

# Finance, Insurance, and Real Estate

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# ChoiceProperties

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# Company Overview

## Highlights

- Choice Properties is Canada's largest Real Estate Investment Trust (REIT), focusing on commercial and residential real estate
- The REIT emphasizes creating enduring value through places where people thrive, integrating environmental, social, and economic sustainability practices
- Its portfolio includes necessity-based retail, industrial assets, and transit-oriented mixed-use developments
- Strategic partnership with Loblaw, Canada's largest retailer, providing a competitive advantage
- Strong financial performance: 97.6% occupancy, 2.9% FFO growth per unit, and 3.2% same-asset NOI growth

## History

**July 5, 2013** – Choice Properties commenced operations through its Initial Public Offering (IPO), issuing units and debt for cash. At the same time, it acquired 425 properties from Loblaw Companies Limited and its subsidiaries.

**November 1, 2018** – Loblaw spun out its 61.6% effective interest in Choice Properties to George Weston Limited (GWL). This reorganization transaction positioned GWL as the primary controlling entity, enhancing the REIT's long-term stability and independence.

**December 31, 2024** – As of December 31, GWL held a 61.7% effective interest in Choice Properties, further reinforcing its role as the REIT's majority stakeholder

## Executive Management



### Rael L. Diamond

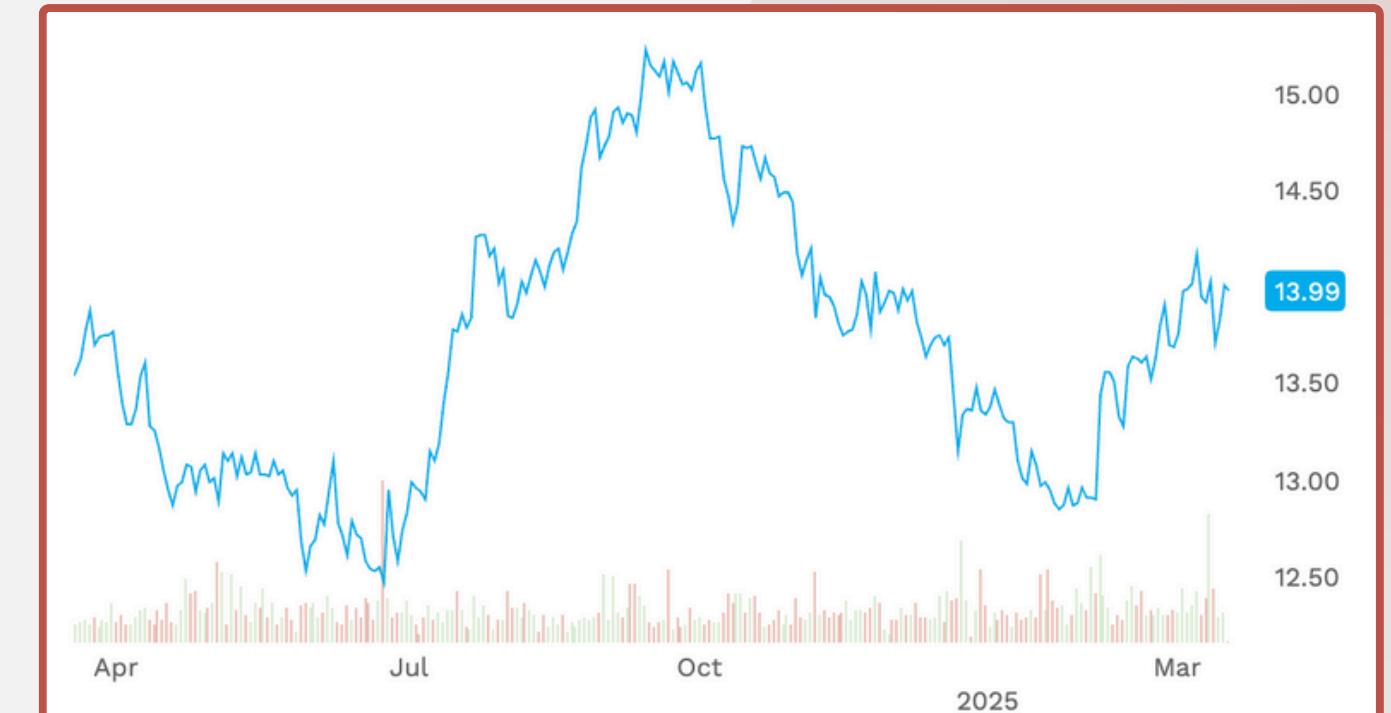
Rael L. Diamond, president and CEO of Choice Properties since May 2019, prior to which he was the Chief Operating Officer of Choice Properties.



### Erin Johnston

Erin Johnston, CFO of Choice Properties since 2022. Prior to joining Choice in 2022, Erin spent over a decade in various progressive corporate and operational finance positions

## Stock Performance



**Ticker:** CHP.UT-CA

**Market Cap:**

\$10,166M

**52 Week:**

CA\$12.42 - CA\$15.33

**Current:** \$13.83

**Beta (3Y Adj.):** 0.90

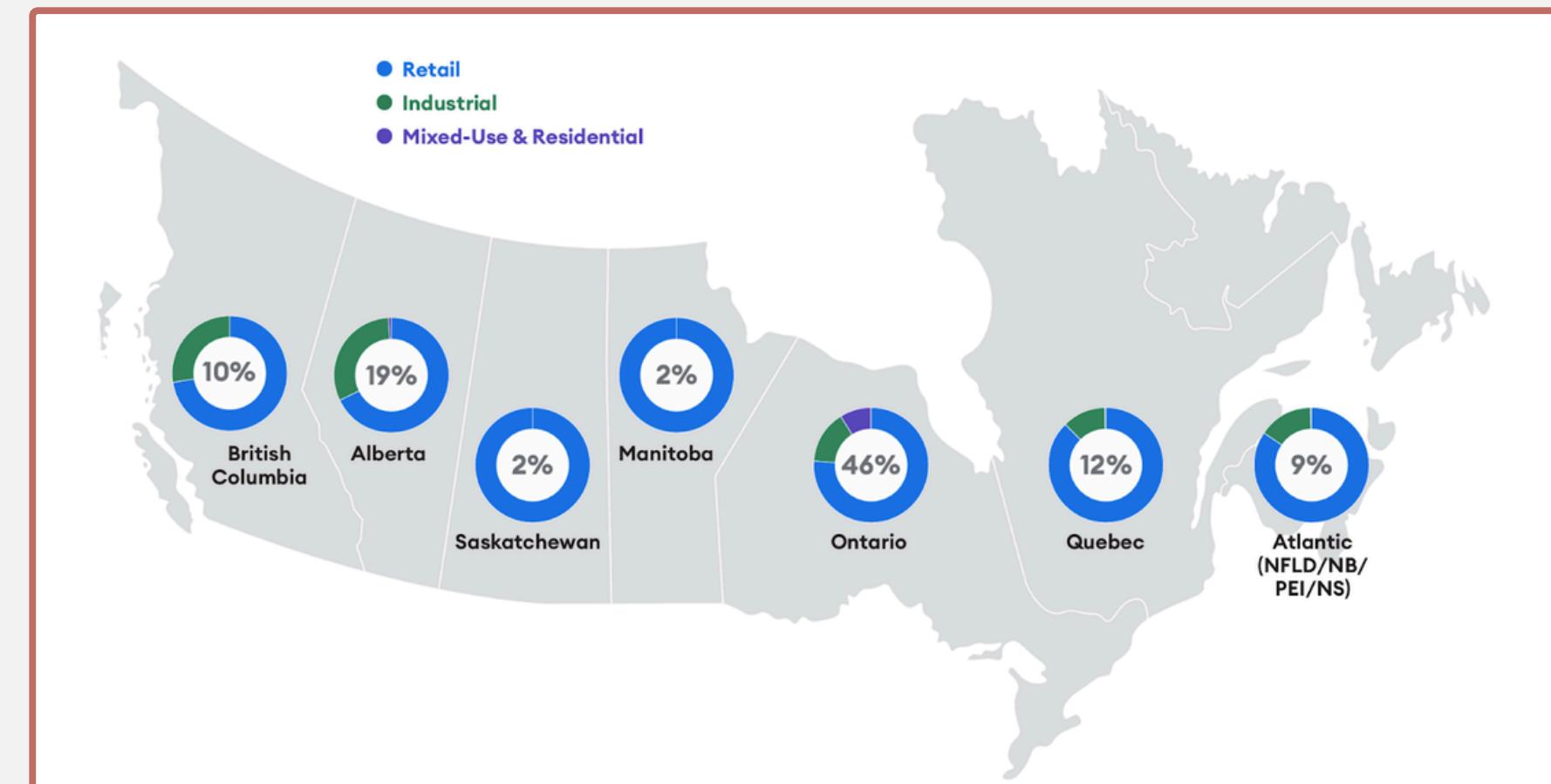
**Volume:** 361,059

# Core Business

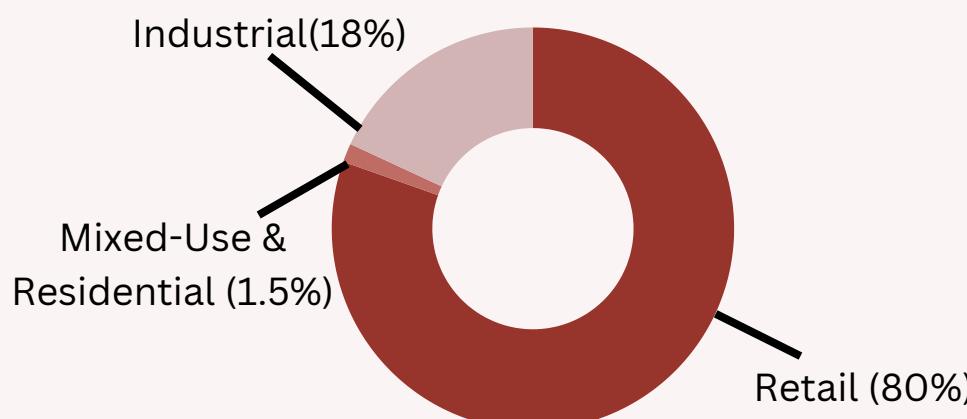
## Business Performance

	FY2024	FY2023	Change %
FFO	\$1.032/unit	\$1.003/unit	+2.9%
AFFO	\$0.864/unit	\$0.827/unit	+4.5%
NOI, Cash Basis (Thousands)	\$958,000	\$928,600	+3.2%
Occupancy Levels	97.6%	98%	-0.4%

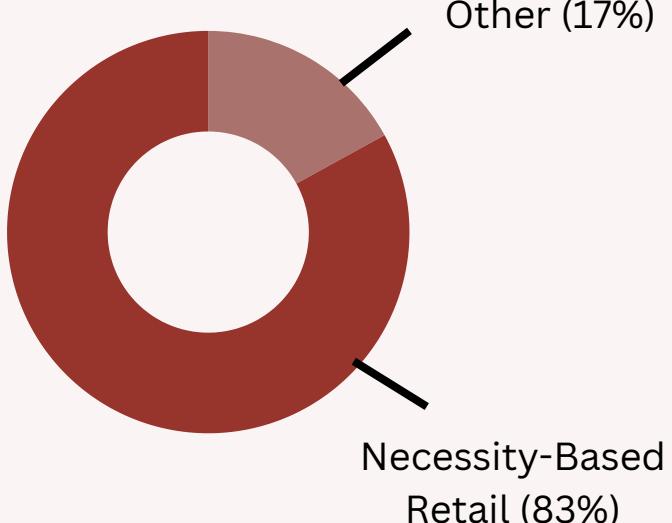
## NOI and Property Allocation By Region



## Property Allocation By Type



## Revenue From Retail



# Environment, Social, Governance



## E

- Net-Zero by 2050 (Science-Based Targets Initiative)
- 65% of GLA certified (LEED, BOMA BEST)
- First Zero Carbon Retail Building in Canada
- Energy Optimization & Green Leasing with RBC



Target Achieved

**70%**

Target: Divert 70% of annual waste from landfill at office properties



## S

Recognized as one of  
**Greater  
Toronto's Top  
Employers**  
(in 2023 and 2024)



Achieved the  
**Women  
Lead Here  
Benchmark**  
(in 2022 and 2024)

50%+ Women in Leadership (VP+ level)

## Charity Partners



Moorelands Kids



- Affordable Housing Development (e.g., Mount Pleasant Village – 302 rental units)
- Scarborough Proud Initiative – Community events in underutilized spaces
- Expanded Mental Health Benefits (4x increase)

## G

- Board Diversity Targets Met (Gender & minority representation)
- #1 in REIT Industry – Canada's Most Responsible Companies 2025
- B-Rating in CDP Climate Disclosure (Third consecutive year)
- ESG-linked Executive Compensation & Transparency
- Maintained GRESB 4-star rating for second year (scored 82 on a 100-point scale), and continued to receive “low” Sustainalytics ESG risk rating

**Choice  
Properties<sup>REIT</sup>**

# Strategy



## Core Focus on Retail Assets

- Retail remains the cornerstone of Choice Properties' portfolio, with a strategic shift toward necessity-based retail, especially grocery-anchored centers.



## Grocery-Anchored Retail Expansion

- Acquired seven grocery-anchored retail assets, including prime, high-traffic locations in Toronto (Bathurst & St. Clair) and Maple Leaf Gardens.
- This expansion aligns with their strategy to target essential, everyday consumer needs and high-demand locations.



## Retail Leasing Strategy Adjustments

- Retail leasing spreads have improved by 8.6%, signaling increased pricing power and higher rent levels.



## Industrial

- Choice Properties also has a focus on generic industrial plants.
- The benefit of these plants comes from the fact that they're not very specialized, meaning various tenants can easily integrate into the plant.
- Another benefit is the fact that when an industrial lease term ends, and CP needs to find a new tenant, it is easier for CP given the fact that these plants are already more generalized.

