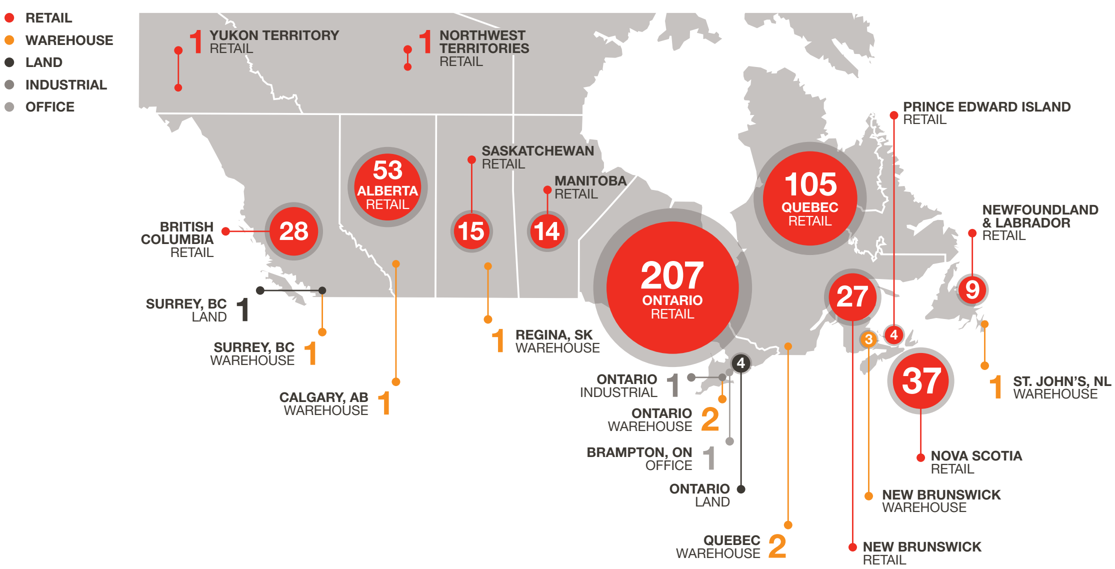
OUR PLAN IN ACTION

Annual Report 2015

Choice Properties REIT

Choice Properties Real Estate Investment Trust is an owner, manager and developer of well-located retail and commercial real estate across Canada. Its portfolio spans approximately 41.6 million square feet of gross leasable area and consists of 519 properties focused on shopping centres anchored by supermarkets and drugstores as well as stand-alone supermarkets and drugstores. Choice Properties' strategy is to create value by enhancing and optimizing its portfolio through accretive acquisitions, strategic development and active management. Choice Properties' principal tenant and largest Unitholder is Loblaw Companies Limited, Canada's largest retailer. Choice Properties' strong alliance with Loblaw positions it well for future growth.

GEOGRAPHIC DISTRIBUTION

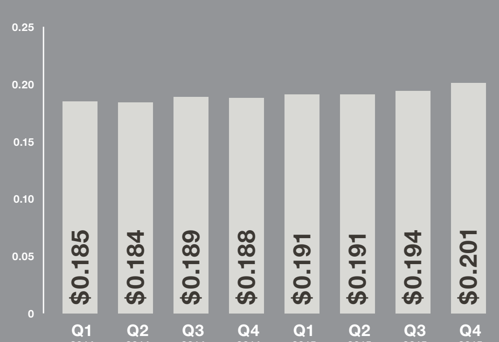


98.6%[1]

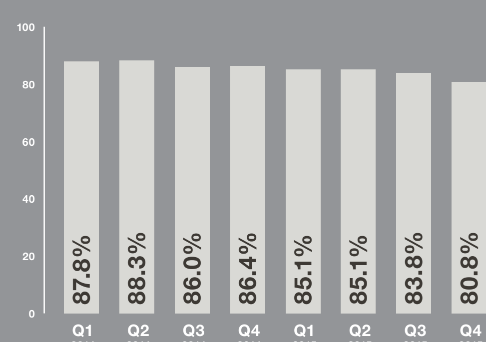
OCCUPIED

[1] As of December 31, 2015.

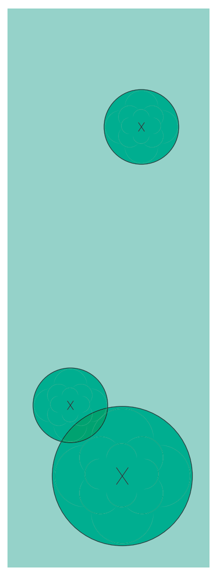
ADJUSTED FUNDS FROM OPERATIONS (AFFO) (per unit)



AFFO PAYOUT RATIO (per unit)



It’s an exciting time in the evolution of Choice Properties. There is action on all fronts as we work with our development partners and a growing roster of tenants on exciting development projects that leverage our retail real estate expertise and provide us with opportunities to increase value.



519[1]
PROPERTIES

$8.6B[1]
FAIR VALUE

41.6M[1]
SQUARE FEET (OF GLA)

(1) As of December 31, 2015.

> **"It's people that put a Plan in Action. In 2015, we executed our plan, acquiring, developing and managing our properties. With the experience, passion and focus of our people, we created value for our Unitholders – that's our Plan in Action."**

FELLOW UNITHOLDERS

The past year was highly productive for Choice Properties REIT ("Choice Properties"). We saw our Plan in Action deliver on many different fronts to achieve our targeted results.

We kicked off the year on solid footing, leveraging our new enterprise resource planning system to provide our team of real estate professionals with the information they needed to grow our business. This momentum allowed us to deliver positive results for our tenants, partners, employees and Unitholders.

Progress took hold in each of the three pillars of our strategic plan – **acquisitions**, **development** and **active management**. We acquired 47 additional properties, constructed 124,000 square feet of new gross leasable area ("GLA") on our existing properties and improved overall occupancy rates. We made significant progress on new development projects that we expect to complete in 2016 and beyond. Our acquisition, development, leasing and property management teams collaborated to accomplish these results. A number of the teams' key achievements are highlighted in this Annual Report. We also improved financial flexibility by raising a total of $450 million in senior unsecured debentures, which reduced our overall weighted average interest rate. From marketing to leasing, building plans to city permits, community consultation to construction plans, and financing to investments in our assets, each project we pursued during the year demanded a high degree of real estate expertise and helped us establish and strengthen our relationships and reputation.

Our 2015 financial results reflect our Plan in Action, with four consecutive quarters of growth and improvement in our key performance metrics. As of December 31, 2015, the fair value of our assets was $8.6 billion, a 7.8% increase over the prior year. Funds from operations for the year were $0.966 per unit on a fully diluted basis, a 5.9% increase, and annual rental revenue was $743.1 million, up 8.8% over 2014, as a result of our ambitious acquisition activity during the year.

Looking ahead to 2016, we will continue to raise the bar and drive forward, delivering the results needed to further our growth strategy. We will accelerate our growth and value creation by doing more of what we did well in 2015 – creating places where Canadians want to shop. We are currently on track to grow our grocery- and drug-anchored real estate holdings through development, where we expect to construct an additional 651,000 square feet of new GLA in 2016. Our leasing team is already hard at work securing tenants for existing and future sites, our property management team is improving operations in order to increase consumer traffic to our existing retail footprints, and our acquisition and development teams are focused on driving our growth with accelerated intensification and green field projects.

In the year ahead, we will continue our emphasis on community consultation associated with some of our large development projects, such as our West Block project at Lake Shore Boulevard West and Bathurst Street in Toronto, where we are restoring a local landmark into an urban mixed-use development. We recognize our city-building responsibilities to municipalities and citizens. Our urban-redevelopment programs will create attractive, functional and convenient places for residents to live, work and shop.

Since the launch of Choice Properties in 2013, we have focused on a clear and straightforward growth strategy to create value and enhance the long-term value of our properties. Today, Choice Properties owns and manages 519 properties, representing nearly 42 million square feet of GLA across Canada. We are executing our strategic plan. Our development pipeline continues to grow, while our existing portfolio maintains one of the highest occupancy rates in the industry, anchored by some of the most recognizable retail brands in the country.

It's an exciting time in the evolution of Choice Properties. There is action on all fronts as we work with our development partners and a growing roster of tenants on exciting development projects that leverage our retail real estate expertise and provide us with opportunities to increase value. I am proud of what we've accomplished.

People are the most important aspect of our business. Each member of our team has played an important role in improving our portfolio, in developing properties that fit the needs of Canadian retailers and in driving the positive financial results that have made Choice Properties a dependable investment for our Unitholders.

Seeing the results of our Plan in Action is rewarding for all of us, but there is much more to come. We look forward to sharing our continued success with you in 2016.

John R. Morrison
President and Chief Executive Officer

EXECUTIVE TEAM

John R. Morrison
President and Chief Executive Officer

Bart Munn
Executive Vice President and
Chief Financial Officer

Lesley Gibson
Vice President, Financial Reporting

Kim Lee
Vice President, Investor Relations and
Planning & Analysis

Jacquie Varkony
Vice President, Human Resources

Adam Walsh
Vice President,
General Counsel and Secretary

Dallas Wingerak
Vice President, Real Estate and
Operations, Western Canada

Evan Williams
Vice President, Real Estate and
Operations, Eastern Canada

Robert Yamamoto
Vice President, Development

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Choice Properties has identified specific key financial and operational performance indicators to monitor its objectives. Selected information is set out below:

As at or for the years ended December 31 (in thousands of Canadian dollars except where otherwise indicated) (unaudited)	**2015**	2014	2013[v]
Number of properties	**519**	472	435
Gross Leasable Area (in millions of square feet)	**41.6**	38.9	36.3
Remaining weighted average lease term	**11.6 years**	11.7 years	12.7 years
Average base rent (per occupied square foot)	**$ 12.80**	$ 13.14	$ 13.41
Occupancy	**98.6%**	98.1%	97.7%
Rental revenue	**$ 743,100**	$ 682,923	$ 318,507
Cash flows from operating activities[i]	**$ 520,642**	$ 476,368	$ 288,181
Net Operating Income[1]	**$ 514,265**	$ 475,739	$ 222,267
Net income (loss)	**$ (155,276)**	$ 199,614	$ 67,148
Net income (loss) per unit diluted	**$ (0.386)**	$ 0.522	$ 0.185
Funds from Operations[1] per unit diluted[ii]	**$ 0.966**	$ 0.912	$ 0.444
Funds from Operations[1] payout ratio[ii]	**67.3%**	71.3%	71.8%
Adjusted Funds from Operations[1] per unit diluted	**$ 0.777**	$ 0.745	$ 0.360
Adjusted Funds from Operations[1] payout ratio	**83.7%**	87.2%	88.6%
Distribution declared per unit	**$ 0.650004**	$ 0.650004	$ 0.318917
Weighted average Units outstanding – diluted	**402,582,183**	382,636,320	363,767,339
Total assets	**$ 8,905,889**	$ 8,192,438	$ 7,447,742
Long-term debt and Class C LP Units	**$ 3,881,390**	$ 3,436,621	$ 3,376,167
Debt to total assets[iii]	**44.5%**	44.0%	47.0%
Debt service coverage[iii]	**3.6x**	3.5x	3.4x
Debt to EBITDAFV[1] [iii]	**7.3x**	7.3x	7.4x
Indebtedness[iv] – weighted average term to maturity	**4.7 years**	5.3 years	5.0 years
Indebtedness[iv] – weighted average coupon rate	**3.50%**	3.58%	3.40%

(i) Cash flows from operating activities excludes interest paid.

(ii) FFO[1] per unit and payout ratio, for the year ended December 31, 2014, were calculated using FFO[1] (excluding other adjustments). See Section 17, "Non-GAAP Financial Measures", of the Management's Discussion and Analysis of the 2015 Annual Report for details.

(iii) Debt ratios include Class C LP Units, but exclude Exchangeable Units. The ratios are non-GAAP financial measures calculated based on the trust indentures as supplemented.

(iv) Indebtedness reflects senior unsecured debentures only.

(v) Based on operations for the period from July 5, 2013 to December 31, 2013.

FORWARD-LOOKING STATEMENTS

This Annual Report for Choice Properties REIT ("Choice Properties" or the "Trust") contains forward-looking statements about the Trust's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects and opportunities. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "should" and similar expressions, as they relate to Choice Properties and its management. Forward-looking statements reflect Choice Properties' current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. Choice Properties' expectation of operating and financial performance is based on certain assumptions, including assumptions about the Trust's future growth potential, prospects and opportunities, industry trends, future levels of indebtedness, current tax laws, current economic conditions and no new competition in the market that leads to reduced revenues and profitability. 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 Choice Properties' actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including, but not limited to: those discussed in the forward-looking statements disclaimer found on pages 2 to 3 and the "Enterprise Risks and Risk Management" section on pages 31 to 34 of the Management's Discussion and Analysis of the 2015 Annual Report – Financial Review. Other risks and uncertainties not currently known to the Trust could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in Choice Properties' materials filed with the Canadian securities regulatory authorities from time to time, including the Trust's 2015 Annual Information Form. 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 Annual Report. 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.

2015 ACHIEVEMENTS

ACQUISITIONS

The first two Shoppers Drug Mart sites for Choice Properties' portfolio.

47
PROPERTIES ACQUIRED

~$24M
IN STABILIZED NOI

~$369M[1]
IN VALUE

MAINTAINING A STRONG FOUNDATION THROUGH SOUND FINANCIAL MANAGEMENT

Choice Properties announced a 3.1% increase[2] in annual distributions supported by growing cash flows, financial flexibility and a strong balance sheet.

$450M
RAISED IN SENIOR UNSECURED DEBENTURES

44.5%
DEBT TO TOTAL ASSETS

3.6X
DEBT SERVICE COVERAGE RATIO

(1) Excluding fair-value adjustment to reflect the difference between fair value of the Exchangeable Units on the closing date compared to the volume-weighted average value of the units referenced in the purchase and sale agreement.
(2) Effective for the January 29, 2016 distribution payable on February 16, 2016.

DEVELOPMENT

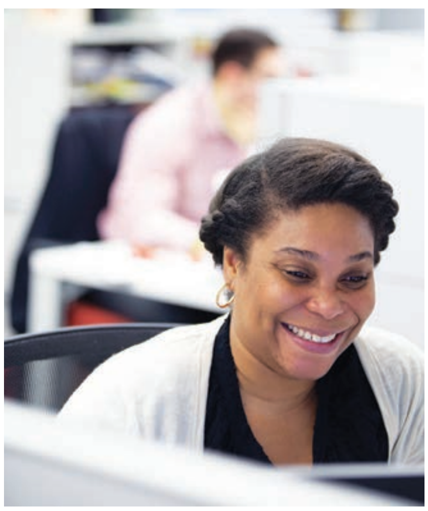
West Block – a cornerstone for neighbouring communities in our first urban mixed-use redevelopment.

CONSTRUCTED	CREATED	ACHIEVED
124,000[1]	29	~9%[2]
SQUARE FEET OF NEW GLA	NEW RETAIL SPACES	RETURN

(1) Includes GLA for projects targeted for 2016 completion.
(2) Weighted average yield of completed development on eight existing properties completed in 2015.

ACTIVE MANAGEMENT

High-quality tenants that complement our food and drug anchors, improving occupancy of ancillary GLA to 87.5%.



INVESTED
$32.5M
IN MAINTAINING OUR QUALITY ASSETS

ENTERED/SIGNED LEASES TOTALLING
987,000
SQUARE FEET OF GLA

INCREASED RENEWAL RENTAL RATES BY
12%

BOARD OF TRUSTEES

Kerry D. Adams
Ms. Adams currently serves as President of K. Adams & Associates Limited. She is the Chair of the Bank of Nova Scotia's AURION Real Estate Committee.

Ms. Adams is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant, and she holds a B.A. (Honours Economics) from Queen's University. Ms. Adams is an Institute-certified Director of the Institute of Corporate Directors.

In addition to her public board experience, Ms. Adams currently serves as a member of Fidelity Investments Canada ULC's Independent Review Committee. She also served as a Commissioner and Director of the OSC (1996 to 2003), and Chair of its Investor Education Fund (2000 to 2006), and was a member of the IIROC board and governance committee from 2008 to 2011. Ms. Adams has also served as a Director of Walmart Canada Bank, President of Widcor Limited and Widcor Financial, and she was a partner at KPMG Peat Marwick.

Christie J.B. Clark
Mr. Clark, a corporate director, is former Chief Executive Officer and senior partner of PricewaterhouseCoopers LLP. Prior to being elected as its CEO, Mr. Clark was a National Managing Partner and a member of the firm's Executive Committee from 2001 to 2005.

Mr. Clark graduated from Queen's University with a B.Comm. and the University of Toronto with an M.B.A. He is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant.

Mr. Clark is a director of Loblaw Companies Limited, Air Canada, Hydro One Inc. and Hydro One Limited. In addition to his public company board memberships, Mr. Clark is Chair of the Finance Committee of Alpine Canada and a member of the Advisory Council of the Stephen J.R. Smith School of Business at Queen's University.

Graeme M. Eadie
Mr. Eadie is the Senior Managing Director and Global Head of Real Estate Investments for the Canada Pension Plan Investment Board, where he is responsible for the global real estate program, which encompasses both equity and debt investments. Prior to joining the Canada Pension Plan Investment Board, Mr. Eadie held multiple positions at Cadillac Fairview, including Chief Financial Officer, Chief Operating Officer and President.

Mr. Eadie graduated from the University of British Columbia with a B.Comm. and Master of Science in Business Administration. Mr. Eadie is currently a director of Aliansce Shopping Centers S.A. He also previously served as a trustee of Morguard Real Estate Investment Trust and was a director of the Ontario Realty Corporation.

Michelle Felman
Ms. Felman, a corporate director, is a former Executive Vice President, Acquisitions, of Vornado Realty Trust. Prior to joining Vornado, Ms. Felman held the positions of Managing Director, Portfolio Acquisitions and Business Ventures, and Managing Director, Business Development, at GE Capital, Real Estate Division.

Ms. Felman graduated from the University of California, Berkeley, with a B.A. (Honours) and from The Wharton School at the University of Pennsylvania with an M.B.A. She is currently an adjunct professor there.

Ms. Felman serves on the Executive Committee of The Zell-Lurie Center at the University of Pennsylvania, and formerly served on the Fisher Center Policy Advisory Board at the University of California and was formerly a trustee of Big Brothers Big Sisters of New York. Ms. Felman is also a former director of LNR Property LLC.

Michael P. Kitt
Mr. Kitt is Executive Vice President, Canada, of Oxford Properties Group. Prior to joining Oxford Properties, Mr. Kitt held various senior roles at Cadillac Fairview Corporation, leading both its Investment and Development Groups.

Mr. Kitt graduated from the University of Manitoba with a B.Comm. and holds a CFA designation.

Mr. Kitt is a member of the Building Owners and Managers Association of Canada's National Advisory Council.

John R. Morrison
Mr. Morrison is the President and Chief Executive Officer of Choice Properties. Prior to joining Choice Properties, Mr. Morrison was President and Chief Executive Officer of Primaris Real Estate Investment Trust. Prior to serving in that role, he was President, Real Estate Management, at Oxford Properties Group. In 2014, Mr. Morrison earned the Institute-certified Director designation.

Mr. Morrison is a Trustee of Automotive Properties REIT and former Vice Chairman of the Urban Land Institute Toronto District Council, former Trustee for the International Council of Shopping Centers, where he served on the Executive Committee, and is now Divisional Vice President for Canada.

Daniel F. Sullivan
Mr. Sullivan, a corporate director, held the position of Consul General for Canada in New York City from 2006 to 2011. Prior to Mr. Sullivan's appointment as Consul General, he spent a majority of his career in the financial services sector, with a focus on the real estate sector, including serving as Deputy Chairman of Scotia Capital Inc., the corporate and investment banking division of Scotiabank.

Mr. Sullivan graduated from Columbia University with a B.A. and an M.B.A., and he also holds an M.B.A. from the University of Toronto. Mr. Sullivan is a Trustee of Allied Properties Real Estate Investment Trust and Crius Energy Trust, and is a director of Ontario Teachers' Pension Plan and IMP Group International Inc. Mr. Sullivan is a former Chairman and director of The Toronto Stock Exchange and former Chairman of the Investment Dealers Association of Canada. Mr. Sullivan is also a former director of Allstream Inc., Cadillac Fairview Corporation, Camco Inc., Monarch Development Corporation and Schneider Corporation. Mr. Sullivan has served on advisory boards or committees of Canada Post Corporation, Canada Deposit Insurance Corporation, the Canadian Securities Administrators and the Ontario Securities Commission.

Paul R. Weiss
Mr. Weiss, a corporate director, spent his career with KPMG LLP Canada, serving as a member of the Management Committee and as a member of the International Global Audit Steering Group, and is also the former Managing Partner for KPMG LLP Canada's Audit Practice. Earlier in his career, Mr. Weiss was responsible for KPMG LLP Canada's Real Estate Practice.

Mr. Weiss graduated from Carleton University with a B.Comm. and is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant.

Mr. Weiss is a director of Bell Canada, BCE Inc. and Torstar Corporation. In addition to public board memberships, Mr. Weiss is a former director of Bell Alliant, ING Bank of Canada and Empire Life Insurance Company. Mr. Weiss is past Chairman and a director of Soulpepper Theatre Company and past Chairman of Toronto Rehab Foundation.

Galen G. Weston
Mr. Weston is Executive Chairman and President of Loblaw. He previously held several senior executive positions with Loblaw and its subsidiaries. Prior to joining Loblaw, he was an investment banking analyst for Salomon Brothers in the UK.

Mr. Weston graduated from Harvard University with a B.A. and from Columbia University with an M.B.A.

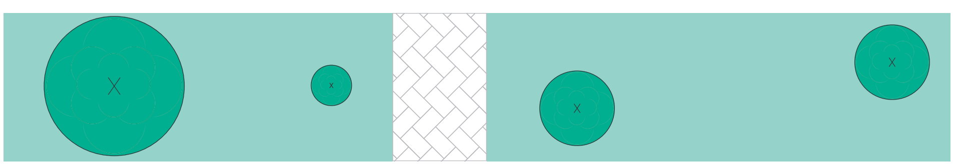
Mr. Weston is a director of Wittington Investments, Limited and a chair of President's Choice Brands.

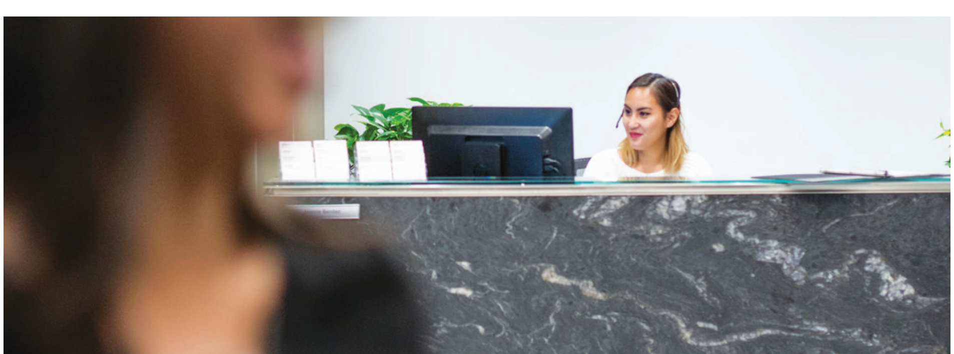
Concept and Design: THE WORKS DESIGN COMMUNICATIONS www.worksdesign.com


STATE & MAIN
KITCHEN + BAR
SIGN


GP
DensGlass


Superstore





UNITHOLDER INFORMATION

Head Office
Choice Properties Real Estate Investment Trust
22 St. Clair Avenue East, Suite 500
Toronto, Ontario M4T 2S5
Tel: 416-960-6990
Toll free: 1-855-322-2122
Fax: 416-324-7845

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

Distribution Policy
Choice Properties' Board of Trustees retains 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.

Independent Auditors
KPMG LLP
Chartered Accountants
Toronto, Canada

Registrar and Transfer Agent
Canadian Stock Transfer Company Inc.
P.O. Box 700, Station B
Montreal, Quebec H3B 3K3
Tel: 416-682-3860
Toll free: 1-800-387-0825 (Canada and US)
Toll free fax: 1-888-249-6189
E-mail: inquiries@canstockta.com
Website: www.canstockta.com

Investor Relations
Tel: 416-960-6990
Toll free: 1-855-322-2122
E-mail: investor@choicereit.ca
Website: www.choicereit.ca

Annual General Meeting
April 26, 2016 at 11:00 a.m.
St. Andrew's Club and Conference Centre
Garden Suite
150 King Street West, 16th Floor
Toronto, Ontario, Canada

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

WHY INVEST IN CHOICE PROPERTIES?

41.6M square feet of well-located retail properties across Canada

Canada's leading food retailer is the principal tenant and anchor, providing regular consumer traffic as well as stable and secure income from long-term leases

Existing development potential in current portfolio comprising excess land for intensification, redevelopment and green field construction

A dedicated source of acquisition opportunities from Loblaw's remaining portfolio of properties

A strong balance sheet and investment-grade credit ratings

Internal management with deep experience and passion for successfully developing and managing retail real estate

Choice Properties REIT

www.choicereit.ca

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OUR PLAN IN ACTION

Annual Report 2015
Financial Review

Choice Properties REIT

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Management's Discussion and Analysis

Footnotes

(1) See Section 17, "Non-GAAP Financial Measures", of this MD&A.

(2) To be read in conjunction with Section 1, "Forward-Looking Statements", of this MD&A.

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") for Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") should be read in conjunction with the Trust's consolidated financial statements and the accompanying notes in this Annual Report for the years ended December 31, 2015 and December 31, 2014. In addition, the MD&A should be read in conjunction with the Trust's "Forward-Looking Statements" in Section 1, of this MD&A.

Choice Properties' consolidated financial statements and the accompanying notes for the three months and year ended December 31, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP"). These consolidated financial statements include the accounts of the Trust and other entities that the Trust controls and are reported in thousands of Canadian dollars, except where otherwise noted. A glossary of terms and ratios used throughout this Annual Report can be found beginning on page 81.

Choice Properties reports non-GAAP financial measures, including Net Operating Income(1) ("NOI"), Funds from Operations(1) ("FFO"), and Adjusted Funds from Operations(1) ("AFFO"), which are widely used for evaluating the performance of Canadian real estate investment trusts ("REITs"). Choice Properties believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of Choice Properties. The measures do not have any standardized definitions prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting insurers.

This information in this MD&A is current to February 17, 2016, unless otherwise noted.

