no assurance that Choice Properties will continue to generate sufficient cash flows from operations to meet interest payments and principal repayment obligations upon an applicable maturity date. If Choice Properties is unable to meet interest payments or principal repayment obligations, it could be required to renegotiate such payments or issue additional equity or debt or obtain other financing. The failure of Choice Properties to make or renegotiate interest or principal payments or issue additional equity or debt or obtain other financing could materially adversely affect Choice Properties' financial condition and results of operations and decrease or eliminate the amount of cash available for distribution to Unitholders.

The real estate industry is highly capital intensive. Choice Properties requires access to capital to fund operating expenses, property maintenance costs, development spending, and other capital expenditures, and to refinance indebtedness. Although Choice Properties expects to have access to the Revolving Credit Facility, there can be no assurance that it will otherwise have access to sufficient capital or access to capital on favourable terms. Further, in certain circumstances, Choice Properties may not be able to borrow funds due to limitations set forth in the Declaration of Trust, the Indenture, as supplemented by the Supplemental Indentures. Failure by Choice Properties to access required capital could have a material adverse effect on its financial condition or results of operations and its ability to make distributions to Unitholders.

Liquidity and capital availability risks are mitigated by maintaining appropriate levels of liquidity, by diversifying the Trust's sources of funding, by maintaining a well-diversified debt maturity profile and by actively monitoring market conditions.

The undiscounted future principal and interest payments on Choice Properties' debt instruments are as follows:

(\$ thousands)	2026	2027	2028	2029	2030	Thereafter	Total
Senior unsecured debentures	\$ 593,622	\$ 727,906	\$ 955,119	\$ 926,206	\$ 850,560	\$ 3,240,268	\$ 7,293,681
Mortgages payable	202,853	137,652	90,289	78,434	167,495	820,026	1,496,749
Construction loans	5,343	—	—	—	—	—	5,343
Total	\$ 801,818	\$ 865,558	\$ 1,045,408	\$ 1,004,640	\$ 1,018,055	\$ 4,060,294	\$ 8,795,773

Notes to the Consolidated Financial Statements

Note 27. 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:

(\$ thousands)	Note	As at December 31, 2025				As at December 31, 2024			
		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	11	\$ —	\$ —	\$ 45,175	\$ 45,175	\$ —	\$ —	\$ 162,945	\$ 162,945
Financial real estate assets	9	—	—	202,079	202,079	—	—	199,374	199,374
Investment in real estate securities	12	—	157,888	—	157,888	—	202,526	—	202,526
Designated hedging derivatives	14	—	4,319	—	4,319	—	5,619	—	5,619
Amortized cost:									
Mortgages, loans and notes receivable	11	—	—	600,700	600,700	—	—	560,200	560,200
Cash and cash equivalents	29(c)	—	71,180	—	71,180	—	63,388	—	63,388
Liabilities									
Fair value through profit and loss:									
Exchangeable Units	17	—	5,861,598	—	5,861,598	—	5,283,750	—	5,283,750
Unit-based compensation	19, 20	—	19,806	—	19,806	—	16,346	—	16,346
Designated hedging derivatives	19	—	1,761	—	1,761	—	2,048	—	2,048
Amortized cost:									
Long term debt	15	—	—	7,020,044	7,020,044	—	—	6,811,253	6,811,253

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

Designated Hedging Derivatives

Designated hedging derivatives consist of interest rate swaps to hedge the interest rate associated with an equivalent amount of variable rate mortgages, and cross currency swaps to hedge foreign exchange associated with the equivalent amount borrowed in USD on the Trust's credit facility (Note 16). As at December 31, 2025, the interest rates associated with the interest rate swaps ranged from 2.8% to 5.0% (December 31, 2024 - 2.8% to 5.0%).