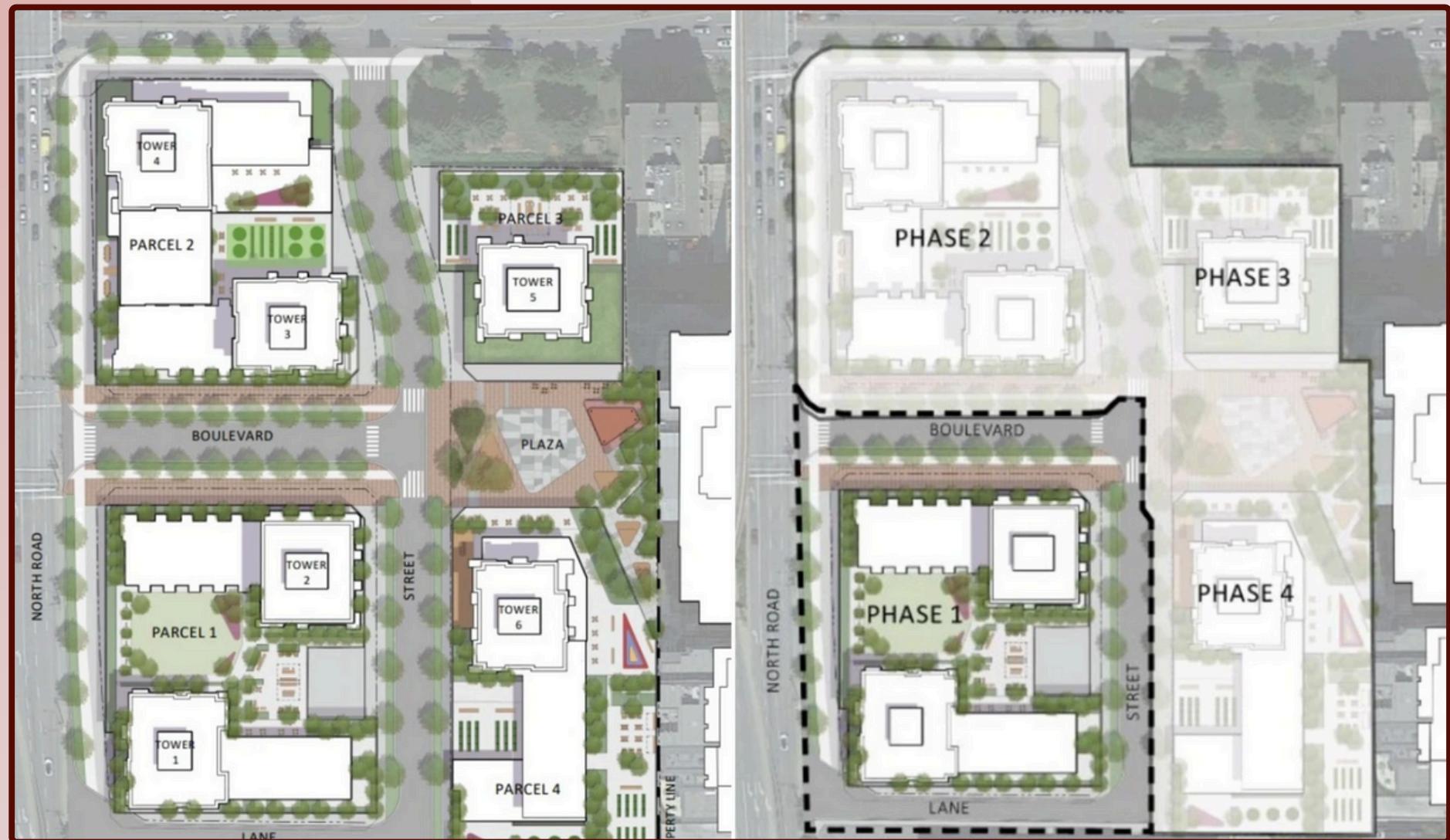


## Mixed-Use Residential Integration

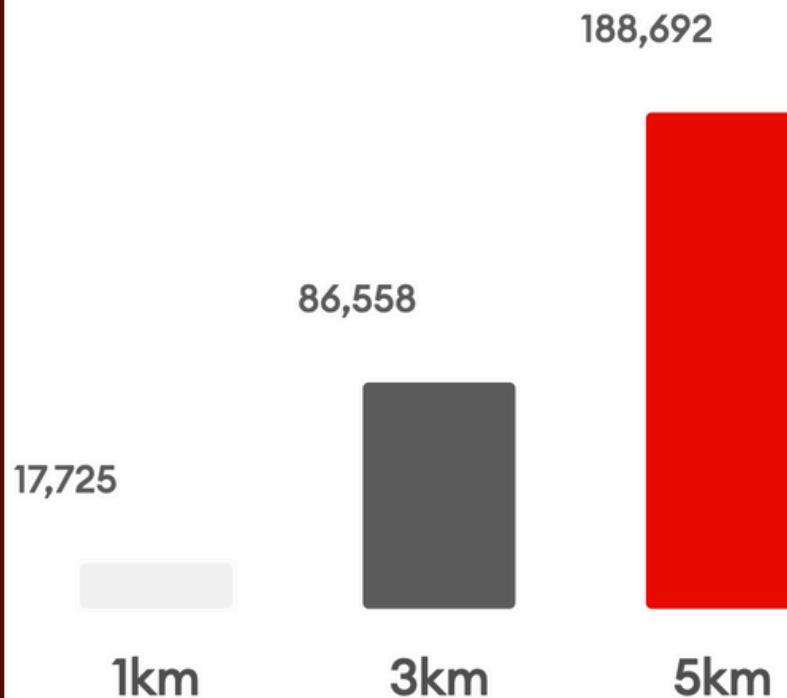
- In addition to grocery-anchored retail, the company continues to pursue mixed-use residential developments to integrate retail with residential offerings, meeting both community and tenant needs.

# Strategy: Mini Case

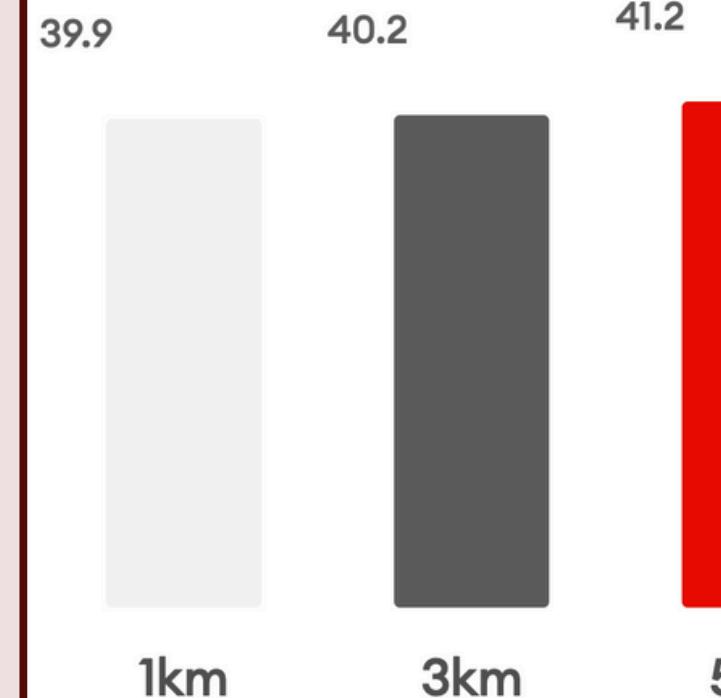
(North Road Coquitlam, BC)



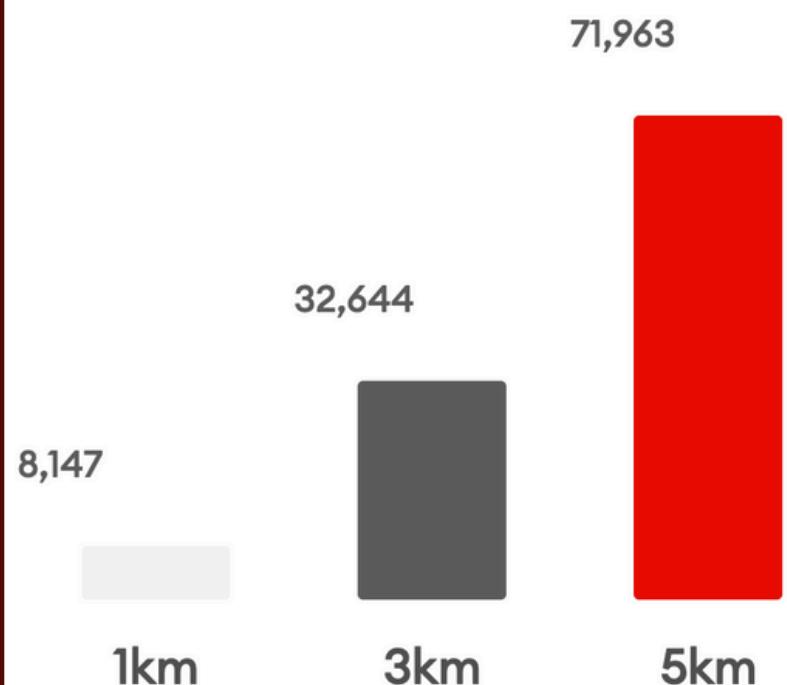
## Population



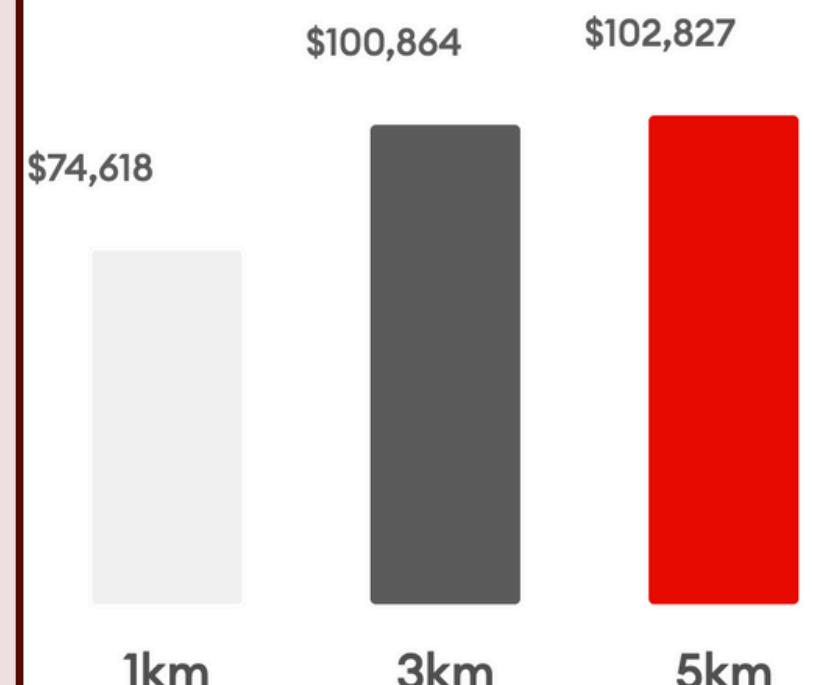
## Average Age



## Number of Households



## Average Household Income

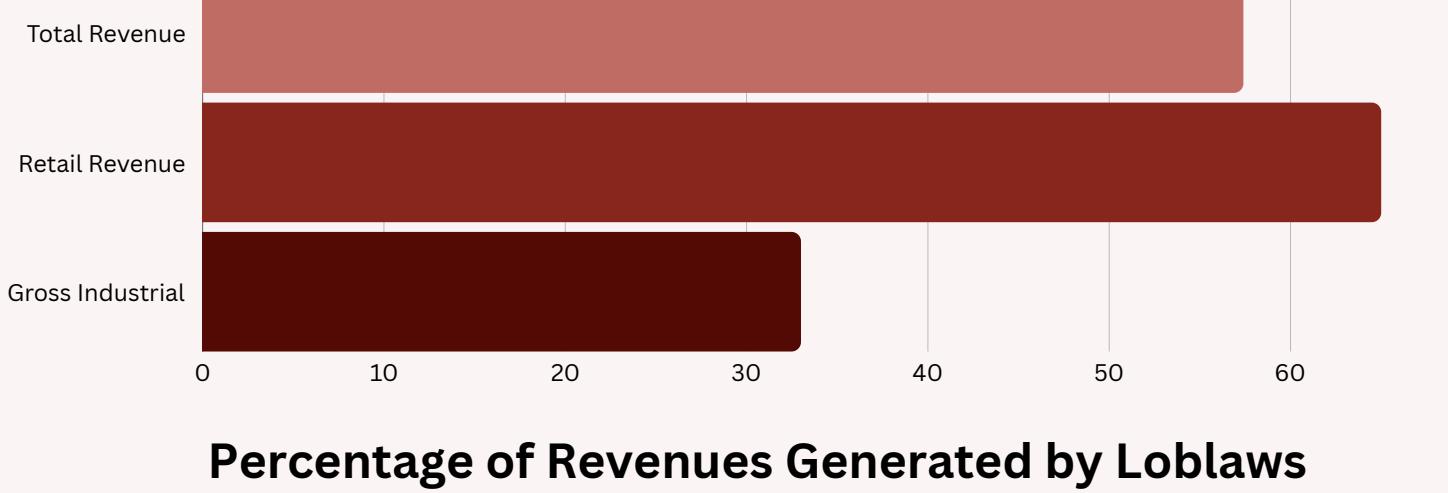


# Strategy: Relationships

(Loblaws)

**Choice Properties' Portfolio and Loblaw:** Loblaw Companies Ltd. is a key tenant and significant partner for Choice Properties, accounting for 56% of its retail revenues. Additionally, nearly all of Loblaw's needsbased banners (such as food and pharmacy) are housed within Choice Properties' real estate portfolio.

**Ownership by the Weston Family:** George Weston Limited (GWL), controlled by the Weston family, holds a majority stake in Choice Properties. As of 2018, GWL owns 65.4% of Choice Properties (up from 61.6% after a corporate reorganization).



## Strategic Alliance Agreement

**First Right of Offer:** Choice Properties has a first right of offer to purchase any property in Canada that Loblaw seeks to sell.

**Right of First Opportunity:** Loblaw is required to present shopping center property acquisitions in Canada to Choice Properties, giving the Trust a right of first opportunity to acquire these properties.

**Development Participation:** Choice Properties has the right to participate in future shopping center developments involving Loblaw

## Addressing Concerns on Loblaws' Stake in Choice Properties

**Loblaw's Stability:** Loblaw is a necessity-based company with highly stable cash flows due to its core business in grocery and pharmacy. Even in economic downturns, consumers continue to purchase essential goods, ensuring Loblaw's resilience. This reduces the probability of financial distress, making the risk of bankruptcy extremely low.

**Stable Revenue for Choice:** Because of Loblaw's financial strength, Choice Properties benefits from predictable and stable rental income.