1. FORWARD-LOOKING STATEMENTS

This Annual Report, including this MD&A, contains forward-looking statements about Choice Properties' objectives, outlook, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects and opportunities. Specific statements with respect to anticipated future results can be found in various sections of this MD&A, included but not limited to Section 3 "Objectives and Strategy", Section 5 "Investment Properties", Section 6 "Consolidated Results of Operations", Section 7 "Other Measures of Performance", Section 8 "Liquidity and Capital Resources", Section 9 "Quarterly Results of Operations" and Section 16 "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" 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, current tax laws, current economic conditions and no new competition in the market that leads to reduced revenues and profitability. Management's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Choice Properties can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Trust's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in Section 12, "Enterprise Risks and Risk Management", of this MD&A. Such risks and uncertainties include:

- changes in economic conditions, including changes in interest rates, and the rate of inflation or deflation;
- the inability of Choice Properties to maintain and leverage its relationship with Loblaw Companies Limited ("Loblaw"), including in respect of: (i) Loblaw's retained interest in Choice Properties; (ii) the services to be provided to Choice Properties (whether directly or indirectly) by Loblaw; (iii) expected transactions to be entered into between Loblaw and Choice Properties (including Choice Properties' acquisition of certain properties held by Loblaw); and (iv) the Strategic Alliance Agreement between Choice Properties and Loblaw;
- changes in Loblaw's business, activities or circumstances which may impact Choice Properties, including Loblaw's inability to make rent payments or perform its obligations under its leases;
- failure to manage its growth effectively in accordance with its growth strategy or acquire assets on an accretive basis;
- changes in timing to obtain municipal approvals, development costs, and tenant leasing and occupancy of properties under development, redevelopment, or intensification;
- changes in Choice Properties' capital expenditure and fixed cost requirements;
- the inability of Choice Properties Limited Partnership to make distributions or other payments or advances;
- the inability of Choice Properties to obtain financing;
- changes in Choice Properties' degree of financial leverage;
- changes in laws or regulatory regimes, which may affect Choice Properties, including changes in the tax treatment of the Trust and its distributions to Unitholders or the inability of the Trust to continue to qualify as a "mutual fund trust" and as a "real estate investment trust", as such terms are defined in the *Income Tax Act (Canada)*; and
- changes in Choice Properties' competitiveness in the real estate market or the unavailability of desirable commercial real estate assets.

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. Additional risks and uncertainties are discussed in Choice Properties' materials filed with the Canadian securities regulatory authorities from time to time, including the Trust's 2015 Annual Information Form. 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 Annual Report. 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.

2. OVERVIEW

Choice Properties is an owner, manager and developer of well-located retail and commercial properties across Canada. Choice Properties is one of Canada's largest retail REITs, with a portfolio comprised of 519 properties with a total Gross Leasable Area ("GLA") of 41.6 million square feet as at December 31, 2015. Choice Properties' portfolio includes 501 retail properties, 11 warehouse properties, one office complex, one industrial site and five undeveloped parcels of land. The retail properties are made up of: (i) 324 properties with a stand-alone retail store operating under a Loblaw banner; (ii) 172 properties anchored by a retail store operating under a Loblaw banner that also contain one or more ancillary tenants; and (iii) five properties containing only ancillary tenants.

The parent company of Choice Properties is Loblaw, which held an 83.0% effective interest in Choice Properties as at December 31, 2015. Loblaw's controlling shareholder is George Weston Limited ("GWL"), which also held a 5.6% direct interest in Choice Properties as at December 31, 2015.

3. OBJECTIVES AND STRATEGY[2]

Choice Properties' objectives are to:

- provide Unitholders with stable, predictable and growing monthly cash distributions;
- expand Choice Properties' asset base while also increasing its AFFO[1] per unit, including through accretive acquisitions and site intensification; and
- enhance the value of Choice Properties' assets in order to maximize long-term Unitholder value.

Choice Properties' strategy is to grow its portfolio and distributable income by leveraging its sizable base of assets, its relationship with Loblaw, and its solid capital structure. The Trust is focused on driving growth through acquisitions of assets that meet or exceed the Trust's investment criteria, the development and redevelopment of properties for their highest and best use, and active management of properties to maximize their occupancy and profitability. Choice Properties closely monitors market and economic conditions to ensure its strategy remains aligned with its business environment.

The Trust's strategy includes:

Acquisitions Choice Properties plans to grow its asset base through accretive acquisitions, including those from a dedicated pipeline of properties from Loblaw and desirable assets from other vendors, that offer geographic and tenant diversification and potential development opportunities.

Development Choice Properties believes that development and redevelopment of properties for their highest and best use are key drivers of incremental and accretive growth. Choice Properties development program intends to leverage the Trust's grocery anchored asset base with a focus on retail and retail mixed-use developments. The Trust's pipeline of development opportunities includes: (i) excess density within its existing portfolio that is available for at-grade intensification, (ii) redevelopment of its properties in primary markets for mixed-use, and (iii) greenfield retail or mixed-use developments.

Active Management Choice Properties is an internally managed trust that employs experienced and regionally focused staff to actively manage its properties. Choice Properties expects to increase cash flow and the value of its portfolio through initiatives to enhance operating performance, including leasing and merchandising strategies and effective capital investment in its properties.

3.1 Annual Highlights

During 2015, Choice Properties:

- Reported FFO[1] per unit diluted of $0.966, an increase of $0.054 or 5.9% compared with $0.912 in the year ended 2014;
- Reported rental revenue of $743.1 million, an increase of $60.2 million or 8.8% compared with $682.9 million in the year ended 2014;
- Added 47 properties to the portfolio including two parcels of land for future development;
- Developed 124,000 square feet of GLA creating 29 new retail spaces during 2015;
- Launched the West Block project at Lake Shore Boulevard and Bathurst Street in Toronto to redevelop the property as an urban multi-use site in a joint venture partnership with Wittington Properties Limited ("Wittington"), the parent company of GWL;
- Completed internalization of development, leasing, property management and support functions;
- Grew same property, same GLA, NOI by 1.9% to $470,593 from $461,677 due to higher ancillary occupancy rates, higher average base rent on new ancillary leases, and rent steps in Loblaw leases;
- Increased occupancy rate to 98.6% from 98.1% as at December 31, 2014;
- Issued senior unsecured debentures totaling $450,000 reducing the Trust's weighted average coupon rate from 3.58% to 3.50%; and
- Announced a 3.1% increase in monthly distributions effective as of January 29, 2016 and payable on February 16, 2016.

4. KEY PERFORMANCE INDICATORS AND SELECTED ANNUAL FINANCIAL INFORMATION

Choice Properties has identified specific key financial and operating performance indicators that were derived from, and should be read in conjunction with, the annual consolidated financial statements of the Trust dated December 31, 2015 and 2014. 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 years ended December 31 ($ thousands except where otherwise indicated) (unaudited)		**2015**		2014		2013[(v)]
Number of properties		**519**		472		435
Gross leasable area (in millions of square feet)		**41.6**		38.9		36.3
Remaining weighted average lease term		**11.6 years**		11.7 years		12.7 years
Average base rent (per occupied square foot)	**$**	**12.80**	$	13.14	$	13.41
Occupancy		**98.6%**		98.1%		97.7%
Rental revenue	**$**	**743,100**	$	682,923	$	318,507
Cash flows from operating activities[(i)]	**$**	**520,642**	$	476,368	$	288,181
Net operating income[(1)]	**$**	**514,265**	$	475,739	$	222,267
Net income (loss)	**$**	**(155,276)**	$	199,614	$	67,148
Net income (loss) per unit diluted	**$**	**(0.386)**	$	0.522	$	0.185
FFO[(1)] per unit diluted[(ii)]	**$**	**0.966**	$	0.912	$	0.444
FFO[(1)] payout ratio[(ii)]		**67.3%**		71.3%		71.8%
AFFO[(1)] per unit diluted	**$**	**0.777**	$	0.745	$	0.360
AFFO[(1)] payout ratio		**83.7%**		87.2%		88.6%
Distribution declared per unit	**$**	**0.650004**	$	0.650004	$	0.318917
Weighted average Units outstanding – diluted		**402,582,183**		382,636,320		363,767,339
Total assets	**$**	**8,905,889**	$	8,192,438	$	7,447,742
Long term debt and Class C LP Units	**$**	**3,881,390**	$	3,436,621	$	3,376,167
Debt to total assets[(iii)]		**44.5%**		44.0%		47.0%
Debt service coverage[(iii)]		**3.6x**		3.5x		3.4x
Debt to EBITDAFV[(1)(iii)]		**7.3x**		7.3x		7.4x
Indebtedness[(iv)] – weighted average term to maturity		**4.7 years**		5.3 years		5.0 years
Indebtedness[(iv)] – weighted average coupon rate		**3.50%**		3.58%		3.40%

(i) Cash flows from operating activities excludes interest paid.

(ii) FFO[(1)] per unit and payout ratio, for the years ended December 31, 2014 and 2013, were calculated using FFO[(1)] (excluding other adjustments). See Section 17, "Non-GAAP Financial Measures",and Section 9.1, "Results by Quarter ", respectively, of this MD&A for details.

(iii) Debt ratios include Class C LP Units, but exclude Exchangeable Units, see Section 8, "Liquidity and Capital Resources". The ratios are non-GAAP financial measures calculated based on the trust indentures as supplemented.

(iv) Indebtedness reflects senior unsecured debentures only.

(v) Based on operations for the period from July 5, 2013 to December 31, 2013.

Consolidated results for the last three fiscal years were primarily impacted by growth. The Trust began operations on July 5, 2013 with 425 investment properties and 35.3 million square feet of GLA. Since that time, Choice Properties has acquired 94 net new properties representing approximately 6.3 million net square feet of GLA and added approximately 175,000 square feet of GLA through development activities.

The Trust has maintained strong balance sheet indicators that are well within Choice Properties' Declaration of Trust covenants. Since December 31, 2013, the Trust has raised $900,000 through the issuance of senior unsecured debentures at interest rates ranging from 2.297% to 4.293% with maturity dates complementary to existing debt.

FFO[(1)] for the year ended December 31, 2014 was adjusted for internalization costs of $2,568 and non-cash finance charges of $48,911. The non-cash finance charges were the result of accelerated amortization of net debt discounts due to replacement of notes issued to Loblaw in connection with the initial public offering ("IPO") in 2013.

FFO[(1)] for the year ended December 31, 2013 was adjusted for start-up costs of $2,524.

5. INVESTMENT PROPERTIES

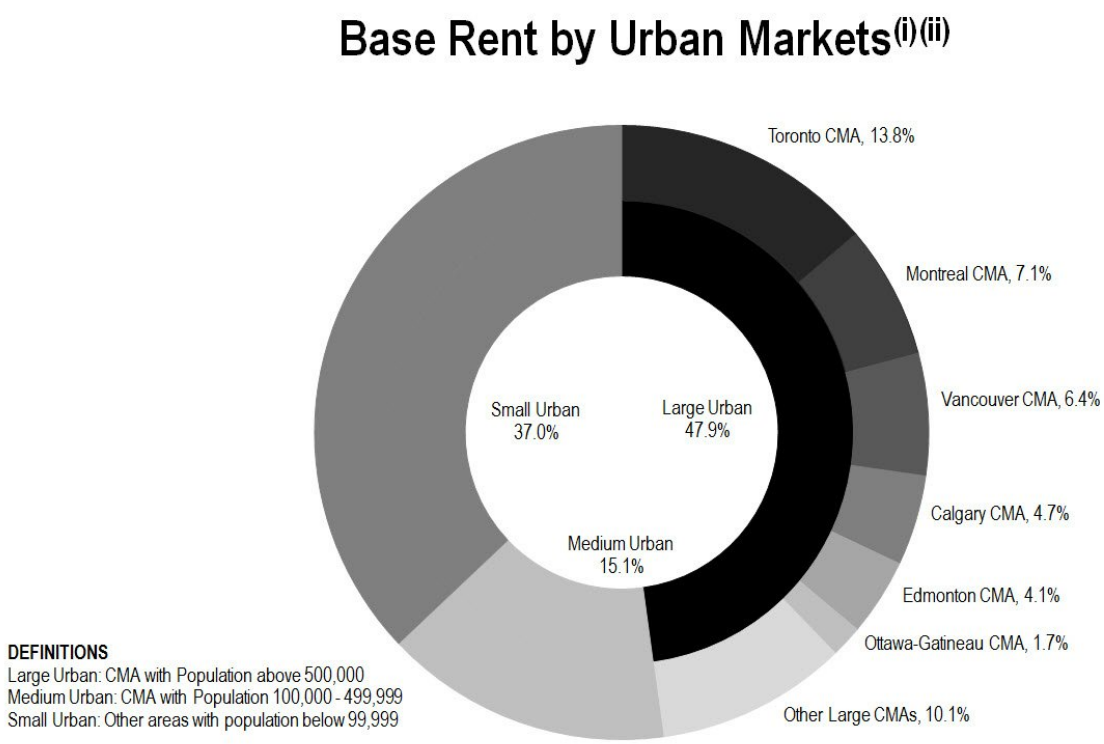
Choice Properties is the owner, manager and developer of well-located retail and commercial properties across Canada. The following is a continuity schedule for the Trust's investment properties for the periods ended as indicated:

($ thousands)	Income producing properties	Properties under development	Year ended December 31, 2015	Year ended December 31, 2014
Balance, beginning of year	$ 7,849,461	$ 56,517	$ 7,905,978	$ 7,287,759
Adjustment to fair value of investment properties	71,981	—	71,981	81,931
Acquisitions of investment properties(i)	363,517	11,783	375,300	457,003
Capital expenditures(ii)	136,452	27,000	163,452	55,802
Leasing capital expenditures	7,884	—	7,884	2,785
Dispositions	—	—	—	(13,480)
Amortization of straight-line rent and tenant improvement allowances	36,405	—	36,405	34,178
Balance, end of year	$ 8,465,700	$ 95,300	$ 8,561,000	$ 7,905,978

(i) Includes acquisition costs and an adjustment to record Exchangeable Units at closing date fair value.

(ii) Capital expenditures include building improvements, property capital, development capital and capitalized interest.

The Trust's properties are well located and well suited within their respective markets. The portfolio is diversified between large, medium and small urban markets across Canada, with the majority of its base rent generated from large and medium urban markets, often in close proximity to major commercial arteries with easy highway access and high visibility. As at December 31, 2015, the Trust's property portfolio demographics by market size and within the top six markets are summarized below:



(i) Base rent for the year ended December 31, 2015, including straight-line rent.

(ii) Based on the definitions of Census Metropolitan Area (CMA) from Statistics Canada published in 2014.

Approximately 63.0% of the base rent for the year ended December 31, 2015 was derived from large and medium urban markets. Approximately 47.9% of the portfolio's base rent was generated from large urban markets with a particular concentration in Toronto, Montreal and Vancouver.

5.1 Valuation Method

Investment properties were measured at fair value, primarily determined using the discounted cash flow method. Under this methodology, discount rates were 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.

Valuations are most sensitive to changes in capitalization rates. Choice Properties' valuation inputs, including capitalization rates, are supported by quarterly reports from independent appraisers. Below are the key rates used in the modeling process for both internal and independent appraisals:

	As at December 31, 2015		As at December 31, 2014	
	Range	**Weighted average**	Range	Weighted average
Discount rate	**5.75% - 11.25%**	**7.08%**	6.00% - 10.25%	7.09%
Terminal capitalization rate	**5.25% - 10.50%**	**6.50%**	5.50% - 9.50%	6.50%
Overall capitalization rate	**5.00% - 10.50%**	**6.17%**	5.00% - 9.00%	6.18%

For the year ended December 31, 2015, Choice Properties recorded a gross fair value increase of $279,722 on income producing properties and properties under development, excluding acquisitions, which was offset by capital expenditures of $171,336 and amortization of straight-line rent and tenant improvement allowances of $36,405, for a net adjustment to fair value of $71,981.

Included in certain investment properties acquired from Loblaw is excess land with development potential. Choice Properties will compensate Loblaw, over time, with intensification fees determined by a site intensification payment grid as outlined in the Strategic Alliance Agreement (see Section 13, "Related Party Transactions", of this MD&A), 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 financial statements.

5.2 Acquisition of Investment Properties

The following table summarizes the investment properties acquired in the year ended December 31, 2015. For a detailed list of all properties acquired in 2015 and 2014, refer to Section 18 "Additional Information", of this MD&A.

($ thousands except where otherwise indicated) (unaudited)	Number of properties	GLA (in square feet)	Purchase price[i]	Debt assumed	Exchangeable Units issued	Cash	Ownership interest
Acquisitions from Loblaw:							
Development land in Barrie, Ontario	1	—	$ 9,567	$ —	$ 2,808	$ 6,759	100%
Warehouse in Pickering, Ontario	1	921,256	81,200	—	—	81,200	100%
Portfolio of retail properties[ii]	38	1,466,885	201,346	—	102,200	99,146	100%
Retail in Midland & Courtice, Ontario	2	48,638	18,150	—	3,200	14,950	100%
Portfolio of retail properties[iii][iv]	4	161,018	45,635	—	15,159	30,476	100%
Total Acquisitions from Loblaw	**46**	**2,597,797**	**355,898**	**—**	**123,367**	**232,531**	
Acquisitions from third-parties:							
Development land in Kanata, Ontario	1	—	1,938	—	—	1,938	50%
Retail in Porter's Lake, Nova Scotia[v]	—	54,569	5,200	—	—	5,200	100%
Retail in Mississauga, Ontario[v]	—	12,023	5,600	2,123	—	3,477	100%
Total Acquisitions from third-parties	**1**	**66,592**	**12,738**	**2,123**	**—**	**10,615**	
Total Acquisitions	**47**	**2,664,389**	**$ 368,636**	**$ 2,123**	**$ 123,367**	**$ 243,146**	

(i) Purchase price excludes acquisition costs.

(ii) Purchase price and Exchangeable Units values both excluded an adjustment of $1,349 to reflect the increase of the fair value of the Exchangeable Units on the closing date compared to the volume weighted average value of the units referenced in the purchase and sale agreement.

(iii) Purchase price and Exchangeable Units values both excluded an adjustment of ($555) to reflect the decrease of the fair value of the Exchangeable Units on the closing date compared to the volume weighted average value of the units referenced in the purchase and sale agreement.

(iv) One of the properties in the acquired portfolio was combined with the adjacent Choice Properties owned site.

(v) The property was combined with the adjacent Choice Properties owned site.

Acquisitions in the Fourth Quarter of 2015

On November 17, 2015, Choice Properties acquired a 161,018 square foot portfolio with properties in Ontario and Nova Scotia at a purchase price of $45,635, excluding acquisition costs and an adjustment of $555 for the difference between the fair value of the Exchangeable Units on closing compared to the volume weighted average value determined in accordance with the purchase and sale agreement. The acquired portfolio includes approximately 30,000 square feet of development potential at the River Road site in Ottawa, Ontario, of which 15,000 square feet will be developed as a Shoppers Drug Mart store in the near-term[2]. In addition, the portfolio includes a gas bar property adjacent to an existing Choice Properties owned site in Yarmouth, Nova Scotia. Upon acquisition, this property was combined with the adjacent Choice Properties owned site. The property in Aurora, Ontario is 100% leased to ancillary tenants and is shadow anchored by an adjacent Choice Properties stand-alone Loblaw bannered food store. Upon completion of the Shoppers Drug Mart development in Ottawa, Ontario, the implied capitalization rate of the acquired portfolio is expected to be 5.85%.[2]

Additional Acquisitions in 2015

On January 9, 2015, Choice Properties acquired a 16-acre site in Barrie, Ontario from Loblaw at a purchase price of $9,567, excluding acquisition costs. The site is well-located, with easy access to Highway 400, at a major intersection (Duckworth Street and Cundles Road) in north Barrie. Choice Properties intends to co-develop the property with PenEquity Realty Corporation ("PenEquity"), which holds an adjacent 21-acre parcel of land, to construct an integrated retail centre that spans a total of 37 acres. Upon 85% occupancy of the retail centre, Choice Properties has the option to acquire, at fair value, the PenEquity parcel pursuant to a mezzanine loan agreement between Choice Properties and PenEquity.

On January 30, 2015, Choice Properties entered into a co-ownership agreement with PenEquity and another partner to acquire a nine-acre parcel of land in Kanata, Ontario. The purchase price for the property was $3,875, with Choice Properties' proportionate share being 50%, or $1,938, excluding acquisition costs. Choice Properties funded its partners' collective 50% interest through a 5-year mezzanine loan at an interest rate of 8% per annum. This co-ownership acquisition provides Choice Properties with the opportunity to benefit from an existing and maturing purchase option held by PenEquity and its partner to acquire this desirable parcel of land situated within a developing community in the Fernbank area of Kanata. Upon 95% occupancy of the property, Choice Properties has the option to acquire, at fair value, the remaining 50% interest in the property.

On January 30, 2015, Choice Properties acquired a 921,256 square foot warehouse in Pickering, Ontario from Loblaw, for a purchase price of $81,200, excluding acquisition costs. The acquisition was immediately accretive, with an estimated stabilized NOI(1) of $5,300 representing a capitalization rate of 6.50%. This modern ambient temperature warehouse was constructed in 2005 and further expanded in 2012 and is well-located, just east of Toronto, with access to major transportation routes. The warehouse is fully occupied by Loblaw as the single tenant with a 20-year initial lease term with six five-year renewal options.

On February 19, 2015, Choice Properties acquired a 54,569 square foot shopping centre in Porter's Lake, Nova Scotia from a third party, for a purchase price of $5,200, excluding acquisition costs. The acquisition was immediately accretive, with an estimated stabilized NOI(1) of approximately $494 representing a capitalization rate of 9.50%. The shopping centre is currently 85% occupied by 20 tenants, including a number of national retailers, with lease maturities ranging up to 2022. The shopping centre is anchored by a 47,000 square foot Loblaw stand-alone grocery store on an adjacent property that Choice Properties owns.

On June 1, 2015, Choice Properties acquired a portfolio of 38 investment properties from Loblaw. The acquisition added 1,466,885 square feet of GLA across Canada at a purchase price of $201,346, excluding acquisition costs and an adjustment of $1,349 for the difference between the fair value of the Exchangeable Units on closing compared to the volume weighted average value determined in accordance with the purchase and sale agreement. The acquisition was immediately accretive, with an estimated stabilized NOI(1) of $14,500, representing a capitalization rate of 7.19%. At acquisition, the occupancy rate of the acquired portfolio was over 99%.

On August 11, 2015, Choice Properties acquired a 12,023 square foot, fully-occupied, retail building adjacent to an existing Choice Properties owned site located in Mississauga, Ontario. The total purchase price was $5,600 excluding acquisition costs. The acquisition was immediately accretive, with an estimated stabilized NOI(1) of $337, representing a capitalization rate of 6.07%. Upon acquisition, the property was combined with the adjacent Choice Properties owned site and together re-categorized as one multi-tenant property.

On August 20, 2015, Choice Properties acquired two stand-alone pharmacies located in Midland and Courtice, Ontario from Loblaw with total GLA of 48,638 square feet for a purchase price of $18,150, excluding acquisition costs. The acquisition was immediately accretive, with an estimated stabilized NOI(1) of $1,118, representing a capitalization rate of 6.16%. Both properties are occupied by Shoppers Drug Mart, each with a 20-year initial lease term and five five-year renewal options.

5.3 Development Activities

During the year ended December 31, 2015, Choice Properties made progress on its development program as illustrated below:

($ thousands except where otherwise indicated) (unaudited)	Expected total development GLA (in square feet)	Development GLA completed in 2015[iii] (in square feet)	Remaining development GLA expected to be completed (in square feet)	Expected project yield	Expected total project spend[iv]	Life-to-date project spend[iv]	Expected cost to complete	Committed future project spend
2015 projects completed[i]								
Intensification	43,000	43,000	—	9%	$ 11,632	$ 11,632	$ —	$ —
	43,000	**43,000**	**—**	**9%**	**11,632**	**11,632**	**—**	**—**
Projects to be completed in 2016								
Intensification	500,000	78,000	422,000	7% - 12%	150,500	73,318	77,182	12,800
Redevelopment	15,000	3,000	12,000	6% - 8%	6,400	4,886	1,514	100
Greenfield	217,000	—	217,000	6% - 7%	68,100	48,170	19,930	5,600
	732,000	**81,000**	**651,000**	**6% - 12%**	**225,000**	**126,374**	**98,626**	**18,500**
Projects to be completed in 2017								
Intensification	299,000	—	299,000	6% - 9%	101,700	1,390	100,310	—
Redevelopment	5,000	—	5,000	6% - 8%	2,100	—	2,100	—
Greenfield	164,000	—	164,000	7% - 8%	64,700	18,786	45,914	900
	468,000	**—**	**468,000**	**6% - 9%**	**168,500**	**20,176**	**148,324**	**900**
Projects to be completed in 2018								
Development projects[ii]	350,000	—	350,000	7% - 8%	108,800	200	108,600	—
	350,000	**—**	**350,000**	**7% - 8%**	**108,800**	**200**	**108,600**	**—**
Total	**1,593,000**	**124,000**	**1,469,000**	**6% - 12%**	**$ 513,932**	**$ 158,382**	**$ 355,550**	**$ 19,400**

(i) The yield for completed projects is presented on a weighted average basis.

(ii) 2018 projects are in various stages of early development. Due to the long-term nature of these projects and on-going adjustments in expectations concerning timing, occupancy and costs, some data points are not available.

(iii) Completed GLA is defined as GLA for which tenants have possession.

(iv) Project spend, for the purpose of calculating the expected yield, includes land acquisition costs and intensification payments to be made to Loblaw.

2015 projects completed During the fourth quarter of 2015, Choice Properties completed the intensification of five properties: Ancaster, Vaughan and Lindsay, Ontario; Edmonton, Alberta; and Val Belair, Quebec. These intensifications added approximately 17,000 square feet for a new Shoppers Drug Mart in Edmonton, Alberta, 8,000 square feet of new ancillary space and 6,000 square feet of Loblaw expansions. These projects, along with the previously completed retail unit in Saint John, New Brunswick and gas bars in Toronto and Sudbury, Ontario, added approximately 43,000 square feet in 2015 with a weighted average yield of approximately 9%.

Projects to be completed in 2016 Time-lines for development projects span many months or several years, and are often completed in stages. During the fourth quarter of 2015, Choice Properties made further progress on its 2016 projects adding approximately 58,000 square feet of ancillary GLA in Calgary and Edmonton, Alberta; Regina, Saskatchewan; and Stoney Creek, Ontario. Year-to-date, Choice Properties completed 81,000 square feet for projects to be completed in 2016, which includes the previously completed 17,000 square foot Shoppers Drug Mart in Regina, Saskatchewan and 6,000 square feet of ancillary space. The remaining GLA expected to be completed in 2016 includes approximately 400,000 square feet of new GLA for a Loblaw food store in Surrey, British Columbia; a Loblaw food store and a Shoppers Drug Mart store in Barrie, Ontario; and a Loblaw warehouse expansion in Boucherville, Quebec. Tenants are expected to take possession throughout 2016 as the projects are completed in stages[(2)].

In total, Choice Properties developed approximately 124,000 square feet of GLA creating 29 new retail spaces in 2015. The Trust compensated Loblaw with intensification fees of $2,334 in connection with developments completed during 2015. Choice Properties' annual development capital expenditure spent in 2015 was $130,515, including capitalized interest and amount spent on projects expected to be completed in future years.

Choice Properties continues to refine its development pipeline based on municipal approvals, tenant leasing, and development costs. Choice Properties expects to invest a total of approximately $502,300 (including costs spent to date) to develop up to 1,550,000 square feet of additional GLA by the end of 2018. Development yields are expected to be accretive upon tenant occupancy[(2)].

The following table indicates the anticipated square footage to be completed in each year, and the total cumulative expected capital cost to complete the projects, including investments made in prior years(2).

($ thousands except where otherwise indicated) (unaudited)		2016(i)		2017		2018		Total
Potential development GLA (in square feet)		732,000		468,000		350,000		1,550,000
Estimated total project capital	$	225,000	$	168,500	$	108,800	$	502,300
Expected NOI(1) yield		6% - 12%		6% - 9%		7% - 8%		6% - 12%
Estimated total capital annual spend	$	222,200	$	224,300	$	239,100	$	685,600

(i) As at December 31, 2015, 81,000 square feet, or 11.1%, of the potential development GLA was completed.

