Places People Thrive®

2026
Second Quarter
Report



ChoiceProperties

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 Loblaw[i], 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.

[i] **Loblaw Companies Limited ("Loblaw")**
(1) **See Section 14, "Non-GAAP Financial Measures", of this MD&A**
(2) **To be read in conjunction with the "Forward-Looking Statements" included in the Notes for Readers located on page 9 of this MD&A**

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Front cover:
2332-160th Street,
Surrey, British Columbia

Canada's Leading REIT

Proven performance, positioned for long-term growth

Largest in Canada[i]

699	High-quality properties
68.6M sq. ft.	Across 3 strategic asset classes
$18.1B	Fair value[ii]

Unmatched Necessity-Based Portfolio

83%	Necessity-based retail portfolio[iii]
37M sq. ft.	Grocery-anchored retail portfolio

Strategic Relationship with Canada's Largest Retailer

57%	Loblaw tenancy[iv]
	Relationship with Loblaw provides a unique competitive advantage

One of Canada's Largest Urban Landowners

18M+ sq. ft.	Development pipeline
70+	Sites with potential incremental density

Industry-Leading Balance Sheet

BBB (High)	DBRS Rating Positive Outlook
BBB+	S&P Rating
7.0x	Adjusted Debt to EBITDAFV[(1)]

ESG Leadership

Net Zero By 2050	One of Canada's first entities with targets validated by SBTi
50%+	Women executives (VP+)

[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 June 30, 2026 (Section 6)
[iv] Calculated as a % of total annualized gross rental revenue on a proportionate share basis[(1)] as at June 30, 2026

Lots of Play: Placemaking in Leslieville

Choice Properties continues to bring neighbourhoods to life through Lots of Play, its free summer event series that transforms parking lots into vibrant community spaces. In Toronto's Leslieville neighbourhood, Choice hosted a three-day celebration in partnership with VIBE Arts, bringing together neighbours for live performances and hands-on workshops. The event demonstrated how thoughtful placemaking can reimagine spaces as welcoming places for people of all ages to create, connect, and play.



Key Performance Indicators

Financial and Operating Performance

Financial Performance

	Q2 2026	Q2 2025	Change
Same-Asset NOI, Cash Basis[1]	$255.4M	$248.5M	+2.8%
FFO[1]	$0.267 /unit	$0.265 /unit	+0.8%
AFFO[1]	$0.217 /unit	$0.231 /unit	-6.1%
Occupancy	97.7%	97.8%	-0.1%

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

Q2 2026 Debt Metrics

Adjusted Debt[1]	$7.6B
Adjusted Debt to EBITDAFV[1]	7.0x
Weighted Avg. Term to Maturity[i]	6.1 years
Weighted Avg. Interest Rate[i]	4.29%
Unencumbered Assets	$14.1B
Adjusted Debt to Total Assets[1]	40.4%

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

We are pleased with Choice Properties' second quarter results, highlighted by robust leasing spreads and Same-Asset NOI growth.

Rael Diamond
President & CEO, Choice Properties



3050 Vega Boulevard, Mississauga, Ontario

Second Quarter

Financial Highlights[i]

During the three months ended June 30, 2026

Operating

- **Reported a net loss for the quarter of $176.4 million,** compared to a net loss of $154.2 million in the prior year period. The loss in both periods was primarily due to the fair value adjustment related to the Trust's Exchangeable Units[ii] resulting from the increase in the Trust's unit price.
- **Reported FFO[(1)] per unit diluted for the quarter of $0.267** increased by 0.8% compared to $0.265 in the prior year period.
  - FFO[(1)] per unit diluted, excluding lease surrender revenue and the reduction in Allied's distribution, increased by 1.5% compared to the prior year period.
- **AFFO[(1)] per unit diluted for the quarter was $0.217,** compared to $0.231 in the prior year period. The decrease was primarily due to the timing of tenant improvement and maintenance capital spend in the current year period.
- **Same-Asset NOI on a cash basis[(1)] increased by 2.8%** over the prior year period.
- **Retail, Industrial, and Mixed-Use and Residential Same-Asset NOI on a cash basis[(1)] increased by 1.9%, 5.8%, and 4.1%, respectively.** Retail and Industrial Same-Asset NOI increased by 2.4% and 5.2% respectively, excluding the impact of bad debt expense.
- **Period end occupancy was 97.7%,** with Retail at 97.4%, Industrial at 98.6%, and Mixed-Use & Residential at 94.3%[iii]. Retail occupancy was impacted by the strategic repositioning of certain spaces and the expiry of a short-term renewal where the tenant had previously ceased operations.
- **Net fair value gain on investment properties in the quarter was $104.8 million** on a proportionate share basis[(1)], reflecting changes in leasing assumptions within the retail and industrial portfolios, including the 2027 Loblaw lease renewals in the retail portfolio, and adjustments to discount and capitalization rates in the retail portfolio. These gains were partially offset by the impact of adjustments to capitalization rates in certain mixed-use and residential assets.
- **Subsequent to the quarter end, Choice Properties and Loblaw renewed a full tranche of 50 leases expiring in 2027**, comprising 3.55 million square feet, at a weighted average spread of 8.8% and a weighted average extension term of 5.0 years.

Financing

- **Increased the credit facility limit from $1.5 billion to $2.0 billion** to support the First Capital REIT transaction and extended the maturity date by one year from May 21, 2030 to May 21, 2031.
- **Advanced $44.3 million of construction loans** related to Choice Caledon Business Park, at the Trust's share.

Investing

- **The Trust completed $14.6 million of transactions in the quarter:**
  - Acquired a retail property in Waterloo, Ontario for $7.8 million.
  - Disposed of a retail land parcel in Toronto, Ontario for $3.7 million.
  - Disposed of a 50% interest in a retail development project in Edmonton, Alberta for $3.1 million.
- **The Trust invested $23.6 million in its development program** during the quarter on a proportionate share basis[(1)].
- **The Trust transferred $3.0 million of properties under development to income producing status** through retail intensification, delivering approximately 66,000 square feet of new commercial GLA associated with ground leases on a proportionate share basis[(1)].
- **Subsequent to quarter end,** the Trust disposed of its share of a retail asset in Slave Lake, Alberta for $13.2 million.

[i] Refer to the Notes for Readers located on page 9 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

An Integrated Portfolio Built Where Canadians Live and Work

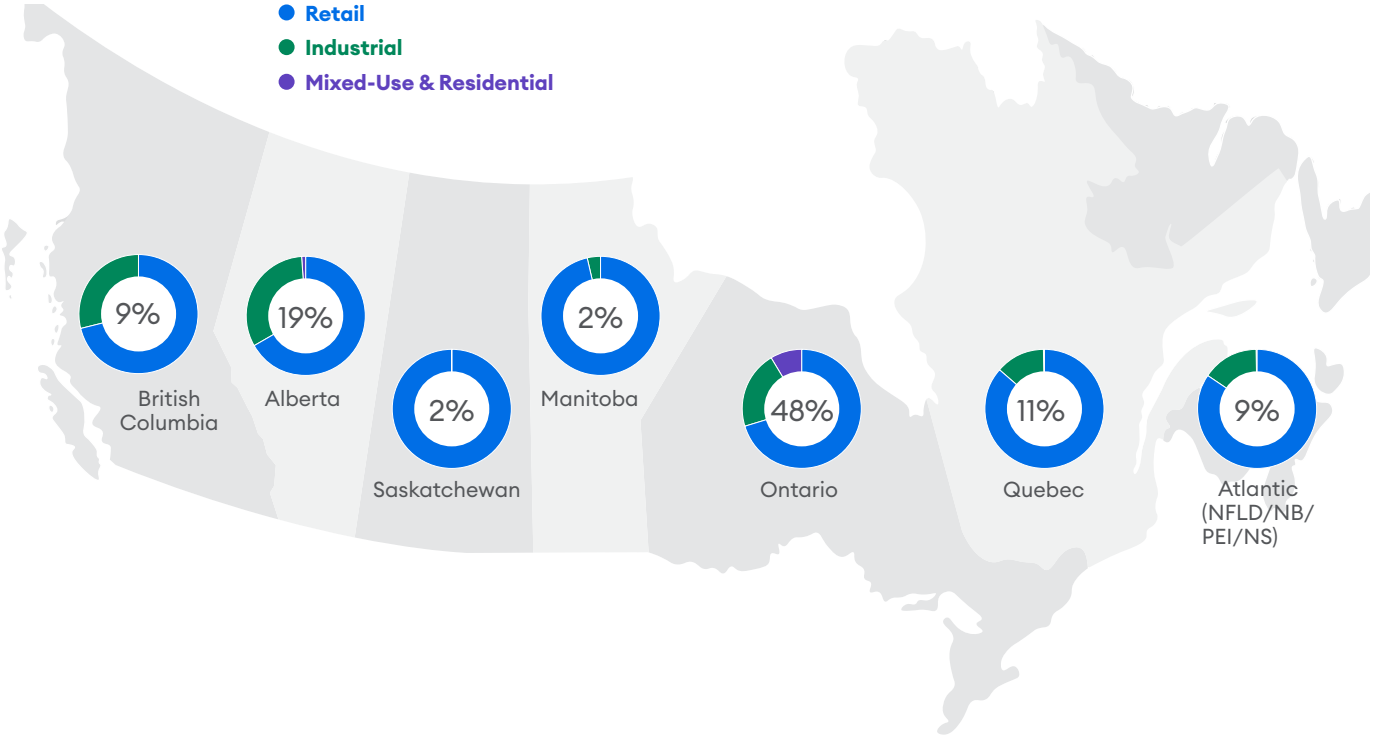
Achieving stable cash flow, resilience, and growth

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
Retail	563	44.6M	$11.8B	97.4%
Industrial	124	22.2M	$4.6B	98.6%
Mixed-Use & Residential	12	1.8M[ii]	$0.9B	94.3%

Properties Under Development	
45	Projects
18.6M	Square Feet
$0.8B	Fair Value[i]

Percentage of NOI by Province[iii]



[i] Fair value of investment properties as at June 30, 2026 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 June 30, 2026

Purpose in Action

Strong-covenant tenants drive stable, predictable cash flows

Long-Term Leases

Weighted Average Lease Term

Loblaw	Ancillary	Total
5.7 Years	6.0 Years	5.8 Years

Top 5 Tenants
% Revenue[i]

1	Loblaw	56.9%
2	Canadian Tire	1.6%
3	Dollarama	1.2%
4	TJX Companies	1.2%
5	GoodLife Fitness	1.0%

Strong Necessity-Based Retail Anchor Tenants



+64%

of retail revenue from Loblaw banners[ii]

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



+67%

of retail revenue from grocery and pharmacy[ii]

Key Tenants:
Sobeys
Metro
Save on Foods
Nations Fresh Food
Costco
Walmart
Rexall



+83%

of retail revenue from necessity-based retail[ii]

Key Tenants:
Dollarama
Canadian Tire
LCBO
TD
Restaurant Brands International
Pet Valu
BMO
CIBC

Resilient Industrial Tenant Base

Top 10 Industrial Tenants[ii]

1 Loblaws
2 Amazon
3 Canada Cartage
4 TEN Canada
5 Wonderbrands
6 National Logistics Services
7 Pet Valu
8 NFI IPD
9 Uline Canada Corporation
10 Kimberly-Clark

34%

Loblaw gross industrial revenue[ii]



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 June 30, 2026
[ii] Calculated on the segment's annualized gross rental revenue on a proportionate share basis[(1)] as at June 30, 2026 (Section 6)

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	1.1M	>	4.5M
Mixed-Use & Residential	7.3M	6.3M	–	>	13.6M
Total	7.3M	10.0M	1.3M	>	18.6M

[i] At the Trust's share

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.



Rendering

Environmental, Social and Governance

Bringing tenants and communities together

Choice Properties' commitment to building social, economic, and environmental sustainability is one of the most important ways that we bring our purpose to life. Our ESG strategy is embedded across all aspects of our business, including development, construction, and operations.

Leadership in Sustainability

100 Country Village Road NE
Calgary, Alberta

Asset class: Retail
Property GLA: 191,185 sq.ft.
Intensification GLA: 29,232 sq. ft.

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.



3rd year

Consecutive inclusion in The Globe and Mail's "Women Lead Here" Benchmark

BOMA Enspire Award Winner

Guelph Line property in Burlington, ON was recognized for outstanding reductions in greenhouse gas emissions



Read our ESG Report to learn more about our sustainability strategy, initiatives and achievements: choicereit.ca/sustainability.

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") unaudited interim period condensed consolidated financial statements for the three and six months ended June 30, 2026 and accompanying notes ("Q2 2026 Financial Statements") when reading this Management's Discussion and Analysis ("MD&A") as well as the Trust's Audited Financial Statements and MD&A for the year ended December 31, 2025. In addition, this MD&A should be read in conjunction with the Trust's "Forward-Looking Statements" as listed below. Choice Properties' Q2 2026 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 14, "Non-GAAP Financial Measures", for a list of defined non-GAAP financial measures and reconciliations thereof.

This second quarter 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 12, "Environmental, Social and Governance ("ESG")", and Section 13, "Outlook". Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "should", "aspire", "pledge", "aim", and similar expressions, as they relate to Choice Properties and its management.

Forward-looking statements reflect Choice Properties' current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions, 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 11, "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 June 30, 2026, 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 July 22, 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 unaudited interim period condensed consolidated financial statements of the Trust for the three and six months ended June 30, 2026 and 2025. The analysis of the indicators focuses on trends and significant events affecting the financial condition and results of operations of the Trust.

As at or for the three months ended June 30 ($ thousands except where otherwise indicated)	2026	2025
Number of income producing properties	**699**	703
GLA (in millions of square feet)[(i)(ii)]	**68.6**	68.1
Occupancy*[(i)]	**97.7 %**	97.8 %
Total assets (GAAP)	**$ 17,960,092**	$ 17,724,399
Total liabilities (GAAP)	**$ 13,768,202**	$ 13,202,679
Rental revenue (GAAP)	**$ 361,331**	$ 350,779
Net loss	**$ (176,381)**	$ (154,247)
Net loss per unit diluted	**$ (0.244)**	$ (0.213)
FFO[(1)] per unit diluted*	**$ 0.267**	$ 0.265
FFO[(1)] payout ratio*	**73.2 %**	72.7 %
AFFO[(1)] per unit diluted*	**$ 0.217**	$ 0.231
AFFO[(1)] payout ratio*	**89.9 %**	83.5 %
Distribution declared per unit	**$ 0.195**	$ 0.193
Net Asset Value ("NAV")[(1)] per unit	**$ 14.73**	$ 14.38
Weighted average number of units outstanding – diluted[(iii)]	**723,810,797**	723,810,797
Adjusted debt to total assets[(1)(iv)*]	**40.4 %**	40.8 %
Debt service coverage[(1)(iv)]	**3.0x**	3.0x
Adjusted debt to EBITDAFV[(1)(iv)(v)*]	**7.0x**	7.2x
Indebtedness – weighted average term to maturity*[(vi)]	**6.1 years**	6.1 years
Indebtedness – weighted average interest rate*[(vi)]	**4.29 %**	4.23 %

* Denotes a key performance indicator

(i) Includes 3,357,000 sq. ft. that represents the building area on properties where the Trust has leased the underlying sites to the tenants through ground leases (June 30, 2025 - 3,067,000 sq. ft.).
(ii) GLA includes 0.7 million sq. ft. associated with Choice Properties' 923 residential units.
(iii) Includes Trust Units and Exchangeable Units.
(iv) 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.
(v) Adjusted debt to EBITDAFV, net of cash[(1)] was 6.9x as at June 30, 2026 and 7.1x as at June 30, 2025.
(vi) Reflects only senior unsecured debentures and fixed rate mortgages.

2. BALANCE SHEET

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

	As at June 30, 2026			As at December 31, 2025		
($ thousands)	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	**$ 16,011,000**	**$ 2,042,000**	**$ 18,053,000**	$ 15,758,000	$ 2,012,000	$ 17,770,000
Equity accounted joint ventures	**989,907**	**(989,907)**	**—**	961,678	(961,678)	—
Financial real estate assets	**203,082**	**(203,082)**	**—**	202,079	(202,079)	—
Residential development inventory	**2,095**	**—**	**2,095**	2,095	—	2,095
Mortgages, loans and notes receivable	**411,824**	**(4,891)**	**406,933**	645,432	(35,289)	610,143
Investment in real estate securities	**116,320**	**—**	**116,320**	157,888	—	157,888
Intangible assets	**11,464**	**—**	**11,464**	11,964	—	11,964
Accounts receivable and other assets	**155,483**	**20,891**	**176,374**	102,830	17,488	120,318
Assets held for sale	**13,175**	**—**	**13,175**	—	—	—
Cash and cash equivalents	**45,742**	**65,133**	**110,875**	71,180	58,819	129,999
Total Assets	**$ 17,960,092**	**$ 930,144**	**$ 18,890,236**	$ 17,913,146	$ 889,261	$ 18,802,407
Liabilities and Equity						
Long term debt	**$ 6,719,101**	**$ 844,215**	**$ 7,563,316**	$ 6,804,960	$ 804,884	$ 7,609,844
Credit facility	**67,930**	**—**	**67,930**	—	—	—
Exchangeable Units	**6,467,151**	**—**	**6,467,151**	5,861,598	—	5,861,598
Trade payables and other liabilities	**514,020**	**85,929**	**599,949**	661,779	84,377	746,156
Total Liabilities	**13,768,202**	**930,144**	**14,698,346**	13,328,337	889,261	14,217,598
Equity						
Unitholders' equity	**4,191,890**	**—**	**4,191,890**	4,584,809	—	4,584,809
Total Equity	**4,191,890**	**—**	**4,191,890**	4,584,809	—	4,584,809
Total Liabilities and Equity	**$ 17,960,092**	**$ 930,144**	**$ 18,890,236**	$ 17,913,146	$ 889,261	$ 18,802,407

Balance Sheet Analysis (GAAP Basis)

Line Item	$ Change	Variance Commentary
Investment properties	$ 266,175	The increase was primarily due to a favourable fair value adjustment of $202.5 million, capital and leasing expenditures of $74.0 million, and acquisitions of $36.3 million, partially offset by a $37.4 million transfer to equity accounted joint ventures.
Equity accounted joint ventures	28,229	The increase was primarily due to a $37.4 million transfer from investment properties and operating income earned, partially offset by an unfavourable fair value adjustment on investment properties within the Trust's equity accounted joint ventures.
Mortgages, loans and notes receivable	(233,608)	The decrease was primarily due to the repayment of GWL's prior year outstanding notes receivable balance of $303.8 million and net mortgages and loans receivable repayments of $83.2 million, partially offset by $153.4 million of notes receivable advanced to GWL in the current period.
Investment in real estate securities	(41,568)	The decrease was due to a fair value loss of $41.6 million resulting from the decrease in the price of Allied's publicly traded units.
Working capital, cash and cash equivalents	174,974	The net increase was primarily due to the reduction in the Exchangeable Units distribution payable to GWL upon settlement against prior year's notes receivable balance and net mortgages and loans receivable repayments, partially offset by the Exchangeable Unit distributions deferred in the current year.
Long term debt and Credit Facility	(17,929)	The decrease was primarily due to $87.8 million in repayments of mortgages payable, partially offset by draws of $70.0 million on the Trust's credit facility.
Exchangeable Units	605,553	As this liability is measured at fair value, the change was due to the increase in the Trust's unit price in the period.
Unitholders' equity	(392,919)	The decrease was primarily due to the net loss recognized in the period and distributions to Unitholders.

3. INVESTMENT PROPERTIES

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

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 six months ended June 30, 2026:

	Income Producing Properties			Properties Under Development			Total Investment Properties	
For the six months ended June 30, 2026 ($ thousands)	GAAP Basis	Adjustment to Proportionate Share Basis[1]	Proportionate Share Basis[1]	GAAP Basis	Adjustment to Proportionate Share Basis[1]	Proportionate Share Basis[1]	**GAAP Basis**	**Proportionate Share Basis[1]**
Balance, beginning of period	$ 15,530,000	$ 1,508,000	$ 17,038,000	$ 228,000	$ 504,000	$ 732,000	**$ 15,758,000**	**$ 17,770,000**
Acquisitions of investment properties[i]	36,338	—	36,338	—	—	—	**36,338**	**36,338**
Capital expenditures								
Development capital[ii][iii]	96	4,843	4,939	27,462	10,088	37,550	**27,558**	**42,489**
Building improvements	1,201	1,098	2,299	—	—	—	**1,201**	**2,299**
Capitalized interest[iv]	—	—	—	1,524	1,523	3,047	**1,524**	**3,047**
Property capital	20,862	512	21,374	—	—	—	**20,862**	**21,374**
Direct leasing costs	2,992	221	3,213	—	—	—	**2,992**	**3,213**
Tenant improvement allowances	19,887	481	20,368	—	—	—	**19,887**	**20,368**
Amortization of straight-line rent	(2,479)	5,104	2,625	—	—	—	**(2,479)**	**2,625**
Transfers to assets held for sale	(13,175)	—	(13,175)	—	—	—	**(13,175)**	**(13,175)**
Transfer to equity accounted joint ventures	—	—	—	(37,446)	37,446	—	**(37,446)**	**—**
Transfers from properties under development	12,243	—	12,243	(12,243)	—	(12,243)	**—**	**—**
Dispositions	(3,738)	—	(3,738)	(3,062)	—	(3,062)	**(6,800)**	**(6,800)**
Adjustment to fair value of investment properties	207,773	(35,259)	172,514	(5,235)	3,943	(1,292)	**202,538**	**171,222**
Balance, as at June 30, 2026	**$ 15,812,000**	**$ 1,485,000**	**$ 17,297,000**	**$ 199,000**	**$ 557,000**	**$ 756,000**	**$ 16,011,000**	**$ 18,053,000**

(i) Includes acquisition costs.
(ii) Development capital for income producing properties represents development expenditure after the transfer of a project.
(iii) Development capital includes $2,589 of site intensification payments made to Loblaw for the six months ended June 30, 2026.
(iv) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.28% for the six months ended June 30, 2026.

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 condensed consolidated financial statements.

On January 29, 2026, Wittington acquired the 50% ownership interest in the Grenville & Grosvenor development project from the Trust's co-owner. Following this transaction, Wittington and the Trust each hold a 50% ownership interest in a limited partnership that owns the development property. As a result of the transaction, the Trust derecognized its $37,446 interest in the property and has recognized it as an investment in an equity accounted joint venture.

As at June 30, 2026, the Trust classified a retail asset with a fair value of $13,175 at the Trust's share as assets held for sale. Subsequent to the quarter end, the Trust disposed of its share in this asset.