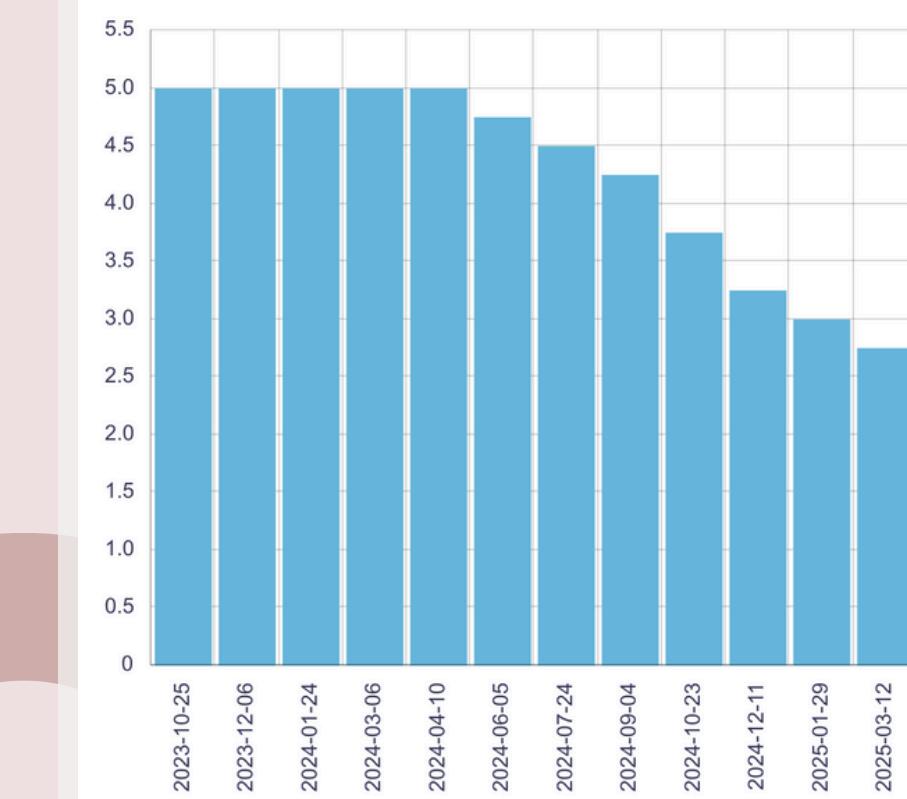
**Unique Partnership Agreement:** One of the biggest advantages for Choice Properties is its exclusive strategic alliance with Loblaw. Unlike traditional landlord-tenant relationships, Choice Properties has a built-in framework that ensures transactions between the two entities are conducted at fair market value. Any properties that Loblaw sells to Choice are independently appraised, meaning there is no overvaluation or conflicts of interest.

**Both Companies are Investment Grade:** Both Loblaw and Choice Properties hold investment-grade credit ratings (Loblaw: BBB, Choice Properties: BBB+), which is a testament to their financial strength. This means Choice's largest tenant is a highly creditworthy company with low risk of default.

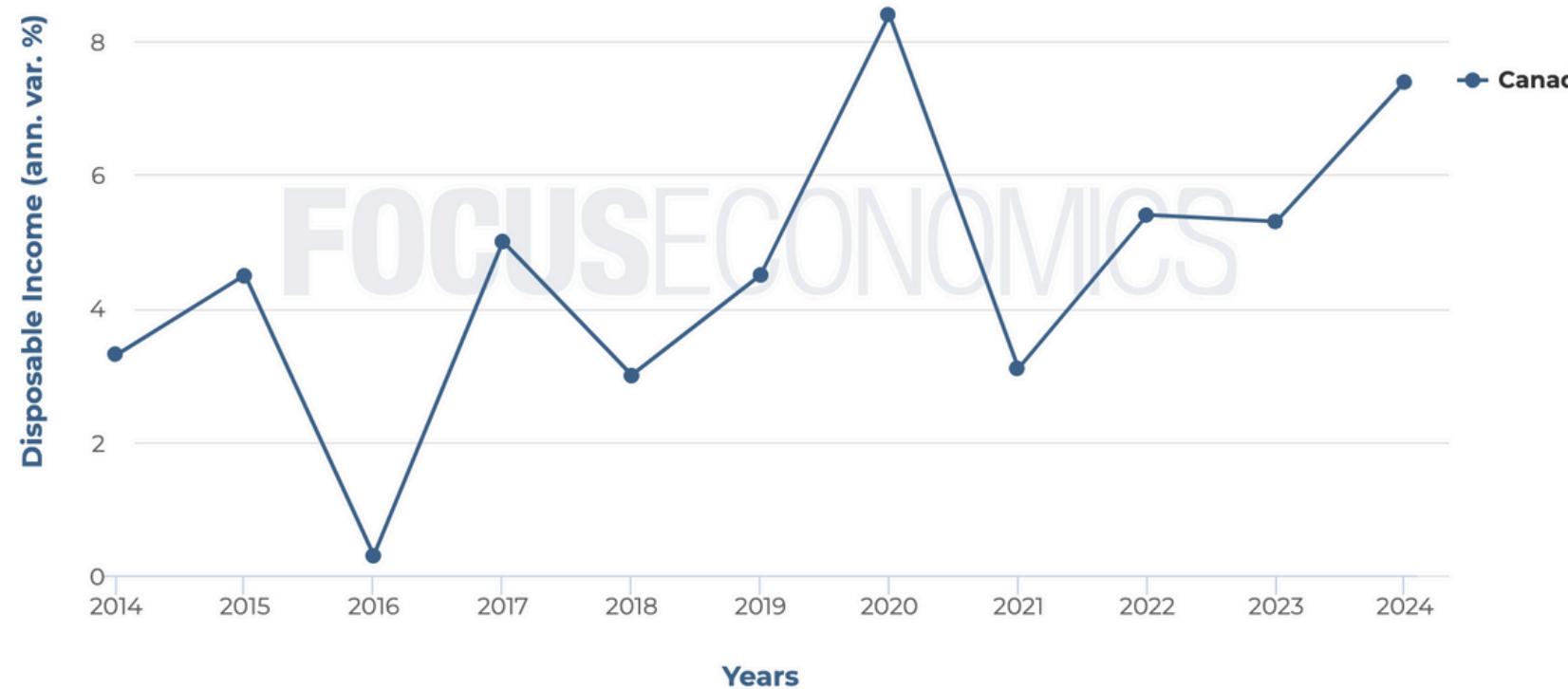
# Macroeconomic Outlook

## Interest Rate Environment

- Lower interest rate will reduce borrowing costs for any Real Estate Investment Trusts, which allows them to finance properties more affordably.
- As of March 12, 2025, the Bank of Canada reduced its policy interest rate by 25 basis points to 2.75%, marking the seventh rate cut in nine months.
- REITs will benefit when there is a decline in interest rates which lead to an increased purchase activity in the property market as well as an increase in property valuations.



Date*	Target (%)	Change (%)
March 12, 2025	2.75	-0.25
January 29, 2025	3.00	-0.25
December 11, 2024	3.25	-0.50
October 23, 2024	3.75	-0.50
September 4, 2024	4.25	-0.25
July 24, 2024	4.50	-0.25
June 5, 2024	4.75	-0.25
April 10, 2024	5.00	---
March 6, 2024	5.00	---
January 24, 2024	5.00	---



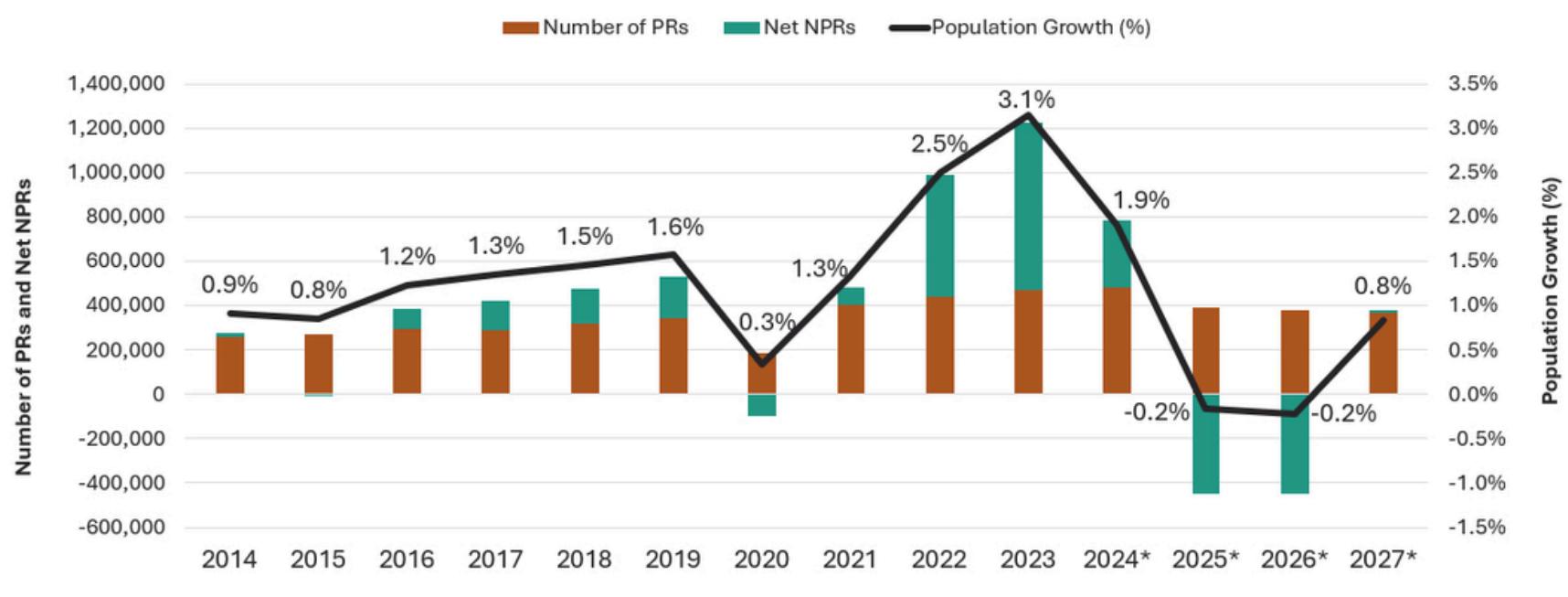
## Consumer Spending & Inflation Impact

- Income & Savings Trends: Disposable income grew 7.6% YoY in 3Q24 (real growth: 5.5%). Savings rate at 7.1%, higher than pre-2019; upper-income households hold most excess savings.
- Spending Behaviour: Consumer spending +0.8% QoQ in 3Q24, but growth to slow to 1.1% in 2025 (from 1.8% in 2024). Reduced demand for luxury goods and services; necessities remain top priority.
- Conclusion: Despite increasing inflation, rising unemployment & cautious spending, the necessity of food ensures Choice Property tenants remain stable.

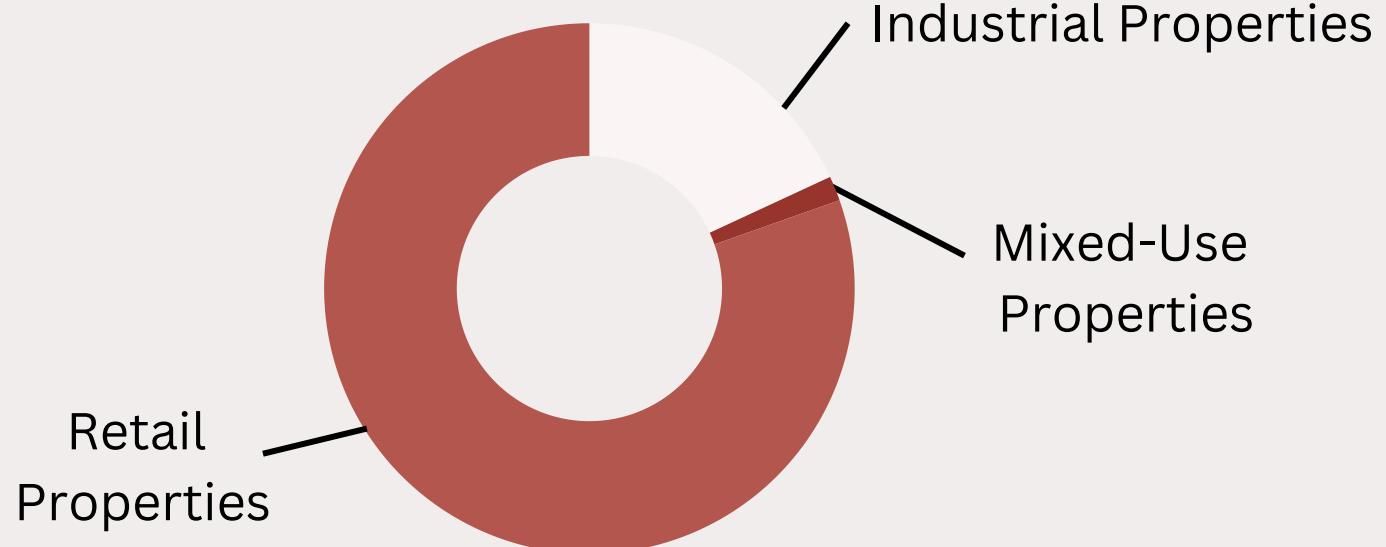
# Macroeconomic Outlook

## Trade Policy & Supply Chain Risks

- U.S. - Canada trade relations could introduce tariffs, increasing supply chain costs for retail tenants.
- Global supply chain disruptions may cause inventory delays, impacting tenant sales, thus impacting rent payments.
- For CP, the tariffs will have no impact on grocery tenants.
- Within CP's industrial portfolio, only 15% of their tenants will be affected.



## CHP Property Breakdown:



## Immigration & Population Growth

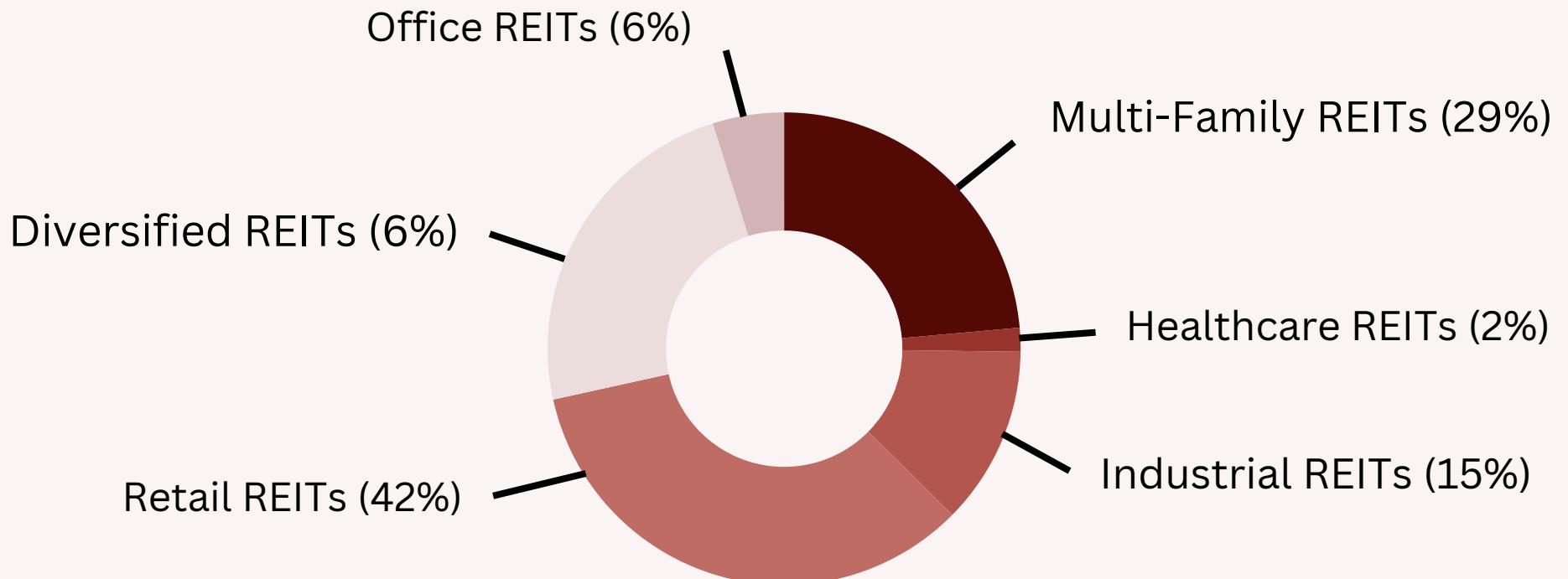
- Permanent Residence reductions are expected to decrease from 500,000 to 395,000 in 2025, 500,000 to 380,000 in 2026, and a target of 365,000 in 2027.
- A slower-growing population may result in marginally lower foot traffic, but since grocery stores provide essential goods, the impact is expected to be minimal compared to other retail businesses.
- By 2027, population growth is forecasted to resume (+0.8%), helping to re-stabilize rental demand and retail performance.