5.4 Active Management

Leasing Activity

Choice Properties' leasing activities are focused on driving value by adding ancillary tenants in business sectors that complement the grocery anchor tenant. The following table summarizes the change in occupied GLA and average base rent for the year ended December 31, 2015:

(in square feet except where otherwise indicated) (unaudited)	Occupied GLA	Occupancy (%)		Average base rent (per square foot)
Occupied, January 1, 2015	38,129,000	98.1%	$	13.14
Tenant openings	314,000		$	12.76
Tenant openings - identified for development	90,000		$	3.00
Tenant closures	(228,000)		$	11.38
Acquisitions	2,657,000		$	8.92
Developments	124,000		$	27.51
Re-certifications	8,000			N/A
Occupied, December 31, 2015	**41,094,000**	**98.6%**	**$**	**12.80**

Choice Properties' principal tenant, Loblaw, represents 89.1% of the Trust's GLA (December 31, 2014 - 88.4%). The remaining GLA is designated ancillary space for leasing to third-party tenants. As at December 31, 2015, Choice Properties' portfolio GLA, occupied GLA, and occupancy rates were as follows:

	As at December 31, 2015(i)			As at December 31, 2014		
(in millions of square feet except where otherwise indicated) (unaudited)	**GLA(i)**	**Occupied GLA**	**Occupancy (%)**	GLA	Occupied GLA	Occupancy (%)
Loblaw banners	**37.1**	**37.1**	**100.0%**	34.3	34.3	100.0%
Ancillary tenants	**4.5**	**4.0**	**87.5%**	4.6	3.8	83.6%
Total	**41.6**	**41.1**	**98.6%**	**38.9**	**38.1**	**98.1%**

(i) Includes a change in tenancy between Loblaw and ancillary of 0.2 million square feet.

As at December 31, 2015, Loblaw represented approximately 91.1% (December 31, 2014 - 91.4%) of annual base rent. The weighted average lease term-to-maturity on the Loblaw leases was 12.3 years at December 31, 2015 (December 31, 2014 - 12.7 years). The first maturity of a Loblaw lease does not occur until 2023. Loblaw leases 37.1 million square feet of GLA, with approximately 84.5%, 14.0% and 1.5% of such GLA attributed to retail, warehouse and office space, respectively.

Choice Properties has approximately 4.5 million square feet of GLA designated to lease to ancillary tenants that benefit from the consumer traffic that a food and drug retailer attracts to a shopping centre. As at December 31, 2015, 4.0 million square feet was leased to ancillary tenants with a weighted average lease term to maturity of 5.7 years (December 31, 2014 - 5.2 years).

The future financial performance of investment properties will be impacted by occupancy rates, trends in rental rates achieved on new leasing or renewing space currently leased, and contractual increases in rent(2). Rental activity by quarter varies based on the mix of tenants renewing.

In the three months ended December 31, 2015, Choice Properties entered into leases totaling approximately 235,000 square feet with an average lease term of 9.3 years. The leasing activity for the portfolio is shown below:

For the three months ended December 31 (in square feet except where otherwise indicated) (unaudited)		2015 GLA	2015 Average base rent (per square foot)		2014 GLA	2014 Average base rent (per square foot)	
New leasing:	Previously vacant	**104,000**	**$**	**13.32**	38,000	$	13.42
	Newly developed	**89,000**	**$**	**28.46**	—	$	—
Renewals		**42,000**	**$**	**19.70**	149,000	$	13.75
Total		**235,000**	**$**	**20.19**	187,000	$	13.68

In the year ended December 31, 2015, Choice Properties entered into leases totaling approximately 987,000 square feet with an average lease term of 8.8 years. The leasing activity for the portfolio is shown below:

For the years ended December 31 (in square feet except where otherwise indicated) (unaudited)		2015 GLA	2015 Average base rent (per square foot)		2014 GLA	2014 Average base rent (per square foot)	
New leasing:	Previously vacant	**314,000**	**$**	**12.76**	202,000	$	12.84
	Identified for development	**90,000**	**$**	**3.00**	—		N/A
	Newly developed	**124,000**	**$**	**27.51**	51,000	$	17.29
Renewals		**459,000**	**$**	**11.48**	384,000	$	12.98
Total (including identified for development)		**987,000**	**$**	**13.13**	637,000	$	13.64
Total (excluding identified for development)		**897,000**	**$**	**14.14**	637,000	$	13.64

The details of renewals are as follows:

For the periods ended December 31 (unaudited)	Three Months 2015		Three Months 2014		Year End 2015		Year End 2014	
Square footage renewed (in square feet)		**42,000**		149,000		**459,000**		384,000
Average base rent per square foot	**$**	**19.70**	$	13.75	**$**	**11.48**	$	12.98
Percentage increase in average base rent per square foot		**11.3%**		7.9%		**12.0%**		6.5%
Renewal retention rate(i)		**42.8%**		94.2%		**78.0%**		84.3%

(i) The retention rate for the year ended December 31, 2015 excluded approximately 90,000 square feet of former ancillary retail space converted to Loblaw storage space. This site has been identified for future redevelopment. Including this space, the renewal retention rate was 67.7%.

The lease maturity profile for ancillary tenants as at December 31, 2015 was as follows:

(unaudited)	Ancillary GLA (in square feet)	Expiring ancillary GLA as a percentage of ancillary GLA	Expiring ancillary GLA as a percentage of total GLA		Annualized base rent ($ thousands)		Average base rent (per square foot)
Month-to-month	209,000	4.6%	0.5%	$	1,955	$	9.34
2016	333,000	7.4%	0.8%		4,326	$	12.99
2017	422,000	9.3%	1.0%		5,946	$	14.11
2018	479,000	10.5%	1.1%		5,823	$	12.14
2019	346,000	7.6%	0.8%		5,783	$	16.72
2020	619,000	13.6%	1.5%		8,610	$	13.90
2021 & Beyond	1,566,000	34.5%	3.8%		22,249	$	14.21
Vacant	569,000	12.5%	1.4%		—		—
Portfolio Ancillary Total	**4,543,000**	**100.0%**	**10.9%**	**$**	**54,692**	**$**	**12.04**

Operating Capital Expenditures

Property Capital Capital expenditures incurred to sustain the investment properties' existing GLA are considered to be operational and are deducted in the calculation of AFFO(1). During the year ended December 31, 2015, Choice Properties incurred $32,466 of property capital expenditures, which are recoverable from tenants under the terms of their leases over the useful life of the improvements (2014 - recoverable capital improvements of $26,805 and non-recoverable structural improvements of $2,718). Recoverable capital improvements may include items such as parking lot resurfacing and roof replacement. These items are recorded as part of investment properties and the recoveries from tenants are recorded as revenue. The balance yet to be recovered was $63,929 as at December 31, 2015 (December 31, 2014 - $34,254), the majority of which Choice Properties expects to recover from tenants over the useful lives or life of the improvements(2).

Property capital expenditures per annum(2) are expected to be $0.90 to $0.95 per square foot.

Leasing Capital Capital expenditures for leasing activities, such as leasing commissions or tenant improvement allowances, are considered to be operational and are also deducted in the calculation of AFFO(1). Choice Properties incurred $5,548 of tenant improvement allowances and $2,336 of direct leasing costs during the year ended December 31, 2015 (2014 - tenant improvement allowances of $1,541 and direct leasing costs of $1,244).

Leasing capital varies with tenant demand and the balance between new and renewal leasing, as capital expenditures relating to securing new tenants are generally higher than the costs relating to renewing existing tenants.

Choice Properties endeavours to fund operating capital from cash flows from operations(2).

6. CONSOLIDATED RESULTS OF OPERATIONS

Choice Properties' financial results for the years ended December 31, 2015 and December 31, 2014 are summarized below:

For the years ended December 31 ($ thousands)	2015	2014	Variance favourable / (unfavourable)
Rental Revenue			
Base rent	**$ 551,114**	$ 514,904	$ 36,210
Property tax and operating cost recoveries	**188,936**	164,975	23,961
Other revenue	**3,050**	3,044	6
	743,100	682,923	60,177
Property Operating Costs			
Recoverable property taxes and operating costs	**(189,193)**	(169,792)	(19,401)
Non-recoverable operating costs	**(2,986)**	(2,758)	(228)
Net Property Income	**$ 550,921**	$ 510,373	$ 40,548
Other Expenses			
General and administrative expenses	**(21,765)**	(23,315)	1,550
Amortization of other assets	**(844)**	(414)	(430)
Net interest expense and other financing charges	**(345,051)**	(380,654)	35,603
Loss on disposal of investment properties	**—**	(450)	450
Net Income before Adjustments to Fair Value	**$ 183,261**	$ 105,540	$ 77,721
Adjustment to fair value of Exchangeable Units	**(410,518)**	12,143	(422,661)
Adjustment to fair value of investment properties	**71,981**	81,931	(9,950)
Net Income (Loss)	**$ (155,276)**	$ 199,614	$ (354,890)

Rental Revenue Rental revenue is comprised primarily of base rent and recoveries from tenants for property taxes, operating costs and qualifying capital expenditures.

For the years ended December 31 ($ thousands) (unaudited)	2015	2014	Variance favourable / (unfavourable)
Same Properties(i)	**$ 678,454**	$ 663,689	$ 14,765
Acquisitions	**64,646**	17,935	46,711
Dispositions	**—**	1,299	(1,299)
Total Revenue	**$ 743,100**	$ 682,923	$ 60,177

(i) There were 432 properties that were owned throughout both the years ended December 31, 2015 and December 31, 2014 ("Same Properties").

During the year ended December 31, 2015, rental revenue increased by $60,177, or 8.8% compared to the same period in 2014, primarily due to additional rental revenue of $46,711 attributable to the Acquisitions, and an increase of $13,466 in revenue from Same Properties, net of the Dispositions.

Rental revenue includes certain non-cash amounts. Rental revenue is recorded on a straight-line basis over the full term of a lease, which results in a difference between cash rent received and revenue recognized for accounting purposes. The amortization of tenant improvement allowances is also included in rental revenue. During the year ended ended December 31, 2015, the net amount of these items positively impacted rental revenue by $36,405 (2014 - $34,178).

Net Operating Income[1] All Properties

For the years ended December 31 ($ thousands) (unaudited)	2015	2014	Variance favourable / (unfavourable)
Rental revenue	**$ 743,100**	$ 682,923	$ 60,177
Less: Straight-line rental revenue	**(36,656)**	(34,634)	(2,022)
	706,444	648,289	58,155
Property operating costs	**(192,179)**	(172,550)	(19,629)
Net Operating Income[1] All Properties	**$ 514,265**	$ 475,739	$ 38,526

For the year ended December 31, 2015, NOI[1] increased by $38,526 or 8.1% compared to the same period in 2014, primarily driven by an increase of $29,746 from the Acquisitions, and $8,780 from Same Properties, net of the Dispositions.

Net Operating Income[1] Same Properties

For the years ended December 31 ($ thousands) (unaudited)	2015	2014	Variance favourable / (unfavourable)
Rental revenue	**$ 678,454**	$ 663,689	$ 14,765
Less: Straight-line rental revenue	**(32,694)**	(33,650)	956
	645,760	630,039	15,721
Property operating costs	**(173,840)**	(168,004)	(5,836)
Net Operating Income[1] Same Properties	**$ 471,920**	$ 462,035	$ 9,885
Less: Net Operating Income - developed GLA	**(1,327)**	(358)	(969)
Net Operating Income[1] Same Properties - same GLA	**$ 470,593**	$ 461,677	$ 8,916

For the year ended December 31, 2015, Same Properties' NOI[1], measured on a same GLA basis, increased by $8,916 or 1.9% compared to the same period in 2014, primarily due to an increase of $6,142 in base rent and net recoveries, which was driven by an improvement in ancillary occupancy and higher average rents per square foot on new ancillary leases, and rent steps in Loblaw leases. The increase was also due to an increase of $2,691 in revenue from the recovery of capital expenditures and interest and $265 in other income, partially offset by a $182 increase in non-recoverable operating expenses.

General and Administrative Expenses

For the years ended December 31 ($ thousands) (unaudited)	2015	2014	Variance favourable / (unfavourable)
Internal expenses of the Trust[(i)]	**$ 23,142**	$ 15,877	$ (7,265)
Investor relations and other public entity costs	**2,058**	2,162	104
Professional fees	**1,900**	1,713	(187)
Services Agreement expense charged by related party[(ii)]	**3,141**	4,771	1,630
	30,241	24,523	(5,718)
Less:			
Property and asset management fee charged to related party[(ii)]	**(600)**	—	600
Services Agreement fee charged to related party[(iii)]	**—**	(350)	(350)
Capitalized to investment properties	**(2,157)**	(858)	1,299
Allocated to recoverable operating expenses	**(5,719)**	—	5,719
General and administrative expenses	**$ 21,765**	$ 23,315	$ 1,550
Less:			
Internalization costs[(i)]	**—**	(2,568)	(2,568)
Internal expenses for leasing[(iv)]	**(1,771)**	(366)	1,405
General and administrative expenses excluding internal expenses for leasing and internalization costs (for use in general and administrative expense as a percent of revenue calculation)	**$ 19,994**	$ 20,381	$ 387
As a percentage of revenue	**2.7%**	3.0%	0.3%

(i) The internal expenses of the Trust for the year ended December 31, 2014 include costs to internalize property and asset management functions of $2,568.

(ii) The Services Agreement and Property Management Agreement are described in section 11, "Related Party Transactions", of this MD&A.

(iii) In July 2013, Choice Properties entered into a Services Agreement to provide administration and support services to Loblaw for a one year term ended June 30, 2014.

(iv) Internal expenses for leasing, primarily salaries, were eligible to be added back to FFO[(1)], based on the revision to the definition of FFO[(1)] in the Real Property Association of Canada White Paper published in April 2014 that provided for an adjustment to incremental leasing expenses for the cost of salaried staff. This adjustment to FFO[(1)] made results more comparable between real estate entities that expensed their internal leasing departments and those that capitalized the expenses. Choice Properties internalized its leasing function on October 1, 2014. Therefore, there were only three months of internal expenses for leasing for the year ended December 31, 2014 compared to the full year ended December 31, 2015.

General and administrative expenses, excluding internal expenses for leasing and internalization costs, for the year ended December 31, 2015, were $387 lower than the same period in 2014.

As a result of internalization, and excluding the costs to internalize of $2,568 incurred in the year ended December 31, 2014, internal expenses of the Trust increased by $9,833 primarily due to the addition of personnel in the current year. $5,719 of the increased costs related to operations and were charged to the properties' operating expenses. A further $1,405 related to an increase in internal leasing expenses, which are an add-back to FFO[(1)]. The increased costs were partially offset by a decrease in the services agreement expense of $1,630 and an increase of $600 for property and asset management fees.

General and administrative expenses, excluding internal expenses for leasing and internalization costs, are flat year-over-year when expressed as a percentage of revenue.

Net Interest Expense and Other Financing Charges

For the years ended December 31 ($ thousands) (unaudited)	2015	2014	Variance favourable / (unfavourable)
Interest on senior unsecured debentures	**$ 97,189**	$ 72,433	$ (24,756)
Interest on Transferor Notes[i]	**—**	18,271	18,271
Distributions on Class C LP Units[i]	**46,250**	46,250	—
Interest on mortgage	**217**	49	(168)
Interest on credit facility	**3,405**	2,965	(440)
Subtotal **(for use in Debt Service Coverage calculation)**	**$ 147,061**	$ 139,968	$ (7,093)
Distributions on Exchangeable Units[i]	**202,804**	191,267	(11,537)
Subtotal (for use in EBITDAFV[(1)] calculation)	**$ 349,865**	$ 331,235	$ (18,630)
Effective interest rate amortization of debt discounts and premiums	**(2,632)**	48,891	51,523
Effective interest rate amortization of debt placement costs	**1,405**	1,127	(278)
Capitalized interest	**(1,465)**	(166)	1,299
Interest income	**(2,122)**	(433)	1,689
Net interest expense and other financing charges	**$ 345,051**	$ 380,654	$ 35,603

(i) Represents amounts paid to Loblaw.

For the year ended December 31, 2015, net interest expense and other financing charges decreased by $35,603 or 9.4% compared to the same period in 2014. The decrease was primarily due to a non-cash finance charge of $48,911 in 2014 related to the early repayment of the transferor notes issued to Loblaw in connection with the IPO. The decrease was partially offset by higher expenses in the year ended December 31, 2015 for interest on the Series E and F senior unsecured debentures issued in the first and fourth quarter of 2015, respectively, and distributions on the additional Exchangeable Units issued as partial consideration for properties acquired from Loblaw in 2014 and 2015.

7. OTHER MEASURES OF PERFORMANCE

Choice Properties' FFO(1) and AFFO(1) for the years ended December 31, 2015 and December 31, 2014 are summarized below:

For the years ended December 31 ($ thousands except where otherwise indicated) (unaudited)		2015		2014		Variance favourable / (unfavourable)
Funds from Operations(1)	**$**	**388,975**	$	297,488	$	91,487
Funds from Operations(1) (excluding other adjustments)(i)	**$**	**388,975**	$	348,967	$	40,008
FFO(1) per unit basic(ii)	**$**	**0.967**	$	0.913	$	0.054
FFO(1) per unit diluted(ii)	**$**	**0.966**	$	0.912	$	0.054
FFO(1) payout ratio(ii)		**67.3%**		71.3%		4.0%
Adjusted Funds from Operations(1)	**$**	**312,881**	$	285,236	$	27,645
AFFO(1) per unit basic	**$**	**0.778**	$	0.746	$	0.032
AFFO(1) per unit diluted	**$**	**0.777**	$	0.745	$	0.032
AFFO(1) payout ratio		**83.7%**		87.2%		3.5%
Distribution declared per unit	**$**	**0.650004**	$	0.650004	$	—
Weighted average Units outstanding - basic		**402,090,617**		382,344,615		19,746,002
Weighted average Units outstanding - diluted		**402,582,183**		382,636,320		19,945,863
Number of Units outstanding, end of period		**408,063,609**		395,287,115		12,776,494

(i) For the year ended December 31, 2014, internalization costs of $2,568 were added back to net income (loss) to calculate FFO(1) (excluding other adjustments). Also, for the year ended December 31, 2014, non-cash finance charges of $48,911 were added back to net income (loss) to calculate FFO(1) (excluding other adjustments). The non-cash finance charges were the result of accelerated amortization of net debt discounts due to replacement of notes issued to Loblaw in connection with the IPO.

(ii) The FFO(1) per unit amounts and payout ratio for the year ended December 31, 2014 were calculated using FFO(1) (excluding other adjustments). FFO(1) per unit on a diluted basis, before adjustments, was $0.777 and the payout ratio was 83.7%.

Funds from Operations(1)

Except as otherwise noted, Choice Properties calculates its FFO(1) in accordance with the Real Property Association of Canada White Paper on Funds from Operations for IFRS issued in April 2014 (see Section 17,"Non-GAAP Financial Measures", of this MD&A).

For the year ended December 31, 2015, FFO(1) (excluding other adjustments) increased by $40,008 or 11.5% compared to the same period in 2014. The year-over-year growth was due to an increase in net property income of $40,343 and a decrease in general and administrative expenses of $1,866, partially offset by a $1,771 increase in interest and other financing charges and a $430 increase in amortization of other assets.

For the year ended December 31, 2015, FFO(1) per unit on a diluted basis increased by $0.054 or 5.9% compared to the same period in 2014.

Adjusted Funds from Operations(1)

There is currently no standard industry-defined measure of AFFO(1). Please refer to Section 17, "Non-GAAP Financial Measures", of this MD&A, for a reconciliation of AFFO(1) to cash flows from operating activities determined in accordance GAAP.

For the year ended December 31, 2015, AFFO(1) increased by $27,645 or 9.7% compared to the same period in 2014. The year-over-year growth was due to an increase in net property income of $38,321, and a decrease in general and administrative expenses of $1,901, partially offset by a $8,042 increase in capital expenditures required to maintain the rental revenue stream of the growing portfolio, a $4,105 increase in interest and other financing charges, and a $430 increase in amortization of other assets.

For the year ended December 31, 2015, AFFO(1) per unit on a diluted basis increased by $0.032 or 4.3% compared to the same period in 2014.

8. LIQUIDITY AND CAPITAL RESOURCES

8.1 Major Cash Flow Components

For the periods ended December 31 ($ thousands)	Three Months (unaudited) 2015	2014	Source/ (Use)	Year End (audited) 2015	2014	Source/ (Use)
Cash and cash equivalents, beginning of period	**$ 7,614**	$ 8,262	$ (648)	**$ 1,332**	$ 51,405	$ (50,073)
Cash flows from operating activities	**172,394**	200,656	(28,262)	**520,642**	476,368	44,274
Cash flows used in investing activities	**(113,907)**	(174,947)	61,040	**(414,556)**	(296,685)	(117,871)
Cash flows used in financing activities	**(21,747)**	(32,639)	10,892	**(63,064)**	(229,756)	166,692
Cash and cash equivalents, end of period	**$ 44,354**	$ 1,332	$ 43,022	**$ 44,354**	$ 1,332	$ 43,022

Cash Flows from Operating Activities

The year-over-year decrease in cash flows from operating activities for the three months ended December 31, 2015 of $28,262 was primarily driven by a lower contribution from working capital due to a decrease in deferred revenue as there was no prepaid rent from Loblaw in the third quarter of 2014, partially offset by an increase in NOI(1).

The year-over-year increase in cash flows from operating activities for the year ended December 31, 2015 of $44,274 was primarily due to a higher contribution from working capital due to an increase in deferred revenue and accrued distributions on Exchangeable Units as a result of partial consideration for properties acquired from Loblaw in 2014 and 2015, and an increase in NOI(1).

Cash flows from operating activities are used to fund on-going operations, and expenditures for leasing capital and property capital(2).

Cash Flows used in Investing Activities

The year-over-year decrease in cash flows used in investing activities for the three months ended December 31, 2015 was $61,040, which was primarily due to a $92,968 decrease in investment properties acquisitions compared to the same period in 2014, partially offset by incremental capital expenditures of $61,807 for the investment properties. In addition, no notes receivable were issued to third-parties in the fourth quarter of 2015 compared to $23,000 of notes receivable issued in the same period in 2014.

The year-over-year increase in cash flows used in investing activities for the year ended December 31, 2015 of $117,871 was primarily due to increased capital expenditures for the investment properties of $106,351 and a $26,878 increase in investment property acquisitions compared to the same period in 2014. Choice Properties issued $21,435 fewer notes receivable to third-parties and contributed $3,110 less to the joint venture in 500 LS Limited Partnership in 2015 than in the prior year.

Cash Flows used in Financing Activities

The year-over-year decrease in cash flows used in financing activities was $10,892 for the three months ended December 31, 2015 compared to the same period in 2014, primarily due to issuance of Series F senior unsecured debentures which were substantially used to repay existing indebtedness.

The year-over-year decrease in cash flows used in financing activities was $166,692 for the year ended December 31, 2015 compared to the same period in 2014, primarily due to the retirement of Transferor Notes in 2014, partially offset by fluctuations in the credit facility balance.

8.2 Liquidity and Capital Structure

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

($ thousands)	As at December 31, 2015	As at December 31, 2014	Variance favourable / (unfavourable)
Cash and cash equivalents	**$ 44,354**	$ 1,332	$ 43,022
Unused portion of the Credit Facility	**500,000**	378,000	122,000
Liquidity	**$ 544,354**	$ 379,332	$ 165,022

Credit Facility

Choice Properties has a $500,000 (December 31, 2014 - $500,000) senior unsecured committed revolving credit facility (the "Credit Facility") provided by a syndicate of lenders that contains certain financial and non-financial covenants consistent with a credit facility of this nature. The Credit Facility is available for general business purposes, including property acquisitions and development activities, and the refinancing of indebtedness. The Credit Facility bears interest at variable rates of either: prime plus 0.45% or bankers' acceptance rate plus 1.45%. This pricing is contingent on Choice Properties' credit ratings from DBRS Limited ("DBRS") and Standard & Poor's ("S&P") remaining at "BBB". The Credit Facility matures July 5, 2020.

As at December 31, 2015, no amount was drawn under the Credit Facility (December 31, 2014 - $122,000).

Base Shelf Prospectus

On October 14, 2015, Choice Properties filed a new base shelf prospectus allowing for the issuance, from time to time, of Units and debt securities, or any combination thereof, having an aggregate offering price of up to $2 billion. The new prospectus is effective for a 25-month period from the date of issuance. On November 24, 2015, Choice Properties issued $200,000 of senior unsecured debentures under this prospectus.

Long Term Debt and Class C LP Units

The following are the continuities of Choice Properties' outstanding long term debt and Class C LP Units for the year ended December 31, 2015:

For the year ended December 31, 2015 ($ thousands)	Senior unsecured debentures	Mortgages	Class C LP Units	Total long term debt and Class C LP Units	Weighted average coupon rate
Principal balance outstanding, beginning of year	$ 2,550,000	$ 3,107	$ 925,000	$ 3,478,107	3.96%
Issuance:					
Series E	250,000	—	—	250,000	2.30%
Series F	200,000	—		200,000	4.06%
Mortgage assumed	—	2,072	—	2,072	3.15%
Repayment:					
Mortgages	—	(1,040)	—	(1,040)	7.36%
Principal balance outstanding, end of year	**$ 3,000,000**	**$ 4,139**	**$ 925,000**	**$ 3,929,139**	**3.65%**

Senior Unsecured Debentures

On February 5, 2015, Choice Properties issued $250,000 principal amount of Series E senior unsecured debentures under the base shelf prospectus dated September 3, 2013, with a coupon rate of 2.297% per annum that mature on September 14, 2020.

On November 24, 2015, Choice Properties issued $200,000 principal amount of Series F senior unsecured debentures under the base shelf prospectus dated October 14, 2015, with a coupon rate of 4.055% per annum that mature on November 24, 2025.

Subsequent to December 31, 2015, Choice Properties entered into certain bond forward contracts with a notional value of $300,000.

On February 4, 2016, Choice Properties issued a notice for a March 7, 2016 early redemption, at par, of the $300,000 Series 5 senior unsecured debentures with an original maturity date of April 20, 2016.

Mortgage

In connection with a property acquired from a third-party on August 11, 2015, Choice Properties assumed a mortgage that is secured by the property. The mortgage bears interest at a fixed rate of 3.15% per annum, matures in 2019 and has an effective interest rate of 2.45% per annum.

Class C LP Units (authorized - unlimited)

As at December 31, 2015, Loblaw holds all of the 92,500,000 outstanding Class C LP Units (December 31, 2014 - 92,500,000 Units), which are redeemable at Loblaw's option, beginning in 2027. Choice Properties has the option to settle the redemption payment with cash, Exchangeable Units, or any combination thereof.

Maturities of Long Term Debt and Class C LP Units

As at December 31, 2015 ($ thousands)		Senior unsecured debentures		Mortgage		Class C LP Units		Total
2016	$	300,000	$	1,212	$	—	**$**	**301,212**
2017		200,000		1,192		—		**201,192**
2018		400,000		152		—		**400,152**
2019		200,000		1,583		—		**201,583**
2020		550,000		—		—		**550,000**
Thereafter		1,350,000		—		925,000		**2,275,000**
Total principal balance outstanding	**$**	**3,000,000**	**$**	**4,139**	**$**	**925,000**	**$**	**3,929,139**

In order to reduce refinancing risk, Choice Properties attempts to stagger debt maturities and future financing obligations to ensure no large maturities or financing needs occur in any one year.

Financial Covenants

Choice Properties is subject to certain financial and non-financial covenants in its senior unsecured debentures and the 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 of these covenants as at December 31, 2015 and December 31, 2014.