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

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

As at June 30, 2026	Retail	Industrial	Mixed-Use & Residential	Total Investment Properties
Discount rate	**7.23%**	**6.76%**	**6.23%**	**7.05%**
Terminal capitalization rate	**6.47%**	**5.95%**	**5.46%**	**6.28%**
Overall capitalization rate	**6.24%**	**5.63%**	**5.24%**	**6.02%**

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%

Valuation Commentary

For the three months ended June 30, 2026, the Trust recorded a favourable adjustment to the value of investment properties of $123.5 million on a GAAP basis and a favourable adjustment of $104.8 million on a proportionate share basis[(1)].

For the six months ended June 30, 2026, the Trust recorded a favourable adjustment to the value of investment properties of $202.5 million on a GAAP basis and a favourable adjustment of $171.2 million on a proportionate share basis[(1)].

The fair value gain in the three and six months reflected changes in leasing assumptions within the retail and industrial portfolios, including the 2027 Loblaw lease renewals in the retail portfolio, and adjustments to discount and capitalization rates in the retail portfolio. These gains were partially offset by the impact of adjustments to capitalization rates for certain mixed-use and residential assets.

3.2 Investment Property and Other Transactions

Acquisition of Investment Properties

The following table summarizes the investment properties acquired in the six months ended June 30, 2026:

($ thousands except where otherwise indicated)						Consideration
Property / Location	**Date of Acquisition**	**Segment**	**Ownership Interest Acquired**	**GLA (square feet)**	**Purchase Price incl. Related Costs**	**Cash**
Investment properties						
Acquisition from third parties						
6405 Sherbrooke St. W, Montreal, QC	Jan 7	Retail	100%	19,918	$ 13,609	$ 13,609
Southpoint Shopping Centre, Edmonton, AB	Jan 15	Retail	50%	40,829	14,890	14,890
428 King St. N, Waterloo, ON	Jun 15	Retail	100%	24,992	7,839	7,839
Total acquisitions of investment properties				**85,739**	**$ 36,338**	**$ 36,338**

Dispositions of Investment Properties

The following table summarizes the investment properties sold in the six months ended June 30, 2026:

($ thousands except where otherwise indicated)						Consideration
Property / Location	**Date of Disposition**	**Segment**	**Ownership Interest Disposed**	**GLA (square feet)**	**Sale Price excl. Selling Costs**	**Cash**
Investment properties						
222 Lansdowne Ave., Toronto, ON	Apr 7	Retail (Land Parcel)	100%	N/A	$ 3,738	$ 3,738
1770 Keene Cres. SW, Edmonton, AB	May 29	Retail (Development Land)	50%	N/A	3,062	3,062
Total dispositions of investment properties					**$ 6,800**	**$ 6,800**

3.3 Completed Developments

For the six months ended June 30, 2026, Choice Properties completed a total of $9.2 million in development projects delivering 87,900 square feet of retail space (including 70,900 square feet associated with ground leases) with a total weighted average yield of 13.6%. From these developments, the Trust generated a total gain in fair value of $3.1 million during the development period.

The Trust delivered four retail intensifications consisting of one Shoppers Drug Mart store and three ground leases.

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 six months ended June 30, 2026, 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[ii]	**Completion Date**	**Ownership %**	**Transferred GFA/GLA[i] (square feet)**	**Costs Incurred at substantial completion**	**Expected costs to complete[2]**	**Expected total costs[2]**	**Expected stabilized yield[2] [iii]**	
Commercial								
Retail								
Q1 2026 retail development transfers			**21,900**	**$ 6,806**	**$ 15**	**$ 6,821**	**8.9 %**	
1048 Midland Ave., Kingston, ON[iv]	Q2 2026	100 %	65,000	2,115	—	2,115	27.7 %	
550 Kenaston Blvd., Winnipeg, MB[iv]	Q2 2026	50 %	1,000	233	7	240	22.9 %	(v)
Q2 2026 retail development transfers			**66,000**	**2,348**	**7**	**2,355**	**27.2 %**	
Total transferred properties at cost			**87,900**	**$ 9,154**	**$ 22**	**$ 9,176**	**13.6 %**	
Total transferred properties at fair value				**$ 12,243**	**$ 22**	**$ 12,265**		

(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) 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 within the next six to twelve months.
Development in Planning	
Zoning Approved	Projects that have received full zoning by-law amendment approval.
Zoning Application Submitted	Projects for which re-zoning application has been submitted to change municipality zoning designation and/or increase density.
Zoning Application to be Submitted	Sites for which 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. These sites include currently identified, early stage opportunities and do not capture the full range of potential future development opportunities that may exist across the portfolio.

Choice Properties' development program as at June 30, 2026 is summarized below:

($ thousands except where otherwise indicated)		Estimated GFA/GLA[(i)] (square feet)			Investment[(i)(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)]	—	1,339,000	—	1,339,000	$ 148,895	$ 231,671	$ 380,566
Developments in Planning							
Zoning Approved	7,414	4,155,000	5,855,000	10,010,000	359,293		
Zoning Applications Submitted	9,352	371,000	6,951,000	7,322,000	86,724		
Zoning Applications to be Submitted	—	—	—	—	—		
Future Developments	—	522,000	—	522,000	42,920		
Total development at cost	**16,766**	**6,387,000**	**12,806,000**	**19,193,000**	**$ 637,832**	**$ 231,671**	**$ 380,566**
Total properties under development at fair value					**$ 756,000**		

(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.
(iii) Active developments includes 2,000 square feet of commercial GLA associated with ground leases.

3.5 Properties Under Active Development

As at June 30, 2026, the Trust has 19 active developments comprised of 17 retail and two industrial projects. Upon completion, the projects under active development are expected to deliver a total of 1,339,000 square feet of commercial space (including 2,000 square feet associated with ground leases) at the Trust's share. The Trust has invested a total of $148.9 million to date and is expected to invest an additional $231.7 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 June 30, 2026:

($ thousands except where otherwise indicated)			Estimated GLA / GFA[i]		Investment[i][ii]			
	Project / Location [iii][iv]	Ownership %	Commercial (GLA)	Residential (GFA)	To-date	Estimated costs to completion[2]	Estimated total	Expected stabilized yield[2][v]
	Retail							
1	657 John St. N., Aylmer, ON	100 %	17,000	—	$ 200	$ 7,641	$ 7,841	7.25%-7.75%
2	13311 Loyalist Parkway, Picton, ON	100 %	17,000	—	3,992	4,516	8,508	7.25%-7.75%
3	921 Broad St., Regina, SK[vi]	100 %	2,000	—	1	510	511	17.25%-17.75%
4	3850 Cambrian Rd. - Building A, Ottawa, ON	100 %	17,000	—	5,744	4,479	10,223	6.00%-6.50%
5	3850 Cambrian Rd. - Buildings B, C, D, Ottawa, ON	100 %	20,000	—	8,347	6,509	14,856	5.50%-6.00%
6	101 Second Line, Shelburne, ON	100 %	17,000	—	1,688	6,930	8,618	6.25%-6.75%
7	307-637 Cundles Rd., Barrie, ON	100 %	2,000	—	187	1,578	1,765	6.25%-6.75%
8	Harvest Pointe, Building 11, Edmonton, AB	50 %	1,000	—	—	496	496	12.25%-12.75%
9	5251 Country Hills Blvd. NW, Calgary, AB	100 %	17,000	—	100	7,262	7,362	5.75%-6.25%
10	131 Howland Dr., Huntsville, ON	100 %	17,000	—	224	7,441	7,665	7.00%-7.50%
	H2 2026 expected retail development transfers		**127,000**	**—**	**20,483**	**47,362**	**67,845**	**6.25%-6.75%**
11	19655 Seton Way SE, Calgary, AB	100 %	18,000	—	1,125	5,574	6,699	8.75%-9.25%
12	10 Vanderbilt Common, Spruce Grove, AB	100 %	13,000	—	75	5,919	5,994	7.25%-7.75%
13	1045 Paisley Rd., Guelph, ON	100 %	17,000	—	94	7,835	7,929	7.25%-7.75%
14	1770 Keene Cres., Keswick, AB	50 %	17,000	—	1,937	4,552	6,489	6.25%-6.75%
15	30 Thatcher Dr. E., Moose Jaw, SK	100 %	17,000	—	32	6,968	7,000	7.25%-7.75%
16	1641 & 1675 Jane St., North York, ON	100 %	17,000	—	99	9,882	9,981	5.00%-5.50%
	H1 2027 expected retail development transfers		**99,000**	**—**	**3,362**	**40,730**	**44,092**	**6.75%-7.25%**
17	9 Countryview Dr., Dartmouth, NS	75 %	5,000	—	—	1,800	1,800	10.00%-10.50%
	H2 2027 expected retail development transfers		**5,000**	**—**	**—**	**1,800**	**1,800**	**10.00%-10.50%**
	Subtotal active retail development		**231,000**	**—**	**23,845**	**89,892**	**113,737**	**6.50%-7.00%**
	Industrial							
1	Choice Caledon Business Park - Building H1, Caledon, ON[vii][viii]	85 %	267,000	—	16,175	39,267	55,442	6.75%-7.25% [x]
2	Choice Caledon Business Park - Building D, Caledon, ON[vii][ix]	85 %	841,000	—	108,875	102,512	211,387	6.00%-6.50%
	H2 2027 expected industrial development transfers		**1,108,000**	**—**	**125,050**	**141,779**	**266,829**	**6.00%-6.50%**
	Subtotal active industrial development		**1,108,000**	**—**	**125,050**	**141,779**	**266,829**	**6.00%-6.50%**
	Total active developments		**1,339,000**	**—**	**$ 148,895**	**$ 231,671**	**$ 380,566**	**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 33% of total building GLA being constructed and is not leased.
(ix) Development project is not leased.
(x) Expected stabilized yield for this development has increased due to lower costs.

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 June 30, 2026, the Trust has identified 26 sites with potential for future development. This includes 12 opportunities totalling 309,000 square feet at existing retail sites, two industrial sites totalling 3,373,000 square feet, and 12 mixed-use and residential projects totalling 13,650,000 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 $446.0 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)			
Project / Location	**Ownership %**	**Estimated number of units[i]**	**Commercial (GLA)**	**Residential (GFA)**	**Total**	**Investment to-date [i][iii]**
Development in Planning						
Zoning approved						
Retail						
12 sites across Canada	50%-100%	—	309	—	309	$ 36,608
Subtotal retail zoning approved		**—**	**309**	**—**	**309**	**36,608**
Industrial						
Choice Caledon Business Park - Remaining Phases, Caledon, ON	85 %	—	2,737	—	2,737	175,347
Choice Eastway Industrial Centre - Phase 2, East Gwillimbury, ON	75 %	—	636	—	636	35,781
Subtotal industrial zoning approved		**—**	**3,373**	**—**	**3,373**	**211,128**
Mixed-use & residential						
Bovaird Dr. W, Brampton, ON	50 %	1,460	18	1,074	1,092	9,669
Carlaw Ave., Toronto, ON	100 %	1,080	84	993	1,077	8,054
Grenville & Grosvenor, Toronto, ON	50 %	385	5	275	280	44,245
Golden Mile, Toronto, ON	100 %	3,597	323	2,907	3,230	23,473
Parkway Forest Dr., Toronto, ON	50 %	191	—	120	120	3,168
Sheppard Ave. W, Toronto, ON	50 %	100	5	64	69	7,036
Woodbine Ave., Toronto, ON	100 %	601	38	422	460	15,912
Subtotal mixed-use & residential zoning approved		**7,414**	**473**	**5,855**	**6,328**	**111,557**
Subtotal zoning approved		**7,414**	**4,155**	**5,855**	**10,010**	**359,293**
Zoning applications submitted						
Broadview Ave., Toronto, ON	100 %	503	23	409	432	5,439
Dundas St. W, Toronto, ON	100 %	1,923	178	1,477	1,655	49,206
North Rd., Coquitlam, BC	100 %	2,470	110	1,765	1,875	9,289
Photography Dr., Toronto, ON	100 %	2,356	50	2,010	2,060	6,224
Warden Ave., Toronto, ON	100 %	2,100	10	1,290	1,300	16,566
Subtotal mixed-use & residential zoning applications submitted		**9,352**	**371**	**6,951**	**7,322**	**86,724**
Total development in planning		**16,766**	**4,526**	**12,806**	**17,332**	**$ 446,017**

(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 comprised of incremental land assembly and development planning costs.

Retail Development in Planning
As at June 30, 2026, 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. As at June 30, 2026, the Trust has invested $36.6 million to date on land acquisition and initial development and planning costs.

Industrial Development in Planning
The Trust has obtained zoning approval on two industrial development sites. The Trust's industrial development strategy focuses on delivering modern, logistics-oriented assets in strong urban and gateway markets, supported by disciplined capital deployment and long-term tenant demand. The Trust actively develops high-quality industrial facilities designed to meet evolving supply-chain and distribution needs, with an emphasis on location, functionality, and sustainability. Industrial development remains a meaningful contributor to the Trust's value-creation platform, with 3,373,000 square feet of industrial space in planning that is fully zoned and ready for development. As at June 30, 2026, the Trust has invested $211.1 million to date on land acquisition and initial development and planning costs.

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 and one residential development in Brampton, Ontario. As at June 30, 2026, the Trust has invested a total of $111.6 million to date on land acquisition and initial development and planning costs.

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 at June 30, 2026, the Trust has invested a total of $86.7 million to date on land acquisition and initial development and planning costs.

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 June 30, 2026, the Trust had issued $253,566 (December 31, 2025 - $306,377) 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 March 13, 2026, a mortgage receivable totalling $17,966, inclusive of accrued interest, was repaid in full.

On April 30, 2026, the Trust received a partial repayment of $40,554 on an outstanding mezzanine loan ($6,083 net of the Trust's ownership interest) from a joint venture in which the Trust has an ownership interest.

On June 5, 2026, a mortgage receivable totalling $30,296, inclusive of accrued interest, was repaid in full.

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 six months ended June 30, 2026, $153,367 of notes were issued to GWL. In January 2026, notes totalling $303,766 with respect to the loans issued in the 2025 fiscal year were settled against distributions payable by the Trust to GWL.

			Proportionate Share Basis[1]	
As at June 30, 2026 ($ thousands)	**GAAP Basis**	**Proportionate Share Basis[1][i]**	**Weighted average term to maturity (years)**	**Weighted average interest rate (%)**
Mortgages receivable	**$ 258,457**	**$ 253,566**	0.8	7.64 %
Notes receivable from GWL	**153,367**	**153,367**	—	— %
Mortgages and notes receivable	**$ 411,824**	**$ 406,933**		

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

			Proportionate Share Basis[1]	
As at December 31, 2025 ($ thousands)	GAAP Basis	Proportionate Share Basis[1][i]	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, loans 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.

3.9 Agreement to Acquire Certain Assets of First Capital Real Estate Investment Trust

On April 16, 2026, the Trust announced that it entered into an agreement with First Capital Real Estate Investment Trust ("FCR") and KingSett Capital, on behalf of its investors, (collectively, "KingSett") pursuant to which KingSett and the Trust will acquire FCR in a unit and cash transaction valued at approximately $9.4 billion, including the assumption of certain debt (the "Transaction").

Upon closing of the Transaction, the Trust will acquire approximately $5.0 billion of FCR's high-quality retail assets and KingSett will acquire approximately $4.4 billion of FCR's assets and all of FCR's issued and outstanding units.

Choice Properties intends to finance the acquisition as follows:

- Issuance of approximately 68.6 million Trust Units to FCR's unitholders,
- Issuance of approximately 38.0 million Exchangeable or Trust Units to GWL valued at approximately $0.6 billion,
- Assumption of $2.3 billion principal of outstanding unsecured debentures of FCR,
- Assumption of approximately $0.4 billion principal of existing mortgages secured by the acquired assets, and
- The remainder of the Transaction is expected to be financed through the issuance of new debt.

On June 23, 2026, the Transaction was approved by FCR's unitholders. On June 25, 2026, the Ontario Superior Court of Justice (Commercial List) issued a final order approving the Transaction's plan of arrangement pursuant to the arrangement agreement dated April 16, 2026. The Transaction is subject to other regulatory and customary approvals and closing conditions, and is expected to close in the second half of 2026.

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 June 30, 2026	As at December 31, 2025	Change $
Cash and cash equivalents - proportionate share basis[1]	$ 110,875	$ 129,999	$ (19,124)
Unused portion of the credit facility	1,930,000	1,500,000	430,000
Liquidity	$ 2,040,875	$ 1,629,999	$ 410,876
Unencumbered assets - proportionate share basis[1]	$ 14,130,000	$ 13,820,000	$ 310,000

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.

Credit Facility

On May 21, 2026, Choice Properties increased the credit facility limit from $1,500,000 to $2,000,000 and extended the maturity date from May 21, 2030 to May 21, 2031.

4.2 Major Cash Flow Components

For the periods ended June 30 ($ thousands)	Three Months			Six Months		
	2026	2025	Change $	2026	2025	Change $
Cash and cash equivalents, beginning of period - GAAP basis	$ 34,759	$ 105,056	$ (70,297)	$ 71,180	$ 63,388	$ 7,792
Cash flows from operating activities	158,921	160,037	(1,116)	284,973	299,398	(14,425)
Cash flows used in investing activities	(47,902)	(369,220)	321,318	(159,665)	(343,451)	183,786
Cash flows (used in) from financing activities	(100,036)	129,487	(229,523)	(150,746)	6,025	(156,771)
Cash and cash equivalents, end of period - GAAP basis	$ 45,742	$ 25,360	$ 20,382	$ 45,742	$ 25,360	$ 20,382

Three and Six Months

During the three months and six months ended, cash was primarily generated from operations and net advances on the credit facility, partially offset by net mortgages, loans and notes receivable advances, repayments of mortgages payable, cash distributions paid on Trust Units, capital expenditures, and net acquisitions.

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 14.4, "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:

	Three Months			Six Months		
For the periods ended June 30 ($ thousands)	**2026**	2025	Change $	**2026**	2025	Change $
Adjusted cash flow from operations[1]	**$ 165,748**	$ 175,454	$ (9,706)	**$ 346,454**	$ 351,634	$ (5,180)
Cash distributions declared	**141,143**	139,334	1,809	**281,080**	277,455	3,625
Cash retained after cash distributions	**$ 24,605**	$ 36,120	$ (11,515)	**$ 65,374**	$ 74,179	$ (8,805)
ACFO[1] payout ratio	**85.2 %**	79.4 %	5.8 %	**81.1 %**	78.9 %	2.2 %

Three and Six Months

ACFO[1] decreased for the three months and six months compared to the prior year periods, primarily due to higher leasing and maintenance capital spend, lower investment income received and higher interest expense, partially offset by higher net operating income. ACFO[1] may fluctuate each quarter due to the timing of leasing and maintenance capital spend during the year.

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:

	Three Months			Six Months		
For the periods ended June 30 ($ thousands)	**2026**	2025	Change $	**2026**	2025	Change $
Cash flows from operating activities	**$ 158,921**	$ 160,037	$ (1,116)	**$ 284,973**	$ 299,398	$ (14,425)
Less: Cash distributions declared	**(141,143)**	(139,334)	(1,809)	**(281,080)**	(277,455)	(3,625)
Excess of cash flows provided by operating activities over cash distributions declared	**$ 17,778**	$ 20,703	$ (2,925)	**$ 3,893**	$ 21,943	$ (18,050)

	Three Months			Six Months		
For the periods ended June 30 ($ thousands)	**2026**	2025	Change $	**2026**	2025	Change $
Adjusted Cash Flow from Operations[1]	**$ 165,748**	$ 175,454	$ (9,706)	**$ 346,454**	$ 351,634	$ (5,180)
Less: Cash distributions declared	**(141,143)**	(139,334)	(1,809)	**(281,080)**	(277,455)	(3,625)
Excess of ACFO after distributions	**$ 24,605**	$ 36,120	$ (11,515)	**$ 65,374**	$ 74,179	$ (8,805)

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

	Three Months			Six Months		
For the periods ended June 30 ($ thousands)	**2026**	2025	Change $	**2026**	2025	Change $
Net loss	**$ (176,381)**	$ (154,247)	$ (22,134)	**$ (263,575)**	$ (250,480)	$ (13,095)
Add: Distributions on Exchangeable Units included in net interest expense and other financing charges	**77,178**	76,189	989	**153,697**	151,718	1,979
Net loss attributable to Unitholders excluding distributions on Exchangeable Units	**(99,203)**	(78,058)	(21,145)	**(109,878)**	(98,762)	(11,116)
Less: Cash distributions declared	**(141,143)**	(139,334)	(1,809)	**(281,080)**	(277,455)	(3,625)
Shortfall of net loss attributable to Unitholders, less distributions on Exchangeable Units, over cash distributions declared	**$ (240,346)**	$ (217,392)	$ (22,954)	**$ (390,958)**	$ (376,217)	$ (14,741)

Management anticipates that distributions declared will, in the foreseeable future, continue to vary from net loss 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 June 30, 2026 ($ thousands)	GAAP Basis	Proportionate Share Basis[1][i]	Proportionate Share Basis[1]: Weighted average term to maturity (years)	Proportionate Share Basis[1]: Weighted average interest rate (%)
Construction loans	$ 5,306	$ 230,689	1.1	3.89 %
Credit facility	70,000	70,000	4.9	3.63 %
Less: Debt placement costs	(3,307)	(3,307)		
Add: Translation of US dollar denominated borrowings	1,237	1,237		
Variable rate debt	73,236	298,619	2.0	3.83%
Senior unsecured debentures	5,650,000	5,650,000	5.3	4.31 %
Mortgages payable	1,082,106	1,707,534	8.6	4.22 %
Less: Debt placement costs, discounts and premiums	(18,311)	(24,907)		
Fixed rate debt	6,713,795	7,332,627	6.1	4.29%
Total adjusted debt, net	**$ 6,787,031**	**$ 7,631,246**		

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

As at December 31, 2025 ($ thousands)	GAAP Basis	Proportionate Share Basis[1][i]	Proportionate Share Basis[1]: Weighted average term to maturity (years)	Proportionate Share Basis[1]: 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.
(ii) Unamortized debt placement costs for the credit facility were included in other assets as at December 31, 2025.

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 June 30, 2026, the construction loans have a maximum capacity to be drawn at the Trust's ownership interest of $417,996, of which $412,471 relates to equity accounted joint ventures (December 31, 2025 - $277,681 and $272,156, respectively). The increase in the maximum capacity to be drawn was due to a new construction facility with a limit of $147.8 million at the Trust's share for Building D at Choice Caledon Business Park that was secured during the second quarter of 2026. The construction loans mature through 2026 to 2028.

As at June 30, 2026, $230,689 was drawn on the construction loans, of which $225,383 relates to equity accounted joint ventures. The construction loans had a weighted average interest rate of 3.89% and a weighted average term to maturity of 1.1 years (December 31, 2025 - 3.97% and 1.3 years, respectively).

Credit Facility

Choice Properties has a $2,000,000 senior unsecured committed revolving credit facility provided by a syndicate of lenders. During the second quarter of 2026, the Trust increased the facility limit from $1,500,000 to $2,000,000 and extended the maturity date from May 21, 2030 to May 21, 2031.