# Industry Outlook

## Insights into Growth and Performance

- Strong Retail Foundation: 83% of Choice Properties' retail portfolio is necessity-based, anchored by major tenants like Loblaw, Shoppers Drug Mart, and Dollarama, providing stable cash flow and resilience against economic downturns.
- Industrial Market Demand: The industrial sector is performing exceptionally well, with leasing spreads increasing by 85.6% in 2024. Demand for well-located logistics and distribution properties remains strong, and Choice Properties is expanding its industrial footprint.
- Mixed-Use & Residential Growth: With Canada's rising rental demand, Choice Properties is focusing on long-term urban residential developments, Mount Pleasant Village, which will add over 400 new rental and condo units.

### Sub-Industry Weights



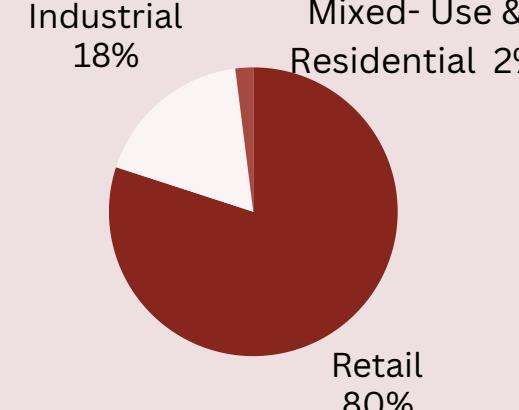
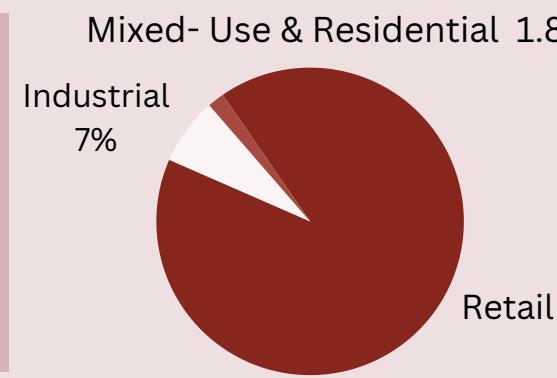
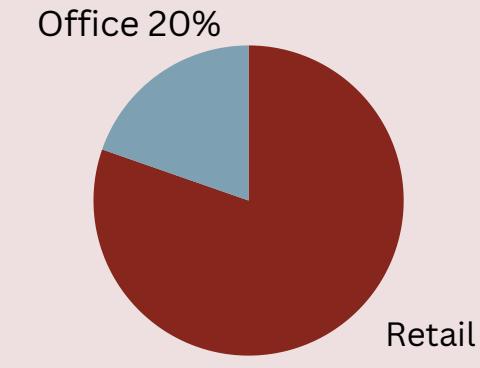
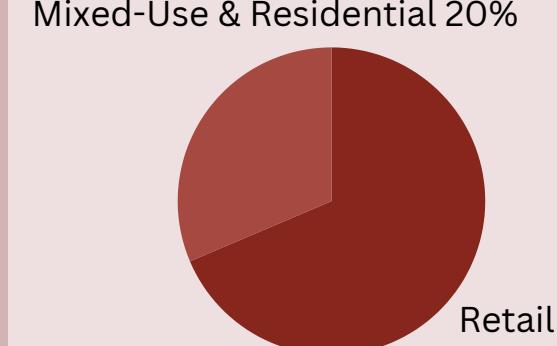
### E-commerce Shaping Retail Real Estate

- The shift toward online grocery shopping has accelerated, with 30% of Canadians now purchasing some groceries online.
- Loblaw reported 18.5% growth in e-commerce sales for the third quarter of 2024, representing a huge trend toward online grocery shopping by consumers.

# Competitor Analysis

(All Canada-based)

Choice  
Properties<sup>REIT</sup>

Company	Description	Property Allocation	Financial Statistics						
<b>Choice Properties<sup>REIT</sup></b>	Seeks to deliver stable long-term returns through a diversified portfolio of necessity-based retail, industrial, and mixed-use properties, with Loblaw as its primary anchor tenant.	 <table border="1"> <tr> <td>Industrial 18%</td> <td>Mixed- Use &amp; Residential 2%</td> </tr> <tr> <td>Retail 80%</td> <td></td> </tr> </table>	Industrial 18%	Mixed- Use & Residential 2%	Retail 80%		Total Revenue: \$1,358,105 thousand Dividend Yield: 5.49% Total Debt/ Equity: 136.43% Total Debt/ Total Assets: 38.07 Enterprise Value: \$16,787.82 (M) Fully Diluted Market Cap: 10,166.27 (M)		
Industrial 18%	Mixed- Use & Residential 2%								
Retail 80%									
<b>SMARTCENTRES<sup>®</sup> REAL ESTATE INVESTMENT TRUST</b>	Primarily focused on retail properties anchored by Walmart, with a growing strategy to incorporate residential and mixed-use developments under its SmartLiving and SmartCentres Place initiatives.	 <table border="1"> <tr> <td>Mixed- Use &amp; Residential 1.8%</td> <td></td> </tr> <tr> <td>Industrial 7%</td> <td></td> </tr> <tr> <td>Retail 93%</td> <td></td> </tr> </table>	Mixed- Use & Residential 1.8%		Industrial 7%		Retail 93%		Total Revenue: \$918,400 thousand Dividend Yield: 7.27% Total Debt/ Equity: 96.78% Total Debt/ Total Assets: 42.50% Enterprise Value: \$9,519.83 (M) Fully Diluted Market Cap: 4,483.66 (M)
Mixed- Use & Residential 1.8%									
Industrial 7%									
Retail 93%									
<b>FIRST CAPITAL</b>	Aims to own, operate, and develop grocery-anchored, necessity-based retail properties in Canada's most densely populated urban centers, ensuring stable cash flow and growth.	 <table border="1"> <tr> <td>Office 20%</td> <td></td> </tr> <tr> <td>Retail 80%</td> <td></td> </tr> </table>	Office 20%		Retail 80%		Total Revenue: \$713,500 thousand Dividend Yield: 5.28% Total Debt/ Equity: 102.49% Total Debt/ Total Assets: 44.05% Enterprise Value: \$7,569.23 (M) Fully Diluted Market Cap: 3,613.46 (M)		
Office 20%									
Retail 80%									
<b>RIO CAN<sup>™</sup> REAL VISION, SOLID GROUND.</b>	Focuses on developing and operating high-quality, mixed-use urban properties in major Canadian markets to drive long-term value through retail, residential, and office assets	 <table border="1"> <tr> <td>Mixed-Use &amp; Residential 20%</td> <td></td> </tr> <tr> <td>Retail 80%</td> <td></td> </tr> </table>	Mixed-Use & Residential 20%		Retail 80%		Total Revenue: \$1,137,000 thousand Dividend Yield: 6.24% Total Debt/ Equity: 47.52% Total Debt/ Total Assets: 97.27% Enterprise Value: \$12,721.61 (M) Fully Diluted Market Cap: 5,564.02 (M)		
Mixed-Use & Residential 20%									
Retail 80%									

# Swot Analysis

## S

### Strengths

- Largest REIT in Canada with over 700+ high-quality properties.
- Strong Relationship with Loblaws
- Necessity-Based Portfolio
- High Occupancy Rate of 97.6% occupancy across all asset classes, reflecting the high demand and quality of its properties.
- The company's adjusted Debt to EBITDA ratio of 7.0x is favorable compared to competitors (8.8–9.8x), providing financial flexibility for growth amid rising interest rates.
- Diversified Asset Base across retail (grocery-anchored), industrial (logistics hubs), and mixed-use residential (urban developments) help balance risks and capture long-term growth.
- Sustainability & ESG Leadership

## W

### Weaknesses

- High Dependence on Loblaws as Loblaws generates 57.4% of Revenue. The concentration risk remains a potential long-term concern if diversification is not expanded.
- Limited International Presence lacking exposure to global markets, making it vulnerable to domestic economic fluctuations.
- Slower Growth in Residential Development lagging behind pure-play residential REITs in terms of execution and volume.

## O

### Opportunities

- Expansion in Industrial & Logistics Space. With the rise of e-commerce, Choice Properties can capitalize on logistics and distribution centers.
- Growing Demand for Mixed-Use & Residential Properties as Canada faces a housing supply shortage
- Leverage Strategic Partnerships for growth by acquiring additional high-quality real estate assets at fair value.
- Sustainability & ESG-Driven Real Estate Investments
- Capital Recycling Strategy Selling non-core assets and reinvesting in high-growth sectors can improve portfolio efficiency.

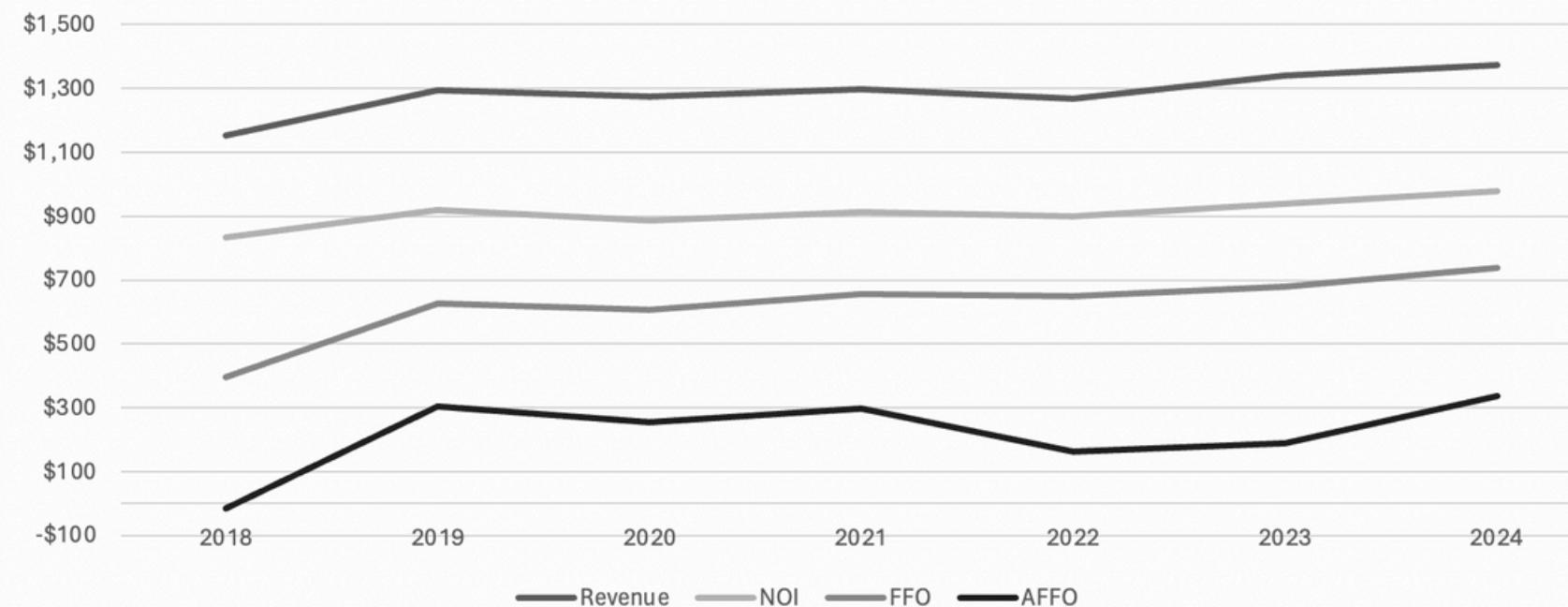
## T

### Threats

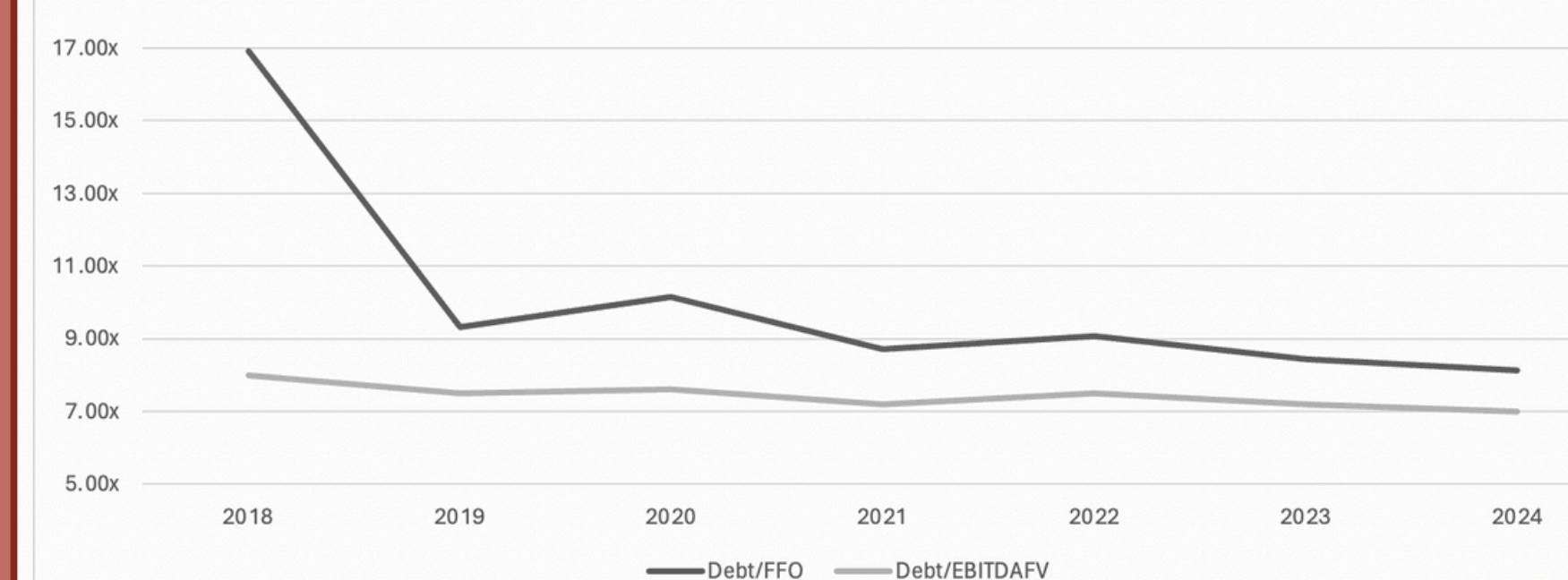
- Rising Interest Rates & Inflation increases borrowing costs and can increase debt servicing expenses, affecting expansion plans and profitability.
- Retail Sector Risks as broader retail sector declines
- Regulatory & Environmental Risks including new zoning laws, rent control policies, or environmental regulations could increase costs or limit Choice's development flexibility.
- Economic Recession Risks
- Increased Competition from Other REITs expanding in mixed-use and industrial properties.