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

(unaudited)		As at December 31, 2015	As at December 31, 2014
Debt to Total Assets Ratio(i)	Limit: Maximum including Class C LP Units and convertible debt is 65.0%	**44.5%**	44.0%
Debt Service Coverage Ratio(i)	Limit: Minimum 1.5x	**3.6x**	3.5x

(i) Debt ratios include Class C LP Units but exclude Exchangeable Units. The ratios are non-GAAP financial measures calculated based on the trust indentures, as supplemented.

8.3 Credit Ratings

Choice Properties' debt securities are rated by two independent credit rating agencies: DBRS and S&P. Choice Properties' ratings are linked to and equivalent to those of Loblaw, largely because of Loblaw's significant ownership position in the Trust, Loblaw's position as Choice Properties' most significant tenant for the foreseeable future, and the strategic integration between the Trust and Loblaw.

The following table sets out the current credit ratings of Choice Properties:

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

8.4 Unit Equity

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' outstanding equity from Units:

	Year ended December 31, 2015	**Year ended December 31, 2014**
Number of Units, beginning of year	**395,287,115**	371,688,983
Units issued in connection with the Distribution Reinvestment Plan	**1,668,346**	1,522,472
Units issued under unit-based compensation arrangement	**30,461**	118,309
Exchangeable Units issued in connection with investment properties acquired from Loblaw	**11,077,687**	21,957,351
Number of Units, end of year	**408,063,609**	395,287,115

Distribution Reinvestment Plan

Choice Properties has a Distribution Reinvestment Plan ("DRIP") which enables eligible Unitholders to elect to automatically reinvest their regular monthly cash distributions in additional Units and to receive a bonus distribution in Units equivalent to 3% of each distribution. In the year ended December 31, 2015, Choice Properties issued 1,668,346 Units under the DRIP (2014 - 1,522,472 Units). In the year ended December 31, 2015, the Trust issued 1,317,405 Units to GWL under the DRIP (2014 - 1,306,847 Units). On average, 12.6% of Unitholders other than Loblaw and GWL participated in the DRIP in the year ended December 31, 2015.

Distributions

In the year ended December 31, 2015, Choice Properties declared $261,424 in distributions (2014 - $248,754), including distributions to holders of Exchangeable Units, which are reported as interest expense, and non-cash distributions provided under the DRIP.

For the periods ended December 31 ($ thousands) (unaudited)	Three Months **2015**	**2014**	**Variance favourable / (unfavourable)**	Year End **2015**	**2014**	**Variance favourable / (unfavourable)**
Distributions declared	**$ 66,221**	$ 64,211	$ 2,010	**$ 261,424**	$ 248,754	$ 12,670
Less: Distributions reinvested through the DRIP	**(4,319)**	(4,063)	(256)	**(18,118)**	(15,682)	(2,436)
Net distributions declared	**$ 61,902**	$ 60,148	$ 1,754	**$ 243,306**	$ 233,072	$ 10,234

In determining the amount of distributions to be made to Unitholders, Choice Properties' Board of Trustees consider 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 of Trustees regularly review Choice Properties' rate of distributions to assess the stability of cash and non-cash distributions.

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

For the periods ended December 31 ($ thousands) (unaudited)	Three Months 2015	Three Months 2014	Three Months Variance favourable / (unfavourable)	Year End 2015	Year End 2014	Year End Variance favourable / (unfavourable)
Cash flows from operating activities	**$ 172,394**	$ 200,656	$ (28,262)	**$ 520,642**	$ 476,368	$ 44,274
Less: Interest paid on financing activities	**(13,713)**	(14,809)	1,096	**(144,528)**	(108,413)	(36,115)
Cash flows from operating activities less interest paid	**$ 158,681**	$ 185,847	$ (27,166)	**$ 376,114**	$ 367,955	$ 8,159
Less: Net distributions declared	**(61,902)**	(60,148)	(1,754)	**(243,306)**	(233,072)	(10,234)
Excess of cash flows provided by operating activities less interest paid over net distributions declared	**$ 96,779**	$ 125,699	$ (28,920)	**$ 132,808**	$ 134,883	$ (2,075)

For the periods ended December 31 ($ thousands) (unaudited)	Three Months 2015	Three Months 2014	Three Months Variance favourable / (unfavourable)	Year End 2015	Year End 2014	Year End Variance favourable / (unfavourable)
Adjusted Funds from Operations(1)	**$ 81,987**	$ 74,096	$ 7,891	**$ 312,881**	$ 285,236	$ 27,645
Less: Net distributions declared	**(61,902)**	(60,148)	(1,754)	**(243,306)**	(233,072)	(10,234)
Excess of cash provided by AFFO(1) over net distributions declared	**$ 20,085**	$ 13,948	$ 6,137	**$ 69,575**	$ 52,164	$ 17,411

For the periods ended December 31 ($ thousands) (unaudited)	Three Months 2015	Three Months 2014	Three Months Variance favourable / (unfavourable)	Year End 2015	Year End 2014	Year End Variance favourable / (unfavourable)
Net Income (Loss)	**$ 40,401**	$ 87,017	$ (46,616)	**$ (155,276)**	$ 199,614	$ (354,890)
Add: Distributions on Exchangeable Units included in net interest expense and other financing charges	**51,461**	49,730	1,731	**202,804**	191,267	11,537
Net income (loss) adjusted for distributions on Exchangeable Units	**$ 91,862**	$ 136,747	$ (44,885)	**$ 47,528**	$ 390,881	$ (343,353)
Less: Net distributions declared	**(61,902)**	(60,148)	(1,754)	**(243,306)**	(233,072)	(10,234)
Excess (shortfall) of adjusted net income (loss) over net distributions declared	**$ 29,960**	$ 76,599	$ (46,639)	**$ (195,778)**	$ 157,809	$ (353,587)

The excess of cash flows provided by operating activities less interest paid over net distributions declared for the three months ended December 31, 2015 includes seasonal fluctuations in non-cash working capital and timing of semi-annual debenture installments. While cash flows from operating activities are generally sufficient to cover distribution requirements, timing of cash outflows may result in shortfalls during particular quarters of the Trust's fiscal year. These seasonal or short-term fluctuations could be funded from other sources, such as the Credit Facility. The cash flows provided by operating activities for the year ended December 31, 2015 were in excess of net distributions declared.

AFFO(1) excludes the impact of short-term fluctuations in non-cash working capital, such as property tax installments, and the timing of semi-annual debenture interest payments. AFFO(1) also considers the cash flow required for capital expenditures to maintain productive capacity of the investment properties. As such, management includes this non-GAAP measure in its assessment of cash flow available for distributions. A reconciliation of AFFO(1) to cash flows from operating activities is in Section 17, "Non-GAAP Financial Measures", of this MD&A.

Management anticipates that distributions declared will, in the foreseeable future(2), continue to vary from net income (or net loss) as this GAAP measure includes adjustments to fair value and other non-cash items. If net income (loss) adjusted for distributions on Exchangeable Units were to be calculated excluding the adjustments to fair value, there would have been an excess of adjusted net income (loss) over net distributions declared.

At its meeting on November 10, 2015, the Board of Trustees reviewed and approved an increase of distributions to $0.67 per unit per annum (an increase of 3.1%). The increase was effective for Unitholders of record on January 29, 2016. Based on current facts and assumptions, management does not anticipate cash distributions will be reduced or suspended in the foreseeable future(2).

The carrying value of the Trust's investment properties exceeds their tax base. Choice Properties' historic tax treatment of distributions has been as follows:

For the years ended December 31 (unaudited)	**2015**	2014	2013
Return of Capital	**9.4%**	17.1%	22.7%
Income	**90.5%**	81.8%	77.3%
Capital Gain	**0.1%**	1.1%	—%
	100.0%	100.0%	100.0%

The composition may change over time, thus affecting the after-tax return to Unitholders.

8.5 Contractual Obligations

The undiscounted future principal and interest payments on Choice Properties' debt instruments, distribution and redemption payments on Class C LP Units, and other contractual obligations as at December 31, 2015 were as follows:

($ thousands) (unaudited)	2016	2017	2018	2019	2020	Thereafter	Total
Senior unsecured debentures	$ 400,505	$ 293,005	$ 490,005	$ 275,789	$ 614,390	$ 1,483,193	**$ 3,556,887**
Mortgage	1,393	1,294	204	1,628	—	—	**4,519**
Class C LP Units	46,250	46,250	46,250	46,250	46,250	1,273,558	**1,504,808**
Other(i)	22,155	266	266	295	295	1,421	**24,698**
Total	**$ 470,303**	**$ 340,815**	**$ 536,725**	**$ 323,962**	**$ 660,935**	**$ 2,758,172**	**$ 5,090,912**

(i) As at December 31, 2015, Choice Properties had commitments of approximately $24,698 for future capital expenditures related to on-going development and sustainable capital projects, and other contractual obligations such as operating rents.

9. QUARTERLY RESULTS OF OPERATIONS

9.1 Results by Quarter

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) (unaudited)	**Fourth Quarter 2015**	Third Quarter 2015	Second Quarter 2015	First Quarter 2015	Fourth Quarter 2014	Third Quarter 2014	Second Quarter 2014	First Quarter 2014
Number of properties	**519**	515	513	475	472	454	456	436
Gross Leasable Area (in millions of square feet)	**41.6**	41.4	41.3	39.9	38.9	37.6	37.6	36.4
Occupancy	**98.6%**	98.5%	98.5%	98.3%	98.1%	97.9%	97.7%	97.7%
Rental revenue	**$ 191,057**	$ 187,285	$ 183,084	$ 181,674	$ 175,246	$ 170,293	$ 170,339	$ 167,045
Net Operating Income(1)	**$ 132,133**	$ 129,986	$ 126,861	$ 125,285	$ 123,175	$ 118,551	$ 118,681	$ 115,332
Net income (loss)	**$ 40,401**	$ (173,362)	$ 188,735	$ (211,050)	$ 87,017	$ 122,306	$ (1,538)	$ (8,171)
Cash flows from operating activities(i)	**$ 172,394**	$ 143,492	$ 105,025	$ 99,731	$ 200,656	$ 119,994	$ 86,692	$ 69,026
FFO(1) per unit - diluted	**$ 0.247**	$ 0.241	$ 0.240	$ 0.238	$ 0.230	$ 0.223	$ 0.091	$ 0.233
FFO(1) per unit - diluted (excluding other adjustments)(ii)	**$ 0.247**	$ 0.241	$ 0.240	$ 0.238	$ 0.230	$ 0.229	$ 0.228	$ 0.224
AFFO(1) per unit diluted	**$ 0.201**	$ 0.194	$ 0.191	$ 0.191	$ 0.188	$ 0.189	$ 0.184	$ 0.185
AFFO(1) payout ratio	**80.8%**	83.8%	85.1%	85.1%	86.4%	86.0%	88.3%	87.8%
Distribution declared per unit	**$ 0.162501**	$ 0.162501	$ 0.162501	$ 0.162501	$ 0.162501	$ 0.162501	$ 0.162501	$ 0.162501
Number of Units outstanding	**408,063,609**	406,379,516	405,659,341	395,976,907	395,287,115	384,073,936	383,670,554	372,029,705
Total assets (in millions)	**$ 8,906**	$ 8,603	$ 8,465	$ 8,159	$ 8,192	$ 7,774	$ 7,719	$ 7,407
Debt to total assets(iii)	**44.5%**	44.9%	45.1%	45.8%	44.0%	45.7%	46.3%	46.9%
Debt service coverage(iii)	**3.6x**	3.6x	3.5x	3.5x	3.5x	3.4x	3.4x	3.5x

(i) Cash flows from operating activities are presented before deducting interest paid.

(ii) The first and second quarters of 2014, were adjusted for a non-cash finance gain of $3,342 and a non-cash finance charge of $52,253, respectively. The third and fourth quarters of 2014 were adjusted for internalization costs of $2,372 and $196, respectively. There were no adjustments to the calculations of FFO(1) for the quarters of 2015.

(iii) Debt ratios include Class C LP Units but exclude Exchangeable Units. The ratios are non-GAAP financial measures calculated based on the trust indentures as supplemented.

Acquisitions, since Choice Properties' IPO, have positively impacted quarterly results. In addition, net income (or net loss) is impacted by fluctuations in adjustments to fair value of Exchangeable Units and investment properties and therefore is often not comparable from quarter to quarter.

9.2 Fourth Quarter Results

Choice Properties' financial results for the three months ended December 31, 2015 and December 31, 2014 are summarized below:

For the three months ended December 31 ($ thousands) (unaudited)	2015	2014	Variance favourable / (unfavourable)
Rental Revenue			
Base rent	**$ 140,319**	$ 132,704	$ 7,615
Property tax and operating cost recoveries	**50,149**	41,961	8,188
Other revenue	**589**	581	8
	191,057	175,246	15,811
Property Operating Costs			
Recoverable property taxes and operating costs	**(49,072)**	(42,713)	(6,359)
Non-recoverable operating costs	**(731)**	(575)	(156)
Net Property Income	**$ 141,254**	$ 131,958	$ 9,296
Other Expenses			
General and administrative expenses	**(5,148)**	(6,213)	1,065
Amortization of other assets	**(279)**	(87)	(192)
Net interest expense and other financing charges	**(87,910)**	(85,030)	(2,880)
Net Income before Adjustments to Fair Value	**$ 47,917**	$ 40,628	$ 7,289
Adjustment to fair value of Exchangeable Units	**(95,418)**	(51,063)	(44,355)
Adjustment to fair value of investment properties	**87,902**	97,452	(9,550)
Net Income	**$ 40,401**	$ 87,017	$ (46,616)

Rental Revenue Rental revenue is comprised primarily of base rent and recoveries from tenants for property taxes, operating costs and qualifying capital expenditures.

For the three months ended December 31 ($ thousands) (unaudited)	2015	2014	Variance favourable / (unfavourable)
Same Properties(i)	**$ 176,669**	$ 170,812	$ 5,857
Acquisitions	**14,388**	4,440	9,948
Dispositions	**—**	(6)	6
Total Revenue	**$ 191,057**	$ 175,246	$ 15,811

(i) There were 453 properties that were owned throughout both the three months ended December 31, 2015 and December 31, 2014 ("Same Properties").

During the three months ended December 31, 2015, rental revenue increased by $15,811, or 9.0% compared to the same period in 2014, primarily due to additional rental revenue of $9,948 attributable to properties acquired in both 2014 and 2015 ("Acquisitions"), and an increase of $5,863 in revenue from Same Properties, net of two properties disposed in 2014 ("Dispositions").

Rental revenue includes certain non-cash amounts. Rental revenue is recorded on a straight-line basis over the full term of a lease, which results in a difference between cash rent received and revenue recognized for accounting purposes. The amortization of tenant improvement allowances is also included in rental revenue. During the three months ended December 31, 2015, the net amount of these items positively impacted rental revenue by $9,020 (2014 - $8,781).

Net Operating Income(1) All Properties

For the three months ended December 31 ($ thousands) (unaudited)		2015		2014		Variance favourable / (unfavourable)
Rental revenue	**$**	**191,057**	$	175,246	$	15,811
Less: Straight-line rental revenue		**(9,121)**		(8,783)		(338)
		181,936		166,463		15,473
Property operating costs		**(49,803)**		(43,288)		(6,515)
Net Operating Income(1) All Properties	**$**	**132,133**	$	123,175	$	8,958

For the three months ended December 31, 2015, NOI(1) increased by $8,958 or 7.3% compared to the same period in 2014, primarily driven by an increase of $6,394 from the Acquisitions, and $2,564 from Same Properties.

Net Operating Income(1) Same Properties

For the three months ended December 31 ($ thousands) (unaudited)		2015		2014		Variance favourable / (unfavourable)
Rental revenue	**$**	**176,669**	$	170,812	$	5,857
Less: Straight-line rental revenue		**(8,078)**		(8,568)		490
		168,591		162,244		6,347
Property operating costs		**(45,940)**		(42,157)		(3,783)
Net Operating Income(1) Same Properties	**$**	**122,651**	$	120,087	$	2,564
Less: Net Operating Income - developed GLA		**(474)**		(302)		(172)
Net Operating Income(1) Same Properties - same GLA	**$**	**122,177**	$	119,785	$	2,392

For the three months ended December 31, 2015, Same Properties' NOI(1), measured on a same GLA basis, increased by $2,392 or 2.0% compared to the same period in 2014, primarily due to an increase of $1,632 in base rent and net recoveries, which was driven by an improvement in ancillary occupancy and higher average rents per square foot on new ancillary leases, and rent steps in Loblaw leases. The increase was also due to an increase of $937 in revenue from the recovery of capital expenditures and interest, partially offset by a $140 increase in non-recoverable operating expenses and a $37 decrease in other revenue.

General and Administrative Expenses

For the three months ended December 31 ($ thousands) (unaudited)	2015	2014	Variance favourable / (unfavourable)
Internal expenses of the Trust(i)	**$ 6,235**	$ 4,424	$ (1,811)
Investor relations and other public entity costs	**277**	605	328
Professional fees	**687**	691	4
Services Agreement expense charged by related party(ii)	**785**	786	1
	7,984	6,506	(1,478)
Less:			
Property and asset management fee charged to related party(ii)	**(150)**	—	150
Capitalized to investment properties	**(703)**	(293)	410
Allocated to recoverable operating expenses	**(1,983)**	—	1,983
General and administrative expenses	**$ 5,148**	$ 6,213	$ 1,065
Less:			
Internalization costs(i)	**—**	(196)	(196)
Internal expenses for leasing(iii)	**(666)**	(366)	300
General and administrative expenses excluding internal expenses for leasing and internalization costs (for use in general and administrative expense as a percent of revenue calculation)	**$ 4,482**	$ 5,651	$ 1,169
As a percentage of revenue	**2.3%**	3.2%	0.9%

(i) The internal expenses of the Trust for the three months ended December 31, 2014 include costs to internalize property and asset management functions of $196.

(ii) The Services Agreement and Property Management Agreement are described in section 13, "Related Party Transactions", of this MD&A.

(iii) Internal expenses for leasing, primarily salaries, were eligible to be added back to FFO(1), based on the revision to the definition of FFO(1) in the Real Property Association of Canada White Paper published in April 2014 that provided for an adjustment to incremental leasing expenses for the cost of salaried staff. This adjustment to FFO(1) made results more comparable between real estate entities that expensed their internal leasing departments and those that capitalized the expenses. Choice Properties internalized its leasing function on October 1, 2014 and continued to develop the department during the year ended December 31, 2015. Therefore, the internal expenses for leasing for the three months ended December 31, 2015 were higher compared to the three months ended December 31, 2014.

General and administrative expenses, excluding internal expenses for leasing and internalization costs, for the three months ended December 31, 2015, were $1,169 lower than the same period in 2014.

Choice Properties internalized its property management functions to become a fully internally managed REIT as of January 1, 2015. As a result, and excluding the costs to internalize of $196 incurred in the three months ended December 31, 2014, the internal expenses of the Trust increased by $2,007 primarily due to the addition of personnel in the current year. $1,983 of the increased costs related to operations and was charged to the properties' operating expenses. A further $300 related to an increase in the internal leasing expenses, which are an add-back to FFO(1).

Net Interest Expense and Other Financing Charges

For the three months ended December 31 ($ thousands) (unaudited)		2015		2014		Variance favourable / (unfavourable)
Interest on senior unsecured debentures	**$**	**25,267**	$	22,976	$	(2,291)
Distributions on Class C LP Units[i]		**11,562**		11,562		—
Interest on mortgage		**59**		49		(10)
Interest on credit facility		**888**		1,188		300
Subtotal (for use in Debt Service Coverage calculation)	**$**	**37,776**	$	35,775	$	(2,001)
Distributions on Exchangeable Units[i]		**51,461**		49,730		(1,731)
Subtotal (for use in EBITDAFV[1] calculation)	**$**	**89,237**	$	85,505	$	(3,732)
Effective interest rate amortization of debt discounts and premiums		**(667)**		(673)		(6)
Effective interest rate amortization of debt placement costs		**353**		298		(55)
Capitalized interest		**(465)**		(28)		437
Interest income		**(548)**		(72)		476
Net interest expense and other financing charges	**$**	**87,910**	$	85,030	$	(2,880)

(i) Represents amounts paid to Loblaw.

For the three months ended December 31, 2015, net interest expense and other financing charges increased by $2,880 or 3.4% compared to the same period in 2014. The increase was due to higher expenses in the three months ended December 31, 2015 for interest on the Series E and F senior unsecured debentures issued in the first and fourth quarter of 2015, respectively, and distributions on the additional Exchangeable Units issued as partial consideration for properties acquired from Loblaw in 2015.

9.3 Other Measures of Fourth Quarter Performance

Choice Properties' FFO(1) and AFFO(1) for the three months ended December 31, 2015 and December 31, 2014 are summarized below:

For the three months ended December 31 ($ thousands except where otherwise indicated) (unaudited)	2015	2014	Variance favourable / (unfavourable)
Funds from Operations(1)	**$ 100,524**	$ 90,685	$ 9,839
Funds from Operations(1) (excluding other adjustments)(i)	**$ 100,524**	$ 90,881	$ 9,643
FFO(1) per unit basic(ii)	**$ 0.247**	$ 0.231	$ 0.016
FFO(1) per unit diluted(ii)	**$ 0.247**	$ 0.230	$ 0.017
FFO(1) payout ratio(ii)	**65.8%**	70.7%	4.9%
Adjusted Funds from Operations(1)	**$ 81,987**	$ 74,096	$ 7,891
AFFO(1) per unit basic	**$ 0.202**	$ 0.188	$ 0.014
AFFO(1) per unit diluted	**$ 0.201**	$ 0.188	$ 0.013
AFFO(1) payout ratio	**80.8%**	86.4%	5.6%
Distribution declared per unit	**$ 0.162501**	$ 0.162501	$ —
Weighted average Units outstanding - basic	**406,594,295**	394,237,610	12,356,685
Weighted average Units outstanding - diluted	**407,098,288**	394,578,356	12,519,932
Number of Units outstanding, end of period	**408,063,609**	395,287,115	12,776,494

(i) For the three months ended December 31, 2014, internalization costs of $196 and were added back to net income (loss) to calculate FFO(1) (excluding other adjustments).

(ii) The FFO(1) per unit amounts and payout ratio for the three months ended December 31, 2014 were calculated using FFO(1) (excluding other adjustments). FFO(1) per unit on a diluted basis, before adjustments, was $0.230 and the payout ratio was 70.7%.

Funds from Operations(1)

Except as otherwise noted, Choice Properties calculates its FFO(1) in accordance with the Real Property Association of Canada White Paper on Funds from Operations for IFRS issued in April 2014 (see Section 17,"Non-GAAP Financial Measures", of this MD&A).

For the three months ended December 31, 2015, FFO(1) (excluding other adjustments) increased by $9,643 or 10.6% compared to the same period in 2014. The year-over-year increase was due to an increase in net property income of $9,395 and a decrease in general and administrative expenses of $1,589, partially offset by a $1,149 increase in interest and other financing charges,and a $192 increase in amortization of other assets.

For the three months ended December 31, 2015, FFO(1) per unit on a diluted basis increased by $0.017 or 7.4% compared to the same period in 2014.

Adjusted Funds from Operations(1)

There is currently no standard industry-defined measure of AFFO(1). Please refer to Section 17, "Non-GAAP Financial Measures", of this MD&A, for a reconciliation of AFFO(1) to cash flows from operating activities determined in accordance GAAP.

For the three months ended December 31, 2015, AFFO(1) increased by $7,891 or 10.6% compared to the same period in 2014. The year-over-year increase was due to an increase in net property income of $9,057 and a decrease in general and administrative expenses of $1,793, partially offset by a $1,679 increase in capital expenditures required to maintain the rental revenue stream of the portfolio, a $1,088 increase in interest and other financing charges and a $192 increase in amortization of other assets.

For the three months ended December 31, 2015, AFFO(1) per unit on a diluted basis increased by $0.013 or 6.9% compared to the same period in 2014. The results for AFFO(1) reflect property capital expenditures occurring evenly over the year. If AFFO(1) were to be calculated deducting only the incurred capital expenditures of $28,437, AFFO(1) would have been $63,295 or $0.155 per unit on a diluted basis (2014 - $70,426 or $0.178).

10. DISCLOSURE CONTROLS AND PROCEDURES

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

As required by National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings" ("NI 52-109"), the Chief Executive Officer and the Chief Financial Officer have caused the effectiveness of the disclosure controls and procedures to be evaluated. Based on that evaluation, they have concluded that the design and operation of the system of disclosure controls and procedures were effective as at December 31, 2015.

11. INTERNAL CONTROL OVER FINANCIAL REPORTING

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

As required by NI 52-109, the Chief Executive Officer and the Chief Financial Officer have caused the effectiveness of the internal controls over financial reporting to be evaluated using the framework established in 'Internal Control - Integrated Framework (COSO Framework)' (2013) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, they have concluded that the design and operation of the Trust's internal controls over financial reporting were effective as at December 31, 2015.

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. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is required to use judgment in evaluating controls and procedures.

Changes in Internal Control over Financial Reporting There were no changes in the Trust's internal controls over financial reporting in the fourth quarter of 2015 that materially affected, or are reasonably likely to materially affect the Trust's internal control over financial reporting.

12. ENTERPRISE RISKS AND RISK MANAGEMENT

Choice Properties is committed to establishing a framework that ensures risk management is an integral part of its activities. To ensure its continued growth and success, risks are identified and managed through Choice Properties' Enterprise Risk Management ("ERM") program. The Choice Properties Board of Trustees has approved an ERM policy and will oversee the ERM program through approval of the Trust's risks and risk prioritization. The ERM program assists all areas of the business in managing appropriate levels of risk tolerance by bringing a systematic approach, methodology and tools for evaluating, measuring and monitoring key risks. The results of the ERM program and other business planning processes are used to identify emerging risks to the Trust, prioritize risk management activities and develop a risk-based internal audit plan.

Risks are not eliminated through the ERM program. Risks are identified and managed within understood risk tolerances. The ERM program is designed to:

- promote a culture of awareness of risk management and compliance within Choice Properties;
- facilitate corporate governance by providing a consolidated view of risks across Choice Properties and insight into the methodologies for identification, assessment, measurement and monitoring of the risks;
- assist in developing consistent risk management methodologies and tools across the organization; and
- enable Choice Properties to focus on its key risks in the business planning process and reduce harm to financial performance through responsible risk management.

Risk identification and assessments are important elements of the Trust's ERM framework. An annual ERM assessment will be completed to assist in the update and identification of internal and external risks, which are both strategic and operational in nature. Key risks affecting the Trust are prioritized under four categories: financial; operational; reputational and compliance risks. The annual ERM assessment will be carried out through interviews, surveys and/or facilitated workshops with management and the Choice Properties Board of Trustees. Risks are assessed and evaluated based on the Trust's vulnerability to the risk and the potential impact that the underlying risks would have on the Trust's ability to execute its strategies and achieve its objectives. Risk owners are assigned relevant risks and key risk indicators are developed. At least semi-annually, management will provide an update to the Audit Committee on the status of the top risks based on significant changes from the prior update, anticipated impacts in future quarters and significant changes in key risk indicators. In addition, the long term risk level will be assessed to monitor potential long term risk impacts, which may assist in risk mitigation planning activities.

Accountability for oversight of the management of each risk is allocated by the Choice Properties Board of Trustees either to the full Board of Trustees or to Committees of the Board of Trustees.