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 0.20% or Secured Overnight Financing Rate ("SOFR") plus 1.20%. 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 June 30, 2026, the Trust has U.S. dollar-denominated borrowings totaling $50,167, equivalent to $70,000 Canadian dollars (December 31, 2025 - $nil) and $nil (December 31, 2025 - $nil) in Canadian dollar-denominated borrowings. Concurrent with the draws, the full amount of U.S. dollar-denominated borrowings was exchanged into Canadian dollars. As at June 30, 2026, the credit facility was revalued at $71,237 Canadian dollars. The credit facility is subject to an annual commitment fee of 0.24% of the undrawn balance.

The credit facility contains certain financial covenants. As at June 30, 2026, the Trust was in compliance with all its financial covenants for the credit facility.

Summary of Total Adjusted Debt Activities

The following outlines the net changes to the components of Choice Properties' variable rate debt on a GAAP basis and non-GAAP proportionate share basis[1] during the six months ended June 30, 2026:

	GAAP Basis		Adjustment to Proportionate Share Basis[1]	Proportionate Share Basis[1]
For the six months ended June 30, 2026 ($ thousands)	Credit facility	Construction loans	Construction loans[i]	Total adjusted debt, variable rate
Principal balance outstanding, beginning of period	$ —	$ 5,306	$ 180,079	$ 185,385
Issuances and advances	70,000	—	49,330	119,330
Repayments	—	—	(4,026)	(4,026)
Translation of US dollar denominated borrowings	1,237	—	—	1,237
Principal balance outstanding, end of period	**$ 71,237**	**$ 5,306**	**$ 225,383**	**$ 301,926**

(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 six months ended June 30, 2026:

	GAAP Basis		Adjustment to Proportionate Share Basis[1]	Proportionate Share Basis[1]
For the six months ended June 30, 2026 ($ thousands)	Senior unsecured debentures	Mortgages payable	Mortgages payable[i]	Total adjusted debt, fixed rate
Principal balance outstanding, beginning of period	$ 5,650,000	$ 1,169,939	$ 631,761	$ 7,451,700
Repayments	—	(87,833)	(6,333)	(94,166)
Principal balance outstanding, end of period	**$ 5,650,000**	**$ 1,082,106**	**$ 625,428**	**$ 7,357,534**

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

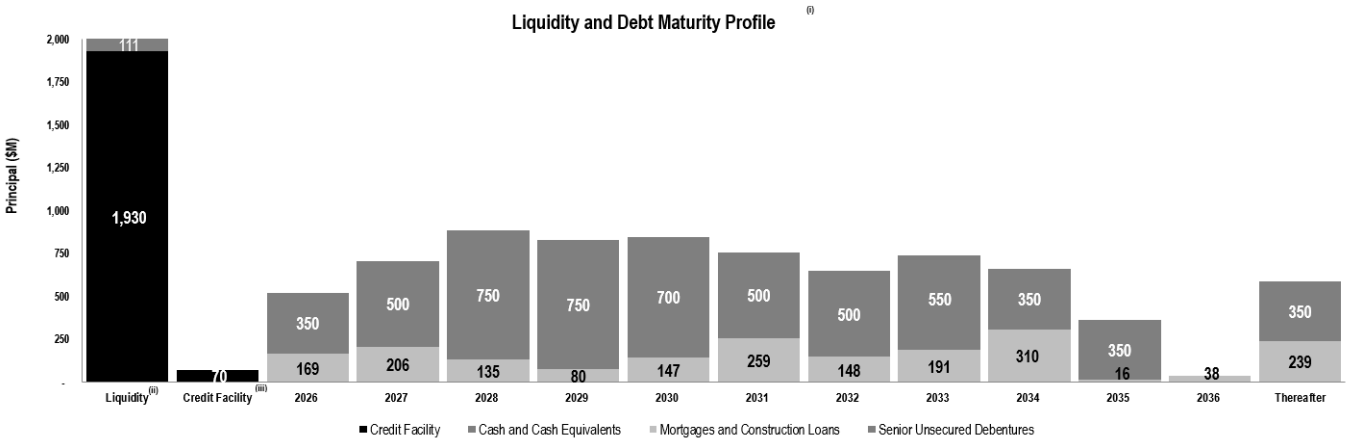
Schedules of Repayments and Cash Flow Activities

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:

	GAAP Basis				Adjustment to Proportionate Share Basis[1]		Proportionate Share Basis[1]
As at June 30, 2026 ($ thousands)	Credit facility	Senior unsecured debentures	Mortgages payable	Construction loans	Mortgages payable[i]	Construction loans[i]	Total
Remainder of 2026	$ —	$ 350,000	$ 67,418	$ 5,306	$ 13,094	$ 83,674	**$ 519,492**
2027	—	500,000	95,109	—	24,555	86,643	**706,307**
2028	—	750,000	49,819	—	29,812	55,066	**884,697**
2029	—	750,000	40,205	—	40,089	—	**830,294**
2030	—	700,000	133,498	—	13,194	—	**846,692**
Thereafter	71,237	2,600,000	696,057	—	504,684	—	**3,871,978**
Total adjusted debt outstanding	**$ 71,237**	**$ 5,650,000**	**$ 1,082,106**	**$ 5,306**	**$ 625,428**	**$ 225,383**	**$ 7,659,460**

(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 that no large maturities or financing requirements 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, 2031.

4.6 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 June 30, 2026 and December 31, 2025.

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

		As at June 30, 2026	As at December 31, 2025
Adjusted Debt to Total Assets[1][i]	Limit: Maximum excluding convertible debt is 60.0%	**40.4 %**	40.5 %
Debt Service Coverage Ratio[1][i]	Limit: Minimum 1.5x	**3.0x**	2.9x
Adjusted Debt to EBITDAFV[1][i][ii][iv][v]		**7.0x**	7.0x
Interest Coverage Ratio[1][iii][iv]		**3.3x**	3.2x

(i) Debt ratios exclude Exchangeable Units. The ratios are non-GAAP financial measures calculated based on the Trust Indentures, as supplemented.
(ii) Refer to Section 14.6, "Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value" for a reconciliation of net loss to EBITDAFV used in this ratio.
(iii) Refer to Section 14.5, "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 14 "Non-GAAP Financial Measures".
(v) Adjusted Debt to EBITDAFV, net of cash[1] was 6.9x as at June 30, 2026 and 6.9x as at December 31, 2025.

4.7 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 April 16, 2026, DBRS confirmed the Choice Properties rating at BBB (high) with a positive trend. A credit rating of BBB- or higher is an investment grade rating.

The following table sets out the current credit ratings for Choice Properties as at June 30, 2026:

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

4.8 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:

	Six months ended June 30, 2026	Year ended December 31, 2025
Units, beginning of period	**328,024,272**	327,923,972
Units issued and granted under unit-based compensation arrangements	**252,420**	424,398
Units repurchased for unit-based compensation arrangements	**(252,420)**	(324,098)
Units, end of period	**328,024,272**	328,024,272
Exchangeable Units, end of period	**395,786,525**	395,786,525
Total Units and Exchangeable Units, end of period	**723,810,797**	723,810,797

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
During the six months ended June 30, 2026 and year ended December 31, 2025, Units were granted under the Unit-Settled Restricted Unit Plan. Additionally, during the year ended December 31, 2025, Units were issued as part of the settlement under the Unit Option Plan and the Trustee Deferred Unit Plan .

Units Repurchased for Unit-Based Compensation Arrangements
The Trust acquired Units under its NCIB during the six months ended June 30, 2026 and the year ended December 31, 2025, 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. In addition, 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 and six months ended June 30, 2026 and 2025, including distributions to holders of Exchangeable Units, were as follows:

For the periods ended June 30 ($ thousands)	Three Months			Six Months		
	2026	2025	Change $	**2026**	2025	Change $
Total distributions declared	**$ 141,143**	$ 139,334	$ 1,809	**$ 281,080**	$ 277,455	$ 3,625

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)*[(i)]. 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 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 was 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.

(i) Choice Properties qualified as a "mutual fund trust" and a "real estate investment trust" under the Income Tax Act (Canada).

4.9 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 June 30, 2026	As at December 31, 2025	Change
Unitholders' equity	$ 4,191,890	$ 4,584,809	$ (392,919)
Exchangeable Units	6,467,151	5,861,598	605,553
NAV[1]	$ 10,659,041	$ 10,446,407	$ 212,634
NAV[1] per unit	$ 14.73	$ 14.43	$ 0.30
Trust Units and Exchangeable Units, end of period	723,810,797	723,810,797	—

Six Months

NAV[1] increased by $212.6 million or $0.30 per unit during the six months ended June 30, 2026, primarily due to net contributions from FFO of $388.9 million and a fair value gain on investment properties of $171.2 million on a proportionate share basis[1], partially offset by distributions of $281.1 million, including to holders of Exchangeable Units, and a fair value loss on the investment of real estate securities of $41.6 million due to the change in Allied's unit price.

4.10 Financial Instruments

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 U.S. dollars on the Trust's credit facility. As at June 30, 2026, the interest rates associated with the interest rate swaps ranged from 2.8% to 5.0% (December 31, 2025 - 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 June 30, 2026	As at December 31, 2025
Derivative assets				
Interest rate swaps	**Sep 2026 - Jun 2030**	**$ 61,759**	**$ 3,862**	$ 4,319
Cross currency swap	**July 2026**	**70,000**	**1,237**	—
Total derivative assets		**$ 131,759**	**$ 5,099**	$ 4,319
Derivative liabilities				
Interest rate swaps	**March 1, 2030**	**$ 73,118**	**$ 1,380**	$ 1,761
Total derivative liabilities		**$ 73,118**	**$ 1,380**	$ 1,761

During the six months ended June 30, 2026, Choice Properties recorded an unrealized fair value loss in other comprehensive loss of $76 (June 30, 2025 - unrealized fair value loss of $1,195).

Derivative Financial Liability

As at June 30, 2026, the Trust recognized a derivative financial liability representing the value of its contractual obligation to issue 68.6 million Trust Units associated with the acquisition of certain assets of FCR (Section 3.9). The derivative financial liability is measured at fair value through profit or loss based on the difference in the closing price of Trust Units on April 15, 2026, immediately preceding the announcement of the Transaction and the closing price of the Trust Units on June 30, 2026.

For the three and six months ended June 30, 2026, the Trust recognized a fair value loss of $10.3 million on the derivative financial liability. As at June 30, 2026, the fair value of the derivative financial liability was $10.3 million.

4.11 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 $99,931 at the Trust's ownership interest. As at June 30, 2026, the aggregate gross potential liability related to these letters of credit totalled $27,604 (December 31, 2025 - $29,918).

5. RESULTS OF OPERATIONS

Choice Properties' results, as reported under GAAP, for the three and six months ended June 30, 2026 and 2025 are summarized below:

For the periods ended June 30 ($ thousands)	Three Months				Six Months			
	2026	2025	Change $	% Change	**2026**	2025	Change $	% Change
Net Operating Income								
Rental revenue	**$ 361,331**	$ 350,779	$ 10,552	3.0 %	**$ 722,523**	$ 697,691	$ 24,832	3.6 %
Property operating costs	**(105,300)**	(99,223)	(6,077)	6.1 %	**(210,395)**	(200,286)	(10,109)	5.0 %
	256,031	251,556	4,475	1.8 %	**512,128**	497,405	14,723	3.0 %
Other Income and Expenses								
Interest income	**8,891**	9,028	(137)	(1.5)%	**19,900**	20,689	(789)	(3.8)%
Investment income[(i)]	**2,125**	5,315	(3,190)	(60.0)%	**4,251**	10,630	(6,379)	(60.0)%
Fee income	**1,303**	738	565	76.6 %	**2,470**	3,208	(738)	(23.0)%
Net interest expense and other financing charges	**(151,012)**	(148,957)	(2,055)	1.4 %	**(301,075)**	(295,146)	(5,929)	2.0 %
General and administrative expenses	**(16,768)**	(14,976)	(1,792)	12.0 %	**(32,826)**	(29,713)	(3,113)	10.5 %
Share of (loss) income from equity accounted joint ventures	**(8,539)**	5,720	(14,259)	(249.3)%	**(11,304)**	21,875	(33,179)	(151.7)%
Amortization of intangible assets	**(250)**	(250)	—	— %	**(500)**	(500)	—	— %
Adjustment to fair value of unit-based compensation	**(1,447)**	(875)	(572)	65.4 %	**(1,743)**	(893)	(850)	95.2 %
Adjustment to fair value of Exchangeable Units	**(387,870)**	(364,124)	(23,746)	6.5 %	**(605,553)**	(601,596)	(3,957)	0.7 %
Adjustment to fair value of investment properties	**123,535**	93,486	30,049	32.1 %	**202,538**	123,444	79,094	64.1 %
Adjustment to fair value of investment in real estate securities	**7,912**	9,093	(1,181)	(13.0)%	**(41,568)**	119	(41,687)	n/a
Adjustment to fair value of derivative financial liability[(ii)]	**(10,290)**	—	(10,290)	n/a	**(10,290)**	—	(10,290)	n/a
Loss before Income Taxes	**(176,379)**	(154,246)	(22,133)	14.3 %	**(263,572)**	(250,478)	(13,094)	5.2 %
Income tax expense	**(2)**	(1)	(1)	100.0 %	**(3)**	(2)	(1)	50.0 %
Net Loss	**$ (176,381)**	$ (154,247)	$ (22,134)	14.3 %	**$ (263,575)**	$ (250,480)	$ (13,095)	5.2 %

(i) Investment income is comprised of distributions from the Trust's investment in Allied.
(ii) The derivative financial liability is described in Section 4.10, Financial Instruments.

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 $176.4 million for the three months compared to a net loss of $154.2 million for the prior year period.

The difference was primarily due to changes in certain non-cash adjustments to fair value including: a $23.7 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 $14.3 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 $10.3 million unfavourable fair value adjustment of a derivative financial liability, partially offset by a $30.0 million favourable change in the adjustment to fair value of investment properties.

Six Months

The Trust reported a net loss of $263.6 million for the six months compared to a net loss of $250.5 million for the prior year period.

The difference was primarily due to changes in certain non-cash adjustments to fair value including: a $41.7 million unfavourable change in the adjustment to fair value of investment in real estate securities due to the change in Allied's unit price, a $33.2 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 $10.3 million unfavourable fair value of a derivative financial liability, partially offset by a $79.1 million favourable change in the adjustment to the fair value of investment properties.

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.

	Three Months			Six Months		
For the periods ended June 30 ($ thousands)	**2026**	2025	Change $	**2026**	2025	Change $
Rental revenue	**$ 361,331**	$ 350,779	$ 10,552	**$ 722,523**	$ 697,691	$ 24,832
Property operating costs	**(105,300)**	(99,223)	(6,077)	**(210,395)**	(200,286)	(10,109)
Net Operating Income	**$ 256,031**	$ 251,556	$ 4,475	**$ 512,128**	$ 497,405	$ 14,723

Three and Six Months

Net operating income increased for the three and six month periods compared to the prior year periods primarily due to increased rental revenue from contractual rent steps, higher rental rates on renewals, and new leasing, mainly in the retail and industrial portfolios. Further contributing to the increase was higher lease surrender revenue. In addition, net operating income generated from acquisitions and completed developments over the past twelve months was offset by foregone income from dispositions completed in the latter half of 2025.

Additionally, the increase for the six months was partially offset by a property tax incentive recognized in the first quarter of the prior year in the mixed-use and residential portfolio.

Interest Income

	Three Months			Six Months		
For the periods ended June 30 ($ thousands)	**2026**	2025	Change $	**2026**	2025	Change $
Interest income from mortgages and loans receivable	**$ 5,866**	$ 5,812	$ 54	**$ 12,455**	$ 11,885	$ 570
Income earned from financial real estate assets	**2,875**	2,973	(98)	**6,183**	5,987	196
Income from financial real estate assets due to changes in value	**92**	11	81	**696**	1,416	(720)
Other interest income	**58**	232	(174)	**566**	1,401	(835)
Interest Income	**$ 8,891**	$ 9,028	$ (137)	**$ 19,900**	$ 20,689	$ (789)

Three Months

Interest income decreased for the three months compared to the prior year period primarily due to lower interest income earned on excess cash.

Six Months

Interest income decreased for the six months compared to the prior year period primarily due to lower interest income earned on excess cash and unfavourable fair value changes on financial real estate assets, partially offset by higher interest income from mortgages and loans receivable.

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, development management services for jointly owned assets, and development consulting services on a fee for service basis (see Section 9, "Related Party Transactions").

	Three Months			Six Months		
For the periods ended June 30 ($ thousands)	**2026**	2025	Change $	**2026**	2025	Change $
Fees charged to related party	**$ 400**	$ 134	$ 266	**$ 761**	$ 245	$ 516
Fees charged to third parties	**903**	604	299	**1,709**	2,963	(1,254)
Fee Income	**$ 1,303**	$ 738	$ 565	**$ 2,470**	$ 3,208	$ (738)

Three Months

Fee income increased for the three months compared to the prior year period primarily due to higher development management fees and an acquisition fee recognized in the period.

Six Months

Fee income decreased for the six months compared to the prior year period primarily due to a fee recognized in the prior year resulting from the termination of an agreement with a development partner, partially offset by higher development management fees.

Net Interest Expense and Other Financing Charges

	Three Months			Six Months		
For the periods ended June 30 ($ thousands)	**2026**	2025	Change $	**2026**	2025	Change $
Interest on senior unsecured debentures	**$ 60,739**	$ 56,714	$ 4,025	**$ 120,921**	$ 112,616	$ 8,305
Interest on mortgages and construction loans	**11,507**	13,202	(1,695)	**23,403**	26,688	(3,285)
Interest on credit facility	**1,171**	2,649	(1,478)	**2,079**	3,823	(1,744)
Interest on right-of-use lease liabilities	**8**	10	(2)	**17**	20	(3)
Amortization of debt discounts and premiums	**47**	128	(81)	**121**	263	(142)
Amortization of debt placement costs	**1,217**	1,111	106	**2,361**	2,173	188
Capitalized interest[(i)]	**(855)**	(1,046)	191	**(1,524)**	(2,155)	631
	73,834	72,768	1,066	**147,378**	143,428	3,950
Distributions on Exchangeable Units[(ii)]	**77,178**	76,189	989	**153,697**	151,718	1,979
Net interest expense and other financing charges	**$ 151,012**	$ 148,957	$ 2,055	**$ 301,075**	$ 295,146	$ 5,929

(i) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.29% and 4.28% for the three and six months ended June 30, 2026, respectively (June 30, 2025 - 4.23% and 4.23%, respectively).
(ii) Represents interest on indebtedness due to GWL.

Three and Six Months

Net interest expense and other financing charges increased for the three and six month periods 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, as well as a higher average debt balance.

General and Administrative Expenses

For the periods ended June 30 ($ thousands)	Three Months			Six Months		
	2026	2025	Change $	**2026**	2025	Change $
Salaries, benefits and employee costs	**$ 17,488**	$ 15,949	$ 1,539	**$ 34,598**	$ 33,117	$ 1,481
Investor relations and other public entity costs	**982**	900	82	**1,908**	1,648	260
Professional fees	**1,447**	1,490	(43)	**2,528**	2,748	(220)
Information technology costs	**2,917**	2,480	437	**5,930**	4,664	1,266
Services Agreement expense charged by related party[(i)]	**1,285**	1,247	38	**2,569**	2,494	75
Amortization of other assets	**295**	315	(20)	**588**	631	(43)
Office related costs	**704**	379	325	**1,324**	752	572
Other	**637**	950	(313)	**1,297**	1,425	(128)
	25,755	23,710	2,045	**50,742**	47,479	3,263
Less:						
Capitalized to properties under development	**(2,889)**	(3,012)	123	**(5,923)**	(6,379)	456
Allocated to recoverable operating expenses	**(6,098)**	(5,722)	(376)	**(11,993)**	(11,387)	(606)
General and administrative expenses	**$ 16,768**	$ 14,976	$ 1,792	**$ 32,826**	$ 29,713	$ 3,113

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

Three and Six Months

General and administrative expenses increased for the three and six month periods compared to the prior year periods primarily due to higher salaries, benefits and employee costs, and higher information technology and office related 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 June 30, 2026:

(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]
Mar. 31, 2026	44,519	43,595	97.9 %	$ 17.54	22,196	21,879	98.6 %	$ 10.43	1,075	1,008	93.8 %	67,790	66,482	98.1 %	$15.35
New Leasing	—	83		$ 25.97	—	91		$ 9.58	—	6		—	180		$16.07
Net Expiries[v]	—	(330)		$ 10.88	—	(85)		$ 12.54	—	—		—	(415)		$11.22
Absorption	—	(247)			—	6			—	6		—	(235)		
Portfolio changes[vi]	109	120			(1)	1			—	—		108	121		
Jun. 30, 2026	**44,628**	**43,468**	**97.4 %**	**$ 17.67**	**22,195**	**21,886**	**98.6 %**	**$ 10.72**	**1,075**	**1,014**	**94.3 %**	**67,898**	**66,368**	**97.7 %**	**$15.48**
Renewals		643		$ 18.22		353		$ 11.44		1			997		$15.83
Long Term Renewal Spread[vii]				12.4 %				40.2 %							19.0 %
Retention Ratio				66.1 %				80.6 %							70.6 %

(i) Includes 952,000 sq. ft. that represents the building area on properties where the Trust has leased the underlying sites to the tenants through ground leases (March 31, 2026 - 952,000 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 (March 31, 2026 - 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 and gross leases. Total portfolio excludes Mixed-Use & Residential.
(v) Net expiries reflects spaces that naturally expired and were not renewed, as well as early terminations. Net expiries in the quarter included early terminations related to strategic repositioning for certain spaces and the expiry of a short-term renewal where the tenant had previously ceased operations.
(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 14.5% (Retail - 8.9%, Industrial - 32.7%). Total portfolio excludes Mixed-Use & Residential.

Three Months

Overall occupancy decreased to 97.7% as at June 30, 2026, compared to 98.1% as at March 31, 2026.

Occupancy in the retail segment decreased primarily due to negative absorption of 247,000 square feet, mainly within the Ontario and Quebec portfolios. The negative absorption and lower retention ratio were driven by the strategic repositioning of a 90,000-square-foot unit at the Trust's Bloor and Dundas site into three separate spaces, the expiry of an 82,000-square-foot unit in the Greater Montreal Area that had been on a short-term renewal after the tenant ceased operations, and 55,000 square feet of space that has since been backfilled, with rent commencement scheduled for later in the year.

Occupancy was stable in the industrial segment as negative absorption in the Ontario portfolio was offset by new leasing in the Alberta portfolio.