# Financial Summary

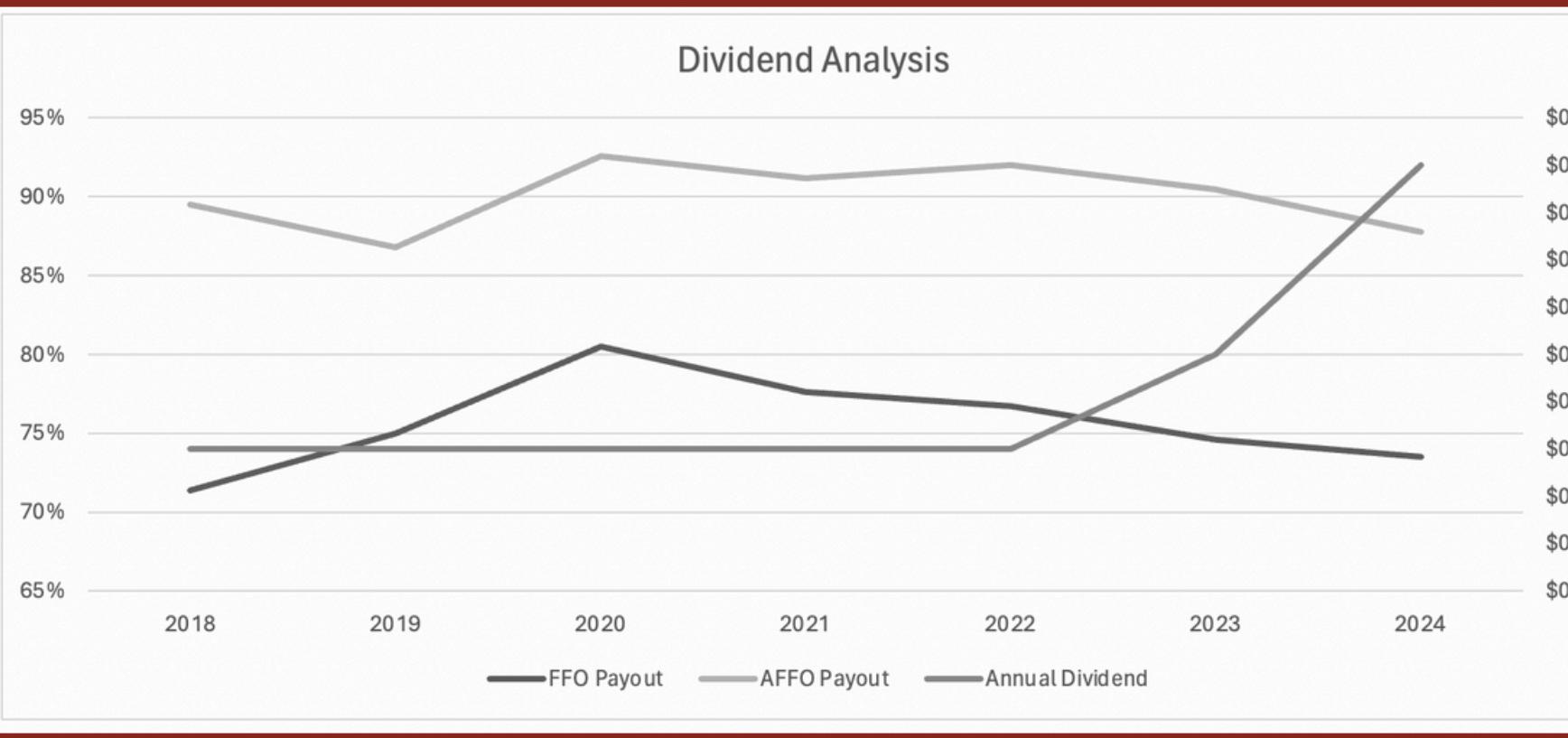
Revenue vs NOI vs FFO vs AFFO



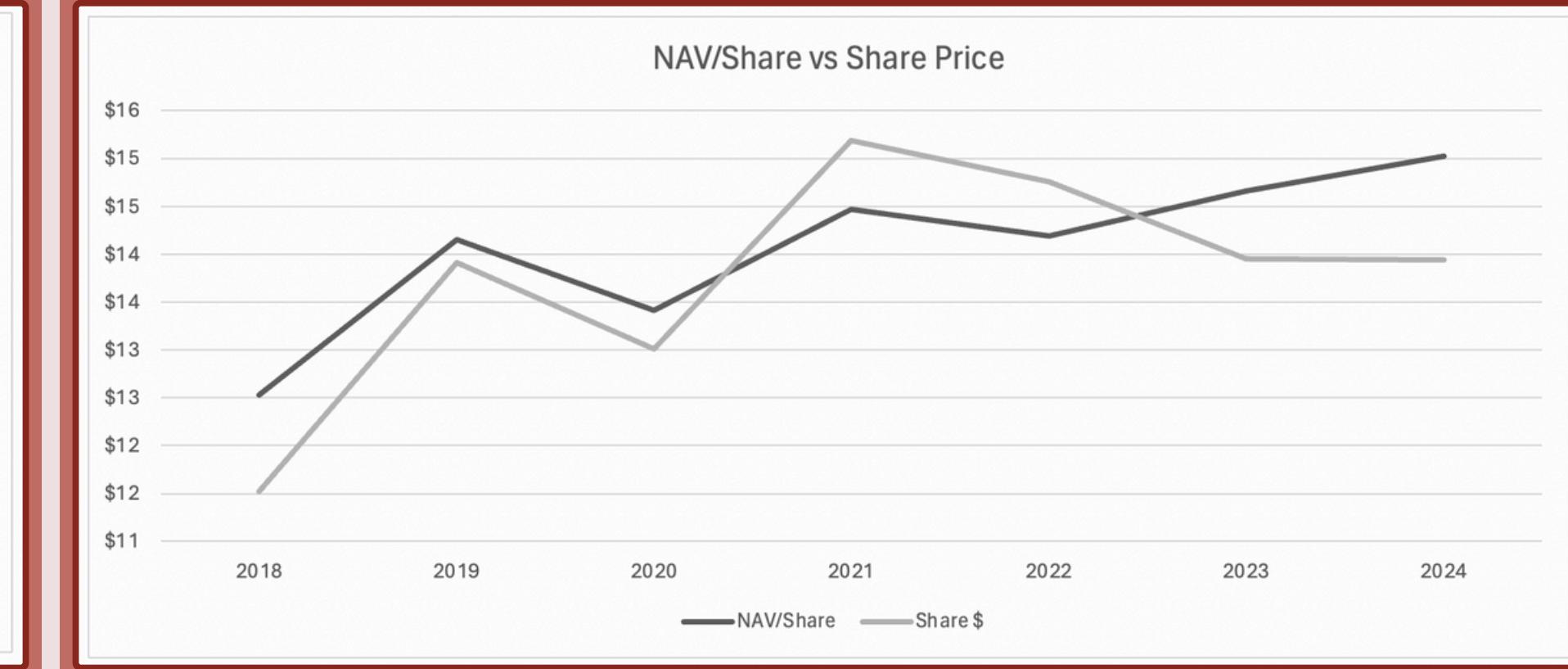
Debt Analysis



Dividend Analysis



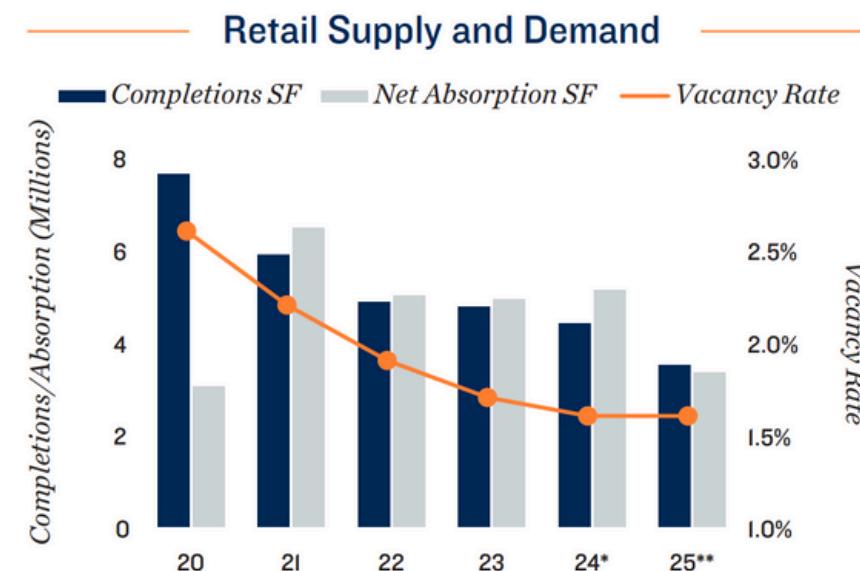
NAV/Share vs Share Price



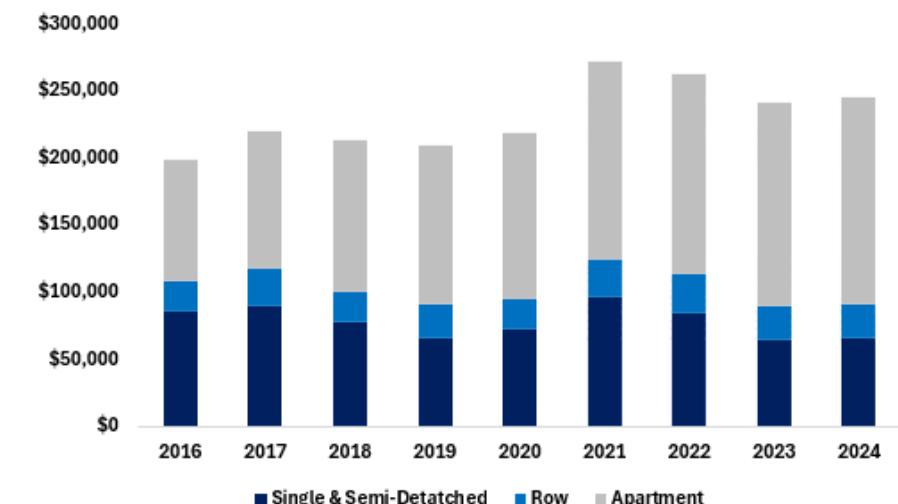
# Investment Thesis

## Strong Position

- Limited supply for retail has pushed completion SF down limiting competitors to increase retail portfolio.
- As construction costs for homes increase, there continues to be a demand for multifamily apartment units
- On the industrial side, CHP has worked diligently with municipalities to deliver large generic distributors by cutting build times from 24 - 12 months



Canada's New Construction



## Favourable Macro Tailwinds

- Tightening of consumer budgets leads to prioritization of necessity based retail (groceries, pharmacies, essential goods)
- The inflation rate for “food away from home” is vastly greater than “food at home” driving consumers away from fast-food
- Tariff war between Canada and the US will lead to further cuts in the interest rate

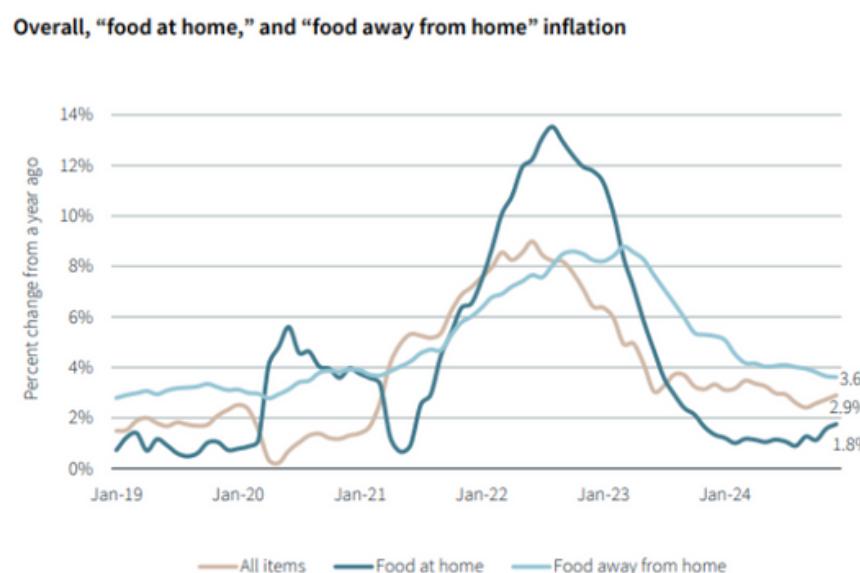
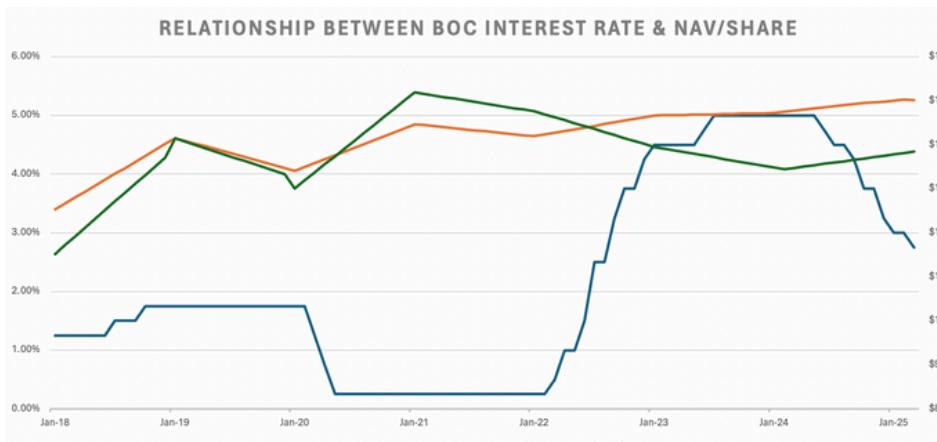


FIGURE 2: Bank of Canada Policy Interest Rate Forecast



## Rising Discount to NAV

- Since Canadian REITs use IFRS, as interest rates decrease quarterly appraisals will show a higher fair value for all three asset types
- Historically when interest rates fall CHP trades at a discount to NAV of 5% and when interest rates are cut that discount quickly becomes captured
- This trend will continue this year and there is potential to see a discount to NAV of 10% - 15% if the stock is purchased today