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

(\$ thousands)	Note	Maturity Date	Notional Amount	As at	
				December 31, 2025	December 31, 2024
Derivative assets					
Interest rate swaps	14	Sep 2026 - Jun 2030	\$ 62,720	\$ 4,319	\$ 5,619
Total derivative assets			\$ 62,720	\$ 4,319	\$ 5,619
Derivative liabilities					
Interest rate swaps	19	March 1, 2030	\$ 73,758	\$ 1,761	\$ 2,048
Total derivative liabilities			\$ 73,758	\$ 1,761	\$ 2,048

During the year ended December 31, 2025, the Trust recorded an unrealized fair value loss in other comprehensive loss of \$1,013 (December 31, 2024 - unrealized fair value loss of \$2,964).

Note 28. Capital Management

In order to maintain or adjust its capital structure, Choice Properties may issue new Units and debt, repay debt, or adjust the amount of distributions paid to Unitholders. Choice Properties manages its capital structure with the objective of:

- complying with the guidelines set out in its Declaration of Trust;
- complying with debt covenants;
- maintaining credit rating metrics consistent with those of investment grade REITs;
- ensuring sufficient liquidity is available to support its financial obligations and to execute its operating and strategic plans;
- maintaining financial capacity and flexibility through access to capital to support future growth and development; and
- minimizing its cost of capital while taking into consideration current and future industry, market and economic risks and conditions.

Financing activity during the years ended December 31, 2025 and 2024 consisted of the repayment and issuance of various senior unsecured debentures and the issuance and repayment of various mortgages (Note 15).

Choice Properties has certain key covenants in its debentures and its committed credit facility. The key financial covenants include debt service ratios and leverage ratios, as defined in the respective agreements. These ratios are measured by the Trust on an ongoing basis to ensure compliance with the agreements. Choice Properties was in compliance with each of the key financial covenants under these agreements as at December 31, 2025 and December 31, 2024.

The following schedule details the capitalization of Choice Properties:

(\$ thousands)	Note	As at December 31, 2025	As at December 31, 2024
Liabilities			
Senior unsecured debentures	15	\$ 5,650,000	\$ 5,400,000
Mortgages payable	15	1,169,939	1,300,158
Construction loans	15	5,306	5,230
Exchangeable Units	17	5,861,598	5,283,750
Equity			
Unitholders' equity	17	4,584,809	4,899,800
Total		\$ 17,271,652	\$ 16,888,938

Notes to the Consolidated Financial Statements

Note 29. Supplemental Cash Flow Information

(a) Items not affecting cash and other items

(\$ thousands)	Note	Years Ended	
		December 31, 2025	December 31, 2024
Straight-line rental revenue	6	\$ 2,483	\$ 2,194
Unit-based compensation expense included in general and administrative expenses	20	6,814	6,139
Amortization of intangible assets	13	1,000	1,000
Adjustment to fair value of unit-based compensation	20	1,941	(657)
Adjustment to fair value of Exchangeable Units	17	577,848	(237,472)
Adjustment to fair value of investment properties	6	(144,332)	(92,731)
Adjustment to fair value of investment in real estate securities	12	44,638	35,782
Items not affecting cash and other items		\$ 490,392	\$ (285,745)

(b) Net change in non-cash working capital

(\$ thousands)	Note	Years Ended	
		December 31, 2025	December 31, 2024
Net change in accounts receivable and other assets	14	\$ 1,172	\$ 29,314
Cost of sales recognized - residential development inventory	10	—	9,234
Net change in trade payables and other liabilities	19	(33,386)	(59,843)
Net change in non-cash working capital		\$ (32,214)	\$ (21,295)

(c) Cash and cash equivalents

(\$ thousands)	As at	
	December 31, 2025	December 31, 2024
Cash	\$ 71,180	\$ 47,286
Short-term investments	—	16,102
Cash and cash equivalents	\$ 71,180	\$ 63,388

Note 30. 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, the Chief Financial Officer, and Chief Operating Officer of the Trust. The CODM measures and evaluates the performance of the Trust based on net rental income.

The tables below presents net rental income for the year ended December 31, 2025 and December 31, 2024 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 audited annual consolidated financial statements, except that segment rental revenue and segment property operating costs include the proportionate share of revenue and direct operating costs of joint ventures and financial real estate assets.