The following table details the changes for in-place occupancy by segment for the six months ended June 30, 2026:

(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]
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
New Leasing	—	180		$ 25.32	—	115		$ 10.41	—	8		—	303		$ 18.99
Net Expiries[v]	—	(446)		$ 13.06	—	(164)		$ 13.54	—	(2)		—	(612)		$ 13.23
Absorption	—	(266)			—	(49)			—	6		—	(309)		
Portfolio changes[vi]	173	182			(10)	(8)			—	1		163	175		
Jun. 30, 2026	**44,628**	**43,468**	**97.4 %**	**$ 17.67**	**22,195**	**21,886**	**98.6 %**	**$ 10.72**	**1,075**	**1,014**	**94.3 %**	**67,898**	**66,368**	**97.7 %**	**$ 15.48**
Renewals		1,007		$ 19.71		456		$ 11.96		1			1,464		$ 17.29
Long Term Renewal Spread[vii]				14.2 %				42.0 %							20.0 %
Retention Ratio				69.3 %				73.5 %							70.5 %

(i) Includes 952,000 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, 2025 - 950,000 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, 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 and gross 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 15.5% (Retail - 10.9%, Industrial - 33.3%). Total portfolio excludes Mixed-Use & Residential.

Six Months

Overall occupancy decreased to 97.7% as at June 30, 2026 from 98.2% as at December 31, 2025.

Occupancy decreased in the retail segment due to negative absorption of 266,000 square feet, primarily in the Quebec and Ontario portfolios.

Occupancy decreased in the industrial segment due to negative absorption of 49,000 square feet, primarily in the Ontario portfolio.

Choice Properties' principal tenant, Loblaw, represents 59.1% of its total GLA (December 31, 2025 - 59.4%). Subsequent to the quarter end, the Trust and Loblaw renewed a full tranche of 50 leases expiring in 2027 comprising 3.55 million square feet, at a weighted average spread of 8.8% and a weighted average extension term of 5.0 years.

	As at June 30, 2026				As at December 31, 2025			
(in millions of square feet except where otherwise indicated)	**Portfolio GLA**	**Occupied GLA**	**Occupancy (%)**	**WALT[i] (years)**	Portfolio GLA	Occupied GLA	Occupancy (%)	WALT[i] (years)
Loblaw banners[ii]	**40.1**	**40.1**	**100.0%**	**5.7**	40.2	40.2	100.0%	6.1
Third-party tenants[iii]	**27.8**	**26.3**	**94.6%**	**6.0**	27.5	26.3	95.6%	6.0
Total commercial GLA	**67.9**	**66.4**	**97.7%**	**5.8**	67.7	66.5	98.2%	6.0

(i) Weighted average lease term.
(ii) Included in Loblaw banners GLA is 1.9 million sq. ft. related to ground leases (December 31, 2025 - 1.9 million sq. ft.).
(iii) Included in third-party tenants GLA is 1.5 million sq. ft. related to ground leases (December 31, 2025 - 1.5 million sq. ft.).

The lease maturity profile for Choice Properties' portfolio as at June 30, 2026 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)
Month-to-month	159	—	159	0.2 %	$ 2,730	$ 17.17
Remainder of 2026	545	94	639	0.9 %	9,297	14.55
2027	3,065	3,689	6,754	9.9 %	105,160	15.57
2028	3,338	4,756	8,094	11.9 %	129,747	16.03
2029	2,879	6,989	9,868	14.5 %	152,855	15.49
2030	3,873	6,996	10,869	16.0 %	171,078	15.74
2031	2,086	6,755	8,841	13.0 %	152,507	17.25
2032 & Thereafter	8,802	8,985	17,787	26.4 %	322,123	18.11
Occupied GLA	24,747	38,264	63,011	92.8 %	1,045,497	16.59
Ground lease GLA[(i)]	1,505	1,852	3,357	4.9 %	51,831	15.44
Vacant GLA	1,530	—	1,530	2.3 %	—	—
Total	**27,782**	**40,116**	**67,898**	**100.0 %**	**$ 1,097,328**	**$ 16.53**

(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, 2025 - 175), which are excluded from reported occupancy. Stability is attained through a strategic relationship and long-term leases with Loblaw.

The Trust's 15 largest retail tenants as at June 30, 2026 represented approximately 56.7% of total annualized gross rental revenue and 76.2% 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 %	30,847
2.	Canadian Tire	1.7 %	833
3.	TJX Companies	1.6 %	618
4.	Dollarama	1.6 %	687
5.	Goodlife	1.3 %	527
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 %	272
11.	Leon's Furniture	0.5 %	202
12.	Recipe Unlimited Corporation	0.4 %	102
13.	Restaurant Brands International	0.4 %	93
14.	Pet Valu	0.4 %	114
15.	Nova Scotia Liquor Corporation	0.4 %	192
Total		**76.2 %**	**35,586**

The following table outlines further details of the Trust's retail tenant composition as at June 30, 2026:

Retail Category[i]	% of Retail Annualized Gross Rental Revenue	GLA (000s square feet)
Grocery & Pharmacy	67.9 %	32,295
Essential Services	15.4 %	4,632
Specialty & Value	5.4 %	2,375
Fitness & Other Personal Services	3.6 %	1,244
Full-Service Restaurants	2.6 %	612
Furniture & Home	2.5 %	1,143
Other	2.6 %	1,167
Total	**100.0 %**	**43,468**

(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 June 30, 2026 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)
Month-to-month	157	—	157	0.4 %	$ 2,674	$ 17.03
Remainder of 2026[i]	363	94	457	1.0 %	7,417	16.23
2027	1,580	3,689	5,269	11.8 %	90,363	17.15
2028	1,575	3,970	5,545	12.4 %	100,531	18.13
2029	1,404	6,319	7,723	17.3 %	127,198	16.47
2030	1,437	6,393	7,830	17.5 %	134,598	17.19
2031	1,732	5,004	6,736	15.1 %	128,927	19.14
2032 & Thereafter	3,421	5,378	8,799	19.8 %	193,490	21.99
Occupied GLA	11,669	30,847	42,516	95.3 %	785,198	18.47
Ground lease GLA[ii]	952	—	952	2.1 %	12,540	13.17
Vacant GLA	1,160	—	1,160	2.6 %	—	—
Total	**13,781**	**30,847**	**44,628**	**100.0 %**	**$ 797,738**	**$ 18.35**

(i) The 457,000 sq. ft. of GLA maturing in the remainder of 2026 is located in the following markets: 1.4% Greater Vancouver Area, 11.4% Calgary, 4.2% Edmonton, 34.6% Greater Toronto Area, 0.7% Ottawa, 3.0% Greater Montreal Area, and 44.7% 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 June 30, 2026 represented approximately 15.7% of total annualized gross rental revenue and 68.8% 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.	Loblaws	33.6 %	8,541
2.	Amazon	4.3 %	1,020
3.	Canada Cartage	4.1 %	741
4.	TEN Canada Ltd.	3.9 %	293
5.	Wonderbrands Inc.	3.3 %	1,050
6.	National Logistics Services	3.3 %	530
7.	Pet Valu	3.0 %	353
8.	NFI IPD	2.3 %	354
9.	Uline Canada Corporation	1.9 %	635
10.	Kimberly-Clark	1.8 %	514
11.	Alberta Gaming, Liquor and Cannabis	1.8 %	424
12.	Canadian Tire	1.6 %	486
13.	Ecco Heating Products	1.4 %	374
14.	Chep Canada Corporation	1.3 %	198
15.	Kuehne + Nagel Ltd.	1.2 %	297
Total		**68.8 %**	**15,810**

The following table outlines further details of the Trust's industrial tenant composition as at June 30, 2026:

Building Type / Tenant Use	% of Industrial Annualized Gross Rental Revenue	GLA (000s square feet)[(i)]	Occupied GLA (000s square feet)	Occupancy
Distribution	60.0 %	11,594	11,348	97.9 %
Large Bay-Loblaw Distribution	30.0 %	8,541	8,541	100.0 %
Warehouse[(ii)]	10.0 %	2,060	1,997	96.9 %
Total	**100.0 %**	**22,195**	**21,886**	**98.6 %**

(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 June 30, 2026 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)
Remainder of 2026[(i)]	161	—	161	0.7 %	$ 1,397	$ 8.68
2027	1,438	—	1,438	6.5 %	13,445	9.35
2028	1,746	772	2,518	11.3 %	28,277	11.23
2029	1,445	670	2,115	9.5 %	24,682	11.67
2030	2,423	596	3,019	13.6 %	35,836	11.87
2031	309	1,267	1,576	7.1 %	14,546	9.23
2032 & Thereafter	5,270	3,384	8,654	39.2 %	117,435	13.57
Occupied GLA[(ii)]	12,792	6,689	19,481	87.9 %	235,618	12.09
Ground lease GLA[(iii)]	553	1,852	2,405	10.8 %	39,292	16.34
Vacant GLA	309	—	309	1.3 %	—	—
Total	**13,654**	**8,541**	**22,195**	**100.0 %**	**$ 274,910**	**$ 12.56**

(i) The 161,000 sq. ft. of GLA maturing in the remainder of 2026 is located in the following markets: 57.1% Calgary, 1.8% Greater Toronto Area, and 41.1% other markets.
(ii) Average in-place base rent per square foot for the major markets (excluding ground leases): $14.67 Greater Vancouver Area, $8.89 Calgary, $9.50 Edmonton, $11.77 Greater Toronto Area, $10.41 Greater Montreal Area, and $8.83 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 June 30, 2026:

($ 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	$ 289,196	$ 84,382	$ 17,505	**$ 391,083**	$ (29,955)	**$ 361,128**
Property operating costs	(87,535)	(21,048)	(6,647)	**(115,230)**	9,930	**(105,300)**
Net Operating Income, Cash Basis[1]	**201,661**	**63,334**	**10,858**	**275,853**	(20,025)	**255,828**
Straight-line rental revenue	(2,379)	2,183	152	**(44)**	(1,331)	**(1,375)**
Lease surrender revenue	1,337	—	293	**1,630**	(52)	**1,578**
Net Operating Income, Accounting Basis[1]	**200,619**	**65,517**	**11,303**	**277,439**	(21,408)	**256,031**
Other Income and Expenses						
Interest income				**5,683**	3,208	**8,891**
Investment income				**2,125**	—	**2,125**
Fee income				**1,303**	—	**1,303**
Net interest expense and other financing charges				**(159,010)**	7,998	**(151,012)**
General and administrative expenses				**(16,768)**	—	**(16,768)**
Share of (loss) income from equity accounted joint ventures				**—**	(8,539)	**(8,539)**
Amortization of intangible assets				**(250)**	—	**(250)**
Adjustment to fair value of unit-based compensation				**(1,447)**	—	**(1,447)**
Adjustment to fair value of Exchangeable Units				**(387,870)**	—	**(387,870)**
Adjustment to fair value of investment properties				**104,794**	18,741	**123,535**
Adjustment to fair value of investment in real estate securities				**7,912**	—	**7,912**
Adjustment to fair value of derivative financial liability				**(10,290)**	—	**(10,290)**
Loss before Income Taxes				**(176,379)**	—	**(176,379)**
Income tax expense				**(2)**	—	**(2)**
Net Loss				**$ (176,381)**	$ —	**$ (176,381)**

(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 six months ended June 30, 2026:

($ 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	$ 578,794	$ 165,439	$ 34,644	**$ 778,877**	$ (57,379)	**$ 721,498**
Property operating costs	(175,252)	(41,675)	(13,012)	**(229,939)**	19,544	**(210,395)**
Net Operating Income, Cash Basis[1]	**403,542**	**123,764**	**21,632**	**548,938**	(37,835)	**511,103**
Straight-line rental revenue	(4,794)	7,065	354	**2,625**	(5,104)	**(2,479)**
Lease surrender revenue	3,364	—	293	**3,657**	(153)	**3,504**
Net Operating Income, Accounting Basis[1]	**402,112**	**130,829**	**22,279**	**555,220**	(43,092)	**512,128**
Other Income and Expenses						
Interest income				**12,208**	7,692	**19,900**
Investment income				**4,251**	—	**4,251**
Fee income				**2,470**	—	**2,470**
Net interest expense and other financing charges				**(316,463)**	15,388	**(301,075)**
General and administrative expenses				**(32,826)**	—	**(32,826)**
Share of (loss) income from equity accounted joint ventures				**—**	(11,304)	**(11,304)**
Amortization of intangible assets				**(500)**	—	**(500)**
Adjustment to fair value of unit-based compensation				**(1,743)**	—	**(1,743)**
Adjustment to fair value of Exchangeable Units				**(605,553)**	—	**(605,553)**
Adjustment to fair value of investment properties				**171,222**	31,316	**202,538**
Adjustment to fair value of investment in real estate securities				**(41,568)**	—	**(41,568)**
Adjustment to fair value of derivative financial liability				**(10,290)**	—	**(10,290)**
Loss before Income Taxes				**(263,572)**	—	**(263,572)**
Income tax expense				**(3)**	—	**(3)**
Net Loss				**$ (263,575)**	$ —	**$ (263,575)**

(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 standard industry definition of NOI[1]. Refer to Section 14.1, "Net Operating Income", of this MD&A for a definition of NOI[1] and a reconciliation to net loss determined in accordance with GAAP.

Management also measures performance of operating segments using NOI[1] as calculated on a proportionate share basis[1] and, in particular, Same-Asset NOI, which isolates Management's success at dealing with certain key performance factors. "Same-Asset" refers to those properties that were owned and operated by Choice Properties for the entire 18 months ended June 30, 2026, 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 and six months ended June 30, 2026 and 2025 is summarized below.

Summary - Accounting Basis

	Three Months				Six Months			
For the periods ended June 30 ($ thousands)	**2026**	2025	Change $	% Change	**2026**	2025	Change $	% Change
Rental revenue	**$ 364,634**	$ 348,709	$ 15,925	4.6 %	**$ 729,514**	$ 698,984	$ 30,530	4.4 %
Straight-line rental revenue	**(2,541)**	(512)	(2,029)	n/a	**(4,271)**	(885)	(3,386)	n/a
Property operating costs excluding bad debt expense	**(108,883)**	(100,250)	(8,633)	8.6 %	**(218,647)**	(202,967)	(15,680)	7.7 %
Same-Asset NOI, Accounting Basis excluding bad debt expense	**253,210**	247,947	5,263	2.1 %	**506,596**	495,132	11,464	2.3 %
Bad debt (expense) recovery	**(348)**	45	(393)	n/a	**(337)**	98	(435)	n/a
Same-Asset NOI, Accounting Basis	**252,862**	247,992	4,870	2.0 %	**506,259**	495,230	11,029	2.2 %
Transactions NOI including straight-line rental revenue, excluding bad debt expense	**22,828**	21,480	1,348		**44,429**	37,480	6,949	
Bad debt recovery (expense)	**119**	(108)	227		**875**	(277)	1,152	
Transactions NOI, Accounting Basis	**22,947**	21,372	1,575		**45,304**	37,203	8,101	
Lease surrender revenue	**1,630**	74	1,556		**3,657**	158	3,499	
Total NOI, Accounting Basis	**$ 277,439**	$ 269,438	$ 8,001	3.0 %	**$ 555,220**	$ 532,591	$ 22,629	4.2 %

Summary - Cash Basis

For the periods ended June 30 ($ thousands)	Three Months				Six Months			
	2026	2025	Change $	% Change	**2026**	2025	Change $	% Change
Rental revenue	**$ 364,634**	$ 348,709	$ 15,925	4.6 %	**$ 729,514**	$ 698,984	$ 30,530	4.4 %
Property operating costs excluding bad debt expense	**(108,883)**	(100,250)	(8,633)	8.6 %	**(218,647)**	(202,967)	(15,680)	7.7 %
Same-Asset NOI, Cash Basis excluding bad debt expense	**255,751**	248,459	7,292	2.9 %	**510,867**	496,017	14,850	3.0 %
Bad debt (expense) recovery	**(348)**	45	(393)	n/a	**(337)**	98	(435)	n/a
Same-Asset NOI, Cash Basis	**255,403**	248,504	6,899	2.8 %	**510,530**	496,115	14,415	2.9 %
Transactions NOI excluding bad debt expense	**20,331**	20,003	328		**37,533**	34,631	2,902	
Bad debt recovery (expense)	**119**	(108)	227		**875**	(277)	1,152	
Transactions NOI, Cash Basis	**20,450**	19,895	555		**38,408**	34,354	4,054	
Total NOI, Cash Basis	**$ 275,853**	$ 268,399	$ 7,454	2.8 %	**$ 548,938**	$ 530,469	$ 18,469	3.5 %

Three and Six Months

Same-Asset NOI, Cash Basis increased by 2.8% and 2.9% for the three and six month periods, respectively, primarily due to increased revenue from contractual rent steps, higher rental rates on renewals, and new leasing, mainly in the retail and industrial portfolios.

Transactions NOI increased for the three and six month periods primarily due to the contribution from acquisitions and development transfers, partially offset by the foregone income from dispositions.

Retail Segment

For the periods ended June 30 ($ thousands)	Three Months				Six Months			
	2026	2025	Change $	% Change	**2026**	2025	Change $	% Change
Rental revenue	**$ 279,193**	$ 267,581	$ 11,612	4.3 %	**$ 559,098**	$ 537,519	$ 21,579	4.0 %
Property operating costs excluding bad debt expense	**(84,639)**	(77,527)	(7,112)	9.2 %	**(170,007)**	(159,119)	(10,888)	6.8 %
Same-Asset NOI, Cash Basis excluding bad debt expense	**194,554**	190,054	4,500	2.4 %	**389,091**	378,400	10,691	2.8 %
Bad debt (expense) recovery	**(655)**	195	(850)	n/a	**(616)**	438	(1,054)	n/a
Same-Asset NOI, Cash Basis	**193,899**	190,249	3,650	1.9 %	**388,475**	378,838	9,637	2.5 %
Transactions NOI excluding bad debt expense	**7,724**	8,351	(627)		**15,002**	16,175	(1,173)	
Bad debt recovery (expense)	**38**	(33)	71		**65**	(86)	151	
Transactions NOI, Cash Basis	**7,762**	8,318	(556)		**15,067**	16,089	(1,022)	
Total NOI, Cash Basis	**$ 201,661**	$ 198,567	$ 3,094		**$ 403,542**	$ 394,927	$ 8,615	

Three and Six Months

Same-Asset NOI, Cash Basis for the retail segment increased by 1.9% and 2.5% for the three and six month periods, respectively, primarily due to increased revenue from contractual rent steps, higher rental rates on renewals, and new leasing.

Same-Asset NOI, Cash Basis was impacted by a bad debt provision taken in relation to a tenant bankruptcy in the current quarter. Excluding bad debt expense, Same-Asset NOI, Cash Basis increased by 2.4% and 2.8% for the three and six month periods, respectively.

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

Industrial Segment

For the periods ended June 30 ($ thousands)	Three Months 2026	2025	Change $	% Change	Six Months 2026	2025	Change $	% Change
Rental revenue	**$ 71,805**	$ 67,360	$ 4,445	6.6 %	**$ 143,001**	$ 133,982	$ 9,019	6.7 %
Property operating costs excluding bad debt expense	**(19,222)**	(17,365)	(1,857)	10.7 %	**(38,130)**	(34,610)	(3,520)	10.2 %
Same-Asset NOI, Cash Basis excluding bad debt expense	**52,583**	49,995	2,588	5.2 %	**104,871**	99,372	5,499	5.5 %
Bad debt recovery(expense)	**216**	(102)	318	n/a	**216**	(222)	438	n/a
Same-Asset NOI, Cash Basis	**52,799**	49,893	2,906	5.8 %	**105,087**	99,150	5,937	6.0 %
Transactions NOI excluding bad debt expense	**10,523**	8,549	1,974		**18,668**	12,477	6,191	
Bad debt recovery(expense)	**12**	(3)	15		**9**	(7)	16	
Transactions NOI, Cash Basis	**10,535**	8,546	1,989		**18,677**	12,470	6,207	
Total NOI, Cash Basis	**$ 63,334**	$ 58,439	$ 4,895		**$ 123,764**	$ 111,620	$ 12,144	

Three and Six Months

Same-Asset NOI, Cash Basis for the industrial segment increased by 5.8% and 6.0% for the three and six month periods, respectively, primarily due to increased revenue from contractual rent steps, new leasing, and higher rental rates on renewals.

Same-Asset NOI, Cash Basis was impacted by a bad debt provision reversal in the current quarter. Excluding bad debt expense, Same-Asset NOI, Cash Basis increased by 5.2% and 5.5% for the three and six month periods, respectively.

Transactions NOI for the industrial segment increased for the three and six month periods 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 June 30 ($ thousands)	Three Months 2026	2025	Change $	% Change	Six Months 2026	2025	Change $	% Change
Rental revenue	**$ 13,636**	$ 13,768	$ (132)	(1.0)%	**$ 27,415**	$ 27,483	$ (68)	(0.2)%
Property operating costs excluding bad debt expense	**(5,022)**	(5,358)	336	(6.3)%	**(10,510)**	(9,238)	(1,272)	13.8 %
Same-Asset NOI, Cash Basis excluding bad debt expense	**8,614**	8,410	204	2.4 %	**16,905**	18,245	(1,340)	(7.3)%
Bad debt recovery (expense)	**91**	(48)	139	n/a	**63**	(118)	181	n/a
Same-Asset NOI, Cash Basis	**8,705**	8,362	343	4.1 %	**16,968**	18,127	(1,159)	(6.4)%
Transactions NOI excluding bad debt expense	**2,084**	3,103	(1,019)		**3,863**	5,979	(2,116)	
Bad debt recovery (expense)	**69**	(72)	141		**801**	(184)	985	
Transactions NOI, Cash Basis	**2,153**	3,031	(878)		**4,664**	5,795	(1,131)	
Total NOI, Cash Basis	**$ 10,858**	$ 11,393	$ (535)		**$ 21,632**	$ 23,922	$ (2,290)	

Three and Six Months

Same-Asset NOI, Cash Basis for the mixed-use & residential segment increased by 4.1% for the three-month period primarily due to lower operating costs at certain residential properties.

Same-Asset NOI, Cash Basis for the mixed-use & residential segment decreased by 6.4% for the six-month period primarily due to the impact of a $1.4 million property tax incentive recognized in the first quarter of the prior year.