The operating and financial risks and risk management strategies are discussed below. Any of these risks has the potential to negatively affect Choice Properties and its financial performance. The Trust has risk management strategies, including insurance programs, controls and contractual arrangements that are intended to mitigate the potential impact of these risks. However, these strategies do not guarantee that the associated risks will be mitigated or will not materialize or that events or circumstances will not occur that could negatively affect the reputation, operations or financial condition or performance of the Trust. Choice Properties faces a variety of significant and diverse risks, many of which are inherent in the business conducted by Choice Properties and the tenants of the properties. Described below are certain risks that could materially adversely affect Choice Properties. Other risks and uncertainties that Choice Properties does not presently consider to be material, or of which Choice Properties is not presently aware, may become important factors that affect Choice Properties' future financial condition and results of operations. The occurrence of any of the risks discussed below could materially and adversely affect the business, prospects, financial condition, results of operations or cash flows of Choice Properties. Prospective purchasers of securities of Choice Properties should carefully consider these risks before investing in any such securities.

The following risks are a subset of the key risks identified through the ERM program. They should be read in conjunction with the full set of risks inherent in the Trust's business, as included in the Trust's Annual Information Form for the year ended December 31, 2015, which is hereby incorporated by reference.

12.1 Operating Risks and Risk Management

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

Property Development, Redevelopment and Renovation Risks	Vendor Management, Partnerships and Third-Party Service Providers
Strategic Execution and Capabilities	Current Economic Environment

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

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

Strategic Execution and Capabilities Choice Properties is a Trust which was formed on July 5, 2013, and as such has limited operating history. There is a risk that key operational capabilities, including resources, processes and technology, may not be adequately suited or developed for the needs of Choice Properties' current state or for its growth strategy. Furthermore, Choice Properties' growth strategy must be understood, and appropriately executed to deliver long term growth for the Trust. If Choice Properties is not successful in implementing operational capabilities required for current state and future growth, as well as executing on its growth strategy, the reputation and financial performance of the Trust may be negatively impacted.

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

Current Economic Environment Continued concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of unemployment, volatile energy costs, geopolitical issues and the availability and cost of credit have contributed to increased market volatility and weakened business and consumer confidence. This difficult operating environment could adversely affect Choice Properties' ability to generate revenues, thereby reducing its operating income and earnings. It could also have a material adverse effect on the ability of Choice Properties' operators to maintain occupancy rates in the Properties, which could harm Choice Properties' financial condition. If these economic conditions continue, Choice Properties' tenants may be unable to meet their rental payments and other obligations due to Choice Properties, which could have a material adverse effect on Choice Properties.

12.2 Financial Risks and Risk Management

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

Liquidity and Capital Availability Risk	Unit Price Risk
Liquidity of Real Property	Credit Risk
Interest Rate Risk	Degree of Leverage

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

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

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

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

Interest Rate Risk The majority of Choice Properties' debt is financed at fixed rates with maturities staggered over 10 years, thereby mitigating the exposure to near term changes in interest rates. To the extent that Choice Properties incurs variable rate indebtedness (such as under the Credit Facility), this will result in fluctuations in Choice Properties' cost of borrowing as interest rates change. If interest rates rise, Choice Properties' operating results and financial condition could be materially adversely affected and decrease the amount of cash available for distribution to Unitholders.

Choice Properties reviews its interest rate risk, including its options to manage interest rate risk and analyzes the impact of rising and falling interest rates on operating results and financial condition on a regular basis.

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

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

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

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

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

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

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

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

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

13. RELATED PARTY TRANSACTIONS

Choice Properties' parent corporation is Loblaw, which held an 83.0% effective interest in the Trust through ownership of 21,500,000 Units and all of the Exchangeable Units as at December 31, 2015 (December 31, 2014 - 82.9% and 21,500,000 Units respectively). Loblaw's controlling shareholder, GWL, held an approximate 46% ownership of Loblaw's outstanding common shares and a 5.6% direct interest in Choice Properties, through ownership of 22,732,062 Units as at December 31, 2015 (December 31, 2014 - 5.4% and 21,414,657 Units respectively).

Loblaw is also Choice Properties' largest tenant, representing approximately 91.1% of Choice Properties' annual base rent and 89.1% of its GLA as at December 31, 2015 (December 31, 2014 - 91.4% and 88.4% respectively).

In 2015, the Trust acquired 46 investment properties from Loblaw. The acquisition added approximately 2.6 million square feet of GLA across Canada at a purchase price of $355,898, excluding acquisition costs and adjustments for the difference between the fair value of the Exchangeable Units on closing compared to the volume weighted average value determined in accordance with the purchase and sale agreement. The acquisitions from Loblaw are disclosed in Section 5.2, "Acquisition of Investment Properties", of this MD&A.

On December 9, 2014, Choice Properties and its joint venture partner, Wittington, completed the acquisition of 500 Lake Shore in Toronto, Ontario for $15,576 from Loblaw through 500 LS Limited Partnership. Wittington's parent company is Wittington Investments, Limited, which holds a 63% interest in GWL. Choice Properties made contributions of $3,120 to the joint venture during the year ended December 31, 2015 (year ended December 31, 2014 - $6,230).

In addition to leases and purchase agreements, other agreements between Choice Properties and Loblaw include:

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. Its initial term is for ten-years from the IPO, and will continue until the earlier of 20 years from the IPO and the date, if any, on which Loblaw ceases to own a majority interest, on a fully-diluted basis in the Trust. 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 will have the right of first offer to purchase any property in Canada that Loblaw seeks to sell;
- Loblaw will be 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. Choice Properties will compensate Loblaw, over time, with intensification fees, as Choice Properties pursues development, intensification or redevelopment of such excess land. The payments to Loblaw will be calculated in accordance with a payment grid set out in the agreement that takes into account the region, market ranking and type of use for the property.

Services Agreement
Loblaw provides Choice Properties with administrative and other support services, such as internal audit, tax, legal and other services as may be reasonably required from time to time. The expiring agreement was for an 18-month term from July 5, 2014 to December 31, 2015. The scope of the services provided in the agreement decreased from the initial one-year agreement as Choice Properties now performs more services internally. The decrease in the Services Agreement fees resulted in a corresponding increase in internal costs of the Trust. In 2016, Choice entered into a new services agreement with a one-year term, expiring December 31, 2016.

Property Management Agreement
On January 1, 2015, Choice Properties agreed to provide Loblaw with property and asset management services for Loblaw's properties with third-party tenancies on a fee for service basis of approximately $600 per annum for a two-year term.

Choice Properties' policy is to conduct all transactions and settle all balances with related parties on market terms and conditions. The related party transactions are disclosed in Note 21 to the consolidated financial statements for the years ended December 31, 2015 and December 31, 2014.

14. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

Investment Properties

Judgments Made in Relation to Accounting Policies Applied Judgment is applied in determining whether certain costs are additions to the carrying value of investment properties, identifying the point at which substantial completion of the property occurs, and identifying the directly attributable borrowing costs to be included in the carrying value of the development property.

Choice Properties also applies judgment in determining whether the properties it acquires are considered to be asset acquisitions or business combinations. Choice Properties considers all the properties it has acquired to date to be asset acquisitions.

Key Sources of Estimation The fair value of investment properties is dependent on available comparable transactions, future cash flows over the holding period and discount rates and capitalization rates applicable to those assets. The review of anticipated cash flows involves assumptions relating to occupancy, rental rates and residual value. In addition to reviewing anticipated cash flows, management assesses changes in the business climate and other factors, which may affect the ultimate value of the property. These assumptions may not ultimately be achieved.

Joint Arrangements

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

Leases

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

Income Taxes

Judgments Made in Relation to Accounting Policies Applied Choice Properties is a mutual fund trust and a REIT as defined in the *Income Tax Act (Canada)*. Choice Properties is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to Unitholders each year. Choice Properties is a REIT if it meets the prescribed conditions under the *Income Tax Act (Canada)* relating to the REIT Conditions. Choice Properties uses judgment in reviewing the REIT Conditions and assessing its interpretation and application to the REIT's assets and revenue, and it has determined that it qualifies as a REIT for the current period.

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

15. ACCOUNTING STANDARDS

Future Accounting Standards

In 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15") replacing IAS 18, "Revenue", IAS 11, "Construction Contracts", and related interpretations. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standard on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. Early adoption is permitted. The Trust is currently assessing the impact of the new standard on its consolidated financial statements.

In 2014, the IASB issued IFRS 9, "Financial Instruments" replacing IAS 39, "Financial Instruments: Recognition and Measurement." The project had three main phases: classification and measurement, impairment, and general hedging. The standard becomes effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. Early adoption is permitted. The Trust is currently assessing the impact of the new standard on its consolidated financial statements.

In 2014, the IASB issued amendments to IAS 1, "Presentation of Financial Statements". The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Trust intends to adopt these amendments in its financial statements for the annual period beginning January 1, 2016, but does not expect the amendments to have a material impact on its consolidated financial statements.

In 2016, the IASB issued IFRS 16, "Leases ("IFRS 16"), replacing IAS 17, "Leases" and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessors continue to classify leases as finance and operating leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. Early adoption is permitted if IFRS 15 has been adopted. The Trust is currently assessing the impact of the new standard on its consolidated financial statements.

16. OUTLOOK [2]

Choice Properties believes it is well-positioned to execute on its growth opportunities. The Trust has a sizable asset base that is geographically diverse across Canada; long-term leases and a strategic alliance with Loblaw; and an accessible development pipeline. As such, Choice Properties expects to leverage stable and reliable cash flows from an anchor tenant with a strong covenant and the potential to create value through development. Combined with its solid balance sheet and investment grade credit ratings, Choice Properties expects to continue to meet its ongoing obligations, provide its Unitholders with monthly distributions and have the capacity to invest in future growth.

The vast majority of Choice Properties' sites are anchored by Loblaw, Canada's leading food and drug retailer. The Trust's leasing strategy is to attract tenants that complement Loblaw's food and drug offerings and that are well suited to consumers' weekly shopping patterns. With a tenant base that offers products and services considered to be essential, Choice Properties believes its portfolio of properties is less sensitive to the cyclical nature of discretionary retailing and the broader economy. This is underscored by continued demand and interest for Choice Properties' retail space in Western Canada, including Alberta where the economic conditions have been the most impacted by the downturn in the resource sector. The Trust remains focused on properties that are well-positioned to respond to changing consumers' preferences and plans to continue to attract and retain tenants at its existing sites and to develop new space for tenants.

The Canadian economy has been in a protracted low interest rate environment. In the event of rising interest rates, the long term, fixed-rate nature of Choice Properties' debt instruments should temper the negative impact of higher interest rates. Given the present relatively low interest rate environment, the Trust believes that capitalization rates will remain range-bound particularly for quality retail real estate which is currently scarce in supply.

17. NON-GAAP FINANCIAL MEASURES

17.1 Net Operating Income

NOI is a key performance indicator as it evaluates the results of the portfolio and represents a measure over which management has control. It is also a key input in determining the fair value of the portfolio. The Trust's method of calculating NOI may differ from other issuers' methods and, accordingly, may not be comparable to NOI reported by other issuers. See Section 6, "Results of Operations" and Section 9 "Quarterly Results of Operations", of this MD&A, for a discussion on this non-GAAP measure. The following table reconciles net income (loss) to NOI for the periods ended as indicated:

For the periods ended December 31 ($ thousands) (unaudited)	Three Months 2015	 2014	 Variance favourable / (unfavourable)	Year End 2015	 2014	 Variance favourable / (unfavourable)
Net income (loss)	**$ 40,401**	$ 87,017	$ (46,616)	**$ (155,276)**	$ 199,614	$ (354,890)
Add (deduct) impact of the following:						
Straight-line rental revenue	**(9,121)**	(8,783)	(338)	**(36,656)**	(34,634)	(2,022)
General and administrative	**5,148**	6,213	(1,065)	**21,765**	23,315	(1,550)
Amortization of other assets	**279**	87	192	**844**	414	430
Net interest expense and other financing charges	**87,910**	85,030	2,880	**345,051**	380,654	(35,603)
Adjustment to fair value of Exchangeable Units	**95,418**	51,063	44,355	**410,518**	(12,143)	422,661
Adjustment to fair value of investment properties	**(87,902)**	(97,452)	9,550	**(71,981)**	(81,931)	9,950
Loss on disposal of investment properties	**—**	—	—	**—**	450	(450)
Net Operating Income	**$ 132,133**	$ 123,175	$ 8,958	**$ 514,265**	$ 475,739	$ 38,526

17.2 Funds from Operations

FFO is not a term defined under IFRS and may not be comparable to similar measures used by other real estate entities. Choice Properties calculates its FFO in accordance with the Real Property Association of Canada White Paper on Funds from Operations for IFRS issued in April 2014. The purpose of the White Paper was to provide reporting issuers and investors with greater guidance on the definition of FFO and to help promote more consistent disclosure from reporting issuers. Choice Properties considers FFO to be a useful measure of operating performance as it adjusts for items included in net income (or net loss) that do not necessarily provide an accurate depiction of the Trust's past or recurring performance, such as adjustments to fair value of Exchangeable Units, investment properties and unit-based compensation. See Section 7, "Other Measures of Performance" and Section 9.3 "Other Measures of Fourth Quarter Performance", of this MD&A, for a discussion on this non-GAAP measure. The following table reconciles net income (loss) to FFO for the periods ended as indicated:

For the periods ended December 31 ($ thousands) (unaudited)	Three Months 2015	Three Months 2014	Three Months Variance favourable / (unfavourable)	Year End 2015	Year End 2014	Year End Variance favourable / (unfavourable)
Net income (loss)	**$ 40,401**	$ 87,017	$ (46,616)	**$ (155,276)**	$ 199,614	$ (354,890)
Add (deduct) impact of the following:						
Adjustment to fair value of Exchangeable Units	**95,418**	51,063	44,355	**410,518**	(12,143)	422,661
Adjustment to fair value of investment properties	**(87,902)**	(97,452)	9,550	**(71,981)**	(81,931)	9,950
Adjustment to fair value of unit-based compensation	**379**	(41)	420	**888**	(591)	1,479
Loss on disposal of investment properties	**—**	—	—	**—**	450	(450)
Exchangeable Units distributions	**51,461**	49,730	1,731	**202,804**	191,267	11,537
Amortization of tenant improvement allowances	**101**	2	99	**251**	456	(205)
Internal expenses for leasing(i)	**666**	366	300	**1,771**	366	1,405
Funds from Operations	**$ 100,524**	$ 90,685	$ 9,839	**$ 388,975**	$ 297,488	$ 91,487
Add impact of other adjustments:						
Finance charge(ii)	**—**	—	—	**—**	48,911	(48,911)
Internalization costs	**—**	196	(196)	**—**	2,568	(2,568)
Funds from Operations (excluding other adjustments)	**$ 100,524**	$ 90,881	$ 9,643	**$ 388,975**	$ 348,967	$ 40,008
FFO per unit - diluted	**$ 0.247**	$ 0.230	$ 0.017	**$ 0.966**	$ 0.777	$ 0.189
FFO payout ratio	**65.8%**	70.7%	4.9%	**67.3%**	83.7%	16.4%
FFO per unit - diluted (excluding other adjustments)	**$ 0.247**	$ 0.230	$ 0.017	**$ 0.966**	$ 0.912	$ 0.054
FFO payout ratio (excluding other adjustments)	**65.8%**	70.7%	4.9%	**67.3%**	71.3%	4.0%
Distribution declared per unit	**$ 0.162501**	$ 0.162501	$ —	**$ 0.650004**	$ 0.650004	$ —
Weighted average Units outstanding - diluted	**407,098,288**	394,578,356	12,519,932	**402,582,183**	382,636,320	19,945,863

(i) Internal expenses for leasing, primarily salaries, of $666 and $1,771 were incurred in the three months and year ended December 31, 2015 respectively (2014 - nil and $366), and were eligible to be added back to FFO based on the revision to the definition of FFO, in the Real Property Association of Canada White Paper published in April 2014 that provided for an adjustment to incremental leasing expenses for the cost of salaried staff. This adjustment to FFO made results more comparable between real estate entities that expensed their internal leasing departments and those that capitalized the expenses. Choice Properties internalized its leasing function on October 1, 2014. Therefore, there were only three months of internal expenses for leasing for the year ended December 31, 2014 compared to the full year for the year ended December 31, 2015.

(ii) For the three months and year ended December 31, 2014, internalization costs of $196 and $2,568, respectively, were added back to net income (loss) to calculate FFO [1] (excluding other adjustments). Also, for the year ended December 31, 2014, non-cash finance charges of $48,911 were added back to net income (loss) to calculate FFO[1] (excluding other adjustments). The non-cash finance charges were the result of accelerated amortization of net debt discounts due to replacement of notes issued to Loblaw in connection with the IPO.

17.3 Adjusted Funds from Operations

Choice Properties views AFFO as an alternative measure of cash generated from operations and considers AFFO generated as one of its inputs in determining the appropriate level of distribution to Unitholders. See Section 7, "Other Measures of Performance" and Section 9.3 "Other Measures of Fourth Quarter Performance", of this MD&A, for a discussion on this non-GAAP measure. The following table reconciles FFO to AFFO for the periods ended as indicated:

	Three Months			Year End		
For the periods ended December 31 ($ thousands) (unaudited)	**2015**	2014	**Variance favourable / (unfavourable)**	**2015**	2014	**Variance favourable / (unfavourable)**
Funds from Operations	**$ 100,524**	$ 90,685	$ 9,839	**$ 388,975**	$ 297,488	$ 91,487
Add (deduct) impact of the following:						
Internalization costs	**—**	196	(196)	**—**	2,568	(2,568)
Straight-line rental revenue	**(9,121)**	(8,783)	(338)	**(36,656)**	(34,634)	(2,022)
Effective interest rate amortization of finance charges	**(314)**	(375)	61	**(1,227)**	50,018	(51,245)
Unit-based compensation expense	**643**	439	204	**2,139**	2,104	35
Property capital expenditures - incurred	**(24,653)**	(11,247)	(13,406)	**(32,466)**	(29,523)	(2,943)
Property and leasing capital expenditures - normalized(i)	**18,692**	3,670	15,022	**—**	—	—
Leasing capital expenditures - incurred	**(3,784)**	(489)	(3,295)	**(7,884)**	(2,785)	(5,099)
Adjusted Funds from Operations	**$ 81,987**	$ 74,096	$ 7,891	**$ 312,881**	$ 285,236	$ 27,645
AFFO per unit - diluted	**$ 0.201**	$ 0.188	$ 0.013	**$ 0.777**	$ 0.745	$ 0.032
AFFO payout ratio	**80.8%**	86.4%	5.6%	**83.7%**	87.2%	(3.5)%
Distribution declared per unit	**$ 0.162501**	$ 0.162501	$ —	**$ 0.650004**	$ 0.650004	$ —
Weighted average Units outstanding - diluted	**407,098,288**	394,578,356	12,519,932	**402,582,183**	382,636,320	19,945,863

(i) Seasonality impacts the timing of capital expenditures. The AFFO calculations for the three months ended December 31, 2015 and December 31, 2014 were adjusted for this factor to make the quarters more comparable(2).

The following table reconciles AFFO to cash flows from operating activities for the periods ended as indicated:

For the periods ended December 31 ($ thousands) (unaudited)	Three Months 2015	2014	Variance favourable / (unfavourable)	Year End 2015	2014	Variance favourable / (unfavourable)
Cash Flows from operating activities	**$ 172,394**	$ 200,656	$ (28,262)	**$ 520,642**	$ 476,368	$ 44,274
Interest paid	**(13,713)**	(14,809)	1,096	**(144,528)**	(108,413)	(36,115)
Adjusted cash flows from operating activities	**$ 158,681**	$ 185,847	$ (27,166)	**$ 376,114**	$ 367,955	$ 8,159
Add (deduct) impact of the following:						
Net change in non-cash operating working capital	**(48,050)**	(83,751)	35,701	**(32,649)**	(24,367)	(8,282)
Amortization of other assets	**(279)**	(87)	(192)	**(844)**	(414)	(430)
Property capital expenditures - incurred	**(24,653)**	(11,247)	(13,406)	**(32,466)**	(29,523)	(2,943)
Property and leasing capital expenditures - normalized(i)	**18,692**	3,670	15,022	**—**	—	—
Internalization costs	**—**	196	(196)	**—**	2,568	(2,568)
Internal expenses for leasing	**666**	366	300	**1,771**	366	1,405
Excess (shortfall) of interest paid over interest accrued	**(23,070)**	(20,898)	(2,172)	**955**	(31,349)	32,304
Adjusted Funds from Operations	**$ 81,987**	$ 74,096	$ 7,891	**$ 312,881**	$ 285,236	$ 27,645

(i) Seasonality impacts the timing of capital expenditures. AFFO calculation was adjusted for this factor to make the quarters more comparable(2).

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

Choice Properties believes EBITDAFV is useful in assessing the Trust's ability to service its debt, finance capital expenditures and provide for distributions to its Unitholders. In addition, EBITDAFV removes the non-cash impact of the adjustments to fair value. The following table reconciles net income (loss) to EBITDAFV for the periods ended as indicated:

	Three Months			Year End		
For the periods ended December 31 ($ thousands) (unaudited)	**2015**	**2014**	**Variance favourable / (unfavourable)**	**2015**	**2014**	**Variance favourable / (unfavourable)**
Net income (loss)	**$ 40,401**	$ 87,017	$ (46,616)	**$ (155,276)**	$ 199,614	$ (354,890)
Add (deduct) impact of the following:						
Adjustment to fair value of Exchangeable Units	**95,418**	51,063	44,355	**410,518**	(12,143)	422,661
Adjustment to fair value of investment properties	**(87,902)**	(97,452)	9,550	**(71,981)**	(81,931)	9,950
Adjustment to fair value of unit-based compensation	**379**	(41)	420	**888**	(591)	1,479
Interest expense(i)	**89,237**	85,505	3,732	**349,865**	331,235	18,630
Amortization of other assets	**279**	87	192	**844**	414	430
Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value	**$ 137,812**	$ 126,179	$ 11,633	**$ 534,858**	$ 436,598	$ 98,260
Add impact of other adjustments:						
Finance charge(ii)	**—**	—	—	**—**	48,911	(48,911)
Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value	**$ 137,812**	$ 126,179	$ 11,633	**$ 534,858**	$ 485,509	$ 49,349

(i) As calculated in Section 6, "Results of Operations" and Section 9.2 "Fourth Quarter Results", of this MD&A.

(ii) Non-cash finance charges of $48,911 were added back to EBITDAFV to calculate the adjusted EBITDAFV for the year ended December 31, 2014. The charges were the result of accelerated amortization of net debt discounts due to replacement of notes issued to Loblaw in connection with the IPO.

18. ADDITIONAL INFORMATION

Additional information about Choice Properties has been filed electronically with the Canadian securities regulatory authorities through the System for Electronic Document Analysis and Retrieval (SEDAR) and is available online at www.sedar.com. The Trust is listed on the Toronto Stock Exchange ("TSX") under the symbol CHP.UN.

The following details the acquisitions during the year end ended December 31, 2015 as discussed in Section 5.2, "Acquisition of Investment Properties", of this MD&A:

Location	Acquisition Date	Property Type	GLA (in square feet)	Occupancy
Acquisitions from Loblaw				
Duckworth/Cundles, Barrie, ON	January 9, 2015	Land	N/A	N/A
1400 Church St. S., Pickering, ON	January 30, 2015	Warehouse	921,256	100%
419 Main St., Doaktown, NB	June 1, 2015	Stand-alone retail	10,500	100%
7000 Route 125, Chertsey, QC	June 1, 2015	Stand-alone retail	24,661	100%
11 Redway Rd., Toronto, ON	June 1, 2015	Stand-alone retail	60,950	100%
449 Parliament St., Toronto, ON	June 1, 2015	Stand-alone retail	14,414	100%
66 Fourth Ave., Englehart, ON	June 1, 2015	Stand-alone retail	7,968	100%
519 Main St., Powassan, ON	June 1, 2015	Stand-alone retail	14,222	100%
1120 Second Ave. E, Owen Sound, ON	June 1, 2015	Stand-alone retail	14,900	100%
24 - 65 Regional Road, Lively, ON	June 1, 2015	Stand-alone retail	30,768	100%
31-1 Hwy. #11 W, Cochrane, ON	June 1, 2015	Stand-alone retail	19,953	100%
15 McChesney Ave., Kirkland Lake, ON	June 1, 2015	Stand-alone retail	45,157	100%
55 Brunetville Rd., Kapuskasing, ON	June 1, 2015	Stand-alone retail	41,585	100%
40 Meredith St. E, Little Current, ON	June 1, 2015	Stand-alone retail	10,726	100%
726 Principale St., Casselman, ON	June 1, 2015	Stand-alone retail	17,954	100%
512 St. Phillippe St., Alfred, ON	June 1, 2015	Stand-alone retail	17,507	100%
1012 Main St., Geraldton, ON	June 1, 2015	Stand-alone retail	25,744	100%
127 Hastings St. N, Bancroft, ON	June 1, 2015	Stand-alone retail	25,338	100%
654 Algonquin Blvd. E, Timmins, ON	June 1, 2015	Stand-alone retail	50,020	100%
186 Mission Rd., Wawa, ON	June 1, 2015	Stand-alone retail	15,224	100%
40 Meredith St., Gore Bay, ON	June 1, 2015	Stand-alone retail	9,486	100%
175 Cargill Rd., Winkler, MB	June 1, 2015	Stand-alone retail	110,253	100%
1200 Main St. E, Swan River, MB	June 1, 2015	Stand-alone retail	38,056	100%
206 Broadway St. E, Yorkton, SK	June 1, 2015	Stand-alone retail	101,733	100%
30 Kenderdine Rd., Saskatoon, SK	June 1, 2015	Stand-alone retail	38,966	100%
315 Herold Rd., Saskatoon, SK	June 1, 2015	Stand-alone retail	42,568	100%
10851 - 100th St., Westlock, AB	June 1, 2015	Stand-alone retail	39,922	100%
10527 - 101st Ave., Lac La Biche, AB	June 1, 2015	Stand-alone retail	39,922	100%
5007 - 52nd St., Athabasca, AB	June 1, 2015	Stand-alone retail	40,136	100%
5701 - 47th Ave., Stettler, AB	June 1, 2015	Stand-alone retail	37,562	100%
4524 Feeney Ave., Terrace, BC	June 1, 2015	Stand-alone retail	53,904	100%
221 Highway 16, Burns Lake, BC	June 1, 2015	Stand-alone retail	51,241	100%
1501 Cook St., Creston, BC	June 1, 2015	Stand-alone retail	38,798	100%
2110 Ryley Ave., Vanderhoof, BC	June 1, 2015	Stand-alone retail	38,049	100%
1792 - 9th Ave., Fernie, BC	June 1, 2015	Stand-alone retail	39,922	100%
7000 - 27th St., Grand Forks, BC	June 1, 2015	Stand-alone retail	40,374	100%
2335 Maple Dr. E, Quesnel, BC	June 1, 2015	Stand-alone retail	58,224	100%
5001 Anderson Way, Vernon, BC	June 1, 2015	Stand-alone retail	154,717	100%
31 - 35 Broadway St., Kensington, PE	June 1, 2015	Multi-tenant retail	18,918	82%
75-85 - 105 Causley St., Blind River, ON	June 1, 2015	Multi-tenant retail	26,543	95%
9186 Highway 93 South, Midland, ON	August 20, 2015	Stand-alone retail	18,329	100%
1428 Highway 2 West, Courtice, ON	August 20, 2015	Stand-alone retail	30,309	100%
296 Bank St., Ottawa, ON	November 17, 2015	Stand-alone retail	43,286	100%
671 River Rd., Ottawa, ON	November 17, 2015	Stand-alone retail	69,761	100%
15900 Bayview Ave., Aurora, ON	November 17, 2015	Multi-tenant retail	19,199	100%
985 Woodbine Ave., Toronto, ON	November 17, 2015	Multi-tenant retail	28,772	99%
Acquisitions from Third-Party				
Near Fernbank community, Kanata, ON	January 30, 2015	Land	N/A	N/A
5228 Highway 7, Porter's Lake, NS	February 19, 2015	Multi-tenant retail	54,569	86%
3020 Elm Creek Rd., Mississauga, ON	August 11, 2015	Multi-tenant retail	12,023	100%
			2,664,389	93%