(\$ thousands)	Retail	Industrial	Mixed-Use & Residential	Consolidation and Eliminations ⁽ⁱ⁾	Year Ended December 31, 2025
Base rent	\$ 749,156	\$ 228,645	\$ 51,566	\$ (79,144)	\$ 950,223
Property tax and insurance recoveries	219,012	62,366	9,049	(15,439)	274,988
Operating cost recoveries	141,409	27,459	12,692	(6,937)	174,623
Lease surrender and other revenue	13,671	597	2,662	(2,143)	14,787
Rental Revenue	1,123,248	319,067	75,969	(103,663)	1,414,621
Property taxes and insurance	(229,113)	(63,198)	(10,621)	18,412	(284,520)
Recoverable operating costs	(92,391)	(12,218)	(15,280)	10,894	(108,995)
Non-recoverable operating costs	(3,686)	(1,541)	(2,757)	2,355	(5,629)
Property Operating Costs	(325,190)	(76,957)	(28,658)	31,661	(399,144)
Net Rental Income	\$ 798,058	\$ 242,110	\$ 47,311	\$ (72,002)	\$ 1,015,477

(i) Reconciling items to 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, respectively, under GAAP.

(\$ thousands)	Retail	Industrial	Mixed-Use & Residential	Consolidation and Eliminations ⁽ⁱ⁾	Year ended December 31, 2024
Base rent	\$ 735,558	\$ 188,840	\$ 50,820	\$ (67,345)	\$ 907,873
Property tax and insurance recoveries	211,186	55,299	8,728	(14,967)	260,246
Operating cost recoveries	137,567	27,447	12,655	(6,698)	170,971
Lease surrender and other revenue	18,336	678	2,530	(2,529)	19,015
Rental Revenue	1,102,647	272,264	74,733	(91,539)	1,358,105
Property taxes and insurance	(222,067)	(55,640)	(11,906)	17,535	(272,078)
Recoverable operating costs	(89,232)	(12,883)	(15,441)	11,176	(106,380)
Non-recoverable operating costs	(3,099)	—	(2,619)	2,608	(3,110)
Property Operating Costs	(314,398)	(68,523)	(29,966)	31,319	(381,568)
Net Rental Income	\$ 788,249	\$ 203,741	\$ 44,767	\$ (60,220)	\$ 976,537

(i) Reconciling items to 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, respectively, under GAAP.

Notes to the Consolidated Financial Statements

The tables below presents investment properties as at December 31, 2025 and December 31, 2024 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 audited annual consolidated financial statements, except that segment income producing properties and segment properties under development include the proportionate share of joint ventures and financial real estate assets.

(\$ thousands)	Retail	Industrial	Mixed-Use & Residential	Consolidation and eliminations ⁽ⁱ⁾	As at December 31, 2025
Income producing properties	\$ 11,569,000	\$ 4,578,000	\$ 891,000	(1,508,000)	\$ 15,530,000
Properties under development	186,000	484,000	62,000	(504,000)	228,000
Investment Properties	\$ 11,755,000	\$ 5,062,000	\$ 953,000	\$ (2,012,000)	\$ 15,758,000

(i) Reconciling items to 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, respectively, under GAAP.

(\$ thousands)	Retail	Industrial	Mixed-Use & Residential	Consolidation and eliminations ⁽ⁱ⁾	As at December 31, 2024
Income producing properties	\$ 11,272,834	\$ 4,148,360	\$ 929,806	(1,265,000)	\$ 15,086,000
Properties under development	201,958	506,500	61,542	(525,000)	245,000
Investment Properties	\$ 11,474,792	\$ 4,654,860	\$ 991,348	\$ (1,790,000)	\$ 15,331,000

(i) Reconciling items to 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, respectively, under GAAP.