7.3 Other Key Performance Indicators

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

	Three Months			Six Months		
For the periods ended June 30 ($ thousands except where otherwise indicated)	**2026**	2025	Change $	**2026**	2025	Change $
Funds from Operations[1]	**$ 192,904**	$ 191,567	$ 1,337	**$ 388,924**	$ 382,506	$ 6,418
FFO[1] per unit basic	**$ 0.267**	$ 0.265	$ 0.002	**$ 0.537**	$ 0.528	$ 0.009
FFO[1] per unit diluted	**$ 0.267**	$ 0.265	$ 0.002	**$ 0.537**	$ 0.528	$ 0.009
FFO[1] payout ratio - diluted	**73.2 %**	72.7 %	0.5 %	**72.3 %**	72.5 %	(0.2)%
Adjusted Funds from Operations[1]	**$ 156,954**	$ 166,945	$ (9,991)	**$ 335,868**	$ 347,210	$ (11,342)
AFFO[1] per unit basic	**$ 0.217**	$ 0.231	$ (0.014)	**$ 0.464**	$ 0.480	$ (0.016)
AFFO[1] per unit diluted	**$ 0.217**	$ 0.231	$ (0.014)	**$ 0.464**	$ 0.480	$ (0.016)
AFFO[1] payout ratio - diluted	**89.9 %**	83.5 %	6.4 %	**83.7 %**	79.9 %	3.8 %
Distribution declared per unit	**$ 0.195**	$ 0.193	$ 0.002	**$ 0.388**	$ 0.384	$ 0.004
Weighted average number of units outstanding - basic[(i)]	**723,810,797**	723,810,797	—	**723,810,797**	723,790,848	19,949
Weighted average number of units outstanding - diluted[(i)]	**723,810,797**	723,810,797	—	**723,810,797**	723,790,848	19,949
Number of units outstanding, end of period[(i)]	**723,810,797**	723,810,797	—	**723,810,797**	723,810,797	—

(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 14.2, "Funds from Operations" for a reconciliation of FFO[1] to net loss determined in accordance with GAAP.

Three and Six Months

FFO[1] per unit diluted increased by 0.8% and 1.7% for the three and six month periods, respectively. The increase was primarily driven by strong same-asset net operating income growth, partially offset by higher interest expense primarily due to new debt issuances over the past twelve months bearing interest at higher rates than maturing debt, as well as a higher average debt balance. The timing of higher lease surrender revenue and the reduction in Allied's distribution further impacted growth.

Excluding lease surrender revenue and the reduction in Allied's distribution, FFO[1] per unit diluted increased by 1.5% and 2.5% for the three and six month periods, respectively.

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 14.3, "Adjusted Funds from Operations" for a reconciliation of AFFO[1] to net income determined in accordance with GAAP.

Three and Six Months

AFFO[1] decreased for the three and six month periods primarily due to the timing of tenant improvement and maintenance capital spend in the current year, partially offset by higher FFO.

Capital Expenditures

For the periods ended June 30 ($ thousands)	Three Months			Six Months		
	2026	2025	Change $	**2026**	2025	Change $
Property capital	**$ 15,557**	$ 12,940	$ 2,617	**$ 21,374**	$ 14,332	$ 7,042
Direct leasing costs	**1,721**	2,373	(652)	**3,213**	3,984	(771)
Tenant improvements	**16,059**	6,181	9,878	**20,368**	10,443	9,925
Total operating capital expenditures, proportionate share basis[1]	**$ 33,337**	$ 21,494	$ 11,843	**$ 44,955**	$ 28,759	$ 16,196
Building Improvements	**1,455**	1,116	339	**2,299**	1,516	783
Development capital and capitalized interest	**23,594**	36,824	(13,230)	**45,536**	81,006	(35,470)
Total capital expenditures, proportionate share basis[1]	**$ 58,386**	$ 59,434	$ (1,048)	**$ 92,790**	$ 111,281	$ (18,491)

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 and six months ended June 30, 2026, Choice Properties incurred $15,557 and $21,374, respectively, of property capital expenditures, which may be recoverable from tenants under the terms of their leases over the useful life of the improvements (June 30, 2025 - $12,940 and $14,332, respectively). 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]. During the three and six months ended June 30, 2026, Choice Properties incurred $16,059 and $20,368, respectively, of tenant improvements (June 30, 2025 - $6,181 and $10,443, respectively). The increase in tenant improvements for the three and six month periods was primarily due to the timing of tenant improvement and maintenance capital spend in the current year. 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)	**Second Quarter 2026**	First Quarter 2026	Fourth Quarter 2025	Third Quarter 2025	Second Quarter 2025	First Quarter 2025	Fourth Quarter 2024	Third Quarter 2024
Number of income producing properties	**699**	699	699	702	703	704	705	705
Gross leasable area (in millions of square feet)[i]	**68.6**	68.5	68.5	68.1	68.1	67.2	67.2	66.2
Occupancy	**97.7 %**	98.1 %	98.2 %	98.0 %	97.8 %	97.7 %	97.6 %	97.7 %
Rental revenue (GAAP)	**$ 361,331**	$ 361,192	$ 354,444	$ 362,486	$ 350,779	$ 346,912	$ 344,861	$ 339,898
Net (loss) income	**$ (176,381)**	$ (87,194)	$ (53,357)	$ 242,649	$ (154,247)	$ (96,233)	$ 791,916	$ (662,989)
Net (loss) income per unit	**$ (0.244)**	$ (0.120)	$ (0.074)	$ 0.335	$ (0.213)	$ (0.133)	$ 1.094	$ (0.916)
Net (loss) income per unit - diluted	**$ (0.244)**	$ (0.120)	$ (0.074)	$ 0.335	$ (0.213)	$ (0.133)	$ 1.094	$ (0.916)
Net operating income, cash basis[1]	**$ 275,853**	$ 273,085	$ 271,444	$ 270,734	$ 268,399	$ 262,070	$ 259,966	$ 255,952
FFO[1]	**$ 192,904**	$ 196,020	$ 189,922	$ 201,416	$ 191,567	$ 190,939	$ 188,220	$ 186,647
FFO[1] per unit - diluted	**$ 0.267**	$ 0.271	$ 0.262	$ 0.278	$ 0.265	$ 0.264	$ 0.260	$ 0.258
AFFO[1]	**$ 156,954**	$ 178,914	$ 145,471	$ 139,054	$ 166,945	$ 180,265	$ 109,326	$ 165,876
AFFO[1] per unit - diluted	**$ 0.217**	$ 0.247	$ 0.201	$ 0.192	$ 0.231	$ 0.249	$ 0.151	$ 0.229
Distribution declared per unit	**$ 0.195**	$ 0.193	$ 0.193	$ 0.193	$ 0.193	$ 0.191	$ 0.190	$ 0.190
NAV[1] per unit	**$ 14.73**	$ 14.53	$ 14.43	$ 14.53	$ 14.38	$ 14.17	$ 14.07	$ 14.04
Market price per unit - closing	**$ 16.34**	$ 15.36	$ 14.81	$ 14.70	$ 14.87	$ 13.95	$ 13.35	$ 15.13
Number of units outstanding, period end	**723,810,797**	723,810,797	723,810,797	723,810,797	723,810,797	723,810,797	723,710,497	723,710,497
Adjusted debt to total assets[1][ii]	**40.4 %**	40.9 %	40.5 %	40.6 %	40.8 %	40.6 %	40.0 %	40.0 %
Debt service coverage[1][ii]	**3.0x**	3.0x	2.9x	3.0x	3.0x	3.0x	3.0x	2.9x

(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 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 June 30, 2026, 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 1,596,842 of the Trust's Units.

GWL is also the controlling shareholder of Loblaw, with ownership of 52.6% of outstanding common shares as at June 30, 2026 (December 31, 2025 - 52.6%). Therefore, Choice Properties is a related party of Loblaw by virtue of common control.

Loblaw represents approximately 56.9% of Choice Properties' rental revenue on a proportionate share basis[1] and 59.1% of its commercial GLA as at June 30, 2026 (December 31, 2025 - 57.3% and 59.4%, respectively).

Leases
Subsequent to the quarter end, the Trust and Loblaw renewed a full tranche of 50 leases expiring in 2027 comprising 3.55 million square feet, at a weighted average spread of 8.8% and a weighted average extension term of 5.0 years.

Joint Ventures
On January 29, 2026, Wittington acquired the 50% ownership interest in the Grenville & Grosvenor development project from the Trust's co-owner. Following this transaction, Wittington and the Trust each hold a 50% ownership interest in a limited partnership that owns the development property. As a result of the transaction, the Trust derecognized its $37,446 interest in the property and has recognized it as an investment in an equity accounted joint venture.

Lease Surrender Revenue
During the three and six months ended June 30, 2026, Choice Properties recognized $645 and $1,763, respectively (June 30, 2025 - $nil and $nil, respectively) of lease surrender revenue from Loblaw.

Services Agreement
During the six months ended June 30, 2026, GWL provided Choice Properties with corporate, administrative and other support services for an annualized cost of $5,140 (2025 - $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, development management services for jointly owned assets, and development consulting services on a fee for service basis.

Site Intensification Payments
Choice Properties compensated Loblaw with intensification payments of $1,980 and $2,589, respectively, in connection with completed gross leasable area for which tenants took possession during the three and six months ended June 30, 2026 (June 30, 2025 - $425 and $3,215, respectively).

Distributions on Exchangeable Units
GWL, directly or indirectly, holds all of the Exchangeable Units issued by Choice Properties Limited Partnership, a subsidiary of Choice Properties. During the three and six months ended June 30, 2026, distributions declared on the Exchangeable Units totalled $77,178 and $153,697, respectively (June 30, 2025 - $76,189 and $151,718, respectively).

As at June 30, 2026, Choice Properties had distributions on Exchangeable Units payable to GWL of $179,095 (December 31, 2025 - $329,162).

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 six months ended June 30, 2026, $153,367 of notes were issued to GWL. In January 2026, notes totalling $303,766 with respect to the loans issued in the 2025 fiscal year were settled against distributions payable by the Trust to GWL.

Trust Unit Distributions
During the three and six months ended June 30, 2026, Choice Properties declared cash distributions of $9,879 and $19,674, respectively, on the Units held by GWL (June 30, 2025 - $9,752 and $19,420, respectively). As at June 30, 2026, $3,293 of Trust Unit distributions declared were payable to GWL (December 31, 2025- $3,251).

During the three and six months ended June 30, 2026, Choice Properties declared cash distributions of $2,127 and $4,236, respectively, on the Units held by Wittington, respectively (June 30, 2025 - $nil and $nil, respectively). As at June 30, 2026, $709 of Trust Unit distributions declared were payable to Wittington (December 31, 2025 - $700).

10. INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

Changes in Internal Control over Financial Reporting
There were no changes in Choice Properties' internal controls over financial reporting in the second quarter of 2026 that materially affected or are reasonably likely to materially affect the Trust's internal control over financial reporting.

11. ENTERPRISE RISKS AND RISK MANAGEMENT

A detailed full set of risks applicable to the Choice Properties business are included in the Trust's AIF for the year ended December 31, 2025 and MD&A in the 2025 Annual Report, which are hereby incorporated by reference. The 2025 Annual Report and AIF are available online on www.sedarplus.ca. Other than as supplemented below, the risks and risk management strategies included in the AIF and 2025 Annual Report remain unchanged.

The Trust is subject to several risks relating to the pending Transaction with KingSett and FCR. Such risks include, but are not limited to the possibility that: the Transaction does not close when expected, or at all, because regulatory approvals or other conditions required for closing are not received or satisfied on a timely basis, or at all; the Trust may be unable to realize, in the anticipated timeframe or at all, the benefits from the Transaction; the assets acquired in connection with the Transaction may not perform as expected, or in a manner consistent with historical performance; owing to significant demands being placed on the managerial, operational and financial personnel and systems of the Trust, the Trust may not be able to integrate promptly and effectively the assets acquired under the Transaction and the cost of integration may be higher than expected and management's focus and attention may be diverted away from other strategic opportunities and operational matters during the integration process; the Trust's Units may be subject to material fluctuations in trading price as a result of the Transaction, including the issuance of additional Units to fund a portion of the purchase price; and the credit ratings of the Trust may be adversely affected by various factors relating to the Transaction, including as a result of the assumption of debt of FCR and the incurrence of debt to fund a portion of the purchase price, which could impede the Trust's ability to access debt markets or raise the Trust's borrowing rates.

12. 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.

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."

13. 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. We cannot predict the timing of the closing of the Transaction with FCR and KingSett, and its impact on our financial results. In 2026, excluding this impact, 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.

14. NON-GAAP FINANCIAL MEASURES

The financial statements of Choice Properties are prepared in accordance with GAAP. However, in this MD&A, a number of measures are presented that do not have any standardized meaning under GAAP. Such measures and related per-unit amounts therefore should not be construed as alternatives to net income or cash 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.

Proportionate share represents financial information adjusted to reflect the Trust's equity accounted joint ventures and financial real estate assets and its share of net income (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.

A reconciliation is provided in Section 2, "Balance Sheet," and Section 7.1, "Net Income and Segment NOI Reconciliation."

Net Operating Income ("NOI"), Accounting Basis is 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.

A reconciliation is provided in Section 7.1, "Net Income and Segment NOI Reconciliation."

NOI, Cash Basis is 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.

A reconciliation is provided in Section 7.1, "Net Income and Segment NOI Reconciliation" and Section 14.1, "Net Operating Income."

Same-Asset NOI, Cash Basis and Same-Asset NOI, Accounting Basis

Same-Asset NOI is used to evaluate the period-over-period performance of those commercial properties and stabilized residential properties, owned and operated by Choice Properties since January 1, 2025, 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.

A reconciliation is provided in Section 7.2, "Net Operating Income Summary."

Funds from Operations ("FFO") is calculated in accordance with the Real Property Association of Canada's ("REALPAC") Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS issued in January 2022. Management considers FFO to be a useful measure of operating performance as it adjusts for items included in net income (or 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.

A reconciliation is provided in Section 14.2, "Funds from Operations" and Section 14.7, "Selected Information for Comparative Purposes."

Adjusted Funds from Operations ("AFFO") is calculated in accordance with REALPAC's Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS issued in January 2022. Management considers AFFO to be a useful measure of operating performance as it further adjusts FFO for capital expenditures that sustain income producing properties and eliminates the impact of straight-line 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.

A reconciliation is provided in Section 14.3, "Adjusted Funds from Operations" and Section 14.7, "Selected Information for Comparative Purposes."

Adjusted Cash Flow from Operations ("ACFO") is calculated in accordance with REALPAC's Adjusted Cashflow from Operations (ACFO) for IFRS issued in January 2023. Management views ACFO as a useful measure of the cash generated from operations after providing for operating capital requirements, and in evaluating the ability of Choice Properties to fund distributions to Unitholders. ACFO adjusts cash flows from operations as calculated under GAAP including, but not limited to, removing the effects of distributions on Exchangeable Units, deducting amounts for property capital expenditures to sustain existing GLA and for leasing capital expenditures. The resulting ACFO will include the impact of the seasonality of property capital expenditures and the impact of fluctuations from normal operating working capital, such as changes to net rent receivable from tenants, trade accounts payable and accrued liabilities. From time to time, the Trust may enter into transactions that materially impact the calculation and are eliminated from the calculation for management's review purposes.

A reconciliation is provided in Section 14.4, "Adjusted Cash Flow from Operations."

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.

A reconciliation is provided in Section 7.3, "Other Key Performance Indicators."

Earnings before Interest, Taxes, Depreciation, Amortization and Fair Value ("EBITDAFV") is 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.

A reconciliation is provided in Section 14.6, "Earnings before Interest, Taxes, Depreciation, Amortization and Fair Value."

Cash Retained after Distributions calculated as ACFO less cash distributions declared. It represents the portion of ACFO retained within Choice Properties which can be used to invest in new acquisitions, development properties and capital activity.

A reconciliation is provided in Section 4.4, "Distribution Excess / Shortfall Analysis."

Total Adjusted Debt is 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.

A reconciliation is provided in Section 4.5, "Components of Total Adjusted Debt."

Net Asset Value ("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.

A reconciliation is provided in Section 4.9, "Net Asset Value."

Adjusted Debt to Total Assets is 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.

A reconciliation is provided in Section 4.6, "Financial Condition" and Section 14.7, "Selected Information for Comparative Purposes."

Debt Service Coverage is 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. Management believes this ratio is useful in determining the ability of Choice Properties to service the interest and principal installment requirements of its outstanding debt.

A reconciliation is provided in Section 4.6, "Financial Condition" and Section 14.7, "Selected Information for Comparative Purposes."

Adjusted Debt to EBITDAFV and Adjusted Debt to EBITDAFV, net of cash are 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.

A reconciliation is provided in Section 4.6, "Financial Condition."

Interest Coverage is 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.

A reconciliation is provided in Section 4.6, "Financial Condition."

Liquidity is calculated based on the sum of total cash and cash equivalents on a proportionate share basis and the undrawn portion of the revolving unsecured operating line of credit.

A reconciliation is provided in Section 4, "Liquidity and Capital Resources" and Section 4.1, "Liquidity and Capital Structure."

14.1 Net Operating Income

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

For the periods ended June 30 ($ thousands)	Three Months			Six Months		
	2026	2025	Change $	**2026**	2025	Change $
Net Loss	**$ (176,381)**	$ (154,247)	$ (22,134)	**$ (263,575)**	$ (250,480)	$ (13,095)
Interest income	**(8,891)**	(9,028)	137	**(19,900)**	(20,689)	789
Investment income	**(2,125)**	(5,315)	3,190	**(4,251)**	(10,630)	6,379
Fee income	**(1,303)**	(738)	(565)	**(2,470)**	(3,208)	738
Net interest expense and other financing charges	**151,012**	148,957	2,055	**301,075**	295,146	5,929
General and administrative expenses	**16,768**	14,976	1,792	**32,826**	29,713	3,113
Share of (loss) income from equity accounted joint ventures	**8,539**	(5,720)	14,259	**11,304**	(21,875)	33,179
Amortization of intangible assets	**250**	250	—	**500**	500	—
Adjustment to fair value of unit-based compensation	**1,447**	875	572	**1,743**	893	850
Adjustment to fair value of Exchangeable Units	**387,870**	364,124	23,746	**605,553**	601,596	3,957
Adjustment to fair value of investment properties	**(123,535)**	(93,486)	(30,049)	**(202,538)**	(123,444)	(79,094)
Adjustment to fair value of investment in real estate securities	**(7,912)**	(9,093)	1,181	**41,568**	(119)	41,687
Adjustment to fair value of derivative financial liability	**10,290**	—	10,290	**10,290**	—	10,290
Income tax expense	**2**	1	1	**3**	2	1
Net Operating Income, Accounting Basis - GAAP	**256,031**	251,556	4,475	**512,128**	497,405	14,723
Straight-line rental revenue	**1,375**	570	805	**2,479**	937	1,542
Lease surrender revenue	**(1,578)**	(74)	(1,504)	**(3,504)**	(158)	(3,346)
Net Operating Income, Cash Basis - GAAP	**255,828**	252,052	3,776	**511,103**	498,184	12,919
Adjustments for equity accounted joint ventures and financial real estate assets	**20,025**	16,347	3,678	**37,835**	32,285	5,550
Net Operating Income, Cash Basis - Proportionate Share	**$ 275,853**	$ 268,399	$ 7,454	**$ 548,938**	$ 530,469	$ 18,469

14.2 Funds from Operations

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

For the periods ended June 30 ($ thousands except where otherwise indicated)	Three Months			Six Months		
	2026	2025	Change $	**2026**	2025	Change $
Net Loss	**$ (176,381)**	$ (154,247)	$ (22,134)	**$ (263,575)**	$ (250,480)	$ (13,095)
Add (deduct) impact of the following:						
Amortization of intangible assets	**250**	250	—	**500**	500	—
Adjustment to fair value of unit-based compensation	**1,447**	875	572	**1,743**	893	850
Adjustment to fair value of Exchangeable Units	**387,870**	364,124	23,746	**605,553**	601,596	3,957
Adjustment to fair value of investment properties	**(123,535)**	(93,486)	(30,049)	**(202,538)**	(123,444)	(79,094)
Adjustment to fair value of investment properties to proportionate share	**18,741**	2,451	16,290	**31,316**	(7,569)	38,885
Adjustment to fair value of investment in real estate securities	**(7,912)**	(9,093)	1,181	**41,568**	(119)	41,687
Adjustment to fair value of derivative financial liability	**10,290**	—	10,290	**10,290**	—	10,290
Interest otherwise capitalized for development in equity accounted joint ventures	**2,297**	2,340	(43)	**4,891**	4,836	55
Distributions on Exchangeable Units[(i)]	**77,178**	76,189	989	**153,697**	151,718	1,979
Internal expenses for leasing	**2,657**	2,163	494	**5,476**	4,573	903
Income tax expense	**2**	1	1	**3**	2	1
Funds from Operations	**$ 192,904**	$ 191,567	$ 1,337	**$ 388,924**	$ 382,506	$ 6,418
FFO per unit - diluted	**$ 0.267**	$ 0.265	$ 0.002	**$ 0.537**	$ 0.528	$ 0.009
FFO payout ratio - diluted[(ii)]	**73.2 %**	72.7 %	0.5 %	**72.3 %**	72.5 %	(0.2)%
Distribution declared per unit	**$ 0.195**	$ 0.193	$ 0.002	**$ 0.388**	$ 0.384	$ 0.004
Weighted average number of units outstanding - diluted[(iii)]	**723,810,797**	723,810,797	—	**723,810,797**	723,790,848	19,949

(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 June 30 ($ thousands except where otherwise indicated)	Three Months			Six Months		
	2026	2025	Change $	**2026**	2025	Change $
Net Operating Income, Cash Basis	**$ 275,853**	$ 268,399	$ 7,454	**$ 548,938**	$ 530,469	$ 18,469
Straight-line rental revenue	**(44)**	965	(1,009)	**2,625**	1,964	661
Lease surrender revenue	**1,630**	74	1,556	**3,657**	158	3,499
Net Operating Income, Accounting Basis	**277,439**	269,438	8,001	**555,220**	532,591	22,629
Interest income	**5,683**	6,135	(452)	**12,208**	13,486	(1,278)
Investment income	**2,125**	5,315	(3,190)	**4,251**	10,630	(6,379)
Fee income	**1,303**	738	565	**2,470**	3,208	(738)
Net interest expense and other financing charges	**(159,010)**	(155,775)	(3,235)	**(316,463)**	(308,823)	(7,640)
Distributions on Exchangeable Units[(i)]	**77,178**	76,189	989	**153,697**	151,718	1,979
Interest otherwise capitalized for development in equity accounted joint ventures	**2,297**	2,340	(43)	**4,891**	4,836	55
General and administrative expenses	**(16,768)**	(14,976)	(1,792)	**(32,826)**	(29,713)	(3,113)
Internal expenses for leasing	**2,657**	2,163	494	**5,476**	4,573	903
Funds from Operations	**$ 192,904**	$ 191,567	$ 1,337	**$ 388,924**	$ 382,506	$ 6,418
FFO per unit - diluted	**$ 0.267**	$ 0.265	$ 0.002	**$ 0.537**	$ 0.528	$ 0.009
FFO payout ratio - diluted[(ii)]	**73.2 %**	72.7 %	0.5 %	**72.3 %**	72.5 %	(0.2)%
Distribution declared per unit	**$ 0.195**	$ 0.193	$ 0.002	**$ 0.388**	$ 0.384	$ 0.004
Weighted average number of units outstanding - diluted[(iii)]	**723,810,797**	723,810,797	—	**723,810,797**	723,790,848	19,949

(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.