### Retail

Predominately necessity-based grocery anchored retail portfolio

### Industrial

Flexible well-located industrial portfolio

### Mixed-Use & Residential

Transit oriented mixed-use and residential portfolio

Properties	Square Feet	Fair Value <sup>(2)</sup>
570	44.5M	\$11.3B
124	20.9M	\$4.1B
11	1.8M <sup>(6)</sup>	\$0.9B

# Valuation Model - DCF

## Scenario Analysis - 3 Cases (Upside, Base, Downside)

### Downside

- Harsh rent declines throughout all 3 asset classes
- Failure to expand into major markets
- 70.5% Operating Income Margin

Implied Price: \$14.21  
Upside: 2.75%

### Base

- High rent growth in retail and moderate rent growth in mixed-use and industrial
- Stable expansion into major markets
- 71.5% Operating Income Margin

Implied Price: \$15.25  
Upside: 10.3%

### Upside

- High rent growth throughout all 3 asset classes
- Rapid expansion into major markets
- 72.5% Operating Income Margin

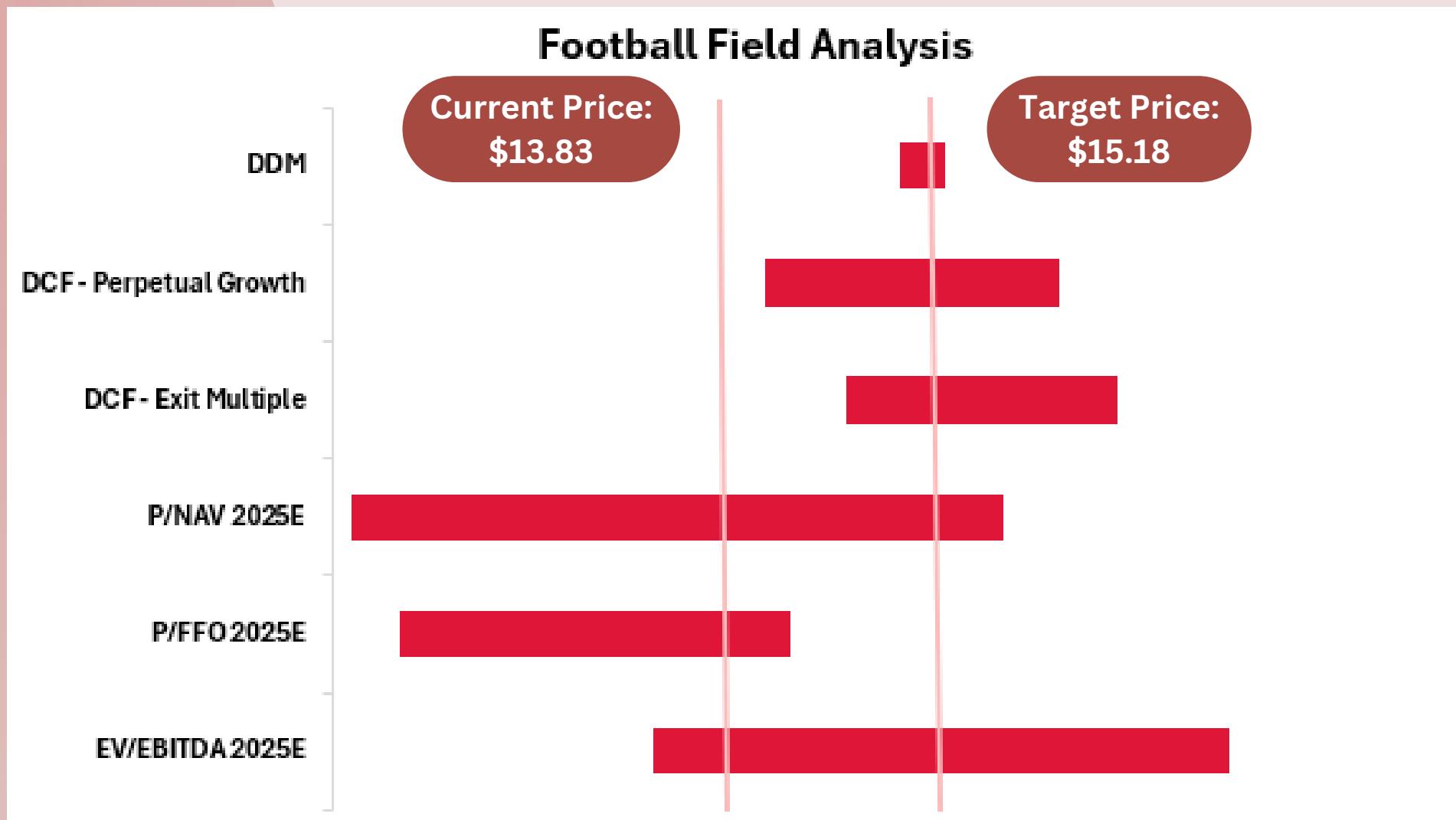
Implied Price: \$17.02  
Upside: 23.07%

## Sensitivity Analysis

		Implied Share Price					
		Exit Multiple					
WACC	\$16.00	17.00x	18.00x	19.00x	20.00x	21.00x	
	8.00%	\$ 10.47	\$ 11.31	\$ 12.16	\$ 13.00	\$ 13.84	
	7.00%	\$ 12.13	\$ 13.05	\$ 13.98	\$ 14.90	\$ 15.83	
	6.00%	\$ 13.96	\$ 14.97	\$ 15.99	\$ 17.00	\$ 18.02	
	5.00%	\$ 15.98	\$ 17.09	\$ 18.21	\$ 19.33	\$ 20.44	
	4.00%	\$ 18.21	\$ 19.44	\$ 20.67	\$ 21.90	\$ 23.12	

		Implied Share Price					
		Perpetual Growth Rate					
WACC	\$14.51	2.00%	2.25%	2.50%	2.75%	3.00%	
	8%	\$ 4.77	\$ 5.14	\$ 5.55	\$ 6.00	\$ 6.49	
	7%	\$ 7.76	\$ 8.36	\$ 9.02	\$ 9.77	\$ 10.60	
	6%	\$ 12.28	\$ 13.32	\$ 14.51	\$ 15.88	\$ 17.48	
	5%	\$ 19.85	\$ 21.93	\$ 24.43	\$ 27.48	\$ 31.30	
	4%	\$ 35.07	\$ 40.48	\$ 47.70	\$ 57.82	\$ 73.02	

# Valuation Model - Comps + DDM



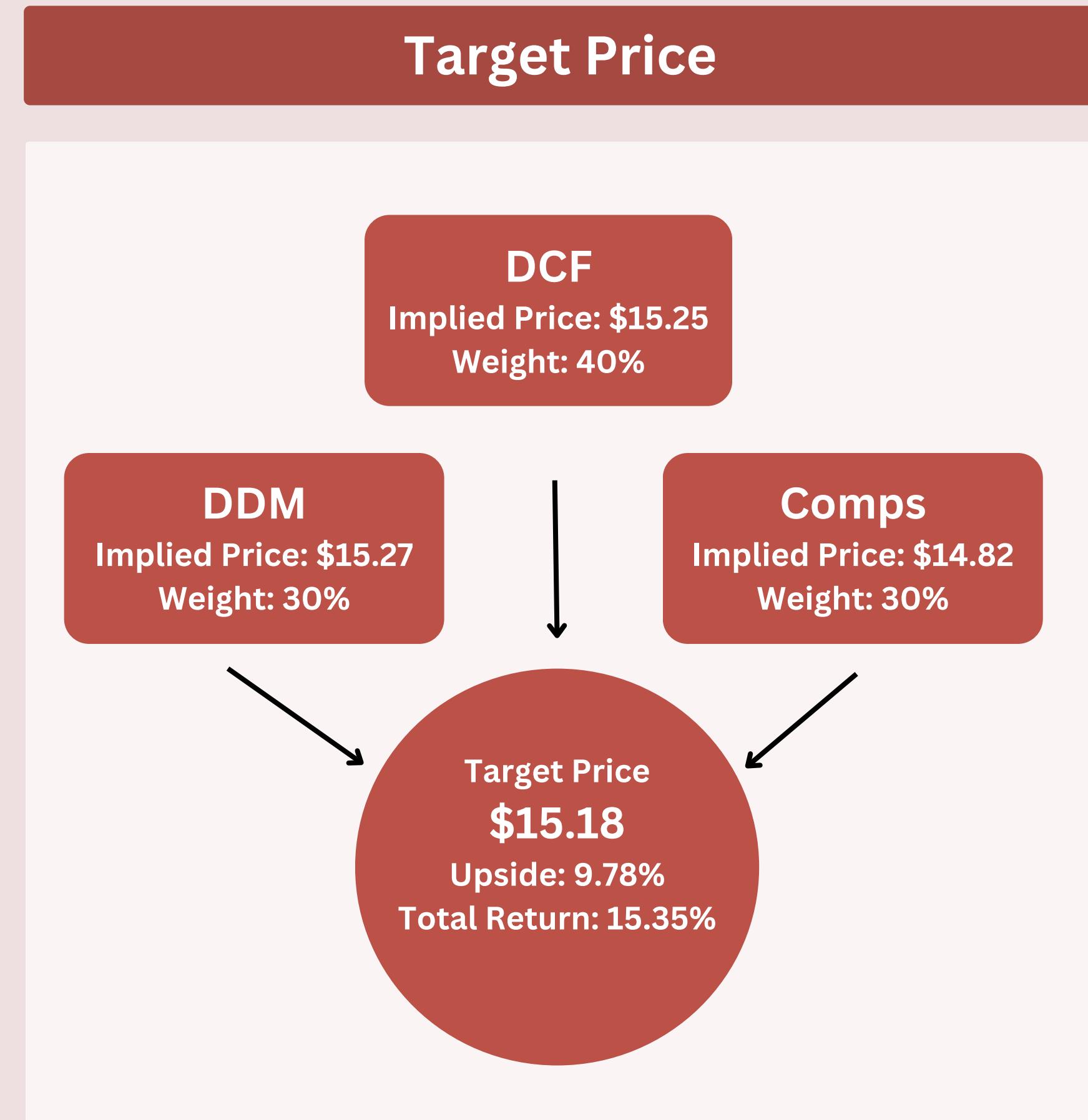
**Target Price**

## Comparable Company Analysis:

- EV/EBITDA, Price-to-NAV, Price-to-FFO
- Using 75th percentile for implied share price

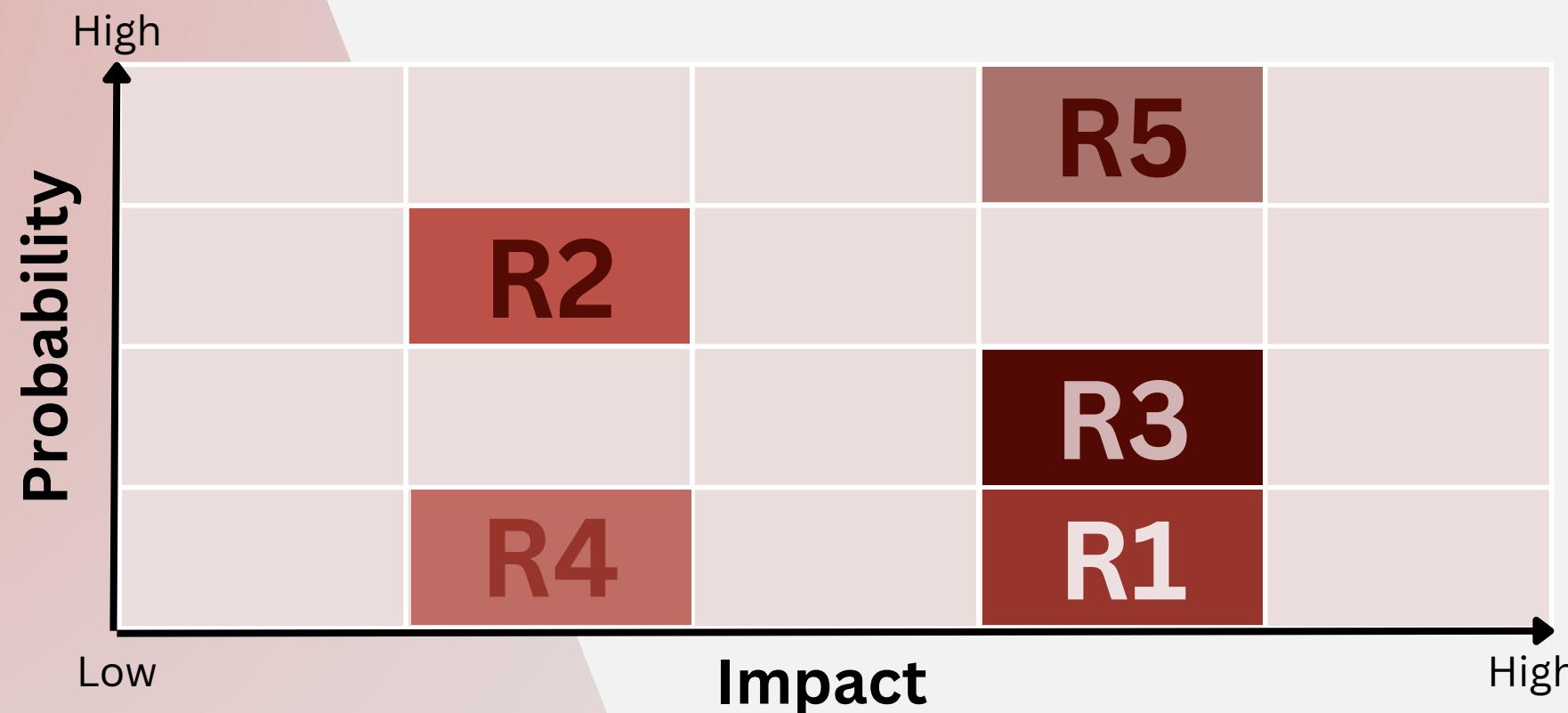
## Dividend Discount Model:

- Assumed a stable payout ratio going forward



# Risks and Mitigations

## Risks

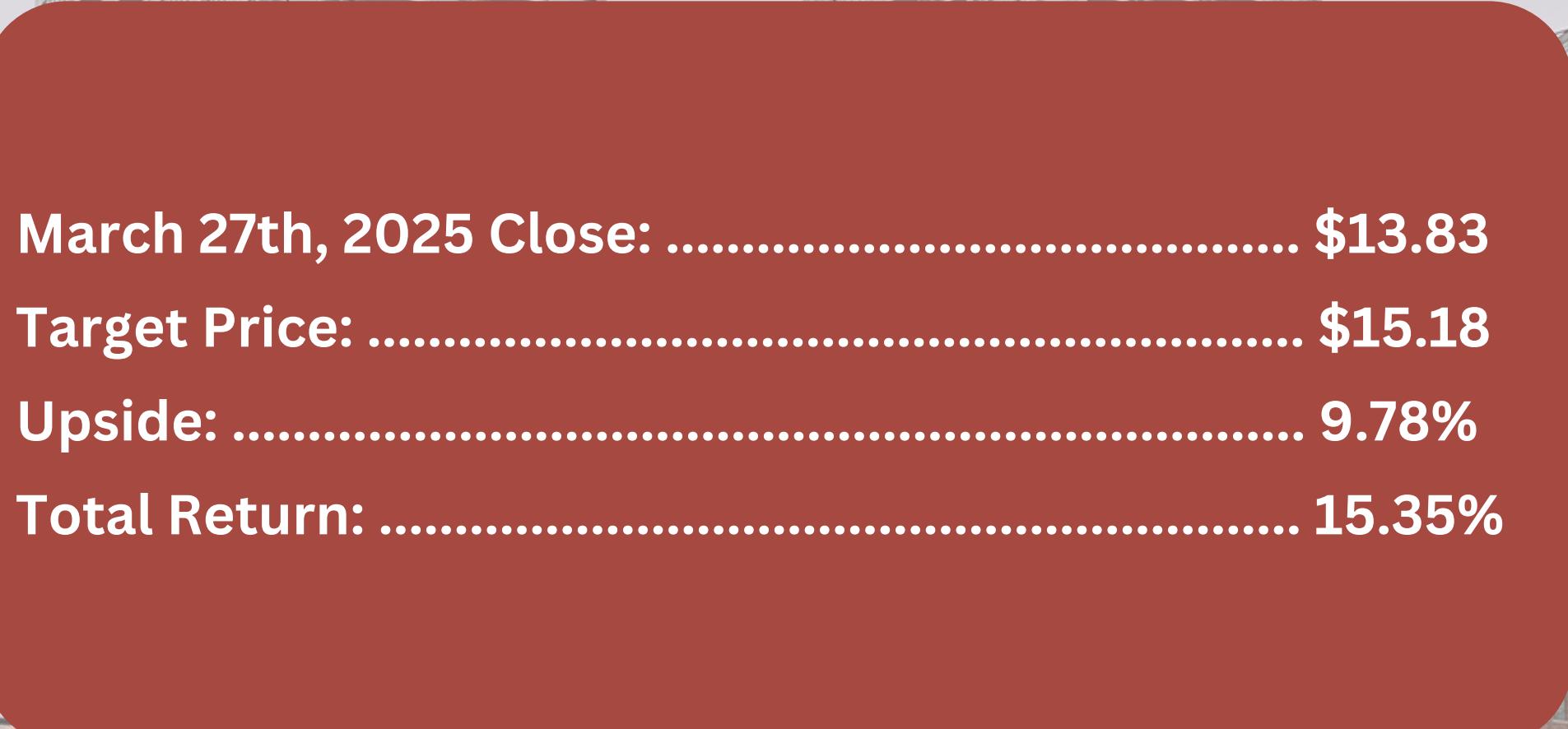


<b>R1</b>	Heavy reliance on Loblaws as a main tenant. Financial or operational challenges at Loblaws could significantly impact CP's revenue.
<b>R2</b>	Economic uncertainty (US tariffs & rising interest rates) lead to reduced consumer spending and increased costs for industrial tenants.
<b>R3</b>	Expanding mixed-use developments. Venturing into a new asset class can be risky due to a lack of experience by Choice
<b>R4</b>	Declining population growth in Canada. Canada's population growth is projected to slow to 0.8% annually by 2030, compared to 1.1% in 2020.
<b>R5</b>	Rise of e-commerce. E-commerce sales in Canada are expected to grow by 10-15% annually, potentially reducing foot traffic in physical retail locations by 5-7%.

## Mitigants

<b>R1</b>	<p><b>Secure long-term leases:</b> CP has already renewed 46 out of 48 leases expiring in 2025 with Loblaws, comprising 3.08 million square feet at a weighted average spread of 8.4% and a weighted average extension term of 5.0 years. This ensures stable cash flow and reduces revenue volatility.</p> <p><b>Diversify tenant base:</b> CP is targeting high-credit retailers (e.g., Canadian Tire, Dollarama, Pet Valu) to reduce reliance on Loblaws.</p>
<b>R2</b>	<p><b>Focus on necessity-based retail:</b> CP's retail portfolio is 82% necessity-based, including grocery stores (e.g., Loblaws, Shoppers Drug Mart) and medical offices, which are less sensitive to economic downturns.</p> <p><b>Increase mixed-use developments:</b> CP is developing properties that combine retail, residential, and office spaces. For instance, converting 10-15% of existing properties into mixed-use spaces could attract a broader tenant base and stabilize revenue streams.</p>
<b>R3</b>	<p><b>Partnerships:</b> Choice is entering mixed-use development through joint ventures (JVs) with experienced multifamily developers, leveraging their expertise in design, construction, leasing, and management.</p> <p><b>Stability:</b> Choice's mixed-use projects are heavily weighted toward multifamily housing, which is one of the most stable and recession-resistant asset classes.</p>
<b>R4</b>	<p><b>Align retail strategy with Loblaws' focus:</b> CP is targeting regions with growing grocery needs, such as urban centers with population densities above 5,000 people per square kilometer.</p> <p><b>Repurpose underperforming properties:</b> CP is converting low-demand retail spaces into mixed-use or residential properties, increasing occupancy rates by 10-15%.</p>
<b>R5</b>	<p><b>Leverage Loblaws' e-commerce platforms:</b> While Loblaws' online sales grow, its physical locations remain essential for food storage, quality control, and last-mile delivery, ensuring continued demand for CP's retail spaces.</p> <p><b>Focus on necessity-based services:</b> Clinics, dentists, optometrists, etc. remain in-person, supporting CP's portfolio.</p>

# Final Recommendation



March 27th, 2025 Close: ..... \$13.83  
Target Price: ..... \$15.18  
Upside: ..... 9.78%  
Total Return: ..... 15.35%

**Choice**  
**Properties**<sup>REIT</sup>



# Appendix

**Choice**  
**Properties**<sup>REIT</sup>

# Appendix 1: DCF (Base Case)

Choice Properties REIT (CHP-UN-T)																		
Discounted Cash Flow Analysis																		
(Millions of Dollars)		Historical							Projected									
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Scenario	1 Base																	
Revenue		1,148	1,289	1,271	1,292	1,265	1,309	1,358	1,383	1,424	1,469	1,518	1,572	1,612	1,654	1,696	1,739	1,784
% Growth		84.85%	12.22%	-1.40%	1.71%	-2.14%	3.53%	3.74%	1.87%	2.96%	3.15%	3.35%	3.54%	2.55%	2.56%	2.56%	2.56%	2.56%
Operating expense		(314)	(368)	(384)	(380)	(364)	(369)	(382)	(394)	(406)	(419)	(433)	(448)	(460)	(471)	(483)	(496)	(508)
Operating Income		834	921	887	912	901	940	977	989	1,018	1,051	1,086	1,124	1,153	1,182	1,213	1,244	1,276
% Margin		72.62%	71.43%	69.78%	70.57%	71.22%	71.81%	71.90%	71.50%	71.50%	71.50%	71.50%	71.50%	71.50%	71.50%	71.50%	71.50%	71.50%
Other Income		17.7	19.2	18	23.9	46.7	72.6	77.3	80	80	80	80	80	80	80	80	80	80
Other Expense		(176.5)	(50.7)	(46.1)	(39.4)	(52.9)	(64.2)	(29.2)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)
EBITDA		675.1	889.0	858.5	896.5	894.4	948.5	1,024.6	1,029.2	1,058.5	1,090.6	1,125.7	1,164.2	1,192.9	1,222.4	1,252.6	1,283.6	1,315.5
% Margin		58.79%	68.99%	67.57%	69.37%	70.73%	72.45%	75.44%	74.39%	74.31%	74.22%	74.13%	74.04%	73.98%	73.92%	73.86%	73.80%	73.74%
Interest Expense		(280.1) <sup>1</sup>	(263.3)	(251.8)	(241.6)	(244.0)	(270.0)	(286.3)	(294.9)	(303.7)	(312.8)	(322.2)	(331.9)	(341.9)	(352.1)	(362.7)	(373.6)	(384.8)
Amortization		0	0	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
EBT		395	626	606	654	649	678	737	733	754	777	802	831	850	869	889	909	930
% Margin		34.40%	48.56%	47.67%	50.60%	51.35%	51.75%	54.29%	53.00%	52.91%	52.86%	52.85%	52.87%	52.72%	52.57%	52.41%	52.27%	52.12%
Net Income		395	626	606	654	649	678	737	733	754	777	802	831	850	869	889	909	930
(+) Amortization		0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
FFO		395	626	607	655	650	679	738	734	755	778	803	832	851	870	890	910	931
Free Cash Flow Adjustments:																		
(-) Capital Expenditures		(410.7)	(322.3)	(351.3)	(358.3)	(489.2)	(491.5)	(403.1)	(387.4)	(398.8)	(411.4)	(425.2)	(440.2)	(451.5)	(463.0)	(474.9)	(487.0)	(499.5)
(+) Growth CAPex adjustment									290.5	299.1	308.6	318.9	330.2	338.6	347.3	356.1	365.3	374.6
AFFO		(16)	303	255	297	161	187	335	637	655	675	697	722	738	754	771	788	806
(-/-) Acquisitions / Dispositions		(1,492)	468	465	254	109	197	154	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)
(-/-) Change in NWC									(16.0)	(23.0)	(20.0)	(15.0)	(12.4)	(11.3)	(11.0)	(11.5)	(11.3)	(10.9)
Free Cash Flow to Firm		(1508)	771	720	551	271	384	489	496	507	530	557	585	602	618	635	652	670
Weighted Average Cost of Capital		6.0%																
Discount Period									1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
Discount Factor									0.94	0.89	0.84	0.79	0.75	0.71	0.67	0.63	0.59	0.56
Present Value of FCF									\$ 468.4	\$ 451.3	\$ 444.9	\$ 441.4	\$ 437.1	\$ 424.4	\$ 411.5	\$ 398.4	\$ 386.1	\$ 374.3

# Appendix 2: DCF (Upside Case)

Choice Properties REIT (CHP-UN-T)												
Discounted Cash Flow Analysis												
(Millions of Dollars)												
Calculation of FCF	Historical							Projected				
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Scenario	2 Upside											
Revenue	1,148	1,289	1,271	1,292	1,265	1,309	1,358	1,390	1,437	1,489	1,546	1,608
% Growth	84.85%	12.22%	-1.40%	1.71%	-2.14%	3.53%	3.74%	2.33%	3.42%	3.62%	3.81%	4.01%
Operating expense	(314)	(368)	(384)	(380)	(364)	(369)	(382)	(382)	(395)	(410)	(425)	(442)
Operating Income	834	921	887	912	901	940	977	1,008	1,042	1,080	1,121	1,166
% Margin	72.62%	71.43%	69.78%	70.57%	71.22%	71.81%	71.90%	72.50%	72.50%	72.50%	72.50%	72.50%
Other Income	17.7	19.2	18	23.9	46.7	72.6	77.3	80	80	80	80	80
Other Expense	(176.5)	(50.7)	(46.1)	(39.4)	(52.9)	(64.2)	(29.2)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)
EBITDA	675.1	889.0	858.5	896.5	894.4	948.5	1,024.6	1,047.6	1,082.1	1,119.8	1,160.9	1,205.8
% Margin	58.79%	68.99%	67.57%	69.37%	70.73%	72.45%	75.44%	75.38%	75.28%	75.19%	75.09%	74.99%
Interest Expense	(280.1)	(263.3)	(251.8)	(241.6)	(244.0)	(270.0)	(286.3)	(294.9)	(303.7)	(312.8)	(322.2)	(331.9)
Amortization	0	0	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
EBT	395	626	606	654	649	678	737	752	777	806	838	873
% Margin	34.40%	48.56%	47.67%	50.60%	51.35%	51.75%	54.29%	54.09%	54.08%	54.11%	54.18%	54.29%
Net Income	395	626	606	654	649	678	737	752	777	806	838	873
(+) Amortization	0	0	1	1	1	1	1	1	1	1	1	1
FFO	395	626	607	655	650	679	738	753	778	807	839	874
Free Cash Flow Adjustments:												
(-) Capital Expenditures	(410.7)	(322.3)	(351.3)	(358.3)	(489.2)	(491.5)	(403.1)	(389.1)	(402.5)	(417.0)	(432.9)	(450.3)
(+) Growth CAPex adjustment								291.9	301.8	312.8	324.7	337.7
<b>AFFO</b>	<b>(16)</b>	<b>303</b>	<b>255</b>	<b>297</b>	<b>161</b>	<b>187</b>	<b>335</b>	<b>655</b>	<b>678</b>	<b>703</b>	<b>730</b>	<b>761</b>
(-/-) Acquisitions / Dispositions	(1,492)	468	465	254	109	197	154	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)
(-/-) Change in NWC								(16.0)	(23.0)	(20.0)	(15.0)	(12.4)
<b>Free Cash Flow to Firm</b>	<b>(1508)</b>	<b>771</b>	<b>720</b>	<b>551</b>	<b>271</b>	<b>384</b>	<b>489</b>	<b>514</b>	<b>530</b>	<b>558</b>	<b>590</b>	<b>624</b>
Weighted Average Cost of Capital	6.0%											
Discount Period								1.0	2.0	3.0	4.0	5.0
Discount Factor								0.94	0.89	0.84	0.79	0.75
Present Value of FCF								\$ 485.3	\$ 471.5	\$ 468.3	\$ 467.8	\$ 466.4
								\$ 456.2	\$ 445.6	\$ 434.6	\$ 424.3	\$ 414.4