The following details the acquisitions for the year ended December 31, 2014:

Location	Acquisition Date	Property Type	GLA (in square feet)	Occupancy
Acquisitions from Third-Parties:				
Secretariat Court, Mississauga, ON	February 28, 2014	Industrial	148,245	100%
Mayfield/Chinguacousy, Brampton, ON	November 7, 2014	Land	N/A	N/A
Acquisitions from Loblaw:				
Chemin du Tremblay, Boucherville, QC	October 8, 2014	Warehouse	315,961	100%
Boul. Louis-XIV, Charlesbourg, QC	May 6, 2014	Stand-alone retail	36,422	100%
Boul. Saint - Laurent, Montreal, QC	May 6, 2014	Stand-alone retail	17,841	100%
Lower Jarvis St., Toronto, ON	May 6, 2014	Stand-alone retail	78,425	100%
Highway 11, Hearst, ON	May 6, 2014	Stand-alone retail	50,369	100%
George St. N, Peterborough, ON	May 6, 2014	Stand-alone retail	35,325	100%
Highway #108 N, Elliot Lake, ON	May 6, 2014	Stand-alone retail	32,644	100%
Queen St. E, St. Mary's, ON	May 6, 2014	Stand-alone retail	38,759	100%
Hamilton Rd., London, ON	May 6, 2014	Stand-alone retail	20,260	100%
Main St., Delhi, ON	May 6, 2014	Stand-alone retail	18,344	100%
Main St. S, Hagersville, ON	May 6, 2014	Stand-alone retail	12,213	100%
Regent Ave. W, Winnipeg, MB	May 6, 2014	Stand-alone retail	139,695	100%
55th St., Cold Lake, AB	May 6, 2014	Stand-alone retail	28,561	100%
104th Ave., Surrey, BC	May 6, 2014	Stand-alone retail	147,420	100%
Ferry Ave., Prince George, BC	May 6, 2014	Stand-alone retail	139,265	100%
Main St., Sackville, NB	October 8, 2014	Stand-alone retail	14,512	100%
Jacques-Cartier Sud, Sherbrooke, QC	October 8, 2014	Stand-alone retail	43,000	100%
Boul. Sainte-Anne, Ste-Anne-Des-Plaines, QC	October 8, 2014	Stand-alone retail	27,516	100%
King St. S, Alliston, ON	October 8, 2014	Stand-alone retail	72,247	100%
Clair Rd. E, Guelph, ON	October 8, 2014	Stand-alone retail	39,956	100%
Wanuskewin Rd., Saskatoon, SK	October 8, 2014	Stand-alone retail	48,754	100%
Superior St., Devon, AB	October 8, 2014	Stand-alone retail	30,918	100%
100th Ave., Peace River, AB	October 8, 2014	Stand-alone retail	58,225	100%
Gladwin Rd., Abbotsford, BC	October 8, 2014	Stand-alone retail	141,487	100%
Old Airport Rd., Yellowknife, NT	October 8, 2014	Stand-alone retail	60,970	100%
2nd Ave., Whitehorse, YT	October 8, 2014	Stand-alone retail	90,211	100%
Bathurst/Lake Shore, Toronto, ON	December 9, 2014	Land	N/A	N/A
Prince Rupert St., Stephenville, NL	May 6, 2014	Multi-tenant retail	45,673	100%
Scott St., New Liskeard, ON	May 6, 2014	Multi-tenant retail	56,642	100%
Ellice Ave., Winnipeg, MB	May 6, 2014	Multi-tenant retail	74,011	100%
99 St. NW, Edmonton, AB	May 6, 2014	Multi-tenant retail	112,378	100%
Columbia Ave., Castlegar, BC	May 6, 2014	Multi-tenant retail	57,036	75%
Alaska Ave., Dawson Creek, BC	May 6, 2014	Multi-tenant retail	39,923	74%
Carlaw Ave., Toronto, ON	October 8, 2014	Multi-tenant retail	125,771	98%
Bloor St. W, Toronto, ON	October 8, 2014	Multi-tenant retail	15,778	100%
Broadview Ave., Toronto, ON	October 8, 2014	Multi-tenant retail	33,163	100%
Portage Ave., Winnipeg, MB	October 8, 2014	Multi-tenant retail	147,458	85%
			2,595,378	98%

Consolidated Financial Statements

Management’s Statement of Responsibility for Financial Reporting

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

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

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

Toronto, Canada
February 17, 2016

[signed]
John R. Morrison
President and Chief Executive Officer

[signed]
Bart Munn, CPA, CA
Executive Vice President, Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

To the Unitholders of Choice Properties Real Estate Investment Trust

We have audited the accompanying consolidated financial statements of Choice Properties Real Estate Investment Trust, which comprise the consolidated balance sheets as at December 31, 2015 and December 31, 2014, the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Choice Properties Real Estate Investment Trust as at December 31, 2015 and December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards**.**

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

February 17, 2016
Toronto, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Choice Properties Real Estate Investment Trust
Consolidated Balance Sheets

(in thousands of Canadian dollars)	As at December 31, 2015	As at December 31, 2014
Assets		
Non-current Assets		
Investment properties (note 6)	**$ 8,561,000**	$ 7,905,978
Equity accounted investments (note 7)	**9,350**	6,230
Accounts receivable and other assets (note 8)	**9,874**	10,057
Notes receivable (note 9)	**2,179**	22,539
	8,582,403	7,944,804
Current Assets		
Accounts receivable and other assets (note 8)	**6,240**	9,473
Notes receivable (note 9)	**272,892**	236,829
Cash and cash equivalents	**44,354**	1,332
	323,486	247,634
Total Assets	**$ 8,905,889**	$ 8,192,438
Liabilities and Equity		
Non-current Liabilities		
Long term debt and Class C LP Units (note 10)	**$ 3,579,202**	$ 3,435,628
Credit facility (note 10)	**—**	120,187
Exchangeable Units (note 11)	**3,741,895**	3,207,216
Trade payables and other liabilities (note 12)	**1,354**	1,020
	7,322,451	6,764,051
Current Liabilities		
Long term debt due within one year (note 10)	**302,188**	993
Trade payables and other liabilities (note 12)	**438,177**	388,997
	740,365	389,990
Total Liabilities	**8,062,816**	7,154,041
Equity		
Unitholders' equity	**835,317**	1,030,701
Non-controlling interests (note 7)	**7,756**	7,696
Total Equity	**843,073**	1,038,397
Total Liabilities and Equity	**$ 8,905,889**	$ 8,192,438

Contingent Liabilities and Financial Guarantees (note 20).
Subsequent Events (notes 9 and 10).

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Trustees

[signed]
Galen G. Weston
Board of Trustees Chairman

[signed]
Paul R. Weiss
Audit Committee Chairman

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

(in thousands of Canadian dollars)	**Year ended December 31, 2015**	Year ended December 31, 2014
Net Property Income		
Rental revenue from investment properties (note 14)	**$ 743,100**	$ 682,923
Property operating costs (note 22)	**(192,179)**	(172,550)
	550,921	510,373
Other Expenses		
General and administrative expenses (note 22)	**(21,765)**	(23,315)
Amortization of other assets	**(844)**	(414)
Net interest expense and other financing charges (note 15)	**(345,051)**	(380,654)
Loss on disposal of investment properties	**—**	(450)
Adjustment to fair value of Exchangeable Units (note 11)	**(410,518)**	12,143
Adjustment to fair value of investment properties (note 6)	**71,981**	81,931
Net Income (Loss) and Comprehensive Income (Loss)	**$ (155,276)**	$ 199,614
Net Income (Loss) and Comprehensive Income (Loss) attributable to:		
Choice Properties' Unitholders	**$ (155,276)**	$ 199,614
Non-controlling interests (note 7)	—	—
	$ (155,276)	$ 199,614

See accompanying notes to the consolidated financial statements.

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

(in thousands of Canadian dollars)	Attributable to Choice Properties Unitholders: Trust Units	Cumulative net income (loss)	Cumulative distributions to Unitholders	Total Unitholders' equity	Non-controlling interests	Total equity
Equity, December 31, 2014	$ 849,337	$ 266,762	$ (85,398)	$ 1,030,701	$ 7,696	**$ 1,038,397**
Net loss	—	(155,276)	—	(155,276)	—	**(155,276)**
Distributions	—	—	(58,620)	(58,620)	—	**(58,620)**
Issuance of Units under the Distribution Reinvestment Plan (note 11)	18,118	—	—	18,118	—	**18,118**
Issuance of Units under unit-based compensation arrangement (note 11)	394	—	—	394	—	**394**
Contribution from non-controlling interests (note 7)	—	—	—	—	60	**60**
Equity, December 31, 2015	**$ 867,849**	**$ 111,486**	**$ (144,018)**	**$ 835,317**	**$ 7,756**	**$ 843,073**

(in thousands of Canadian dollars)	Attributable to Choice Properties Unitholders: Trust Units	Cumulative net income	Cumulative distributions to Unitholders	Total Unitholders' equity	Non-controlling interests	Total equity
Equity, December 31, 2013	$ 832,415	$ 67,148	$ (27,911)	$ 871,652	$ —	$ 871,652
Net income	—	199,614	—	199,614	—	199,614
Distributions	—	—	(57,487)	(57,487)	—	(57,487)
Issuance of Units, under the Distribution Reinvestment Plan (note 11)	15,682	—	—	15,682	—	15,682
Issuance of Units, under unit-based compensation arrangement (note 11)	1,240	—	—	1,240	—	1,240
Contribution from non-controlling interests (note 7)	—	—	—	—	7,696	7,696
Equity, December 31, 2014	$ 849,337	$ 266,762	$ (85,398)	$ 1,030,701	$ 7,696	$ 1,038,397

See accompanying notes to the consolidated financial statements.

Choice Properties Real Estate Investment Trust
Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	**Year ended December 31, 2015**	Year ended December 31, 2014
Operating Activities		
Net income (loss)	**$ (155,276)**	$ 199,614
Straight-line rental revenue	**(36,656)**	(34,634)
Amortization of tenant improvement allowances	**251**	456
Amortization of other assets	**844**	414
Net interest expense and other financing charges (note 15)	**345,051**	380,654
Value of unit-based compensation granted (note 13)	**3,027**	1,513
Adjustment to fair value of Exchangeable Units	**410,518**	(12,143)
Adjustment to fair value of investment properties	**(71,981)**	(81,931)
Loss on disposal of investment property	**—**	450
Leasing capital expenditures (note 6)	**(7,884)**	(2,785)
Interest received	**99**	393
Net change in non-cash operating working capital (note 22)	**32,649**	24,367
Cash Flows from Operating Activities	**520,642**	476,368
Investing Activities		
Acquisitions of investment properties (note 5)	**(247,404)**	(220,526)
Additions to investment properties (note 6)	**(161,987)**	(55,636)
Additions to fixtures and equipment	**(480)**	(4,323)
Notes receivable issued to third-party (note 9)	**(1,565)**	(23,000)
Equity investment (note 7)	**(3,120)**	(6,230)
Proceeds of disposition	**—**	13,030
Cash Flows used in Investing Activities	**(414,556)**	(296,685)
Financing Activities		
Long term debt		
Issued - Senior unsecured debentures, net of debt placement costs (note 10)	**447,038**	447,540
Retired - Transferor Notes (note 10)	**—**	(440,000)
Principal repayments - Mortgage (note 10)	**(1,040)**	(246)
Credit facility		—
Net advancements (repayments) (note 10)	**(122,000)**	122,000
Debt placement costs (note 10)	**(292)**	(315)
Change in bank indebtedness	**—**	—
Notes receivable		
Issued to related party (note 9)	**(248,463)**	(236,328)
Repaid by related party (note 9)	**236,328**	92,057
Cash received on exercise of options	**321**	1,188
Interest paid	**(144,528)**	(108,413)
Distributions paid on Exchangeable Units	**(190,078)**	(73,219)
Distributions paid to Unitholders	**(40,410)**	(41,716)
Contribution from non-controlling interest (note 7)	**60**	7,696
Cash Flows used in Financing Activities	**(63,064)**	(229,756)
Change in cash and cash equivalents	**43,022**	(50,073)
Cash and cash equivalents, beginning of year	**1,332**	51,405
Cash and Cash Equivalents, end of year	**$ 44,354**	$ 1,332

Supplemental disclosure of non-cash operating, investing and financing activities (note 22).
See accompanying notes to the 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 (the "Declaration of Trust") dated May 21, 2013. Choice Properties owns income-producing commercial properties located in Canada. The principal, registered, and head office of Choice Properties is located at 22 St. Clair Avenue East, Suite 500, Toronto, Ontario, M4T 2S5. Choice Properties' trust units ("Trust Units" or "Units") are listed on the Toronto Stock Exchange 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").

The parent of Choice Properties is Loblaw, which held an 83.0% effective interest in Choice Properties as at December 31, 2015. Loblaw's controlling shareholder is George Weston Limited ("GWL"), which held an approximate 46% ownership of Loblaw's outstanding common shares and a 5.6% direct interest in Choice Properties as at December 31, 2015.

The active subsidiaries of the Trust included in Choice Properties' consolidated financial statements are Choice Properties Limited Partnership (the "Partnership"), Choice Properties GP Inc. (the "General Partner") and Choice Properties PRC Brampton Limited Partnership.

Note 2. Significant Accounting Policies

Statement of Compliance The consolidated financial statements of Choice Properties are prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein.

These consolidated financial statements were authorized for issuance by Choice Properties' Board of Trustees ("Board") on February 17, 2016.

Basis of Preparation The consolidated financial statements were prepared on a historical cost basis except for the following items that were measured at fair value:

- investment properties as described in note 6;
- Class B LP Units (the "Exchangeable Units") which are exchangeable for Trust Units at the option of the holder as described in note 11; and
- liabilities for unit-based compensation arrangements as described in note 13.

The consolidated financial statements are presented in Canadian dollars, which is the Trust's functional currency.

Basis of Consolidation The consolidated financial statements include the accounts of Choice Properties and other entities that the Trust controls. Subsidiaries are entities over which the Trust has control. Choice Properties controls an entity when the Trust has power over the entity, has exposure, or rights, to variable returns from its involvement with the entity, and has the ability to use its power to affect its returns. Choice Properties reassesses control on an ongoing basis.

When Choice Properties does not own all of the equity in a subsidiary, the non-controlling equity interest is disclosed in the consolidated balance sheet as a separate component of total equity. Transactions with non-controlling interests are treated as transactions with equity owners of the Trust. Changes in the Trust's ownership interest in its subsidiaries are accounted for as equity transactions. Transactions and balances between the Trust and its subsidiaries have been eliminated on consolidation.

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

Joint Ventures A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Trust's investment in a joint venture is recorded using the equity method and is initially recognized in the consolidated balance sheet at cost and adjusted thereafter to recognize the Trust's share of the profit or loss and other comprehensive income of the joint venture. The Trust's share of the joint venture's profit or loss is recognized in the Trust's consolidated statements of income and comprehensive income.

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

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

Joint Operations A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.

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

The Trust recognizes its proportionate share of assets, liabilities, revenues and expenses of joint operations.

Investment Properties Investment properties include income producing properties and properties under development that are held by Choice Properties to earn rental income or for capital appreciation or both.

Acquired investment properties are initially measured at cost, including directly attributable acquisition costs, if the transaction is deemed to be an asset acquisition.

Subsequent capital expenditures are recorded to investment properties only when it is probable that future economic benefits of the expenditure will flow to Choice Properties and the cost can be measured reliably. All other repair and maintenance costs are expensed when incurred. Costs capitalized to income properties include:

- Costs capitalized, due to construction or development, include site intensification fees, project management fees, borrowing costs, professional fees and property taxes;
- Initial direct leasing costs, incurred by Choice Properties in negotiating and arranging tenant leases; and
- Payments to tenants under lease obligations which are characterized either as tenant improvements, tenant inducements or building cost. The obligation is determined to be a building cost, and not a leasing cost, when the payment is for construction from which Choice Properties will receive benefit after the tenant vacates. The obligation is determined to be a tenant improvement when the payment to the tenant was spent on leasehold improvements. Otherwise, the obligations under the lease are treated as tenant inducements. Both tenant improvements and tenant inducements are amortized on a straight-line basis over the term of the lease as a reduction of revenue.

Costs capitalized to properties under development include:

- Costs capitalized, due to construction or development, include site intensification fees, project management fees, borrowing costs, professional fees and property taxes.

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

Subsequent to initial recognition, investment properties are measured at fair value, determined based on available market evidence. If market evidence is not available, Choice Properties uses alternative valuation methods such as recent transaction prices in less active markets or discounted cash flow projections. The portfolio is internally appraised and external valuations are also performed each quarter for a portion of the portfolio. Substantially all properties will be subject to an external valuation at least once over a 5-year period. 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. Related fair value gains and losses are recognized in net income in the year in which they arise.

Related fair value gains and losses are recorded in net income in the period in which they arise.

Gains or losses from the disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount and are recognized in net income in the year of disposal.

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

Financial Instruments Financial assets and liabilities are recognized when Choice Properties becomes a party to the contractual provision of the financial instrument. Financial instruments, upon initial recognition, are measured at fair value and classified as either financial assets or financial liabilities at fair value through profit or loss, held-to-maturity investments, loans and receivables, or other financial liabilities. Financial instruments are included on the consolidated balance sheet and measured after initial recognition at fair value, except for loans and receivables, held-to-maturity financial assets, and other financial liabilities, which are measured at amortized cost.

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

	Classification	Measurement
Financial assets		
Accounts receivable	Loans and receivables	Amortized cost
Notes receivable	Loans and receivables	Amortized cost
Cash and cash equivalents	Fair value through profit or loss	Fair value
Financial liabilities		
Long term debt and Class C LP Units:		
Senior unsecured debentures	Other financial liabilities	Amortized cost
Class C LP Units	Other financial liabilities	Amortized cost
Mortgages	Other financial liabilities	Amortized cost
Credit facility	Other financial liabilities	Amortized cost
Trade payable and other liabilities	Other financial liabilities	Amortized cost
Exchangeable Units	Fair value through profit or loss	Fair value

The Trust has not classified any assets as held to maturity.

Exchangeable Units The Class B LP Units of The Trust's subsidiary, the Partnership, are exchangeable into Trust Units at the option of the holder. Loblaw holds all of the Exchangeable Units. These Exchangeable Units are considered puttable instruments and are required to be classified as financial liabilities at fair value through profit or loss. The distributions paid on the Exchangeable Units are accounted for as interest expense.

Class C LP Units The Class C LP Units held by Loblaw provide for fixed cumulative monthly distributions from the Partnership to the holder of the Class C LP Units to be paid in priority, subject to certain restrictions. These Class C LP Units are redeemable at Loblaw's option and the Trust has the option to settle the redemption payment in cash, Exchangeable Units, or any combination thereof. The Class C LP Units have been classified as financial liabilities and are carried at amortized cost. Distributions on the Class C LP Units are accounted for as interest expense.

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

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

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

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

Gains and losses on fair value through profit or loss financial assets and financial liabilities are recognized in net income.

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

Type	Valuation approach
Accounts receivable, notes receivable, cash and cash equivalents, and accounts payable	The carrying amount approximates fair value due to the short term maturity of these instruments.
Unit Options	Fair value of each tranche is valued separately using a Black-Scholes option pricing model.
Restricted Units and Trustee Deferred Units	Fair value is based on the closing market trading prices of Choice Properties' Units.
Exchangeable Units	Fair value is based on the closing market trading prices of Choice Properties' Units.
Long term debt and Class C LP Units	Fair value is based on the present value of contractual cash flows, discounted at Choice Properties' current incremental borrowing rate for similar types of borrowing arrangements or, where applicable, quoted market prices.

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

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

Impairment of Financial Assets An assessment of whether there is objective evidence that the Trust's assets or a group of financial assets is impaired is performed at each balance sheet date. A financial asset or portfolio of financial assets is considered to be impaired if one or more loss events that have an impact on the estimated future cash flows occur after their initial recognition and the loss can be reliably measured. If such objective evidence has occurred, the loss is based on the difference between the carrying amount of the financial asset, or portfolio of financial assets, and the respective estimated future cash flows discounted at the financial assets' original effective interest rate. Impairment losses are recorded in net income with the carrying amount of the financial assets or group of financial assets reduced through the use of impairment allowance accounts.

In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to an event occurring after the impairment was initially recognized, the previously recognized impairment loss is reversed through net income. The impairment reversal is limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

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

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

The Trust Units meet the conditions of IAS 32 and accordingly are presented as equity in the consolidated financial statements.

Revenue Recognition Choice Properties has retained substantially all of the risks and benefits of ownership of its investment properties and, therefore, accounts for its leases with tenants as operating leases.

Rental revenue includes base rents earned from tenants under lease agreements, realty tax and operating cost recoveries and other incidental income. Base rent revenue, including predetermined rent adjustments in lease agreements, is recognized as revenue on a straight-line basis over the term of the underlying leases. Other revenue is recognized as the service is provided and when collection is reasonably assured.

Property tax and operating cost recoveries are recognized in the period that recoverable costs are chargeable to tenants. Percentage participation rents are recognized when tenants' specified sales targets have been met as set out in the lease agreements.

Short Term Employee Benefits Short term employee benefits include wages, salaries, compensated absences, profit-sharing and bonuses. Short term employee benefit obligations are measured on an undiscounted basis and are recognized in net income as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit-sharing plans if Choice Properties has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post Employment Benefits Choice Properties participates in certain Loblaw defined contribution pension plans. Choice Properties' obligation to Loblaw is limited to the annual contributions to the plan. Accordingly, the contributions are accounted for based on Choice Properties' proportionate share of contributions due.

Cash-Settled Unit-Based Compensation Unit Options, Restricted Units ("RUs") and Trustee Deferred Units ("DUs") issued by Choice Properties are accounted for as cash-settled awards.

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

- The expected distribution yield is estimated based on the expected annual distribution prior to the balance sheet date and the closing share price as at the balance sheet date;
- The expected Unit price volatility is estimated based on the average volatility of investment grade entities in the Standard & Poor's/TSX REIT Index over a period consistent with the expected life of the options;
- The risk-free interest rate is estimated based on the Government of Canada bond yield in effect at the balance sheet date for a term to maturity equal to the expected life of the options; and
- The effect of expected exercise of options prior to expiry is incorporated into the weighted average expected life of the options, which is based on expectations of option holder behaviour.

RUs entitle certain employees to receive the value of the RU award in cash or Units at the end of the applicable vesting period, which is usually three years in length. The RU plan provides for the crediting of additional RUs in respect of distributions paid on Units for the period when an RU is outstanding. The fair value of each RU granted is measured based on the market value of a Unit at the balance sheet date.

Members of the Choice Properties' Board of Trustees, who are not management of Choice Properties, are required to receive a portion of their annual retainer in the form of DUs and may also elect to receive up to 100% of their remaining fees in DUs. Distributions paid earn fractional DUs, which are treated as additional awards. DUs vest upon grant. The fair value of each DU granted is measured based on the market value of a Unit at the balance sheet date.

The fair value of the amount payable to employees in respect of these cash settled awards plan is re-measured at each balance sheet date, and a compensation expense is recognized in general and administrative expenses over the vesting period for each tranche with a corresponding change in the liability.

Income Taxes Choice Properties qualifies as a "mutual fund trust" under the *Income Tax Act (Canada)*. The Trustees intend to annually distribute all taxable income directly earned by the Trust to Unitholders and to deduct such distributions for income tax purposes. Any income retained in the Trust would be taxed at the highest marginal tax rate applicable to individuals in the calendar year.

Legislation relating to the federal income taxation of Specified Investment Flow Through trusts or partnerships ("SIFT") provide that certain distributions from a SIFT will not be deductible in computing the SIFT's taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. However, distributions paid by a SIFT as return of capital should generally not be subject to tax.

Under the SIFT rules, the taxation regime will not apply to a real estate investment trust ("REIT") that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions"). Choice Properties has reviewed the SIFT rules and has assessed its interpretation and application to the REIT's assets and revenue. While there are uncertainties in the interpretation and application of the SIFT rules, Choice Properties has determined that it meets the REIT Conditions and accordingly, no net current income tax expense or deferred income tax assets or liabilities have been recorded in the consolidated financial statements.

Note 3. Critical Accounting Judgments and Estimates

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

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

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

Investment Properties

Judgments Made in Relation to Accounting Policies Applied Judgment is applied in determining whether certain costs are additions to the carrying value of investment properties, identifying the point at which substantial completion of the property occurs, and identifying the directly attributable borrowing costs to be included in the carrying value of the development property.

Choice Properties also applies judgment in determining whether the properties it acquires are considered to be asset acquisitions or business combinations. Choice Properties considers all the properties it has acquired to date to be asset acquisitions.

Key Sources of Estimation The fair value of investment properties is dependent on available comparable transactions, future cash flows over the holding period and discount rates and capitalization rates applicable to those assets. The review of anticipated cash flows involves assumptions relating to occupancy, rental rates and residual value. In addition to reviewing anticipated cash flows, management assesses changes in the business climate and other factors, which may affect the ultimate value of the property. These assumptions may not ultimately be achieved.

Joint Arrangements

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

Leases

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

Income Taxes

Judgments Made in Relation to Accounting Policies Applied Choice Properties is a mutual fund trust and a REIT as defined in the *Income Tax Act (Canada)*. Choice Properties is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to Unitholders each year. Choice Properties is a REIT if it meets the prescribed conditions under the *Income Tax Act (Canada)* relating to the REIT Conditions. Choice Properties uses judgment in reviewing the REIT Conditions and assessing its interpretation and application to the REIT's assets and revenue, and it has determined that it qualifies as a REIT for the current period.

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

Note 4. Future Accounting Standards

In 2014, the IASB issued IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”) replacing IAS 18, “Revenue”, IAS 11, “Construction Contracts”, and related interpretations. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standard on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. Early adoption is permitted. The Trust is currently assessing the impact of the new standard on its consolidated financial statements.

In 2014, the IASB issued IFRS 9, “Financial Instruments” replacing IAS 39, “Financial Instruments: Recognition and Measurement.” The project had three main phases: classification and measurement, impairment, and general hedging. The standard becomes effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. Early adoption is permitted. The Trust is currently assessing the impact of the new standard on its consolidated financial statements.

In 2014, the IASB issued amendments to IAS 1, “Presentation of Financial Statements”. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Trust intends to adopt these amendments in its financial statements for the annual period beginning January 1, 2016, but does not expect the amendments to have a material impact on its consolidated financial statements.

In 2016, the IASB issued IFRS 16, “Leases (“IFRS 16”), replacing IAS 17, “Leases” and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessors continue to classify leases as finance and operating leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. Early adoption is permitted if IFRS 15 has been adopted. The Trust is currently assessing the impact of the new standard on its consolidated financial statements.