14.3 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 14, "Non-GAAP Financial Measures" for further details about this non-GAAP measure.

For the periods ended June 30 ($ thousands except where otherwise indicated)	Three Months			Six Months		
	2026	2025	Change $	**2026**	2025	Change $
Funds from Operations	**$ 192,904**	$ 191,567	$ 1,337	**$ 388,924**	$ 382,506	$ 6,418
Add (deduct) impact of the following:						
Internal expenses for leasing	**(2,657)**	(2,163)	(494)	**(5,476)**	(4,573)	(903)
Straight-line rental revenue	**1,375**	570	805	**2,479**	937	1,542
Straight-line rental revenue adjustment to proportionate share	**(1,331)**	(1,535)	204	**(5,104)**	(2,901)	(2,203)
Property capital	**(15,444)**	(12,171)	(3,273)	**(20,862)**	(12,600)	(8,262)
Direct leasing costs	**(1,647)**	(2,316)	669	**(2,992)**	(3,775)	783
Tenant improvements	**(15,973)**	(5,487)	(10,486)	**(19,887)**	(8,814)	(11,073)
Operating capital expenditures adjustment to proportionate share	**(273)**	(1,520)	1,247	**(1,214)**	(3,570)	2,356
Adjusted Funds from Operations	**$ 156,954**	$ 166,945	$ (9,991)	**$ 335,868**	$ 347,210	$ (11,342)
AFFO per unit - diluted	**$ 0.217**	$ 0.231	$ (0.014)	**$ 0.464**	$ 0.480	$ (0.016)
AFFO payout ratio - diluted[(i)]	**89.9 %**	83.5 %	6.4 %	**83.7 %**	79.9 %	3.8 %
Distribution declared per unit	**$ 0.195**	$ 0.193	$ 0.002	**$ 0.388**	$ 0.384	$ 0.004
Weighted average number of units outstanding - diluted[(ii)]	**723,810,797**	723,810,797	—	**723,810,797**	723,790,848	19,949

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

14.4 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 14, "Non-GAAP Financial Measures" for further details about this non-GAAP measure.

	Three Months			Six Months		
For the periods ended June 30 ($ thousands except where otherwise indicated)	**2026**	2025	Change $	**2026**	2025	Change $
Cash Flows from Operating Activities	**$ 158,921**	$ 160,037	$ (1,116)	**$ 284,973**	$ 299,398	$ (14,425)
Add (deduct) impact of the following:						
Net interest expense and other financing charges in excess of interest paid[i]	**(98,800)**	(90,112)	(8,688)	**(153,864)**	(152,967)	(897)
Distributions on Exchangeable Units included in net interest expense and other financing charges	**77,178**	76,189	989	**153,697**	151,718	1,979
Interest and other income in excess of interest received[i]	**712**	673	39	**3,615**	(16,620)	20,235
Interest otherwise capitalized for development in equity accounted joint ventures	**2,297**	2,340	(43)	**4,891**	4,836	55
Portion of internal expenses for leasing relating to development activity	**1,328**	1,082	246	**2,738**	2,287	451
Adjustment for property capital expenditures on a proportionate share basis	**(15,557)**	(12,940)	(2,617)	**(21,374)**	(14,332)	(7,042)
Adjustment for leasing expenditures to a proportionate share basis	**(160)**	(751)	591	**(702)**	(1,838)	1,136
Adjustment for proportionate share of operating income from equity accounted joint ventures[ii]	**10,202**	8,171	2,031	**20,012**	14,306	5,706
Adjustment for distributions from equity accounted joint ventures	**(2,777)**	(2,244)	(533)	**(5,272)**	(9,374)	4,102
Adjustment for changes in non-cash working capital items not indicative of sustainable operating cash flows[iii]	**32,404**	33,009	(605)	**57,740**	74,220	(16,480)
Adjusted Cash Flow from Operations	**165,748**	175,454	(9,706)	**346,454**	351,634	(5,180)
Cash distributions declared	**141,143**	139,334	1,809	**281,080**	277,455	3,625
Cash Retained after Distributions	**$ 24,605**	$ 36,120	$ (11,515)	**$ 65,374**	$ 74,179	$ (8,805)
ACFO Payout Ratio[iv]	**85.2 %**	79.4 %	5.8 %	**81.1 %**	78.9 %	2.2 %

(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:

	Three Months			Six Months		
For the periods ended June 30 ($ thousands)	**2026**	2025	Change $	**2026**	2025	Change $
Net change in non-cash working capital[i]	**$ (27,676)**	$ (28,579)	$ 903	**$ (55,906)**	$ (76,191)	$ 20,285
Adjustment for changes in non-cash working capital items not indicative of sustainable operating cash flows	**32,404**	33,009	(605)	**57,740**	74,220	(16,480)
Net non-cash working capital change included in ACFO	**$ 4,728**	$ 4,430	$ 298	**$ 1,834**	$ (1,971)	$ 3,805

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

14.5 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 June 30 ($ thousands)	2026 GAAP Basis	2026 Adjustment to Proportionate Share Basis	2026 Proportionate Share Basis	2025 GAAP Basis	2025 Adjustment to Proportionate Share Basis	2025 Proportionate Share Basis
Interest on senior unsecured debentures	$ 60,739	$ —	$ 60,739	$ 56,714	$ —	$ 56,714
Interest on mortgages and construction loans	11,507	8,430	19,937	13,202	7,620	20,822
Interest on credit facility	1,171	—	1,171	2,649	—	2,649
Subtotal (for use in Debt Service Coverage calculation)	73,417	8,430	81,847	72,565	7,620	80,185
Distributions on Exchangeable Units(i)	77,178	—	77,178	76,189	—	76,189
Subtotal (for use in EBITDAFV calculation)	150,595	8,430	159,025	148,754	7,620	156,374
Interest on right-of-use lease liabilities	8	—	8	10	—	10
Amortization of debt discounts and premiums	47	22	69	128	49	177
Amortization of debt placement costs	1,217	192	1,409	1,111	178	1,289
Capitalized interest	(855)	(646)	(1,501)	(1,046)	(1,029)	(2,075)
Net interest expense and other financing charges	$ 151,012	$ 7,998	$ 159,010	$ 148,957	$ 6,818	$ 155,775

(i) Represents interest on indebtedness due to GWL.

For the six months ended June 30 ($ thousands)	2026 GAAP Basis	2026 Adjustment to Proportionate Share Basis	2026 Proportionate Share Basis	2025 GAAP Basis	2025 Adjustment to Proportionate Share Basis	2025 Proportionate Share Basis
Interest on senior unsecured debentures	$ 120,921	$ —	$ 120,921	$ 112,616	$ —	$ 112,616
Interest on mortgages and construction loans	23,403	16,485	39,888	26,688	16,100	42,788
Interest on credit facility	2,079	—	2,079	3,823	—	3,823
Subtotal (for use in Debt Service Coverage calculation)	146,403	16,485	162,888	143,127	16,100	159,227
Distributions on Exchangeable Units(i)	153,697	—	153,697	151,718	—	151,718
Subtotal (for use in EBITDAFV calculation)	300,100	16,485	316,585	294,845	16,100	310,945
Interest on right-of-use lease liabilities	17	—	17	20	—	20
Amortization of debt discounts and premiums	121	64	185	263	263	526
Amortization of debt placement costs	2,361	362	2,723	2,173	353	2,526
Capitalized interest	(1,524)	(1,523)	(3,047)	(2,155)	(3,039)	(5,194)
Net interest expense and other financing charges	$ 301,075	$ 15,388	$ 316,463	$ 295,146	$ 13,677	$ 308,823

(i) Represents interest on indebtedness due to GWL.

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

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

For the periods ended June 30 ($ thousands)	Three Months			Six Months		
	2026	2025	Change $	**2026**	2025	Change $
Net Loss	**$ (176,381)**	$ (154,247)	$ (22,134)	**$ (263,575)**	$ (250,480)	$ (13,095)
Add (deduct) impact of the following:						
Adjustment to fair value of unit-based compensation	**1,447**	875	572	**1,743**	893	850
Adjustment to fair value of Exchangeable Units	**387,870**	364,124	23,746	**605,553**	601,596	3,957
Adjustment to fair value of investment properties	**(123,535)**	(93,486)	(30,049)	**(202,538)**	(123,444)	(79,094)
Adjustment to fair value of investment properties to proportionate share	**18,741**	2,451	16,290	**31,316**	(7,569)	38,885
Adjustment to fair value of investment in real estate securities	**(7,912)**	(9,093)	1,181	**41,568**	(119)	41,687
Adjustment to fair value of derivative financial liability	**10,290**	—	10,290	**10,290**	—	10,290
Interest expense on a proportionate share basis(i)	**159,025**	156,374	2,651	**316,585**	310,945	5,640
Amortization of other assets	**295**	315	(20)	**588**	631	(43)
Amortization of intangible assets	**250**	250	—	**500**	500	—
Income tax expense	**2**	1	1	**3**	2	1
Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value (EBITDAFV)	**$ 270,092**	$ 267,564	$ 2,528	**$ 542,033**	$ 532,955	$ 9,078

(i) As calculated in Section 14.5, "Net Interest Expense and Other Financing Charges Reconciliation".

14.7 Selected Information For Comparative Purposes

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

($ thousands except where otherwise indicated)	**Second Quarter 2026**	First Quarter 2026	Fourth Quarter 2025	Third Quarter 2025	Second Quarter 2025	First Quarter 2025	Fourth Quarter 2024	Third Quarter 2024	Second Quarter 2024
Net (loss) income	**$ (176,381)**	$ (87,194)	$ (53,357)	$ 242,649	$ (154,247)	$ (96,233)	$ 791,916	$ (662,989)	$ 513,231
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	**1,447**	296	610	438	875	18	(1,927)	3,339	(1,288)
Adjustment to fair value of Exchangeable Units	**387,870**	217,683	43,536	(67,284)	364,124	237,472	(704,500)	906,351	(372,039)
Adjustment to fair value of investment properties	**(123,535)**	(79,003)	(2,212)	(18,676)	(93,486)	(29,958)	16,112	(82,173)	(28,035)
Adjustment to fair value of investment properties to proportionate share	**18,741**	12,575	31,053	5,371	2,451	(10,020)	(29,752)	(620)	2,493
Adjustment to fair value of investment in real estate securities	**(7,912)**	49,480	87,034	(42,277)	(9,093)	8,974	36,254	(57,983)	27,870
Adjustment to fair value of derivative financial liability	**10,290**	—	—	—	—	—	—	—	—
Interest otherwise capitalized for development in equity accounted joint ventures	**2,297**	2,594	2,264	2,295	2,340	2,496	2,975	3,119	3,069
Exchangeable Units distributions	**77,178**	76,519	76,189	76,189	76,189	75,529	75,199	75,199	75,199
Internal expenses for leasing	**2,657**	2,819	2,616	2,458	2,163	2,410	2,695	2,154	2,579
Income tax expense (recovery)	**2**	1	1,939	3	1	1	(1,057)	—	—
Funds from Operations	**$ 192,904**	$ 196,020	$ 189,922	$ 201,416	$ 191,567	$ 190,939	$ 188,220	$ 186,647	$ 184,714
FFO per unit - diluted	**$ 0.267**	$ 0.271	$ 0.262	$ 0.278	$ 0.265	$ 0.264	$ 0.260	$ 0.258	$ 0.255
FFO payout ratio - diluted[(i)]	**73.2 %**	71.4 %	73.4 %	69.2 %	72.7 %	72.3 %	73.1 %	73.7 %	74.4 %
Distribution declared per unit	**$ 0.195**	$ 0.193	$ 0.193	$ 0.193	$ 0.193	$ 0.191	$ 0.190	$ 0.190	$ 0.190
Weighted average number of units outstanding - diluted[(ii)]	**723,810,797**	723,810,797	723,810,797	723,810,797	723,810,797	723,770,677	723,726,328	723,683,222	723,659,539

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

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

($ thousands except where otherwise indicated)	**Second Quarter 2026**	First Quarter 2026	Fourth Quarter 2025	Third Quarter 2025	Second Quarter 2025	First Quarter 2025	Fourth Quarter 2024	Third Quarter 2024	Second Quarter 2024
Funds from operations	**$ 192,904**	$ 196,020	$ 189,922	$ 201,416	$ 191,567	$ 190,939	$ 188,220	$ 186,647	$ 184,714
Add (deduct) impact of the following:									
Internal expenses for leasing	**(2,657)**	(2,819)	(2,616)	(2,458)	(2,163)	(2,410)	(2,695)	(2,154)	(2,579)
Straight-line rental revenue	**1,375**	1,104	1,135	411	570	367	675	346	1,434
Straight-line rental revenue adjustment to proportionate share	**(1,331)**	(3,773)	(3,021)	(1,343)	(1,535)	(1,366)	(1,736)	(620)	(658)
Property capital	**(15,444)**	(5,418)	(27,341)	(41,688)	(12,171)	(429)	(61,315)	(11,890)	(2,606)
Direct leasing costs	**(1,647)**	(1,345)	(2,217)	(2,879)	(2,316)	(1,459)	(1,738)	(2,890)	(2,024)
Tenant improvements	**(15,973)**	(3,914)	(10,183)	(13,582)	(5,487)	(3,327)	(10,107)	(2,295)	(1,369)
Operating capital expenditures adjustment to proportionate share	**(273)**	(941)	(208)	(823)	(1,520)	(2,050)	(1,978)	(1,268)	(312)
Adjusted Funds from Operations	**$ 156,954**	$ 178,914	$ 145,471	$ 139,054	$ 166,945	$ 180,265	$ 109,326	$ 165,876	$ 176,600
AFFO per unit - diluted	**$ 0.217**	$ 0.247	$ 0.201	$ 0.192	$ 0.231	$ 0.249	$ 0.151	$ 0.229	$ 0.244
AFFO payout ratio - diluted[(i)]	**89.9 %**	78.2 %	95.8 %	100.2 %	83.5 %	76.6 %	125.8 %	82.9 %	77.9 %
Weighted average number of units outstanding - diluted[(ii)]	**723,810,797**	723,810,797	723,810,797	723,810,797	723,810,797	723,770,677	723,726,328	723,683,222	723,659,539

(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 4.6 "Financial Condition" and Section 14, "Non-GAAP Financial Measures" for further details about this non-GAAP measure.

	Second Quarter 2026	First Quarter 2026	Fourth Quarter 2025	Third Quarter 2025	Second Quarter 2025	First Quarter 2025	Fourth Quarter 2024	Third Quarter 2024	Second Quarter 2024
Total Assets - Proportionate Basis	**$18,890,236**	$18,654,559	$18,802,407	$18,845,090	$18,518,958	$18,069,141	$18,219,439	$18,042,431	$18,243,332
Debt Service Coverage Ratio - Denominator	**$ 91,188**	$ 90,525	$ 92,344	$ 93,318	$ 89,251	$ 88,815	$ 87,597	$ 89,641	$ 83,587

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Choice Properties Real Estate Investment Trust
Condensed Consolidated Balance Sheets

(unaudited) (in thousands of Canadian dollars)	Note		**As at June 30, 2026**		As at December 31, 2025
Assets					
Investment properties	6	**$**	**16,011,000**	$	15,758,000
Equity accounted joint ventures	7		**989,907**		961,678
Financial real estate assets	8		**203,082**		202,079
Residential development inventory			**2,095**		2,095
Mortgages, loans and notes receivable	9		**411,824**		645,432
Investment in real estate securities			**116,320**		157,888
Intangible assets			**11,464**		11,964
Accounts receivable and other assets	10		**155,483**		102,830
Assets held for sale	6		**13,175**		—
Cash and cash equivalents			**45,742**		71,180
Total Assets		**$**	**17,960,092**	$	17,913,146
Liabilities and Equity					
Long term debt	11	**$**	**6,719,101**	$	6,804,960
Credit facility	12		**67,930**		—
Exchangeable Units	13		**6,467,151**		5,861,598
Trade payables and other liabilities	14		**514,020**		661,779
Total Liabilities			**13,768,202**		13,328,337
Equity					
Unitholders' equity	13		**4,191,890**		4,584,809
Total Equity			**4,191,890**		4,584,809
Total Liabilities and Equity		**$**	**17,960,092**	$	17,913,146

Contingencies, Commitments, and Guarantees (Note 21).
See accompanying notes to the unaudited interim period condensed 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
Condensed Consolidated Statements of Operations and Comprehensive Loss

(unaudited) (in thousands of Canadian dollars)	Note	Three Months		Six Months	
		June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Net Rental Income					
Rental revenue	15	**$ 361,331**	$ 350,779	**$ 722,523**	$ 697,691
Property operating costs	16	**(105,300)**	(99,223)	**(210,395)**	(200,286)
		256,031	251,556	**512,128**	497,405
Other Income and Expenses					
Interest income		**8,891**	9,028	**19,900**	20,689
Investment income		**2,125**	5,315	**4,251**	10,630
Fee income		**1,303**	738	**2,470**	3,208
Net interest expense and other financing charges	17	**(151,012)**	(148,957)	**(301,075)**	(295,146)
General and administrative expenses		**(16,768)**	(14,976)	**(32,826)**	(29,713)
Share of (loss) income from equity accounted joint ventures	7	**(8,539)**	5,720	**(11,304)**	21,875
Amortization of intangible assets		**(250)**	(250)	**(500)**	(500)
Adjustment to fair value of unit-based compensation		**(1,447)**	(875)	**(1,743)**	(893)
Adjustment to fair value of Exchangeable Units	13	**(387,870)**	(364,124)	**(605,553)**	(601,596)
Adjustment to fair value of investment properties	6	**123,535**	93,486	**202,538**	123,444
Adjustment to fair value of investment in real estate securities		**7,912**	9,093	**(41,568)**	119
Adjustment to fair value of derivative financial liability	18	**(10,290)**	—	**(10,290)**	—
Loss Before Income Taxes		**(176,379)**	(154,246)	**(263,572)**	**(250,478)**
Income tax expense		**(2)**	(1)	**(3)**	(2)
Net Loss		**$ (176,381)**	$ (154,247)	**$ (263,575)**	$ (250,480)
Net Loss		**$ (176,381)**	$ (154,247)	**$ (263,575)**	$ (250,480)
Other Comprehensive (Loss) Income					
Unrealized loss (gain) on designated hedging instruments	18	**(447)**	855	**(76)**	(1,195)
Other Comprehensive (Loss) Income		**(447)**	855	**(76)**	(1,195)
Comprehensive Loss		**$ (176,828)**	$ (153,392)	**$ (263,651)**	$ (251,675)

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

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

(unaudited) (in thousands of Canadian dollars)	Attributable to Choice Properties' Unitholders				
	Trust Units	**Cumulative net income**	**Accumulated other comprehensive income**	**Cumulative distributions to Unitholders**	**Total Unitholders' equity**
Equity, December 31, 2025	$ 3,658,693	$ 3,098,935	$ 2,574	$ (2,175,393)	$ 4,584,809
Net loss	—	(263,575)	—	—	(263,575)
Other comprehensive loss	—	—	(76)	—	(76)
Distributions	—	—	—	(127,383)	(127,383)
Reclassification of vested Unit-Settled Restricted Units liability to equity	2,058	—	—	—	2,058
Units repurchased for unit-based compensation arrangements	(3,943)	—	—	—	(3,943)
Equity, June 30, 2026	**$ 3,656,808**	**$ 2,835,360**	**$ 2,498**	**$ (2,302,776)**	**$ 4,191,890**

(unaudited) (in thousands of Canadian dollars)	Attributable to Choice Properties' Unitholders				
	Trust Units	Cumulative net income	Accumulated other comprehensive income	Cumulative distributions to Unitholders	Total Unitholders' equity
Equity, December 31, 2024	$ 3,659,456	$ 3,160,123	$ 3,587	$ (1,923,366)	$ 4,899,800
Net loss	—	(250,480)	—	—	(250,480)
Other comprehensive loss	—	—	(1,195)	—	(1,195)
Distributions	—	—	—	(125,737)	(125,737)
Units issued under unit-based compensation arrangements	1,320	—	—	—	1,320
Reclassification of vested Unit-Settled Restricted Units liability to equity	1,743	—	—	—	1,743
Units repurchased for unit-based compensation arrangements	(3,731)	—	—	—	(3,731)
Equity, June 30, 2025	$ 3,658,788	$ 2,909,643	$ 2,392	$ (2,049,103)	$ 4,521,720

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

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

(unaudited) (in thousands of Canadian dollars)	Note	Three Months **June 30, 2026**	Three Months June 30, 2025	Six Months **June 30, 2026**	Six Months June 30, 2025
Operating Activities					
Net loss		**$ (176,381)**	$ (154,247)	**$ (263,575)**	$ (250,480)
Net interest expense and other financing charges	17	**151,012**	148,957	**301,075**	295,146
Interest paid		**(52,212)**	(58,845)	**(147,211)**	(142,179)
Interest income		**(8,891)**	(9,028)	**(19,900)**	(20,689)
Interest received		**8,179**	8,355	**16,285**	37,309
Share of loss (income) from equity accounted joint ventures		**8,539**	(5,720)	**11,304**	(21,875)
Distributions from equity accounted joint ventures		**2,777**	2,244	**5,272**	9,374
Direct leasing costs and tenant improvement allowances	6	**(17,620)**	(7,803)	**(22,879)**	(12,589)
Cash paid on vesting of restricted and performance units		**(189)**	(158)	**(2,332)**	(2,213)
Items not affecting cash and other items	19(a)	**271,383**	264,861	**462,840**	483,785
Net change in non-cash working capital	19(b)	**(27,676)**	(28,579)	**(55,906)**	(76,191)
Cash Flows from Operating Activities		**158,921**	160,037	**284,973**	299,398
Investing Activities					
Acquisitions of investment properties	5	**(7,839)**	(327,433)	**(36,338)**	(361,130)
Additions to investment properties	6	**(33,096)**	(28,305)	**(55,222)**	(59,712)
Additions to financial real estate assets	8	**(35)**	(5)	**(307)**	(53)
Contributions to equity accounted joint ventures		**(6,433)**	(8,768)	**(7,359)**	(30,637)
Distribution of disposition proceeds from equity accounted joint ventures		**—**	—	**—**	27,903
Mortgages, loans and notes receivable advances		**(80,270)**	(83,393)	**(158,098)**	(179,958)
Mortgages, loans and notes receivable repayments		**72,971**	2,409	**90,859**	147,906
Proceeds from dispositions	5	**6,800**	76,275	**6,800**	112,230
Cash Flows used in Investing Activities		**(47,902)**	(369,220)	**(159,665)**	(343,451)
Financing Activities					
Proceeds from issuance of debentures, net		**—**	—	**—**	298,521
Repayments of debentures		**—**	—	**—**	(350,000)
Net repayments of mortgages payable	11	**(70,267)**	(6,928)	**(87,833)**	(14,145)
Net advances on construction loans		**—**	46	**—**	76
Net advances on credit facility	12	**40,000**	200,000	**70,000**	200,000
Payment of credit facility extension fee		**(1,861)**	(562)	**(1,861)**	(562)
Cash received on exercise of options		**—**	—	**—**	1,229
Repurchase of units for unit-based compensation arrangement		**(3,943)**	(18)	**(3,943)**	(3,731)
Distributions paid on Trust Units		**(63,965)**	(63,051)	**(127,109)**	(125,363)
Cash Flows (Used in) from Financing Activities		**(100,036)**	129,487	**(150,746)**	6,025
Change in cash and cash equivalents		**10,983**	(79,696)	**(25,438)**	(38,028)
Cash and cash equivalents, beginning of period		**34,759**	105,056	**71,180**	63,388
Cash and Cash Equivalents, End of Period		**$ 45,742**	$ 25,360	**$ 45,742**	$ 25,360

Supplemental disclosure of non-cash operating activities (Note 19).
See accompanying notes to the unaudited interim period condensed consolidated financial statements.