Note 31. Contingencies, Commitments, and 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 audited 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. The Trust has aggregate letters of credit with a maximum capacity of \$103,181 at the Trust's ownership interest. As at December 31, 2025, the aggregate gross potential liability related to these letters of credit totalled \$29,918 (December 31, 2024 - \$37,479).

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 \$462,000, of which \$361,000 relates to equity accounted joint ventures, as at December 31, 2025 (December 31, 2024 - \$525,000 and \$366,000, respectively).

d. Contingent Liabilities

Generally, the Trust is only liable for its proportionate share of the obligations of the co-ownerships and equity accounted joint ventures in which it participates, except in limited circumstances. Credit risk arises in the event that the partners default on the payment of their proportionate share of such obligations. The Trust has exposure to its partners' share of mortgage debt obligations within its equity accounted joint ventures in the amount of \$427,000 as at December 31, 2025 (December 31, 2024 - \$422,876). This credit risk is mitigated as the Trust generally has recourse under its co-ownership agreements and joint venture arrangements in the event of default of its partners, in which case the Trust's claim would be against both the underlying real estate investments and the partners that are in default. Management believes that the assets of its co-ownerships and equity accounted joint ventures are sufficient for the purpose of satisfying any obligation of the Trust should the Trust's partner default.

Notes to the Consolidated Financial Statements

Note 32. Related Party Transactions

Choice Properties' controlling unitholder is GWL, which, as at December 31, 2025, held either directly or indirectly, a 61.7% effective interest in the Trust through ownership of 50,661,415 Units and all the Exchangeable Units, which are economically equivalent to and exchangeable to Units. Choice Properties' ultimate parent is Wittington, the controlling shareholder of GWL. Wittington directly owns 10,910,000 of the Trust's Units. Galen G. Weston beneficially owns or controls, directly and indirectly, including through Wittington, approximately 59.5% of GWL's outstanding common shares. Galen G. Weston also beneficially owns 1,569,007 of the Trust's Units.

GWL is also the controlling shareholder of Loblaw, with ownership of 52.6% of outstanding common shares as at December 31, 2025 (December 31, 2024 - 52.6%). Therefore, Choice Properties is a related party of Loblaw by virtue of common control.

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

Transactions and Agreements with GWL

Services Agreement

During the year ended December 31, 2025, GWL provided Choice Properties with corporate, administrative and other support services for an annualized cost of \$4,988 (December 31, 2024 - \$4,988).

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 year ended December 31, 2025, distributions declared on the Exchangeable Units totalled \$304,096 (December 31, 2024 - \$300,137).

As at December 31, 2025, Choice Properties had distributions on Exchangeable Units payable to GWL of \$329,162 (December 31, 2024 - \$324,873). The payable to GWL included deferred distributions of \$303,766 to be paid on the first business day of the 2026 fiscal year (December 31, 2024 - \$299,807).

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 year ended December 31, 2025, GWL elected to receive distributions from Choice Properties Limited Partnership in the form of loans. As such, non interest bearing short-term notes totalling \$303,766 were issued to GWL and were settled against distributions payable by the Trust to GWL in January 2026. Non-interest bearing short-term notes totalling \$299,807 with respect to the loans received in the 2024 fiscal year were settled against distributions payable by the Trust to GWL in January 2025.

Trust Unit Distributions

During the year ended December 31, 2025, Choice Properties declared cash distributions of \$38,924 on the Units held by GWL (December 31, 2024 - \$38,419). As at December 31, 2025, \$3,251 of Trust Unit distributions declared were payable to GWL (December 31, 2024 - \$3,209).