Note 5. Acquisitions

During the year ended December 31, 2015, Choice Properties completed the following acquisitions from Loblaw (unless otherwise noted):

($ thousands)							Consideration			
Location	Date of acquisition	Property type	Investment properties	Other assets	Other liabilities	Net assets acquired	Debt assumed	Exchangeable Units issued	Cash	Acquisition costs included in investment properties
Barrie, ON	January 9	Land	$ 9,758	$ —	$ —	$ 9,758	$ —	$ 2,808	$ 6,950	$ 191
Kanata, ON[i][ii]	January 30	Land	2,025	—	—	2,025	—	—	2,025	87
Pickering, ON	January 30	Warehouse	81,450	—	—	81,450	—	—	81,450	250
Porter's Lake, NS[i]	February 19	Retail	5,304	19	(28)	5,295	—	—	5,295	104
Various[iii] (38 properties)	June 1	Retail	206,690	2	(1,325)	205,367	—	103,549	101,818	3,995
Mississauga, ON[i]	August 11	Retail	5,782	—	(31)	5,751	2,123	—	3,628	182
Midland & Courtice, ON	August 20	Retail	18,415	29	(9)	18,435	—	3,200	15,235	265
Various[iv] (4 properties)	November 17	Retail	45,876	9	(278)	45,607		14,604	31,003	796
Total Acquisitions			**$ 375,300**	**$ 59**	**$ (1,671)**	**$ 373,688**	**$ 2,123**	**$ 124,161**	**$ 247,404**	$ 5,870

(i) Acquired from a third-party vendor.

(ii) Choice Properties recognized its proportionate share of the assets held jointly in the co-ownership, which is $2,025, or 50% of the $4,050 purchase price of the parcel of land (note 7).

(iii) Investment properties and Exchangeable Units values both included an adjustment of $1,349 to reflect the increase of the fair value of the Exchangeable Units on the closing date compared to the volume weighted average value of the units referenced in the purchase and sale agreement.

(iv) Investment properties and Exchangeable Units values both included an adjustment of ($555) to reflect the decrease of the fair value of the Exchangeable Units on the closing date compared to the volume weighted average value of the units referenced in the purchase and sale agreement.

During the year ended December 31, 2014, Choice Properties completed the following acquisitions from Loblaw (unless otherwise noted):

($ thousands)							Consideration			
Location	Date of acquisition	Property type	Investment properties	Other assets	Other liabilities	Net assets acquired	Debt assumed	Exchangeable Units issued	Cash	Acquisition costs included in investment properties
Mississauga, ON(i)	February 28	Industrial	$ 15,739	$ —	$ —	$ 15,739	$ —	$ —	$ 15,739	$ 239
Various (20 properties)	May 6	Retail	201,630	7	(1,189)	200,448	—	119,632	80,816	2,935
Boucherville, QC	October 8	Warehouse	39,432	—	(187)	39,245	3,603	18,198	17,444	183
Various (15 properties)	October 8	Retail	174,549	204	(817)	173,936	—	93,062	80,874	2,776
Brampton, ON(i)	November 7	Land	25,653	—	—	25,653	—	—	25,653	—
Total Acquisitions			$ 457,003	$ 211	$ (2,193)	$455,021	$ 3,603	$ 230,892	$ 220,526	$ 6,133

(i) Acquired from a third-party vendor.

Note 6. Investment Properties

($ thousands)	Income producing properties	Properties under development	Year ended December 31, 2015	Year ended December 31, 2014
Balance, beginning of year	**$ 7,849,461**	**$ 56,517**	**$ 7,905,978**	$ 7,287,759
Acquisitions of investment properties - including acquisition costs of $5,870 (2014 - $6,133) (note 5)	**363,517**	**11,783**	**375,300**	457,003
Capital expenditures(i):				
Building improvements	**12,254**	**—**	**12,254**	4,814
Property capital - including recoverable capital(ii)	**32,466**	**—**	**32,466**	29,523
Development capital(iii)	**91,306**	**25,961**	**117,267**	21,299
Capitalized interest(iv) (note 15)	**426**	**1,039**	**1,465**	166
Leasing capital expenditures:				
Tenant improvement allowances	**5,548**	**—**	**5,548**	1,541
Direct leasing costs	**2,336**	**—**	**2,336**	1,244
Dispositions	**—**	**—**	**—**	(13,480)
Adjustment to fair value of investment properties	**71,981**	**—**	**71,981**	81,931
Amortization of straight-line rent and tenant improvement allowances - included in revenue	**36,405**	**—**	**36,405**	34,178
Balance, end of year	**$ 8,465,700**	**$ 95,300**	**$ 8,561,000**	$ 7,905,978

(i) Capital expenditures includes $102 of construction fees (note 21) paid to Loblaw (December 31, 2014 - $3,067).

(ii) Property capital expenditures include $32,466 of recoverable capital (note 22) and nil non-recoverable capital (December 31, 2014 - $26,805 and $2,718, respectively).

(iii) Development capital includes $2,334 of site intensification fees (note 21) paid to Loblaw (December 31, 2014 - $993).

(iv) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 3.27% (December 31, 2014 - 3.44%).

Included in certain investment properties acquired from Loblaw is excess land with development potential. Choice Properties will compensate Loblaw, over time, with intensification fees determined by a site intensification payment grid as outlined in the Strategic Alliance Agreement (note 21), 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 financial statements.

Independent Appraisals

As part of the IPO, all 425 acquired properties were appraised by independent nationally-recognized appraisers. In addition to the table below, all the properties acquired since the IPO were also independently appraised at the time of acquisition. Choice Properties has engaged independent nationally-recognized valuation firms to appraise the investment properties such that substantially all of the portfolio will be independently appraised at least once over a five-year period.

A breakdown of the aggregate fair value of investment properties independently appraised each quarter, in accordance with the Trust's policy, is as follows:

	2015		2014	
($ thousands except where otherwise indicated)	**Number of properties**	**Fair value**	Number of properties	Fair value
March 31	**20**	**$ 588,510**	21	$ 397,110
June 30	**22**	**511,100**	21	403,870
September 30	**21**	**477,620**	22	546,970
December 31	**26**	**687,610**	21	397,780
Total	**89**	**$ 2,264,840**	85	$ 1,745,730

Internal Appraisals

The investment properties were measured at fair value, which was primarily determined by using the discounted cash flow method. Under the discounted cash flow methodology, discount rates were applied to the projected annual operating cash flows, generally over a minimum term of ten years, including a terminal value of the investment properties based on a capitalization rate applied to the estimated net operating income, a non-GAAP measure, in the terminal year.

Valuations are most sensitive to changes in capitalization rates. Choice Properties' valuation inputs, such as capitalization rates, are supported by quarterly reports from independent nationally-recognized appraisers. Below are the key rates used in the valuation models for both internal and independent appraisals.

	Weighted average	
	As at December 31, 2015	As at December 31, 2014
Discount rate	**7.08%**	7.09%
Terminal capitalization rate	**6.50%**	6.50%
Overall capitalization rate	**6.17%**	6.18%

Fair Value Sensitivity

The following table summarizes capitalization rate sensitivity for income producing properties:

Capitalization rate sensitivity increase/(decrease) ($ thousands)	**Weighted average overall capitalization rate**	**Fair value of investment properties**	**Fair value variance**	**% change**
(0.75)%	5.42%	$ 9,636,700	$ 1,171,000	14 %
(0.50)%	5.67%	$ 9,211,700	$ 746,000	9 %
(0.25)%	5.92%	$ 8,822,700	$ 357,000	4 %
December 31, 2015	6.17%	$ 8,465,700	$ —	— %
0.25%	6.42%	$ 8,135,700	$ (330,000)	(4)%
0.50%	6.67%	$ 7,830,700	$ (635,000)	(8)%
0.75%	6.92%	$ 7,548,700	$ (917,000)	(11)%

The key assumptions and inputs used in the valuation techniques to estimate the fair value of investment 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.

Note 7. Interests in Other Entities

Joint Venture

On December 9, 2014, Choice Properties and its joint venture partner, Wittington Properties Limited ("Wittington"), the parent company of GWL, completed the acquisition of the West Block project at Lake Shore Boulevard and Bathurst Street ("500 Lake Shore") in Toronto, Ontario for $15,576 from Loblaw via 500 LS Limited Partnership. The joint venture partners intend to develop 500 Lake Shore into a mixed-used property.

Limited Partnership	Country of Formation	Location	Ownership Interest as at December 31, 2015 and 2014
500 LS Limited Partnership	Canada	500 Lake Shore Blvd. West, Toronto, ON	40%

Choice Properties made contributions of $3,120 to the joint venture during the year ended December 31, 2015 (year ended December 31, 2014 - $6,230). There was no operating activity during the year ended December 31, 2015 or during 2014. Summarized financial information for Choice Properties' share of the equity accounted investment is set out below:

($ thousands)	**As at December 31, 2015**	As at December 31, 2014
Current assets	**$ 3,130**	$ 26
Non-current assets	**20,603**	15,550
Current liabilities	**(358)**	—
Net assets at 100%	**$ 23,375**	$ 15,576
Choice Properties' investment in equity accounted joint venture at 40%	**$ 9,350**	$ 6,230

Subsidiary

On November 7, 2014, Choice Properties established a 70% controlling interest in Choice Properties PRC Brampton Limited Partnership, a subsidiary which holds land intended for future retail development. As a result, Choice Properties consolidated the results of this subsidiary and recognized a 30% non-controlling interest for the interests of PL Ventures Ltd., a subsidiary of PenEquity Realty Corporation ("PenEquity").

Limited Partnership	Country of Formation	Location	Ownership Interest as at December 31, 2015 and 2014
Choice Properties PRC Brampton Limited Partnership	Canada	Mayfield/Chinguacousy, Brampton, ON	70%

There was no operating activity during the year ended December 31, 2015 or during 2014. The following is included in Choice Properties' consolidated financial statements relating to the subsidiary:

($ thousands)	**As at December 31, 2015**	As at December 31, 2014
Current assets	**$ 111**	$ —
Non-current assets	**25,767**	25,653
Current liabilities	**(12)**	—
Non-current liabilities	**(13)**	—
Net assets at 100%	**$ 25,853**	$ 25,653
Non-controlling interests at 30%	**$ 7,756**	$ 7,696

Joint Operation

On January 30, 2015, Choice Properties entered into a co-ownership agreement with PFC Fernbank Corp., a subsidiary of PenEquity and Phoenix Fernbank Inc. ("Phoenix") to acquire a parcel of land in Kanata, Ontario (note 5). This is a longer-term development project with the construction of a grocery anchored retail centre anticipated to commence in the second half of 2017.

Choice Properties recognized its 50% proportionate share of the assets held jointly in the co-ownership, of the parcel of land, and funded its partners' collective 50% interest of the purchase price through a mezzanine loan (note 9).

There was no operating activity during the year ended December 31, 2015. Summarized financial information for Choice Properties' proportionate share of the property is set out below:

($ thousands)	As at December 31, 2015
Current assets	$ 16
Non-current assets	4,075
Current liabilities	(41)
Net assets at 100%	$ 4,050
Choice Properties' proportionate share at 50%	$ 2,025

Note 8. Accounts Receivable and Other Assets

($ thousands)	As at December 31, 2015	As at December 31, 2014
Net rent receivable - net of allowance for doubtful accounts of $852 (2014 - $453)	$ 888	$ 3,419
Fixtures and equipment - net of accumulated amortization of $1,730 (2014 - $886)	5,944	6,308
Prepaid property taxes	2,133	2,791
Prepaid other	7,149	7,012
Accounts receivable and other assets	$ 16,114	$ 19,530

Classified as:		
Non-current	$ 9,874	$ 10,057
Current	6,240	9,473
	$ 16,114	$ 19,530

Note 9. Notes Receivable

($ thousands)	As at December 31, 2015	As at December 31, 2014
Notes receivable from related party	**$ 248,463**	$ 236,328
Notes receivable from third-party	**26,608**	23,040
Notes receivable	**$ 275,071**	$ 259,368

Classified as:		
Non-current	**$ 2,179**	$ 22,539
Current	**272,892**	236,829
	$ 275,071	$ 259,368

Notes receivable from related party Non-interest bearing short term notes totaling $236,328 were repaid by Loblaw in January 2015. During 2015, non-interest bearing short term notes totaling $248,463 were issued to Loblaw and repaid in January 2016 (note 21).

Notes receivable from third-party On December 24, 2014, Choice Properties provided mezzanine financing to Penady (Barrie) Ltd., a subsidiary of PenEquity and its partner in the form of a two-year mortgage of $22,500 at an interest rate of 8% per annum, with an option to extend. The balance as at December 31, 2015 includes accrued interest of $1,909 payable on maturity (December 31, 2014 - $39) and financing costs of $40, less amortization of $20 (December 31, 2014 - nil and nil). On December 24, 2014, Choice Properties provided short-term bridge financing of $500 to Penady (Barrie) Ltd. which was repaid with interest calculated at 6% per annum on July 10, 2015 (December 31, 2014 - accrued interest of $1).

On January 30, 2015, Choice Properties also provided a five-year mezzanine loan of $2,025 at an interest rate of 8% per annum to PFC Fernbank Corp., a subsidiary of PenEquity and Phoenix. The balance as at December 31, 2015 includes accrued interest of $154 payable on maturity.

Note 10. Long Term Debt and Class C LP Units

($ thousands)	As at December 31, 2015	As at December 31, 2014
Senior Unsecured Debentures (interest semi-annually)		
Series A 3.554%, due 2018, effective interest 3.554%	**$ 400,000**	$ 400,000
Series B 4.903%, due 2023, effective interest 4.903%	**200,000**	200,000
Series C 3.498%, due 2021, effective interest 3.498%	**250,000**	250,000
Series D 4.293%, due 2024, effective interest 4.293%	**200,000**	200,000
Series E 2.297%, due 2020, effective interest 2.297%	**250,000**	—
Series F 4.055%, due 2025, effective interest 4.055%	**200,000**	—
Series 5 3.00%, due 2016, effective interest 2.00%	**300,000**	300,000
Series 6 3.00%, due 2017, effective interest 2.23%	**200,000**	200,000
Series 7 3.00%, due 2019, effective interest 3.04%	**200,000**	200,000
Series 8 3.60%, due 2020, effective interest 3.20%	**300,000**	300,000
Series 9 3.60%, due 2021, effective interest 3.57%	**200,000**	200,000
Series 10 3.60%, due 2022, effective interest 3.84%	**300,000**	300,000
Debt discounts and premiums - net of accumulated amortization of ($8,175) (2014 - ($3,312))	**3,481**	8,344
Debt placement costs - net of accumulated amortization of $1,807 (2014 - $867)	**(6,565)**	(4,543)
Mortgage (interest monthly)		
7.42%, due 2017, effective interest 2.80%	**2,113**	3,107
3.15%, due 2019, effective interest 2.45%	**2,026**	—
Debt discount - net of accumulated amortization of ($101) (2014 - ($18))	**200**	232
Class C LP Units[(i)] (distributions monthly)		
Tranche 1 5.00%, redemption rights beginning 2027, effective interest 5.46%	**300,000**	300,000
Tranche 2 5.00%, redemption rights beginning 2028, effective interest 5.51%	**300,000**	300,000
Tranche 3 5.00%, redemption rights beginning 2029, effective interest 5.57%	**325,000**	325,000
Debt premium - net of accumulated amortization of $5,533 (2014 - $3,219)	**(43,205)**	(45,519)
Other		
Credit facility debt placement costs - net of accumulated amortization of $1,122 (2014 - nil)[(ii)]	**(1,660)**	—
Long term debt and Class C LP Units	**$ 3,881,390**	$ 3,436,621

Classified as:		
Non-current	**$ 3,579,202**	$ 3,435,628
Current	**302,188**	993
	$ 3,881,390	$ 3,436,621

(i) Represents amounts due to Loblaw.

(ii) Debt placement costs of $1,813 (net of accumulated amortization of $677) were included with the Credit Facility balance in 2014.

Senior Unsecured Debentures On February 5, 2015, Choice Properties issued $250,000 aggregate principal amount of Series E senior unsecured debentures due September 14, 2020. These debentures bear interest at a rate of 2.297% per annum, with semi-annual installments of interest due on March 14 and September 14 in each year, commencing on March 14, 2015. The net proceeds, net of debt placement costs of $1,514, were used by the Trust to repay existing indebtedness and for general business purposes.

On November 24, 2015, Choice Properties issued $200,000 aggregate principal amount of Series F senior unsecured debentures due November 24, 2025. These debentures bear interest at a rate of 4.055% per annum, with semi-annual installments of interest due on May 24 and November 24 in each year, commencing on May 24, 2016. The net proceeds, net of debt placement costs of $1,448, were used by the Trust to repay existing indebtedness and for general business purposes.

On February 6, 2014, Choice Properties issued $250,000 of 3.498% Series C senior unsecured debentures due February 8, 2021 and $200,000 of 4.293% Series D senior unsecured debentures due February 8, 2024 with semi-annual installments of interest due on February 8 and August 8 in each year, commencing on August 8, 2014.

Both offerings in February 2014 and February 2015 were made under Choice Properties' Short Form Base Shelf Prospectus dated September 3, 2013, and the offering in November 2015 was made under the Short Form Base Shelf Prospectus dated October 14, 2015 (note 17). Debt placement costs incurred were recorded against the principal owing and amortized using the effective interest method and recorded to net interest expense and other financing charges (note 15).

On April 21, 2014, Choice Properties entered into a Master Trust Indenture agreement with Computershare Trust Company of Canada. Supplemental indentures were created in order to facilitate the replacement of the Series 5 through Series 10 Transferor Notes, held by Loblaw and issued at the time of IPO. The new Series 5 through Series 10 senior unsecured debentures contain the same principal amounts, interest rates, and maturity dates as the original Transferor Notes that they replaced. The remaining terms and conditions are substantially similar to the original notes. The new Series 5 through Series 10 senior unsecured debentures have a face value of $1,500,000, mature between 2016 and 2022, and have an effective weighted average interest rate of 2.99%. Interest is paid in semi-annual installments. Debt premiums and discounts on the new Series 5 through Series 10 senior unsecured debentures are amortized using the effective interest method and recorded to net interest expense and other financing charges (note 15).

At December 31, 2015, the senior unsecured debentures had a weighted average effective interest rate of 3.33% (December 31, 2014 - 3.38%). Senior unsecured debentures Series A through Series F were issued by the Trust and Series 5 through Series 10 were issued by the Partnership.

Subsequent to December 31, 2015, Choice Properties entered into certain bond forward contracts with a notional value of $300,000.

On February 4, 2016, Choice Properties issued a notice for a March 7, 2016 early redemption, at par, of the $300,000 Series 5 senior unsecured debentures with an original maturity date of April 20, 2016.

Mortgage In connection with the property acquired from a third-party on August 11, 2015, Choice Properties assumed a mortgage which is secured by the acquired property. The mortgage bears interest at a fixed rate of 3.15% per annum, matures in 2019 and has an effective interest rate of 2.45% per annum. The debt premium on the mortgage is amortized using the effective interest method and is recorded to net interest expense and other financing charges (note 15).

In connection with the portfolio acquired from Loblaw on October 8, 2014, Choice Properties assumed a mortgage which is secured by one of the acquired properties. The mortgage bears interest at a fixed rate of 7.42% per annum, matures in 2017 and has an effective interest rate of 2.80% per annum. The debt premium on the mortgage is amortized using the effective interest method and is recorded to net interest expense and other financing charges (note 15).

Class C LP Units (authorized - unlimited) Loblaw holds all of the outstanding Class C LP Units, which are redeemable, at Loblaw's option, based on the following schedule:

Class C LP Unit redemption periods	Numbers of Class C LP Units eligible for redemption
July 5, 2027 and thereafter	30,000,000
July 5, 2028 and thereafter	30,000,000
July 5, 2029 and thereafter	32,500,000

The Trust has the option to settle the redemption payment with cash, Exchangeable Units, or any combination thereof.

Credit Facility Choice Properties has a $500,000 senior unsecured committed revolving credit facility provided by a syndicate of lenders maturing July 5, 2020. The credit facility bears interest at variable rates of either: Prime plus 0.45% or Bankers' Acceptance rate plus 1.45%. Pricing is contingent on Choice Properties' credit rating remaining at "BBB".

The credit facility contains certain financial covenants. As at December 31, 2015, the Trust was in compliance with all of its financial covenants (note 17) and no amount was drawn on the credit facility (December 31, 2014 - $122,000 drawn less unamortized debt placement costs of $1,813). As at December 31, 2015, the balance of the unamortized debt placement costs was $1,660.

Schedule of Repayments The schedule of principal repayment of long term debt and Class C LP Units, based on maturity and redemption rights is as follows:

($ thousands)	2016	2017	2018	2019	2020	Thereafter	Total
Senior unsecured debentures	$ 300,000	$ 200,000	$ 400,000	$ 200,000	$ 550,000	$ 1,350,000	**$ 3,000,000**
Mortgage	1,212	1,192	152	1,583	—	—	**4,139**
Class C LP Units	—	—	—	—	—	925,000	**925,000**
Total	**$ 301,212**	**$ 201,192**	**$ 400,152**	**$ 201,583**	**$ 550,000**	**$ 2,275,000**	**$ 3,929,139**

Note 11. Unit Equity

Trust Units (authorized - unlimited) Each 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, the Unitholders have the right to require Choice Properties to redeem its Units on demand. Upon receipt of the 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 issuable 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.

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

($ thousands except where otherwise indicated)	As at December 31, 2015 Units		Amount	As at December 31, 2014 Units		Amount
Units, beginning of year	**89,255,010**	**$**	**849,337**	87,614,229	$	832,415
Issuance of Units under the Distribution Reinvestment Plan	**1,668,346**		**18,118**	1,522,472		15,682
Units issued under unit-based compensation arrangement	**30,461**		**394**	118,309		1,240
Units, end of year	**90,953,817**	**$**	**867,849**	89,255,010	$	849,337
Exchangeable Units, beginning of year	**306,032,105**	**$**	**3,207,216**	284,074,754	$	2,988,466
Exchangeable Units issued						
May 6, 2014 (note 5)	**—**		**—**	11,259,208		119,632
October 8, 2014 (note 5)	**—**		**—**	10,698,143		111,260
January 9, 2015 (note 5)	**265,665**		**2,808**	—		—
June 1, 2015 (note 5)	**9,237,166**		**103,549**	—		—
August 20, 2015 (note 5)	**280,155**		**3,200**	—		—
November 17, 2015 (note 5)	**1,294,701**		**14,604**			
Adjustment to fair value of Exchangeable Units	**—**		**410,518**	—		(12,142)
Exchangeable Units, end of year	**317,109,792**	**$**	**3,741,895**	306,032,105	$	3,207,216
Total Units and Exchangeable Units, end of year	**408,063,609**			395,287,115		

Distributions Choice Properties' Board of Trustees retains full discretion with respect to the timing and quantum of distributions, however the total income distributed will not be less than the amount necessary to ensure the Trust will not be liable to pay income taxes under Part I of the *Income Tax Act (Canada)* for the year ending December 31, 2015. The Trust declared distributions of $0.65 per unit in the year ended December 31, 2015 (year ended December 31, 2014 - $0.65). In November 2015, Choice Properties announced an increase in the annual distribution by 3.1% to $0.67 per unit. The increase will be effective for Unitholders of record January 29, 2016. In the year ended December 31, 2015, Choice Properties declared $261,424 in distributions, including non-cash distributions provided under the Distribution Reinvestment Plan ("DRIP") and distributions to holders of Exchangeable Units, which are reported as interest expense (year ended December 31, 2014 - $248,754). 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.

The holders of Exchangeable Units and Class C LP 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. Loblaw has elected to defer the distributions in full on both the Exchangeable Units and Class C LP Units.

Distribution Reinvestment Plan Choice Properties has a DRIP that allows Unitholders to use the monthly cash distributions paid on their existing Units to purchase additional Units directly from the Trust. Unitholders who elect to participate in the DRIP receive a further distribution, payable in Units, equal in value to 3% of each cash distribution. In the year ended December 31, 2015, Choice Properties issued 1,668,346 Units under the DRIP (year ended December 31, 2014 - 1,522,472 Units).

Note 12. Trade Payables and Other Liabilities

($ thousands)	As at December 31, 2015	As at December 31, 2014
Trade accounts payable	**$ 14,554**	$ 2,735
Accrued liabilities	**46,767**	37,989
Accrued interest expense	**33,250**	30,717
Due to related party[(i)]	**277,169**	259,473
Unit-based compensation	**5,240**	2,286
Distributions payable[(ii)]	**4,927**	4,835
Tenant deposits	**2,014**	1,622
Deferred revenue[(iii)]	**55,610**	50,360
Trade payables and other liabilities	**$ 439,531**	$ 390,017

Classified as:		
Non-current	**$ 1,354**	$ 1,020
Current	**438,177**	388,997
	$ 439,531	$ 390,017

(i) Includes distributions accruing on Exchangeable Units of $219,381 (December 31, 2014 - $206,655) and Class C LP Units of $50,104 (December 31, 2014 - $50,104) (note 22), and other liabilities due to Loblaw of $7,684 (December 31, 2014 - $2,714).

(ii) Includes $1,165 payable to Loblaw and $1,231 payable to GWL (December 31, 2014 - $1,165 and $1,160 respectively).

(iii) Includes $54,061 of rent from Loblaw and $122 of rent from GWL received in advance (December 31, 2014 - $49,407 and nil, respectively).

Note 13. Unit-Based Compensation

Choice Properties' unit-based compensation expense recognized in general and administrative expenses was:

($ thousands)		Year ended December 31, 2015		Year ended December 31, 2014
Unit Option plan	**$**	**1,236**	$	208
Restricted Unit plan		**957**		600
Deferred Unit plan		**834**		705
Unit-based compensation expense	**$**	**3,027**	$	1,513
Adjustment to fair value included in the above	**$**	**888**	$	(591)

As at December 31, 2015, the carrying value of total unit-based compensation was $5,240 (December 31, 2014 - $2,286) (note 12).

Unit Option Plan Choice Properties maintains a Unit Option plan for certain employees. Under this plan, Choice Properties may grant Unit Options totaling up to 19,744,697 Units, as approved at the annual and special meeting of Unitholders on April 29, 2015 (December 31, 2014 - 4,075,000 Units). The Unit Options vest in tranches over a period of four years. The following is a summary of Choice Properties' Unit Option plan activity:

	Year ended December 31, 2015			Year ended December 31, 2014		
	Number of awards		**Weighted average exercise price/unit**	Number of awards		Weighted average exercise price/unit
Outstanding Unit Options, beginning of year	**1,682,510**	**$**	**10.48**	1,196,866	$	10.04
Granted	**2,127,532**	**$**	**11.49**	1,247,247	$	10.80
Cancelled	**(279,925)**	**$**	**11.00**	(643,294)	$	10.35
Exercised	**(30,461)**	**$**	**10.54**	(118,309)	$	10.05
Outstanding Unit Options, end of year	**3,499,656**	**$**	**11.05**	1,682,510	$	10.48
Unit Options exercisable, end of year	**533,796**	**$**	**10.36**	157,167	$	10.05

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

	As at December 31, 2015	As at December 31, 2014
Expected average distribution yield	**5.51%**	6.20%
Expected average Unit price volatility	**15.41% - 17.38%**	14.22% - 18.87%
Average risk-free interest rate	**0.48% - 0.77%**	1.04% - 1.35%
Expected average life of options	**1.5 to 5.4 Years**	2.5 to 5.4 Years

Estimated forfeiture rates are incorporated into the measurement of the Unit Option expense. The forfeiture rate applied as at December 31, 2015 was nil (December 31, 2014 - nil).

As at December 31, 2015, the following options were outstanding:

Exercise Price	Number of Unit Options outstanding	Remaining weighted average life (in years)
$10.05	**628,671**	4.5
$10.81	**810,286**	5.2
$10.61	**43,519**	5.3
$10.72	**24,038**	5.9
$11.51	**1,777,624**	6.2
$11.28	**215,518**	6.9
$10.05 to $11.51	**3,499,656**	5.7

Restricted Unit Plan Restricted Units ("RU") entitle certain employees to receive the value of the RU award in cash or Units at the end of the applicable vesting period, which is usually three years in length. The RU plan provides for the crediting of additional RUs in respect of distributions paid on Units for the period when an RU is outstanding. The fair value of each RU granted is measured based on the market value of a Trust Unit at the balance sheet date.