Note 1. Nature and Description of the Trust

Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") is an unincorporated, open-ended mutual fund trust governed by the laws of the Province of Ontario and established pursuant to a declaration of trust amended and restated as of April 30, 2021, as may be amended from time to time (the "Declaration of Trust"). Choice Properties, Canada's 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 June 30, 2026, GWL held either directly or indirectly, a 61.7% effective interest in Choice Properties. Choice Properties' ultimate parent is Wittington Investments, Limited ("Wittington").

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

Note 2. Material Accounting Policy Information

The material accounting policies and critical accounting estimates and judgments as disclosed in the 2025 audited annual consolidated financial statements for Choice Properties have been applied consistently in the preparation of these condensed consolidated financial statements, with the exception of the adoption of the amendments to IFRS 7 and IFRS 9 (Note 3). The condensed consolidated financial statements are presented in Canadian dollars.

Statement of Compliance

The condensed consolidated financial statements of Choice Properties are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "GAAP") and International Accounting Standard 34, "Interim Financial Reporting". These condensed consolidated financial statements should be read in conjunction with the Trust's audited consolidated financial statements and accompanying notes for the year ended December 31, 2025.

These condensed consolidated financial statements were authorized for issuance by the Board of Trustees ("Board") for Choice Properties on July 22, 2026.

Note 3. Accounting Standards

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 of these amendments did not have a material impact on the Trust's condensed consolidated financial statements.

Note 4. Agreement to Acquire Certain Assets of First Capital Real Estate Investment Trust

On April 16, 2026, the Trust announced that it entered into an agreement with First Capital Real Estate Investment Trust ("FCR") and KingSett Capital on behalf of its investors (the "Transaction").

Upon closing of the Transaction, the Trust will acquire approximately $5,000,000 of FCR's retail assets, comprised of approximately $4,800,000 of income producing properties and approximately $200,000 of properties under development.

Choice Properties intends to finance the acquisition as follows:

- Issuance of approximately 68.6 million Trust Units to FCR's unitholders,
- Issuance of approximately 38.0 million Exchangeable or Trust Units to GWL valued at approximately $600,000,
- Assumption of $2,300,000 principal of outstanding unsecured debentures of FCR,
- Assumption of approximately $400,000 principal of existing mortgages secured by the acquired assets, and
- The remainder of the Transaction is expected to be financed through the issuance of new debt.

On June 23, 2026, the Transaction was approved by FCR's unitholders. On June 25, 2026, the Ontario Superior Court of Justice (Commercial List) issued a final order approving the Transaction's plan of arrangement pursuant to the arrangement agreement dated April 16, 2026. The Transaction is subject to other regulatory and customary approvals and closing conditions, and is expected to close in the second half of 2026.

Note 5. Investment Property and Other Transactions

The following table summarizes the investment properties acquired in the six months ended June 30, 2026:

($ thousands except where otherwise indicated)						Consideration
Property / Location	**Date of Acquisition**	**Segment**	**Ownership Interest Acquired**	**Purchase Price**	**Purchase Price incl. Related Costs**	**Cash**
Investment properties						
Acquisition from third parties						
6405 Sherbrooke St. W, Montreal, QC	Jan 7	Retail	100%	$ 13,000	$ 13,609	$ 13,609
Southpoint Shopping Centre, Edmonton, AB	Jan 15	Retail	50%	14,700	14,890	14,890
428 King St. N, Waterloo, ON	Jun 15	Retail	100%	7,400	7,839	7,839
Total acquisitions				**$ 35,100**	**$ 36,338**	**$ 36,338**

The following table summarizes the investment properties sold in the six months ended June 30, 2026:

($ thousands except where otherwise indicated)					Consideration
Property / Location	**Date of Disposition**	**Segment**	**Ownership Interest Disposed**	**Sale Price excl. Selling Costs**	**Cash**
Investment properties					
222 Lansdowne Ave., Toronto, ON	Apr 7	Retail (Land Parcel)	100%	$ 3,738	$ 3,738
1770 Keene Cres. SW, Edmonton, AB	May 29	Retail (Development Land)	50%	3,062	3,062
Total dispositions				**$ 6,800**	**$ 6,800**

Note 6. Investment Properties

($ thousands)	Note	Income producing properties	Properties under development	Six months ended June 30, 2026	Year ended December 31, 2025
Balance, beginning of period		**$ 15,530,000**	**$ 228,000**	**$ 15,758,000**	$ 15,331,000
Acquisitions - including transaction costs of $1,238 (2025 - $5,616)	5	**36,338**	**—**	**36,338**	401,636
Capital expenditures					
Development capital[(i)(ii)]		**96**	**27,462**	**27,558**	79,925
Building improvements		**1,201**	**—**	**1,201**	8,000
Capitalized interest[(iii)]	17	**—**	**1,524**	**1,524**	4,146
Property capital		**20,862**	**—**	**20,862**	81,629
Direct leasing costs		**2,992**	**—**	**2,992**	8,871
Tenant improvement allowances		**19,887**	**—**	**19,887**	32,579
Amortization of straight-line rent		**(2,479)**	**—**	**(2,479)**	(2,483)
Transfers to assets held for sale		**(13,175)**	**—**	**(13,175)**	(77,060)
Transfer to equity accounted joint ventures	7, 22	**—**	**(37,446)**	**(37,446)**	—
Transfers from properties under development		**12,243**	**(12,243)**	**—**	—
Dispositions		**(3,738)**	**(3,062)**	**(6,800)**	(102,525)
Disposition to equity accounted joint venture		**—**	**—**	**—**	(152,300)
Adjustment to fair value of investment properties[(iv)]		**207,773**	**(5,235)**	**202,538**	144,582
Balance, end of period		**$ 15,812,000**	**$ 199,000**	**$ 16,011,000**	$ 15,758,000

(i) Development capital for income producing properties represents development expenditure after the transfer of a project.
(ii) Development capital included $2,589 of site intensification payments paid to Loblaw (December 31, 2025 - $4,894) (Note 22).
(iii) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.28% (December 31, 2025 - 4.25%).
(iv) The unrealized fair value changes to income producing properties and properties under development were a gain of $203,858 and a loss of $4,933, respectively, for properties owned as at June 30, 2026 (December 31, 2025 - unrealized fair value gain of $164,586 and loss of $43,055, 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 22) should Choice Properties pursue activity resulting in the intensification of such excess land. The fair value of this excess land has been recorded in the condensed consolidated financial statements.

As at June 30, 2026, the Trust classified a retail asset with a fair value of $13,175 at the Trust's share as assets held for sale (December 31, 2025 - $77,060). Subsequent to the quarter end, the Trust disposed of its share in this asset.

Valuation Methodology and Process

Please refer to the Trust's 2025 audited annual consolidated financial statements for the description of its valuation methodology and process.

Significant Valuation Assumptions

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

	As at June 30, 2026		As at December 31, 2025	
Total Income Producing Properties	**Range**	**Weighted average**	Range	Weighted average
Discount rate	**5.25% - 10.50%**	**7.09%**	5.25% - 10.50%	7.11%
Terminal capitalization rate	**4.50% - 9.75%**	**6.32%**	4.50% - 9.95%	6.33%
Retail				
Discount rate	**5.25% - 10.50%**	**7.22%**	5.25% - 10.50%	7.26%
Terminal capitalization rate	**4.50% - 9.75%**	**6.47%**	4.50% - 9.95%	6.50%
Industrial				
Discount rate	**5.75% - 9.00%**	**6.80%**	6.00% - 9.00%	6.77%
Terminal capitalization rate	**5.00% - 8.50%**	**5.97%**	5.00% - 8.50%	5.92%
Mixed-Use & Residential				
Discount rate	**5.50% - 7.75%**	**6.49%**	5.25% - 7.75%	6.44%
Terminal capitalization rate	**4.50% - 7.00%**	**5.69%**	4.50% - 7.00%	5.64%

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 period, in accordance with the Trust's policy, is as follows:

	Six months ended June 30, 2026		Year ended December 31, 2025	
($ thousands except where otherwise indicated)	**Number of income producing properties**	**Fair value**	Number of income producing properties	Fair value
	41	**$ 1,578,000**	85	$ 3,227,000

Fair Value Sensitivity

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

($ thousands)	Terminal capitalization rate			Discount rate		
Rate sensitivity	**Weighted average terminal capitalization rate**	**Fair value**	**Change in fair value**	**Weighted average discount rate**	**Fair value**	**Change in fair value**
(0.75)%	5.57 %	$ 17,035,000	$ 1,224,000	6.34 %	$ 16,717,000	$ 906,000
(0.50)%	5.82 %	16,592,000	781,000	6.59 %	16,408,000	597,000
(0.25)%	6.07 %	16,186,000	375,000	6.84 %	16,106,000	295,000
— %	6.32 %	15,811,000	—	7.09 %	15,811,000	—
0.25 %	6.57 %	15,465,000	(346,000)	7.34 %	15,524,000	(287,000)
0.50 %	6.82 %	15,145,000	(666,000)	7.59 %	15,242,000	(569,000)
0.75 %	7.07 %	14,847,000	(964,000)	7.84 %	14,968,000	(843,000)

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 June 30, 2026		As at December 31, 2025	
	Number of joint ventures	**Ownership interest**	Number of joint ventures	Ownership interest
Retail	**9**	**50% - 75%**	9	50% - 75%
Industrial	**1**	**75%**	1	75%
Mixed-Use & Residential	**6**	**50%**	6	50%
Land held for development	**3**	**50% - 85%**	2	50% - 85%
Total equity accounted joint ventures	**19**		18	
Choice Properties' investment in equity accounted joint ventures		**$ 989,907**		$ 961,678

On January 29, 2026, Wittington acquired the 50% ownership interest in the Grenville & Grosvenor development project from the Trust's co-owner. Following this transaction, Wittington and the Trust each hold a 50% ownership interest in a limited partnership that owns the development property. As a result of the transaction, the Trust derecognized its $37,446 interest in the property and has recognized it as an investment in an equity accounted joint venture.

Note 8. Financial Real Estate Assets

($ thousands)	Note	**Six Months Ended June 30, 2026**	Year Ended December 31, 2025
Balance, beginning of period		**$ 202,079**	$ 199,374
Additions		**307**	152
Income from financial real estate assets due to changes in value		**696**	2,553
Balance, end of period		**$ 203,082**	$ 202,079

As at June 30, 2026, 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, 2025 - 6.82% and 6.22%, respectively).

Note 9. Mortgages, Loans and Notes Receivable

($ thousands)	Note	As at June 30, 2026	As at December 31, 2025
Mortgages receivable classified as amortized cost[(i)]		**$ 226,169**	$ 296,491
Mortgages receivable classified as fair value through profit and loss ("FVTPL")	18	**32,288**	45,175
Notes receivable from GWL classified as amortized cost[(i)]	22	**153,367**	303,766
Mortgages, loans and notes receivable		**$ 411,824**	$ 645,432
Classified as:			
Expected to be recovered in more than twelve months		**$ 70,632**	$ 63,220
Expected to be recovered in less than twelve months		**341,192**	582,212
		$ 411,824	$ 645,432

(i) The fair value of the mortgages, loans and notes receivable classified as amortized cost was $379,600 (December 31, 2025 - $600,700) (Note 18).

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:

	June 30, 2026		December 31, 2025	
	Weighted average term to maturity (years)	**Weighted average interest rate**	Weighted average term to maturity (years)	Weighted average interest rate
Mortgages receivable	**0.8**	**7.64%**	1.0	7.70%

Notes Receivable from GWL

Non-interest bearing short-term notes totalling $153,367 were issued to GWL during the six months ended June 30, 2026. In January 2026, notes totalling $303,766 with respect to the loans issued in the 2025 fiscal year were settled against distributions payable by the Trust to GWL (Note 22).

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)	Remainder of 2026	2027	2028	Total
Principal repayments				
Mortgages receivable	$ 164,499	$ 53,543	$ 37,850	**$ 255,892**
Notes receivable from GWL	—	153,367	—	**153,367**
Total principal repayments	**164,499**	**206,910**	**37,850**	**409,259**
Interest accrued	2,565	—	—	**2,565**
Total repayments	**$ 167,064**	**$ 206,910**	**$ 37,850**	**$ 411,824**

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 June 30, 2026, the Trust has issued $253,566 (December 31, 2025 - $306,377) 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 March 13, 2026, a mortgage receivable totalling $17,966, inclusive of accrued interest, was repaid in full.

On April 30, 2026, the Trust received a partial repayment of $40,554 on an outstanding mezzanine loan from a joint venture in which the Trust has an ownership interest.

On June 5, 2026, a mortgage receivable totalling $30,296, inclusive of accrued interest, was repaid in full.

Note 10. Accounts Receivable and Other Assets

($ thousands)	Note	As at June 30, 2026	As at December 31, 2025
Rent receivables[i] - net of expected credit loss of $7,634 (2025 - $8,564)		**$ 5,711**	$ 3,932
Accrued recovery income		**13,170**	13,381
Other receivables		**16,752**	15,920
Cost-to-complete receivable	22	**1,980**	1,980
Due from related parties[ii]	22	**26,399**	23,487
Restricted cash		**204**	211
Prepaid property taxes		**51,378**	8,087
Prepaid insurance		**3,794**	192
Other assets		**19,494**	22,175
Right-of-use assets - net of accumulated amortization of $3,860 (2025 - $3,389)		**18**	180
Deferred tax asset		**1,923**	1,923
Deferred acquisition costs and deposits on land		**9,561**	7,043
Designated hedging derivatives	18	**5,099**	4,319
Accounts receivable and other assets		**$ 155,483**	$ 102,830
Classified as:			
Expected to be recovered in more than twelve months		**$ 17,956**	$ 17,814
Expected to be recovered in less than twelve months		**137,527**	85,016
		$ 155,483	$ 102,830

(i) Includes net rent receivable of $1,702 from Loblaw (December 31, 2025 - $1,321 from Loblaw) (Note 22).
(ii) Includes $25,388 from Loblaw, $960 from Wittington, and $51 from GWL (December 31, 2025 - $23,373, $nil, and $114, respectively) (Note 22).

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 11. Long Term Debt

($ thousands)	As at June 30, 2026	As at December 31, 2025
Senior unsecured debentures	**$ 5,634,109**	$ 5,632,395
Mortgages payable	**1,079,686**	1,167,259
Construction loans	**5,306**	5,306
Long term debt	**$ 6,719,101**	$ 6,804,960
Classified as:		
Expected to be settled in more than twelve months	**$ 5,721,954**	$ 6,298,343
Expected to be settled in less than twelve months	**997,147**	506,617
	$ 6,719,101	$ 6,804,960

Senior Unsecured Debentures

($ thousands)

Series	Issuance Date	Maturity Date	Interest Rate	As at June 30, 2026	As at December 31, 2025
H	Mar 7, 2016	Mar 7, 2046	5.27%	**$ 100,000**	$ 100,000
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**	300,000
W	Aug 8, 2025	Aug 8, 2035	4.63%	**350,000**	350,000
X	Aug 8, 2025	Aug 8, 2055	5.37%	**150,000**	150,000
Total principal outstanding				**5,650,000**	5,650,000
Debt placement costs - net of accumulated amortization of $30,591 (2025 - $28,877)				**(15,891)**	(17,605)
Senior unsecured debentures				**$ 5,634,109**	$ 5,632,395

As at June 30, 2026, the senior unsecured debentures had a weighted average interest rate of 4.31% and a weighted average term to maturity of 5.3 years (December 31, 2025 - 4.31% and 5.8 years, respectively).

Mortgages Payable

($ thousands)	As at June 30, 2026	As at December 31, 2025
Mortgages principal	**$ 1,082,106**	$ 1,169,939
Net debt discounts and premiums - net of accumulated amortization of $7,349 (2025 - $7,228)	**71**	(50)
Debt placement costs - net of accumulated amortization of $1,458 (2025 - $1,319)	**(2,491)**	(2,630)
Mortgages payable	**$ 1,079,686**	$ 1,167,259

As at June 30, 2026, the mortgages had a weighted average interest rate of 4.17% and a weighted average term to maturity of 6.5 years (December 31, 2025 - 4.12% and 6.5 years, respectively).

Construction Loans

As at June 30, 2026, $5,306 was outstanding on the construction loans (December 31, 2025 - $5,306), with a weighted average interest rate of 4.23% and a weighted average term to maturity of 0.2 years (December 31, 2025 - 4.30% 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 June 30, 2026, the construction loans have a maximum capacity to be drawn at the Trust's ownership interest of $417,996, of which $412,471 relates to equity accounted joint ventures (December 31, 2025 - $277,681 and $272,156, respectively). The increase in the maximum capacity to be drawn was due to a new construction facility with a limit of $147.8 million at the Trust's share for Building D at Choice Caledon Business Park that was secured during the second quarter of 2026. The construction loans mature through 2026 to 2028.

Schedules of Repayments and Cash Flow Activities

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

($ thousands)	Remainder of 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	67,418	95,109	49,819	40,205	133,498	696,057	**1,082,106**
Construction loans	5,306	—	—	—	—	—	**5,306**
Total	**$ 422,724**	**$ 595,109**	**$ 799,819**	**$ 790,205**	**$ 833,498**	**$ 3,296,057**	**$ 6,737,412**

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

				June 30, 2026	December 31, 2025
($ thousands)	Senior unsecured debentures	Mortgages payable	Construction loans	Long term debt	Long term debt
Balance, beginning of period	$ 5,632,395	$ 1,167,259	$ 5,306	**$ 6,804,960**	$ 6,684,940
Issuances and advances	—	—	—	**—**	800,076
Repayments	—	(87,833)	—	**(87,833)**	(680,219)
Debt placement costs	—	—	—	**—**	(4,030)
Total cash flow activities	—	(87,833)	—	**(87,833)**	115,827
Amortization of debt discounts and premiums	—	121	—	**121**	455
Amortization of debt placement costs	1,714	139	—	**1,853**	3,738
Total non-cash activities	1,714	260	—	**1,974**	4,193
Balance, end of period	**$ 5,634,109**	**$ 1,079,686**	**$ 5,306**	**$ 6,719,101**	$ 6,804,960

Note 12. Credit Facility

($ thousands)	As at June 30, 2026	As at December 31, 2025
Credit facility		
$2,000,000 syndicated	**$ 70,000**	$ —
Debt placement costs - net of accumulated amortization of $13,296 (2025 - $12,788)(i)	**(3,307)**	—
Translation of US dollar denominated borrowings	**1,237**	—
Credit facility	**$ 67,930**	$ —
Classified as:		
Expected to be settled in more than twelve months	**$ 67,930**	$ —

(i) Unamortized debt placement costs for the credit facility of $1,954 were included in other assets as at December 31, 2025.

Choice Properties has a $2,000,000 senior unsecured committed revolving credit facility provided by a syndicate of lenders. During the second quarter of 2026, the Trust increased the facility limit from $1,500,000 to $2,000,000 and extended the maturity date from May 21, 2030 to May 21, 2031.

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 0.20% or Secured Overnight Financing Rate ("SOFR") plus 1.20%. 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 June 30, 2026, the Trust has U.S. dollar-denominated borrowings totaling $50,167, equivalent to $70,000 Canadian dollars (December 31, 2025 - $nil) and $nil (December 31, 2025 - $nil) in Canadian dollar-denominated borrowings. Concurrent with the draws, the full amount of U.S. dollar-denominated borrowings was exchanged into Canadian dollars. As at June 30, 2026, the credit facility was revalued at $71,237 Canadian dollars. The credit facility is subject to an annual commitment fee of 0.24% of the undrawn balance.

The credit facility contains certain financial covenants. As at June 30, 2026, the Trust was in compliance with all its financial covenants for the credit facility.

Schedule of Cash Flow Activities

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

($ thousands)	June 30, 2026	December 31, 2025
Balance, beginning of period	**$ —**	$ —
Net advances (repayments) of $2,000,000 syndicated credit facility	**70,000**	—
Extension fee and related costs included in debt placement costs	**(1,861)**	(562)
Total cash flow activities	**68,139**	(562)
Translation of US dollar denominated borrowings	**1,237**	—
Amortization of debt placement costs	**508**	854
Reclass from other assets	**(1,954)**	(292)
Total non-cash activities	**(209)**	562
Balance, end of period	**$ 67,930**	$ —

Note 13. 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 June 30, 2026		As at December 31, 2025	
($ thousands except where otherwise indicated)		Units	Amount	Units	Amount
Units, beginning of period		**328,024,272**	**$ 3,658,693**	327,923,972	$ 3,659,456
Units issued and granted under unit-based compensation arrangements		**252,420**	**—**	424,398	1,933
Reclassification of vested Unit-Settled Restricted Units liability to equity		**—**	**2,058**	—	1,786
Units repurchased for unit-based compensation arrangements		**(252,420)**	**(3,943)**	(324,098)	(4,482)
Units, end of period		**328,024,272**	**$ 3,656,808**	328,024,272	$ 3,658,693
Exchangeable Units, beginning of period		**395,786,525**	**$ 5,861,598**	395,786,525	$ 5,283,750
Adjustment to fair value of Exchangeable Units		**—**	**605,553**	—	577,848
Exchangeable Units, end of period		**395,786,525**	**$ 6,467,151**	395,786,525	$ 5,861,598
Total Units and Exchangeable Units, end of period		**723,810,797**		723,810,797	

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
During the six months ended June 30, 2026 and year ended December 31, 2025, Units were granted under the Unit-Settled Restricted Unit Plan. Additionally, during the year ended December 31, 2025, Units were issued as part of the settlement under the Unit Option Plan and the Trustee Deferred Unit Plan .

Units Repurchased for Unit-Based Compensation Arrangements
The Trust acquired Units under its NCIB during the six months ended June 30, 2026 and the year ended December 31, 2025, 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. In addition, 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

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)*[(i)]. 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 six months ended June 30, 2026, Choice Properties declared cash distributions of $0.388 per unit or $281,080 in aggregate (June 30, 2025 - $0.384 per unit or $277,455, 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 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 was 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.