Transaction Summary as Reflected in the Consolidated Financial Statements

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

(\$ thousands)	Note	Years Ended	
		December 31, 2025	December 31, 2024
Rental revenue	21	\$ 3,097	\$ 2,866
Services Agreement expense	25	(4,988)	(4,988)
Distributions on Exchangeable Units	24	(304,096)	(300,137)

Notes to the Consolidated Financial Statements

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

(\$ thousands)	Note	As at	
		December 31, 2025	December 31, 2024
Notes receivable	11	\$ 303,766	\$ 299,807
Other receivables	14	114	84
Exchangeable Units	17	(5,861,598)	(5,283,750)
Accrued liabilities	19	(1,093)	(1,030)
Distributions payable on Exchangeable Units	19	(329,162)	(324,873)
Distributions payable on Trust Units	19	(3,251)	(3,209)
Due to GWL and subsidiaries		\$ (5,891,224)	\$ (5,312,971)

Transactions and Agreements with Loblaw

Acquisitions

During the year ended December 31, 2025, Choice Properties acquired from Loblaw a retail property in Brampton, Ontario for a purchase price of \$33,200 and an industrial distribution centre in Ajax, Ontario for a purchase price of \$182,290. In each case the purchase price excludes transaction costs. Concurrent with the transactions, the properties were leased back to Loblaw.

During the year ended December 31, 2024, Choice Properties completed five acquisitions from Loblaw, for an aggregate purchase price of \$178,902. The acquisitions included: a retail property in Toronto, Ontario \$38,300, a 50% interest in a retail property in Winnipeg, Manitoba for \$15,596, a 50% interest in an industrial property in Mississauga, Ontario for \$89,601, a 50% interest in a retail property in Toronto, Ontario that was acquired through an equity accounted joint venture for \$21,267, and a 50% interest in an industrial property in Lakeside, Nova Scotia for \$14,138. In each case the purchase price excludes transaction costs. Concurrent with the transactions, the properties were leased back to 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 expired on July 5, 2023. Upon expiry of the initial term, the Strategic Alliance Agreement renewed until July 5, 2033 or the date on which GWL and its affiliates own less than 50% of the Trust on a fully diluted basis. The Strategic Alliance Agreement provides Choice Properties with important rights that are expected to meaningfully contribute to the Trust's growth. Subject to certain exceptions, rights include:

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

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

Leases

During year ended December 31, 2025, the Trust and Loblaw renewed 39 of a tranche of 41 leases expiring in 2026. (December 31, 2024 - 46 of 48 leases expiring in 2025).

Lease Surrender Revenue

During the year ended December 31, 2025, Choice Properties recognized \$9,629 of lease surrender revenue from Loblaw (December 31, 2024 - \$9,534).

Site Intensification Payments

Choice Properties compensated Loblaw with intensification payments of \$4,894 in connection with completed gross leasable area for which tenants took possession during the year ended December 31, 2025 (December 31, 2024 - \$3,872).

Notes to the Consolidated Financial Statements

Transaction Summary as Reflected in the Consolidated Financial Statements

Loblaw is the largest tenant for Choice Properties, representing approximately 57.7% of Choice Properties' rental revenue for the year ended December 31, 2025 (December 31, 2024 - 57.7%). Transactions with Loblaw recorded in the consolidated statements of operations and comprehensive (loss) income were comprised as follows:

(\$ thousands)	Note	Years Ended	
		December 31, 2025	December 31, 2024
Rental revenue	21	\$ 815,861	\$ 783,280

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

(\$ thousands)	Note	As at	
		December 31, 2025	December 31, 2024
Rent receivable	14	\$ 1,321	\$ 31
Other receivables	14	23,373	14,517
Accrued liabilities	19	(3,963)	(8,304)
Construction allowances payable	19	(40,483)	(27,927)
Reimbursed contract payable	19	(278)	(598)
Due to Loblaw		\$ (20,030)	\$ (22,281)

Transactions and Agreements with Wittington

Management Agreements

Choice Properties provides Wittington with property management services for jointly and wholly owned assets with third-party tenancies, and development consulting services on a fee for service basis.

Joint Venture

During the year ended December 31, 2025, Choice Properties and Wittington formed a joint venture, with each party holding a 50% ownership interest. This joint venture completed two acquisitions of mixed-use properties located in Toronto, Ontario: an acquisition from a third party for a purchase price of \$80,000 and an acquisition from the Trust for a purchase price of \$152,300, in each case excluding transaction costs. The joint venture is equity accounted by the Trust.