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

(Number of awards)	**Year ended December 31, 2015**	Year ended December 31, 2014
Outstanding Restricted Units, beginning of year	**184,154**	108,746
Granted	**90,813**	100,523
Reinvested	**14,140**	10,804
Cancelled	**(15,953)**	(35,919)
Settled	**(5,433)**	—
Outstanding Restricted Units, end of year	**267,721**	184,154

RUs usually vest over a period of three years. There were no RUs vested as at December 31, 2015 (December 31, 2014 - nil).

Trustee Deferred Unit Plan Members of the Choice Properties' Board of Trustees, who are not management of Choice Properties, are required to receive a portion of their annual retainer in the form of Deferred Units ("DU") and may also elect to receive up to 100% of their remaining fees in DUs. Distributions paid earn fractional DUs, which are treated as additional awards. DUs vest upon grant. The fair value of each DU granted is measured based on the market value of a Unit at the balance sheet date. A summary of the DU plan activity is as follows:

(Number of awards)	**Year ended December 31, 2015**	Year ended December 31, 2014
Outstanding Trustee Deferred Units, beginning of year	**99,230**	31,936
Granted	**52,736**	64,150
Reinvested	**6,812**	3,144
Outstanding Trustee Deferred Units, end of year	**158,778**	99,230

All DUs vest when issued, however, they cannot be exercised while Trustees are members of the Board.

Note 14. Rental Revenue

Rental revenue is comprised of the following:

($ thousands)	Loblaw	Ancillary[(i)]	Year ended December 31, 2015
Base rent	$ **502,323**	$ **48,791**	$ **551,114**
Property tax recoveries	**140,616**	**13,966**	**154,582**
Operating cost recoveries	**24,427**	**9,927**	**34,354**
Other revenue	**291**	**2,759**	**3,050**
Rental revenue	$ **667,657**	$ **75,443**	$ **743,100**

(i) Ancillary income includes $1,681 received from leases to subsidiaries of GWL for the year end ended December 31, 2015.

($ thousands)	Loblaw	Ancillary[(i)]	Year ended December 31, 2014
Base rent	$ 470,895	$ 44,009	$ 514,904
Property tax recoveries	122,530	13,026	135,556
Operating cost recoveries	19,101	10,318	29,419
Other revenue	1,152	1,892	3,044
Rental revenue	$ 613,678	$ 69,245	$ 682,923

(i) Ancillary income includes $1,484 received from leases to subsidiaries of GWL for the year end ended December 31, 2014.

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 grocery anchor stores. 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 and property tax recoveries. Many of the leases with Loblaw are for stand-alone retail sites. Loblaw is directly responsible for the operating costs on such sites.

Future base rent revenue for the years ended December 31 is as follows:

($ thousands)	
2016	$ 530,061
2017	530,504
2018	530,160
2019	533,633
2020	534,803
Thereafter	3,890,700
Total	$ **6,549,861**

Note 15. Net Interest Expense and Other Financing Charges

($ thousands)	Year ended December 31, 2015	Year ended December 31, 2014
Interest on senior unsecured debentures	**$ 97,189**	$ 72,433
Interest on Transferor Notes[(i)]	**—**	18,271
Distributions on Class C LP Units[(i)]	**46,250**	46,250
Interest on mortgage	**217**	49
Interest on credit facility	**3,405**	2,965
Effective interest rate amortization of debt discounts and premiums[(ii)]	**(2,632)**	48,891
Effective interest rate amortization of debt placement costs	**1,405**	1,127
Distributions on Exchangeable Units[(i)]	**202,804**	191,267
	348,638	381,253
Interest income	**(2,122)**	(433)
	346,516	380,820
Capitalized interest[(iii)]	**(1,465)**	(166)
Net interest expense and other financing charges	**$ 345,051**	$ 380,654

(i) Represents amounts on account of indebtedness to Loblaw.

(ii) The year ended December 31, 2014 includes non-cash finance charges of $48,911. The charges were the result of accelerated amortization of net debt discounts due to replacement of notes issued to Loblaw in connection with the IPO.

(iii) Interest was capitalized to qualifying development projects based on an annual weighted average interest rate of 3.27% (December 31, 2014 – 3.44%).

Note 16. Employee Costs

The following amounts were expensed in relation to Choice Properties' employees:

($ thousands)	Year ended December 31, 2015	Year ended December 31, 2014
Salaries, wages and benefits, net	**$ 13,310**	$ 9,969
Post-employment benefits	**403**	238
Unit-based compensation	**2,193**	808
Employee costs	**$ 15,906**	$ 11,015

Note 17. Capital Management

In order to maintain or adjust its capital structure, Choice Properties may increase or decrease the amount of distributions paid to Unitholders, issue new Units and debt, or repay debt. Choice Properties manages its capital structure with the objective of:

- complying with the guidelines set out in its Declaration of Trust;
- complying with debt covenants;
- maintaining credit rating metrics consistent with those of investment grade REITs;
- ensuring sufficient liquidity is available to support its financial obligations and to execute its operating and strategic plans;
- maintaining financial capacity and flexibility through access to capital to support future development; and
- minimizing its cost of capital while taking into consideration current and future industry, market and economic risks and conditions.

On October 14, 2015, Choice Properties filed a new base shelf prospectus allowing for the issuance, from time to time, of Units and debt securities, or any combination thereof, having an aggregate offering price of up to $2 billion. The new prospectus is effective for a 25-month period from the date of issuance. On November 24, 2015, Choice Properties issued $200,000 of senior unsecured debentures under this prospectus (note 10).

Choice Properties has certain key covenants in its debentures and committed credit facility. The key financial covenants include debt service ratios and leverage ratios, as defined in the respective agreements. These ratios are measured by the Trust on an ongoing basis to ensure compliance with the agreements. Choice Properties was in compliance with each of the key financial covenants under these agreements as at December 31, 2015 and December 31, 2014.

Note 18. Fair Value Measurements

The following table presents the fair value hierarchy of assets and liabilities:

				As at December 31, 2015				As at December 31, 2014
($ thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Assets:								
Investment properties (note 6)	**$ —**	**$ —**	**$ 8,561,000**	**$ 8,561,000**	$ —	$ —	$ 7,905,978	$ 7,905,978
Accounts receivable (note 8)	**—**	**888**	**—**	**888**	—	3,419	—	3,419
Notes receivable (note 9)	**—**	**275,071**	**—**	**275,071**	—	259,368	—	259,368
Cash and cash equivalents	**44,354**	**—**	**—**	**44,354**	1,332	—	—	1,332
Liabilities:								
Long term debt and Class C LP Units	**—**	**4,036,140**	**—**	**4,036,140**	—	3,582,560	—	3,582,560
Credit facility (note 10)	**—**	**—**	**—**	**—**	—	122,000	—	122,000
Exchangeable Units (note 11)	**3,741,895**	**—**	**—**	**3,741,895**	3,207,216	—	—	3,207,216
Unit-based compensation (note 12)	**—**	**5,240**	**—**	**5,240**	—	2,286	—	2,286
Trade payables and other liabilities(i) (note 12)	**—**	**434,291**	**—**	**434,291**	—	387,731	—	387,731

(i) Excluding unit-based compensation liabilities.

The carrying value of the Trust's financial assets and liabilities approximates the fair value except for long term debt and Class C LP Units.

There were no transfers between levels of the fair value hierarchy during the periods.

Note 19. Financial Risk Management

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

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

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

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

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

Market Risk Choice Properties is exposed to market risk as a result of changes in factors such as interest rates and the market price of the Trust's Units.

Interest Rate Risk The majority of Choice Properties' debt is financed at fixed rates with maturities staggered over 10 years, thereby mitigating the exposure to near term changes in interest rates. To the extent that Choice Properties incurs variable rate indebtedness (such as under the credit facility), this will result in fluctuations in Choice Properties' cost of borrowing as interest rates change. If interest rates rise, Choice Properties' operating results and financial condition could be materially adversely affected and decrease the amount of cash available for distribution to Unitholders.

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

Choice Properties' credit facility and the Debentures also contain covenants that require it to maintain certain financial ratios on a consolidated basis. If Choice Properties does not maintain such ratios, its ability to make distributions to Unitholders may be limited or suspended. An increase of 1.0% per annum in the variable component of the credit facility interest rate would result in an increase to liabilities and a decrease in net income of $5,000 (assuming fully drawn credit facility).

Unit Price Risk Choice Properties is exposed to unit price risk as a result of the issuance of Exchangeable Units, which are economically equivalent to and exchangeable for units, as well as the issuance of unit-based compensation. Exchangeable Units and unit-based compensation liabilities are recorded at their fair value based on market trading prices. Exchangeable Units and unit-based compensation negatively impact operating income when the unit price rises and positively impact operating income when the unit price declines. An increase of $1.00 in the underlying price of Choice Properties' Units would result in an increase to liabilities, and decrease in net income as follows:

- Exchangeable Units $317,110 (2014 - $306,032); and
- Unit-based compensation liabilities $1,410 (2014 - $566).

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

The real estate industry is highly capital intensive. Choice Properties requires access to capital to fund operating expenses, to maintain its properties, to fund its growth strategy and certain other capital expenditures from time to time, and to refinance indebtedness. Although Choice Properties expects to have access to the credit facility, there can be no assurance that it will otherwise have access to sufficient capital or access to capital on favourable terms. Further, in certain circumstances, Choice Properties may not be able to borrow funds due to limitations set forth in the Declaration of Trust and the trust indentures, as supplemented. Failure by Choice Properties to access required capital could have a material adverse effect on its financial condition or results of operations and its ability to make distributions to Unitholders.

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

Maturity Analysis The undiscounted future principal and interest payments on Choice Properties' debt instruments, and distribution and redemption payments on Class C LP Units are as follows:

($ thousands)	2016	2017	2018	2019	2020	Thereafter	Total
Senior unsecured debentures	$ 400,505	$ 293,005	$ 490,005	$ 275,789	$ 614,390	$ 1,483,193	**$ 3,556,887**
Mortgage	1,393	1,294	204	1,628	—	—	**4,519**
Class C LP Units	46,250	46,250	46,250	46,250	46,250	1,273,558	**1,504,808**
Total	**$ 448,148**	**$ 340,549**	**$ 536,459**	**$ 323,667**	**$ 660,640**	**$ 2,756,751**	**$ 5,066,214**

Note 20. Contingent Liabilities and Financial Guarantees

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

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

Choice Properties received notices of assessment from the Ontario Ministry of Finance for approximately $10,319 (penalties and interest included) with respect to land transfer tax on the acquisition of properties from Loblaw in the IPO. The Trust believes it is not liable for the tax under the applicable legislation, therefore, no liability was recognized in these consolidated financial statements. Notices of objection to these assessments have been filed. Choice Properties is fully indemnified by Loblaw for tax assessed on the IPO properties if the appeal is unsuccessful.

Guarantees Choice Properties issues letters of credit to support guarantees related to its investment properties including maintenance and development obligations to municipal authorities. As at December 31, 2015, the aggregate gross potential liability related to these letters of credit totaled $28,246, including $7,324 posted by Loblaw in 2015 with the province of Ontario on behalf of Choice Properties related to deferral of land transfer tax on properties acquired from Loblaw subsequent to the IPO (note 21) (December 31, 2014 - $23,226).

Choice Properties' credit facility and 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.

Commitments Choice Properties has entered into contracts for development and sustainable capital projects and has other contractual obligations such as operating rents. The Trust is committed to future payments of approximately $24,698 as at December 31, 2015 (December 31, 2014 - $7,304).

Note 21. Related Party Transactions

Choice Properties' parent corporation is Loblaw, which held an 83.0% effective interest in the Trust through ownership of 21,500,000 Units and all of the Exchangeable Units as at December 31, 2015 (December 31, 2014 - 82.9% and 21,500,000 Units respectively). Loblaw's controlling shareholder, GWL, held an approximate 46% ownership of Loblaw's outstanding common shares and a 5.6% direct interest in Choice Properties, through ownership of 22,732,062 Units as at December 31, 2015 (December 31, 2014 - 5.4% and 21,414,657 Units respectively).

Choice Properties' policy is to conduct all transactions and settle all balances with related parties on market terms and conditions.

Transactions and Agreements with Loblaw

Acquisitions In 2015, Choice Properties acquired 46 properties from Loblaw as described in note 5.

On January 9, 2015, Choice Properties acquired a 16-acre site in Barrie, Ontario from Loblaw for a purchase price of $9,567, excluding acquisition costs. The acquisition was funded through the issuance of 265,665 Exchangeable Units, which had a value of $2,808 as at January 9, 2015, with the balance paid in cash.

On January 30, 2015, Choice Properties acquired a warehouse in Pickering, Ontario from Loblaw for a purchase price of $81,200, excluding acquisition costs. This acquisition was funded entirely with cash.

On June 1, 2015, Choice Properties acquired 38 properties from Loblaw for a purchase price of $202,695, excluding acquisition costs. The acquisition was funded through the issuance of 9,237,166 Exchangeable Units, which had a value of $103,549 as at June 1, 2015, with the balance paid in cash.

On August 20, 2015, Choice Properties acquired two Shoppers Drug Mart properties from Loblaw for a purchase price of $18,150, excluding acquisition costs. The acquisition was funded through the issuance of 280,155 Exchangeable Units, which had a value of $3,200 as at August 20, 2015, with the balance paid in cash.

On November 17, 2015, Choice Properties acquired four properties from Loblaw for a purchase price of $45,080, excluding acquisition costs. The acquisition was funded through the issuance of 1,294,701 Exchangeable Units, which had a value of $14,604 as at November 17, 2015, with the balance paid in cash.

In 2014, Choice Properties acquired investment properties from Loblaw with a fair value of $409,717, excluding acquisition costs (note 5) and a 40% interest in land purchased from Loblaw through 500 LS Limited Partnership (note 7).

Site Intensification Fee Included in certain investment properties acquired from Loblaw is excess land with development potential. Choice Properties will compensate Loblaw, over time, with intensification fees, as Choice Properties pursues development, intensification or redevelopment of such excess lands. The payments to Loblaw are calculated in accordance with a payment grid, set out in the Strategic Alliance Agreement, that takes into account the region, market ranking and type of use for the property.

Choice Properties compensated Loblaw with intensification fees of $2,334 in connection with retail developments completed during 2015 (December 31, 2014 - $993).

Construction Fees During 2015, Choice Properties paid $102 in construction fees to Loblaw towards the development of specific properties (December 31, 2014 - $3,067).

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. Its initial term is for ten-years from the IPO, and will continue until the earlier of 20 years from the IPO and the date, if any, on which Loblaw ceases to own a majority interest, on a fully-diluted basis in the Trust. The Strategic Alliance Agreement provides Choice Properties with important rights that are expected to meaningfully contribute to the Trust's growth.

Services Agreement Loblaw provides Choice Properties with administrative and other support services. The agreement for these services was renewed until December 31, 2015 at an annual rate of $3,141 (note 22). On January 1, 2016, the agreement was renewed for a one-year term at an annual rate of $2,932.

Property Management Agreement On January 1, 2015, Choice Properties agreed to provide Loblaw for a two-year term with property and asset management services for Loblaw's properties with third-party tenancies on a fee for service basis of approximately $600 per annum (note 22).

Letters of Credit During 2015, Loblaw posted letters of credit of $7,324 with the province of Ontario on behalf of Choice Properties related to deferral of land transfer tax on properties acquired from Loblaw subsequent to the IPO.

Distributions on LP Units and Notes Receivable Loblaw holds all of the Exchangeable Units and Class C LP Units issued by the Partnership. Loblaw has elected to defer receipt of all distributions from the Partnership until the first business day following the end of the fiscal year. Distributions declared and accrued on the last business day of a month become payable on or about the 15th day of the following month. On this day in lieu of paying distributions, the Partnership loans the holder an amount equal to the deferred distribution without interest, and the loan is due and payable in full on the first business day following the end of the fiscal year the loan was advanced. As at December 31, 2015, distributions totaling $249,054 were declared, $269,485 were payable, and a note receivable of $248,463 was outstanding from Loblaw (December 31, 2014 - $237,517, $256,759 and $236,328 respectively). On the first business day of 2016, distributions payable for Exchangeable Units of $202,213 and Class C LP Units of $46,250 were paid and the notes receivable from Loblaw were cancelled (January 2015 - paid $190,078 and $46,250, respectively, and the notes receivable from Loblaw were cancelled).

Trust Unit Distributions In the year ended December 31, 2015, Choice Properties declared distributions of $13,975 on the Units held by Loblaw (December 31, 2014 - $13,975).

Transaction Summary as Reflected in the Consolidated Financial Statements Loblaw is also Choice Properties' largest tenant, representing approximately 91.1% of Choice Properties' annual base rent and 89.1% of its gross leasable area as at December 31, 2015 (December 31, 2014 - 91.4% and 88.4% respectively). Transactions with Loblaw recorded in the statements of income (loss) and comprehensive income (loss) were comprised as follows:

($ thousands)	**Year ended December 31, 2015**	Year ended December 31, 2014
Rental revenue (note 14)	**$ 667,657**	$ 613,678
Property and asset management fee (note 22)	**600**	—
Services Agreement fee (note 22)	**—**	350
Services Agreement expense (note 22)	**(3,141)**	(4,771)
Office rent expense	**—**	(107)
Interest expense and other financing charges (note 15)	**(249,054)**	(255,788)

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

($ thousands)	**As at December 31, 2015**	As at December 31, 2014
Notes receivable (note 9)	**$ 248,463**	$ 236,328
Class C LP Units (note 10)	**(925,000)**	(925,000)
Exchangeable Units (note 11)	**(3,741,895)**	(3,207,216)
Accounts payable and other liabilities (note 12)	**(332,395)**	(310,045)
Net due to Loblaw	**$ (4,750,827)**	$ (4,205,933)

Transactions with GWL and Other Related Parties

Joint Venture On December 9, 2014, Choice Properties and its joint venture partner, Wittington, completed the acquisition of 500 Lake Shore in Toronto, Ontario for $15,576 from Loblaw (note 7). Wittington is the development and construction manager for the commercial space. Wittington's parent company is Wittington Investments, Limited, which holds a 63% interest in GWL. Choice Properties made contributions of $3,120 to the joint venture during the year ended December 31, 2015 (year ended December 31, 2014 - $6,230).

Operating Lease Choice Properties entered into a ten-year lease at market rates for office space with GWL's parent company that commenced in 2014. Lease payments will total $2,664 over the term of the lease.

Trust Unit Distributions In the year ended December 31, 2015, Choice Properties declared distributions of $14,383 on the Units held by GWL (December 31, 2014 - $13,526). GWL participates in the DRIP (note 11). In the year ended December 31, 2015, the Trust issued 1,317,405 Units to GWL under the DRIP (December 31, 2014 - 1,306,847 Units).

Transaction Summary as Reflected in the Consolidated Financial Statements Transactions with GWL and other related parties recorded in the statements of income (loss) and comprehensive income (loss) were comprised as follows:

($ thousands)	Year ended December 31, 2015	Year ended December 31, 2014
Rental revenue (note 14)	**$ 1,681**	$ 1,484
Office rent expense	**(468)**	(109)

The balance due to GWL was as follows:

($ thousands)	As at December 31, 2015	As at December 31, 2014
Accounts payable and other liabilities (note 12)	**$ (1,353)**	$ (1,160)

Transactions with Key Personnel

Choice Properties' key personnel are comprised of Trustees and certain members of the executive team of Choice Properties. Compensation of key personnel was as follows:

($ thousands)	Year ended December 31, 2015	Year ended December 31, 2014
Salaries, trustee fees, incentives and short-term employee benefits	**$ 2,190**	$ 4,157
Unit-based compensation	**2,384**	1,359
Compensation of key personnel	**$ 4,574**	$ 5,516

Note 22. Supplementary Information

Property Operating Costs

($ thousands)	Year ended December 31, 2015	Year ended December 31, 2014
Property taxes	**$ 158,954**	$ 139,651
Recoverable operating costs	**30,239**	30,141
Non-recoverable operating costs	**2,986**	2,758
Property operating costs	**$ 192,179**	$ 172,550

General and Administrative Expenses

($ thousands)	Year ended December 31, 2015	Year ended December 31, 2014
Salaries, benefits and employee costs	**$ 19,414**	$ 12,567
Investor relations and other public entity costs	**2,058**	2,162
Professional fees	**1,900**	1,713
Other	**3,728**	3,310
Services Agreement expense charged by related party	**3,141**	4,771
Total general and administrative expenses	**30,241**	24,523
Less:		
Property and asset management fee charged to related party	**(600)**	—
Services Agreement fee charged to related party[(i)]	**—**	(350)
Capitalized to investment properties	**(2,157)**	(858)
Allocated to recoverable operating expenses	**(5,719)**	—
General and administrative expenses	**$ 21,765**	$ 23,315

(i) In July 2013, Choice Properties entered into a Services Agreement to provide administration and support services to Loblaw for a one year term ended June 30, 2014.

Change in Non-Cash Operating Working Capital

($ thousands)		Year ended December 31, 2015	Year ended December 31, 2014
Net change in Accounts receivable and other assets		**$ 3,416**	$ (3,009)
Add back (deduct):	Fixtures and equipment	**(364)**	3,909
	Credit facility finance fees	**—**	(1,958)
	Amounts from acquired properties (note 5)	**59**	211
Net change in Trades payable and other liabilities		**49,514**	178,560
Add back (deduct):	Distributions payable	**(92)**	(89)
	Unit-based compensation	**(2,954)**	(1,461)
	Net change to accrued interest expense	**(15,259)**	(149,603)
	Amounts from acquired properties (note 5)	**(1,671)**	(2,193)
Change in non-cash operating working capital		**$ 32,649**	$ 24,367

Supplemental Disclosure of Non-cash Operating, Investing and Financing Activities

($ thousands)	Year ended December 31, 2015	Year ended December 31, 2014
Value of Units issued under distribution reinvestment plan (note 11)	**$ 18,118**	$ 15,682
Value of Units issued under unit-based compensation plan	**73**	52
Issuance of Exchangeable Units (note 5)	**124,161**	230,892
Debt assumed on acquisition of investment properties (note 5)	**2,123**	3,603
De-recognition of Transferor Notes (note 10)	**—**	(1,500,000)
Recognition of senior unsecured debentures (note 10)	**—**	1,500,000

Recoverable Capital Improvements

($ thousands)	Year ended December 31, 2015	Year ended December 31, 2014
Balance yet to be recovered, beginning of the year	**$ 34,254**	$ 8,430
Add: Recoverable expenditures during the year (note 6)	**32,466**	26,805
Less: Recoverable during the year	**(2,791)**	(981)
Balance yet to be recovered, end of the year	**$ 63,929**	$ 34,254

Glossary of Terms

Term	Definition
Adjusted Funds from Operations	Funds from Operations adjusted for non-cash income and expense items such as amortization of straight-line rents, unit-based compensation expenses, and finance charges. Also, includes a reduction for normalized productive capacity maintenance expenditures and leasing capital expenditures (see Section 17, "Non-GAAP Financial Measures", of Management's Discussion and Analysis).
Adjusted Funds from Operations Payout Ratio	Distribution declared per unit, divided by Adjusted Funds from Operations per unit diluted (see Section 17, "Non-GAAP Financial Measures", of Management's Discussion and Analysis).
Debt to Total Assets	Debt divided by total assets. Debt includes Class C LP Units but excludes Exchangeable Units. This ratio is a non-GAAP financial measure calculated based on the trust indentures, as supplemented.
Debt Service Coverage	Earnings Before Interest, Taxes, Depreciation, Amortization, and adjustments to Fair Value divided by interest expense on long-term debt and distributions on Class C LP Units 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 a non-GAAP financial measure calculated based on the trust indentures, as supplemented.
Debt to EBITDAFV	Debt divided by Earnings Before Interest, Taxes, Depreciation, Amortization, and adjustments to Fair Value. Debt includes Class C LP Units but excludes Exchangeable Units.
Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value	Net income plus, where applicable, income taxes, interest expense, amortization expense, depreciation expense, and adjustments to fair value (see Section 17, "Non-GAAP Financial Measures", of Management's Discussion and Analysis).
Funds From Operations	Net income adjusted for items that do not arise from operating activities, such as adjustments to fair value, depreciation and amortization, and adjustments for non-controlling interests, as defined by the Real Property Association of Canada White Paper on Funds from Operations for IFRS issued in April 2014 (see Section 17, "Non-GAAP Financial Measures", of Management's Discussion and Analysis).
Funds From Operations Payout Ratio	Distribution declared per unit divided by the Funds from Operations per unit diluted (see Section 17, "Non-GAAP Financial Measures", of the Management's Discussion and Analysis).
Greenfield	Development on vacant land.
Intensification	Development of income producing properties with excess density.
Net Operating Income	Rental revenue less straight-line rental revenue and property operating costs (see Section 17, "Non-GAAP Financial Measures", of Management's Discussion and Analysis).
Same Properties	The same properties owned by Choice Properties during the current period and the comparative period, including any re-development of the same properties.
Same Properties - Same GLA	The same properties owned by Choice Properties during the current period and the comparative period, excluding any re-development of the same properties which increased gross leasable area.
Redevelopment	Reset and renovation of existing income producing properties.

Corporate Information

Corporate Profile

Choice Properties Real Estate Investment Trust is an owner, manager and developer of well-located commercial real estate across Canada. Choice Properties' portfolio spans approximately 41.6 million square feet of gross leasable area and consists of 519 properties primarily focused on supermarket and drug store anchored shopping centres, stand-alone supermarkets and drug stores, and other retail properties. Choice Properties' strategy is to create value by enhancing and optimizing its property portfolio, which was built over thirty years by Loblaw, the Trust's principal tenant, and largest Unitholder. Choice Properties' strong alliance with Loblaw positions it well for future growth.

Conference Call and Webcast

Senior management will host a conference call to discuss the results on February 18, 2016 at 10:00AM (ET). To access via teleconference, please dial (647) 427-7450. A playback will be made available two hours after the event at (416) 849-0833, access code: 18882180. To access the conference call via webcast, a link is available at www.choicereit.ca in the "Events and Webcast" section under "News and Events".

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.

Independent Auditors

KPMG LLP
Chartered Professional Accountants
Toronto, Canada

Registrar and Transfer Agent

Canadian Stock Transfer Company Inc.
P.O. Box 700, Station B
Montreal, QC, H3B 3K3
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Investor Relations

Tel: 416-960-6990
Toll free: 1-855-322-2122
Email: investor@choicereit.ca
Website: www.choicereit.ca

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

Trustees

Galen G. Weston
Executive Chairman and President, Loblaw

John Morrison
President and Chief Executive Officer, Choice Properties REIT

Kerry D. Adams[1,2]
President, K. Adams & Associates Limited

Christie J.B. Clark[2]
Corporate Director

Graeme Eadie[1]
Senior Vice President, Head of Real Estate Investments for Canada Pension Plan Investment Board

Michelle Felman[2]
Corporate Director

Michael P. Kitt[1,2]
Executive Vice President, Canada for Oxford Properties Group

Daniel F. Sullivan[2]
Corporate Director

Paul R. Weiss[1]
Corporate Director

1 Audit Committee.
2 Governance, Compensation and Nominating Committee.

Ce rapport est disponible en français.

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Choice Properties REIT

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