(i) Choice Properties qualifies as a "mutual fund trust" and a "real estate investment trust" under the Income Tax Act (Canada).

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 14. Trade Payables and Other Liabilities

($ thousands)	Note	As at June 30, 2026	As at December 31, 2025
Trade accounts payable		**$ 9,733**	$ 12,621
Accrued liabilities and provisions[(i)]		**78,003**	73,281
Accrued acquisition transaction costs and other related expenses		**144**	137
Accrued capital expenditures[(ii)]		**77,139**	84,305
Accrued interest expense		**70,603**	71,394
Due to related party[(iii)]	22	**179,933**	330,821
Unit-based compensation		**20,306**	19,806
Distributions payable[(iv)]		**21,777**	21,503
Lease liabilities		**916**	992
Tenant deposits		**21,301**	20,104
Deferred revenue		**22,495**	25,054
Designated hedging derivatives	18	**1,380**	1,761
Derivative financial liability	18	**10,290**	—
Trade payables and other liabilities		**$ 514,020**	$ 661,779
Classified as:			
Expected to be settled in more than twelve months		**$ 4,042**	$ 6,477
Expected to be settled in less than twelve months		**509,978**	655,302
		$ 514,020	$ 661,779

(i) Includes amounts payable to Loblaw of $685 (December 31, 2025 - $3,963) (Note 22).
(ii) Includes construction allowances payable to Loblaw of $40,092 (December 31, 2025 - $40,483) (Note 22).
(iii) Includes distributions accrued on Exchangeable Units of $179,095 payable to GWL (December 31, 2025 - $329,162); $251 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, 2025 - $1,093); $nil payable to Wittington for various related party charges (December 31, 2025 - $288); and $587 payable to Loblaw for reimbursed contract revenue and other related party charges (December 31, 2025 - $278) (Note 22).
(iv) Includes distributions payable to GWL of $3,293 and Wittington of $709 (December 31, 2025 - $3,251 and $700, respectively) (Note 22).

Note 15. Rental Revenue

Rental revenue is comprised of the following:

	Three Months			Six Months		
($ thousands)	Related Parties[i]	Third Parties	June 30, 2026	Related Parties[i]	Third Parties	June 30, 2026
Base rent	$ 140,844	$ 100,029	$ 240,873	$ 280,588	$ 199,868	$ 480,456
Property tax and insurance recoveries	42,086	29,638	71,724	83,649	58,922	142,571
Operating cost recoveries	25,433	20,632	46,065	51,804	42,143	93,947
Lease surrender and other revenue	645	2,024	2,669	1,763	3,786	5,549
Rental revenue	$ 209,008	$ 152,323	$ 361,331	$ 417,804	$ 304,719	$ 722,523

(i) Refer to Note 22, Related Party Transactions.

	Three Months			Six Months		
($ thousands)	Related Parties[i]	Third Parties	June 30, 2025	Related Parties[i]	Third Parties	June 30, 2025
Base rent	$ 138,772	$ 98,149	$ 236,921	$ 273,671	$ 196,168	$ 469,839
Property tax and insurance recoveries	41,116	28,929	70,045	80,772	54,895	135,667
Operating cost recoveries	22,728	19,821	42,549	48,560	41,200	89,760
Lease surrender and other revenue	—	1,264	1,264	—	2,425	2,425
Rental revenue	$ 202,616	$ 148,163	$ 350,779	$ 403,003	$ 294,688	$ 697,691

(i) Refer to Note 22, Related Party Transactions.

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

Note 16. Property Operating Costs

	Three Months		Six Months	
($ thousands)	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Property taxes and insurance	$ 74,991	$ 71,364	$ 148,798	$ 140,138
Recoverable operating costs	29,059	26,500	59,959	57,335
Non-recoverable operating costs	1,250	1,359	1,638	2,813
Property operating costs	$ 105,300	$ 99,223	$ 210,395	$ 200,286

Included in non-recoverable operating expenses are reversals of net expected credit losses of $649 for the six months ended June 30, 2026 (June 30, 2025 - net expected credit losses of $102). Refer to Note 10 for discussion on rents receivable and the related expected credit losses.

Note 17. Net Interest Expense and Other Financing Charges

		Three Months		Six Months	
($ thousands)	Note	**June 30, 2026**	June 30, 2025	**June 30, 2026**	June 30, 2025
Interest on senior unsecured debentures		**$ 60,739**	$ 56,714	**$ 120,921**	$ 112,616
Interest on mortgages and construction loans		**11,507**	13,202	**23,403**	26,688
Interest on credit facility		**1,171**	2,649	**2,079**	3,823
Interest on right-of-use lease liabilities		**8**	10	**17**	20
Amortization of debt discounts and premiums	11	**47**	128	**121**	263
Amortization of debt placement costs	11,12	**1,217**	1,111	**2,361**	2,173
Distributions on Exchangeable Units[(i)]	22	**77,178**	76,189	**153,697**	151,718
		151,867	150,003	**302,599**	297,301
Less: Capitalized interest[(ii)]	6	**(855)**	(1,046)	**(1,524)**	(2,155)
Net interest expense and other financing charges		**$ 151,012**	$ 148,957	**$ 301,075**	$ 295,146

(i) Represents interest on indebtedness due to GWL.
(ii) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 4.29% and 4.28% for the three and six months ended June 30, 2026, respectively (June 30, 2025 - 4.23% and 4.23%, respectively).

Note 18. Financial Instruments

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

		As at June 30, 2026				As at December 31, 2025			
($ thousands)	Note	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Assets									
Fair value through profit and loss:									
Mortgages, loans and notes receivable	9	**$ —**	**$ —**	**$ 32,288**	**$ 32,288**	$ —	$ —	$ 45,175	$ 45,175
Financial real estate assets		**—**	**—**	**203,082**	**203,082**	—	—	202,079	202,079
Investment in real estate securities		**—**	**116,320**	**—**	**116,320**	—	157,888	—	157,888
Designated hedging derivatives	10	**—**	**5,099**	**—**	**5,099**	—	4,319	—	4,319
Amortized cost:									
Mortgages, loans and notes receivable	9	**—**	**—**	**379,600**	**379,600**	—	—	600,700	600,700
Cash and cash equivalents		**—**	**45,742**	**—**	**45,742**	—	71,180	—	71,180
Liabilities									
Fair value through profit and loss:									
Exchangeable Units	13	**—**	**6,467,151**	**—**	**6,467,151**	—	5,861,598	—	5,861,598
Unit-based compensation	14	**—**	**20,306**	**—**	**20,306**	—	19,806	—	19,806
Designated hedging derivatives	14	**—**	**1,380**	**—**	**1,380**	—	1,761	—	1,761
Derivative financial liability	14	**—**	**10,290**	**—**	**10,290**	—	—	—	—
Amortized cost:									
Long term debt	11	**—**	**—**	**6,920,583**	**6,920,583**	—	—	7,020,044	7,020,044

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 12). As at June 30, 2026, the interest rates associated with the interest rate swaps ranged from 2.8% to 5.0% (December 31, 2025 - 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 June 30, 2026**	As at December 31, 2025
Derivative assets					
Interest rate swaps	10	**Sep 2026 - Jun 2030**	**$ 61,759**	**$ 3,862**	$ 4,319
Cross currency swap	10	**July 2026**	**70,000**	**1,237**	—
Total derivative assets			**$ 131,759**	**$ 5,099**	$ 4,319
Derivative liabilities					
Interest rate swaps	14	**March 1, 2030**	**$ 73,118**	**1,380**	$ 1,761
Total derivative liabilities			**$ 73,118**	**$ 1,380**	$ 1,761

During the six months ended June 30, 2026, the Trust recorded an unrealized fair value loss in other comprehensive loss of $76 (June 30, 2025 - unrealized fair value loss of $1,195).

Derivative Financial Liability

As at June 30, 2026, the Trust recognized a derivative financial liability representing the value of its contractual obligation to issue 68.6 million Trust Units associated with the acquisition of certain assets of FCR (Note 4). The derivative financial liability is measured at fair value through profit or loss based on the difference in the closing price of Trust Units on April 15, 2026, immediately preceding the announcement of the Transaction and the closing price of the Trust Units on June 30, 2026.

For the three and six months ended June 30, 2026, the Trust recognized a fair value loss of $10,290 on the derivative financial liability. As at June 30, 2026, the fair value of the derivative financial liability was $10,290.

Note 19. Supplemental Cash Flow Information

(a) Items not affecting cash and other items

		Three Months		Six Months	
($ thousands)	Note	**June 30, 2026**	June 30, 2025	**June 30, 2026**	June 30, 2025
Straight-line rental revenue	6	**$ 1,375**	$ 570	**$ 2,479**	$ 937
Unit-based compensation expense included in general and administrative expenses		**1,598**	1,621	**3,245**	3,422
Amortization of intangible assets		**250**	250	**500**	500
Adjustment to fair value of unit-based compensation		**1,447**	875	**1,743**	893
Adjustment to fair value of Exchangeable Units	13	**387,870**	364,124	**605,553**	601,596
Adjustment to fair value of investment properties	6	**(123,535)**	(93,486)	**(202,538)**	(123,444)
Adjustment to fair value of investment in real estate securities		**(7,912)**	(9,093)	**41,568**	(119)
Adjustment to fair value of derivative financial liability	18	**10,290**	—	**10,290**	—
Items not affecting cash and other items		**$ 271,383**	$ 264,861	**$ 462,840**	$ 483,785

(b) Net change in non-cash working capital

		Three Months		Six Months	
($ thousands)	Note	**June 30, 2026**	June 30, 2025	**June 30, 2026**	June 30, 2025
Net change in accounts receivable and other assets	10	**$ (38,733)**	$ (11,841)	**$ (53,827)**	$ (41,738)
Net change in trade payables and other liabilities	14	**11,057**	(16,738)	**(2,079)**	(34,453)
Net change in non-cash working capital		**$ (27,676)**	$ (28,579)	**$ (55,906)**	$ (76,191)

Note 20. 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 marker ("CODM"), determined to be the senior leadership team, which is comprised of the Chief Executive Officer and the Chief Financial Officer. The CODM measures and evaluates the performance of the Trust based on net rental income.

The tables below presents net rental income for the six months ended June 30, 2026 and June 30, 2025 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)]**	**Six months ended June 30, 2026**
Base rent	**$ 378,917**	**$ 123,205**	**$ 24,858**	**$ (46,524)**	**$ 480,456**
Property tax and insurance recoveries	**113,794**	**33,544**	**4,333**	**(9,100)**	**142,571**
Operating cost recoveries	**79,453**	**15,490**	**4,594**	**(5,590)**	**93,947**
Lease surrender and other revenue	**5,200**	**265**	**1,506**	**(1,422)**	**5,549**
Rental Revenue	**577,364**	**172,504**	**35,291**	**(62,636)**	**722,523**
Property taxes and insurance	**(119,758)**	**(33,798)**	**(6,115)**	**10,873**	**(148,798)**
Recoverable operating costs	**(53,000)**	**(7,336)**	**(6,618)**	**6,995**	**(59,959)**
Non-recoverable operating costs	**(2,494)**	**(541)**	**(279)**	**1,676**	**(1,638)**
Property Operating Costs	**(175,252)**	**(41,675)**	**(13,012)**	**19,544**	**(210,395)**
Net Rental Income	**$ 402,112**	**$ 130,829**	**$ 22,279**	**$ (43,092)**	**$ 512,128**

(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)]	Six months ended June 30, 2025
Base rent	$ 372,276	$ 110,236	$ 26,135	$ (38,808)	$ 469,839
Property tax and insurance recoveries	109,176	29,439	4,505	(7,453)	135,667
Operating cost recoveries	72,452	13,887	6,711	(3,290)	89,760
Lease surrender and other revenue	1,923	304	1,277	(1,079)	2,425
Rental Revenue	555,827	153,866	38,628	(50,630)	697,691
Property taxes and insurance	(114,239)	(30,010)	(4,862)	8,973	(140,138)
Recoverable operating costs	(48,353)	(6,374)	(7,987)	5,379	(57,335)
Non-recoverable operating costs	(1,744)	(915)	(1,246)	1,092	(2,813)
Property Operating Costs	(164,336)	(37,299)	(14,095)	15,444	(200,286)
Net Rental Income	$ 391,491	$ 116,567	$ 24,533	$ (35,186)	$ 497,405

(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 Unaudited Interim Period Condensed Consolidated Financial Statements

The tables below presents investment properties as at June 30, 2026 and December 31, 2025 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 June 30, 2026**
Income producing properties	**$ 11,806,000**	**$ 4,631,000**	**$ 860,000**	**(1,485,000)**	**$ 15,812,000**
Properties under development	**194,000**	**495,000**	**67,000**	**(557,000)**	**199,000**
Investment Properties	**$ 12,000,000**	**$ 5,126,000**	**$ 927,000**	**$ (2,042,000)**	**$ 16,011,000**

(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, 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.

Note 21. 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 reassessments. The outcomes of such matters, including those listed below, cannot be predicted with certainty. Based on the information currently available, management does not consider Choice Properties' exposure to such reassessments, claims and litigation, to the extent not covered by Choice Properties' insurance policies or otherwise provided for, to be material to the condensed consolidated financial statements, but they may have a material impact in future periods.

a. Legal Proceedings

Choice Properties is potentially the subject of various legal proceedings and claims that arise in the ordinary course of business. The outcome of all these proceedings and claims is uncertain.

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 $99,931 at the Trust's ownership interest. As at June 30, 2026, the aggregate gross potential liability related to these letters of credit totalled $27,604 (December 31, 2025 - $29,918).

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. 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 $420,998 as at June 30, 2026 (December 31, 2025 - $427,000). 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.

d. Tax Reassessment

Choice Properties received a Notice of Reassessment from the Canada Revenue Agency ("CRA"), as anticipated based on CRA's prior notice, in connection with its 2018 taxation year as it relates to the acquisition of Canadian REIT. Choice Properties is strongly of the view that its tax filing position was appropriate and in accordance with the relevant provisions of the *Income Tax Act (Canada)* and intends to defend its position vigorously.

e. 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 $645,000, of which $506,000 relates to equity accounted joint ventures, as at June 30, 2026 (December 31, 2025 - $462,000 and $361,000, respectively). In addition, Choice Properties has entered into an agreement to acquire certain assets of FCR (Note 4.)

Note 22. Related Party Transactions

Choice Properties' controlling unitholder is GWL, which, as at June 30, 2026, 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 1,596,842 of the Trust's Units.

GWL is also the controlling shareholder of Loblaw, with ownership of 52.6% of outstanding common shares as at June 30, 2026 (December 31, 2025 - 52.6%). Therefore, Choice Properties is a related party of Loblaw by virtue of common control.

Transactions and Agreements with GWL

Services Agreement
During the six months ended June 30, 2026, GWL provided Choice Properties with corporate, administrative and other support services for an annualized cost of $5,140 (December 31, 2025 - $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 three and six months ended June 30, 2026, distributions declared on the Exchangeable Units totalled $77,178 and $153,697, respectively (June 30, 2025 - $76,189 and $151,718, respectively).

As at June 30, 2026, Choice Properties had distributions on Exchangeable Units payable to GWL of $179,095 (December 31, 2025 - $329,162). The payable to GWL included deferred distributions of $153,367 to be paid on the first business day of the 2027 fiscal year (December 31, 2025 - $303,766).

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 six months ended June 30, 2026, $153,367 of notes were issued to GWL. In January 2026, notes totalling $303,766 with respect to the loans issued in the 2025 fiscal year were settled against distributions payable by the Trust to GWL.

Trust Unit Distributions
During the three and six months ended June 30, 2026, Choice Properties declared cash distributions of $9,879 and $19,674, respectively, on the Units held by GWL (June 30, 2025 - $9,752 and $19,420, respectively). As at June 30, 2026, $3,293 of Trust Unit distributions declared were payable to GWL (December 31, 2025 - $3,251).

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

		Three Months		Six Months	
($ thousands)	Note	**June 30, 2026**	June 30, 2025	**June 30, 2026**	June 30, 2025
Rental revenue	15	**$ —**	$ 801	**$ —**	$ 1,601
Services Agreement expense		**(1,285)**	(1,247)	**(2,569)**	(2,494)
Distributions on Exchangeable Units	17	**(77,178)**	(76,189)	**(153,697)**	(151,718)

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

($ thousands)	Note	**As at June 30, 2026**	As at December 31, 2025
Notes receivable	9	**$ 153,367**	$ 303,766
Other receivables	10	**51**	114
Exchangeable Units	13	**(6,467,151)**	(5,861,598)
Accrued liabilities	14	**(251)**	(1,093)
Distributions payable on Exchangeable Units	14	**(179,095)**	(329,162)
Distributions payable on Trust Units	14	**(3,293)**	(3,251)
Due to GWL and subsidiaries		**$ (6,496,372)**	$ (5,891,224)

Transactions and Agreements with Loblaw

Strategic Alliance Agreement

The Strategic Alliance Agreement creates a series of rights and obligations between Choice Properties and Loblaw intended to establish a preferential and mutually beneficial business and operating relationship. The 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

Subsequent to the quarter end, the Trust and Loblaw renewed a full tranche of 50 leases expiring in 2027.

Lease Surrender Revenue

During the six months ended June 30, 2026, Choice Properties recognized $1,763 of lease surrender revenue from Loblaw (June 30, 2025 - $nil).

Site Intensification Payments

Choice Properties compensated Loblaw with intensification payments of $2,589 in connection with completed gross leasable area for which tenants took possession during the six months ended June 30, 2026 (June 30, 2025 - $3,215).

Transaction Summary as Reflected in the Consolidated Financial Statements

Loblaw is the largest tenant for Choice Properties, representing approximately 57.8% of Choice Properties' rental revenue for the six months ended June 30, 2026 (June 30, 2025 - 57.4%). Transactions with Loblaw recorded in the consolidated statements of operations and comprehensive loss were comprised as follows:

		Three Months		**Six Months**	
($ thousands)	Note	**June 30, 2026**	June 30, 2025	**June 30, 2026**	June 30, 2025
Rental revenue	15	**$ 209,008**	$ 201,434	**$ 417,804**	$ 400,487

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

($ thousands)	Note	**As at June 30, 2026**	As at December 31, 2025
Rent receivable	10	**$ 1,702**	$ 1,321
Other receivables	10	**25,388**	23,373
Accrued liabilities	14	**(685)**	(3,963)
Construction allowances payable	14	**(40,092)**	(40,483)
Reimbursed contract payable	14	**(587)**	(278)
Due to Loblaw		**$ (14,274)**	$ (20,030)

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, development management services for jointly owned assets, and development consulting services on a fee for service basis.

Joint Venture

On January 29, 2026, Wittington acquired the 50% ownership interest in the Grenville & Grosvenor development project from the Trust's co-owner. Following this transaction, Wittington and the Trust each hold a 50% ownership interest in a limited partnership that owns the development property. As a result of the transaction, the Trust derecognized its $37,446 interest in the property and has recognized it as an investment in an equity accounted joint venture.

Trust Unit Distributions

During the three and six months ended June 30, 2026, Choice Properties declared cash distributions of $2,127 and $4,236 on the Units held by Wittington, respectively (June 30, 2025 - $nil and $nil, respectively). As at June 30, 2026, $709 of Trust Unit distributions declared were payable to Wittington (December 31, 2025 - $700).

Transaction Summary as Reflected in the Consolidated Financial Statements

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

		Three Months		**Six Months**	
($ thousands)	Note	**June 30, 2026**	June 30, 2025	**June 30, 2026**	June 30, 2025
Rental revenue	15	**$ —**	$ 381	**$ —**	$ 915
Fee income		**400**	134	**761**	245

The balances due from Wittington and subsidiaries were as follows:

($ thousands)	Note	**As at June 30, 2026**	As at December 31, 2025
Other receivables	10	**$ 960**	$ —
Cost-to-complete receivable	10	**1,980**	1,980
Accrued liabilities	10	**—**	(288)
Distributions payable	14	**(709)**	(700)
Due from Wittington and subsidiaries		**$ 2,231**	$ 992

Transactions and Agreements With Other Related Parties

Mortgages Receivable

As at June 30, 2026, mortgages, loans, and notes receivable included $5,690 of mortgages receivable that are issued to entities in which the Trust has an ownership interest (December 31, 2025 - $41,452).

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, July 23, 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/investors.

Head Office

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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

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

Investor Relations

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

Non-Management Trustees

Gordon A. M. Currie – Chair
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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.

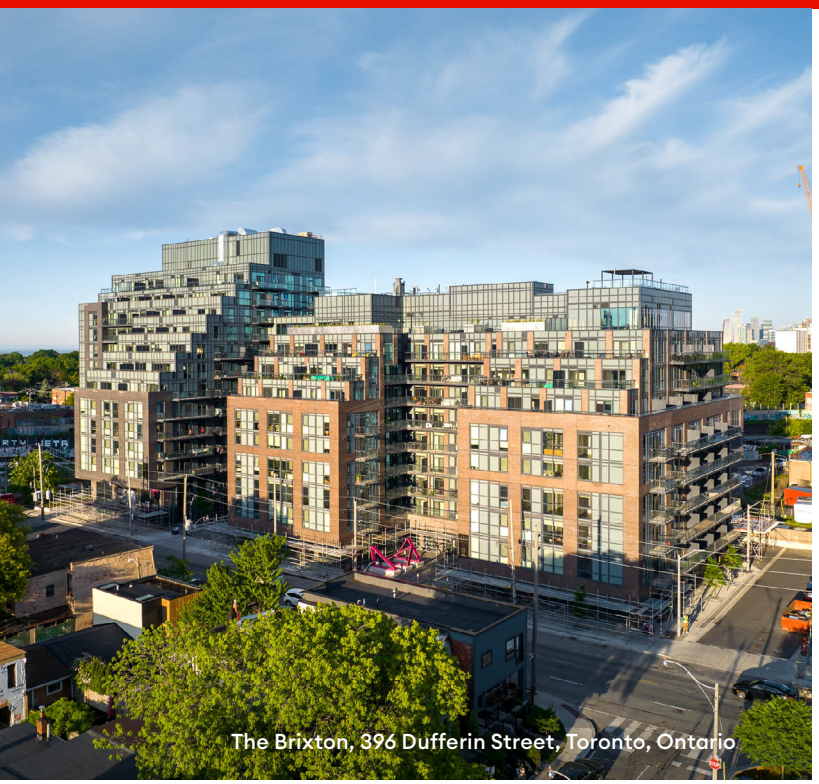
To learn about the many other ways we are bringing our Purpose to life for tenants, colleagues, communities, and investors, please visit:

Our latest Sustainability Report
choicereit.ca/sustainability

Our Leading Portfolio
choicereit.ca/properties

Our most recent Investor Presentation
choicereit.ca/investors

Our Career website
choicereit.ca/join-the-team


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