Other Transactions

Cash consideration for the disposition of a retail property (Note 5), as well as the disposition of a retail property held within an equity accounted joint venture (Note 7), both located in Aurora, Ontario, included fees paid by Wittington of \$1,370 and \$1,315, respectively.

Transaction Summary as Reflected in the Consolidated Financial Statements

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

(\$ thousands)	Note	Years Ended	
		December 31, 2025	December 31, 2024
Rental revenue	21	\$ 1,771	\$ 1,876
Fee income		514	320

The balances due from Wittington and subsidiaries were as follows:

(\$ thousands)	Note	As at	
		December 31, 2025	December 31, 2024
Rent receivable	14	\$ —	\$ 132
Cost-to-complete receivable	14	1,980	1,980
Due from Wittington and subsidiaries		\$ 1,980	\$ 2,112

Transactions and Agreements With Other Related Parties

Mortgages Receivable

On January 31, 2025, a mortgage receivable and interest accrued thereon totalling \$114,217, issued to an entity in which the Trust has an ownership interest, was repaid. During the fourth quarter, the Trust advanced \$40,241 on this facility.

Notes to the Consolidated Financial Statements**Transactions with Key Personnel**

Key personnel are comprised of Trustees and certain members of the executive team of Choice Properties. Compensation of key personnel was as follows:

(\$ thousands)	December 31, 2025	December 31, 2024
Salaries, trustee fees, incentives and short-term employee benefits	\$ 4,315	\$ 4,387
Unit-based compensation recorded in:		
General and administrative expenses	4,455	4,436
Adjustment to fair value of unit-based compensation	1,533	(338)
Compensation of key personnel	\$ 10,303	\$ 8,485

Shareholder Information and How to Contact Us

Choice Properties is Canada's largest real estate investment trust, guided by a clear purpose: to create places where people thrive. This is how we build enduring value. As a national owner, operator, and developer of high-quality commercial and residential real estate, we go beyond managing assets. We create places that strengthen how tenants and communities live, work, and connect. Our platform is built on industry leadership in sustainability, community engagement, and social impact, embedded across how we operate, build, and grow. As a trusted steward of capital, we are committed to disciplined execution, long-term value creation, and responsible growth. Everything we do is guided by our core values of Care, Ownership, Respect, and Excellence.

Conference Call and Webcast

Management will host a conference call on Thursday, February 19, 2026 at 10:00 AM (EDT) with a simultaneous audio webcast. To access via teleconference, please dial 1-888-330-2454 or 1-240-789-2714 and enter the event passcode: 4788974. The link to the audio webcast will be available on www.choicereit.ca/events-webcasts.

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Stock Exchange Listing and Symbol

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

Distribution Policy

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

Registrar and Transfer Agent

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Investor Relations

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

Non-Management Trustees

Gordon A. M. Currie – Chair
Corporate Director

L. Jay Cross
Corporate Director

Diane A. Kazarianⁱ
Corporate Director

Karen A. Kinsleyⁱⁱⁱⁱⁱ
Corporate Director

R. Michael Latimerⁱⁱⁱ
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Nancy H.O. Lockhartⁱⁱⁱ
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Jan Suchardaⁱ
Managing Partner, Real Estate,
Brookfield Asset Management

Qi Tangⁱ
CFO, Recipe Unlimited Corporation

Cornell Wright
President, Wittington Investments, Limited

ⁱ Audit Committee

ⁱⁱ Lead Independent Director

ⁱⁱⁱ Governance, Compensation and Nominating Committee

Ce rapport est disponible en français.

To learn about the many other ways we are bringing our Purpose to life for tenants, colleagues, communities, and investors, please visit:

Our latest Sustainability Report
choicereit.ca/sustainability

Our Leading Portfolio
choicereit.ca/portfolio

Our most recent Investor Presentation
choicereit.ca/presentations

Our Career website
choicereit.ca/careers



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