# Appendix 3: DCF (Downside Case)

Choice Properties REIT (CHP-UN-T)																		
Discounted Cash Flow Analysis																		
(Millions of Dollars)		Historical							Projected									
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Calculation of FCFF	3 Downside																	
Operating Scenario	3 Downside																	
Revenue		1,148	1,289	1,271	1,292	1,265	1,309	1,358	1,381	1,418	1,460	1,506	1,556	1,592	1,630	1,668	1,707	1,747
% Growth		84.85%	12.22%	-1.40%	1.71%	-2.14%	3.53%	3.74%	1.66%	2.74%	2.94%	3.13%	3.33%	2.34%	2.34%	2.34%	2.34%	2.35%
Operating expense		(314)	(368)	(384)	(380)	(364)	(369)	(382)	(407)	(418)	(431)	(444)	(459)	(470)	(481)	(492)	(504)	(515)
Operating Income		834	921	887	912	901	940	977	973	1,000	1,029	1,062	1,097	1,123	1,149	1,176	1,203	1,232
% Margin		72.62%	71.43%	69.78%	70.57%	71.22%	71.81%	71.90%	70.50%	70.50%	70.50%	70.50%	70.50%	70.50%	70.50%	70.50%	70.50%	70.50%
Other Income		17.7	19.2	18	23.9	46.7	72.6	77.3	80	80	80	80	80	80	80	80	80	80
Other Expense		(176.5)	(50.7)	(46.1)	(39.4)	(52.9)	(64.2)	(29.2)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)
EBITDA		675.1	889.0	858.5	896.5	894.4	948.5	1,024.6	1,013.3	1,040.0	1,069.4	1,101.6	1,137.0	1,162.6	1,188.9	1,215.8	1,243.3	1,271.5
% Margin		58.79%	68.99%	67.57%	69.37%	70.73%	72.45%	75.44%	73.40%	73.32%	73.24%	73.16%	73.07%	73.01%	72.95%	72.90%	72.84%	72.79%
Interest Expense		(280.1)	(263.3)	(251.8)	(241.6)	(244.0)	(270.0)	(286.3)	(294.9)	(303.7)	(312.8)	(322.2)	(331.9)	(341.9)	(352.1)	(362.7)	(373.6)	(384.8)
Amortization		0	0	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
EBT		395	626	606	654	649	678	737	717	735	756	778	804	820	836	852	869	886
% Margin		34.40%	48.56%	47.67%	50.60%	51.35%	51.75%	54.29%	51.97%	51.84%	51.74%	51.69%	51.68%	51.48%	51.29%	51.09%	50.90%	50.71%
Net Income		395	626	606	654	649	678	737	717	735	756	778	804	820	836	852	869	886
(+) Amortization		0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
FFO		395	626	607	655	650	679	738	718	736	757	779	805	821	837	853	870	887
Free Cash Flow Adjustments:																		
(-) Capital Expenditures		(410.7)	(322.3)	(351.3)	(358.3)	(489.2)	(491.5)	(403.1)	(386.6)	(397.2)	(408.8)	(421.6)	(435.7)	(445.9)	(456.3)	(467.0)	(477.9)	(489.1)
(+) Growth CAPex adjustment									289.9	297.9	306.6	316.2	326.8	334.4	342.2	350.2	358.4	366.8
AFFO		(16)	303	255	297	161	187	335	622	637	654	674	696	709	723	736	750	764
(-/-) Acquisitions / Dispositions		(1,492)	468	465	254	109	197	154	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)
(-/-) Change in NWC									(16.0)	(23.0)	(20.0)	(15.0)	(12.4)	(11.3)	(11.0)	(11.5)	(11.3)	(10.9)
Free Cash Flow to Firm		(1508)	771	720	551	271	384	489	481	489	509	534	559	573	587	600	614	629
Weighted Average Cost of Capital		6.0%																
Discount Period									1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
Discount Factor									0.94	0.89	0.84	0.79	0.75	0.71	0.67	0.63	0.59	0.56
Present Value of FCF									\$ 453.6	\$ 435.2	\$ 427.7	\$ 423.1	\$ 417.6	\$ 404.1	\$ 390.3	\$ 376.5	\$ 363.6	\$ 351.2

# Appendix 4: Projections - Retail

# Appendix 5: Projections - Industrial

# Appendix 6: Projections - Mixed Use

# Appendix 7: WACC

Choice Properties REIT (CHP-UN-T) Capital Structure		Choice Properties REIT (CHP-UN-T) WACC Calculation	
<u>Common Equity</u>		<u>Cost of Debt</u>	
Share Price	\$13.84	Pre-Tax Cost of Debt	4.28%
Common Shares	723.71	Income Tax Rate	0.00%
Market Capitalization	\$10,016	After Tax Cost of Debt	4.28%
<u>Debt</u>		<u>Cost of Common Equity</u>	
Short-Term Debt	\$683.00	Risk-Free Interest Rate	3.24%
Long-Term Debt	\$6,002.00	Levered Beta	0.9
Total Debt	\$6,685	Market Risk Premium	4.33%
<u>Preferred Equity</u>		Cost of Common Equity	7.14%
Preference Shares (\$ Millions)	\$0		
Debt-to-Total Capitalization	40.03%	<u>Cost of Preferred Equity</u>	
Common Equity-to-Total Capitalization	59.97%	Preferred Dividend	\$0.00
Preferred Equity-to-Total Capitalization	0.00%	Preferred Equity	\$0
		Cost of Preferred Equity	0.00%
		<b>WACC</b>	<b>5.99%</b>

# Appendix 8: Comparable Company

Choice Properties REIT (CHP-UN-T)															
Comparable Companies Analysis															
Choice Properties REIT		Current	% of			Enterprise Value			Price						
Comparable Companies Analysis	Company	Share	52-Week.	Equity	Enterprise	LTM	2025E	2026E	LTM	2025E	2026E				
		Ticker	Price	High	Value (M)	EBITDA	EBITDA	EBITDA	FFO	FFO	FFO				
Choice Properties REIT		CHP	\$13.83	90.2%	\$10,035.73	\$16,657.28	15.8x	16.0x	15.4x	12.9x	13.3x	12.7x	0.9x	1.0x	1.0x
First Capital REIT		FCR	\$16.86	88.8%	\$3,589.79	\$7,545.56	16.8x	17.9x	17.6x	12.6x	13.2x	12.6x	0.9x	0.8x	0.9x
Riocan		REI	\$18.55	89.1%	\$5,554.98	\$12,712.58	16.9x	15.8x	16.0x	10.3x	10.0x	10.1x	0.7x	0.7x	0.7x
SmartCenters REIT		SRU	\$25.44	92.5%	\$4,483.66	\$9,519.83	19.6x	19.1x	18.6x	11.0x	11.7x	11.7x	0.7x	0.8x	0.7x
Crombie REIT		CRR	\$14.17	87.4%	\$2,612.52	\$5,025.45	16.8x	16.1x	15.5x	10.7x	11.0x	10.7x	0.9x	1.1x	1.9x
Mean						17.2x	17.0x	16.6x	11.5x	11.8x	11.6x	0.8x	0.9x	1.0x	
Median						16.8x	16.1x	16.0x	11.0x	11.7x	11.7x	0.9x	0.8x	0.9x	
High						19.6x	19.1x	18.6x	12.9x	13.3x	12.7x	0.9x	1.1x	1.9x	
75th Percentile						16.9x	17.9x	17.6x	12.6x	13.2x	12.6x	0.9x	1.0x	1.0x	
Low						15.8x	15.8x	15.4x	10.3x	10.0x	10.1x	0.7x	0.7x	0.7x	
Implied Enterprise Value															
Mean						\$17,729.8	\$17,744.1	\$18,082.6	\$8,588.2	\$9,081.3	\$9,288.5	\$8,349.4	\$9,259.6	\$10,740.0	
Median						\$17,337.6	\$16,824.5	\$17,408.0	\$8,214.8	\$8,973.9	\$9,401.0	\$9,164.0	\$8,417.8	\$9,294.2	
High						\$20,227.2	\$19,959.5	\$20,236.8	\$9,633.7	\$10,201.1	\$10,204.5	\$9,164.0	\$11,574.5	\$19,621.1	
75th Percentile						\$17,440.8	\$18,705.5	\$19,148.8	\$9,409.7	\$10,124.4	\$10,124.1	\$9,164.0	\$10,522.3	\$10,326.9	
Low						\$16,305.6	\$16,511.0	\$16,755.2	\$7,692.0	\$7,670.0	\$8,115.4	\$7,127.5	\$7,365.6	\$7,228.8	
Implied Equity Value															
Mean						\$10,542.8	\$10,557.1	\$10,895.6	\$8,588.2	\$9,081.3	\$9,288.5	\$8,349.4	\$9,259.6	\$10,740.0	
Median						\$10,150.6	\$9,637.5	\$10,221.0	\$8,214.8	\$8,973.9	\$9,401.0	\$9,164.0	\$8,417.8	\$9,294.2	
High						\$13,040.2	\$12,772.5	\$13,049.8	\$9,633.7	\$10,201.1	\$10,204.5	\$9,164.0	\$11,574.5	\$19,621.1	
75th Percentile						\$10,253.8	\$11,518.5	\$11,961.8	\$9,409.7	\$10,124.4	\$10,124.1	\$9,164.0	\$10,522.3	\$10,326.9	
Low						\$9,118.6	\$9,324.0	\$9,568.2	\$7,692.0	\$7,670.0	\$8,115.4	\$7,127.5	\$7,365.6	\$7,228.8	
Implied Share Price															
Mean						\$14.57	\$14.59	\$15.06	\$11.87	\$12.55	\$12.84	\$11.54	\$12.80	\$14.84	
Median						\$14.03	\$13.32	\$14.12	\$11.35	\$12.40	\$12.99	\$12.66	\$11.63	\$12.84	
High						\$18.02	\$17.65	\$18.03	\$13.31	\$14.10	\$14.10	\$12.66	\$15.99	\$27.11	
75th Percentile						\$14.17	\$15.92	\$16.53	\$13.00	\$13.99	\$13.99	\$12.66	\$14.54	\$14.27	
Low						\$12.60	\$12.88	\$13.22	\$10.63	\$10.60	\$11.21	\$9.85	\$10.18	\$9.99	
Choice Properties REIT Metrics										LTM	2025E	2026E	LTM	2025E	2026E
Company						EBITDA	EBITDA	EBITDA	FFO	FFO	FFO	NAV	NAV	NAV	NAV
Choice Properties REIT (CHP-UN-T)						\$1,032.0	\$1,045.0	\$1,088.0	\$746.8	\$767.0	\$803.5	\$10,182.2	\$10,522.3	\$10,326.9	

# Appendix 9: DDM

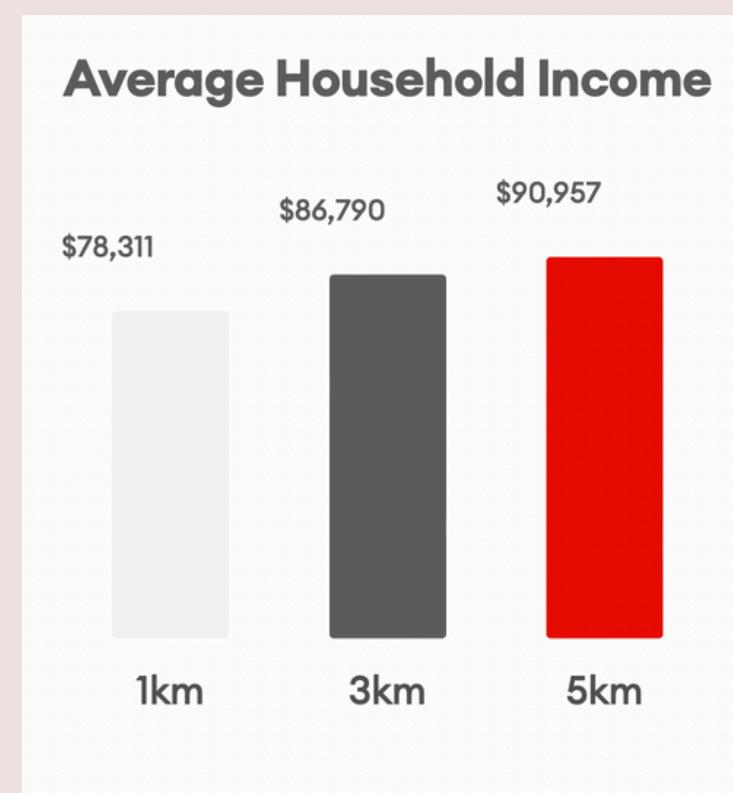
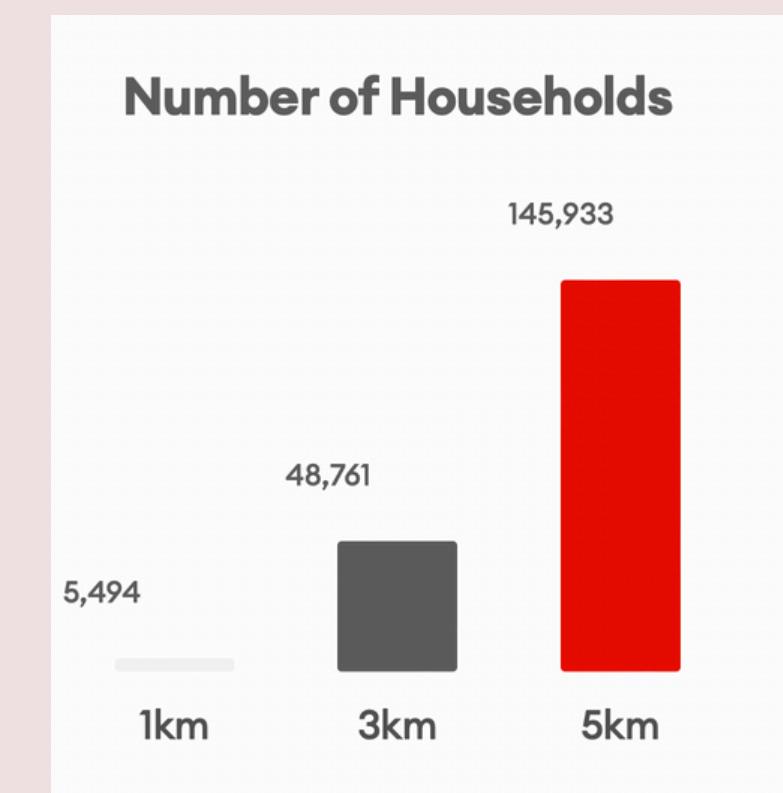
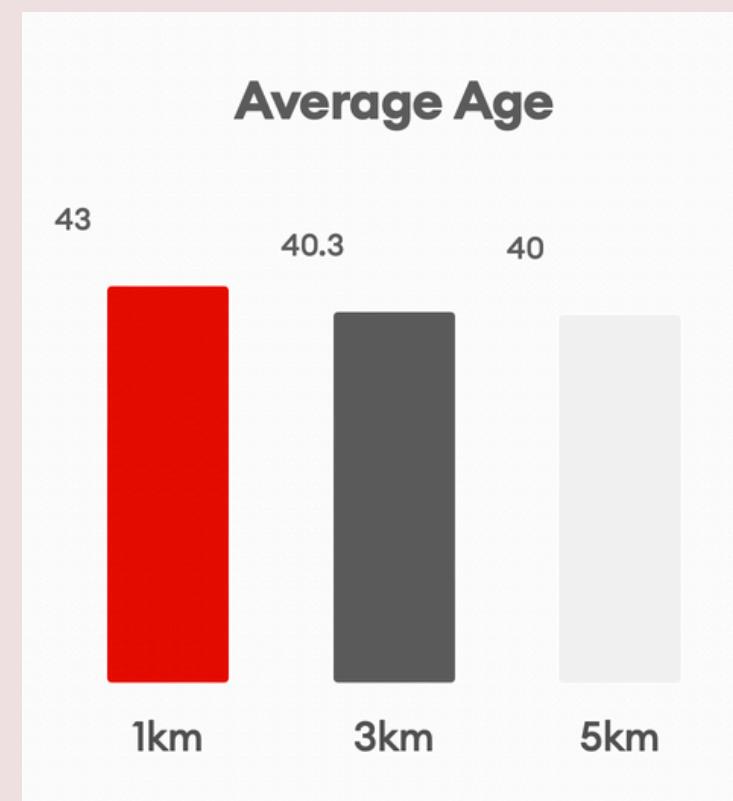
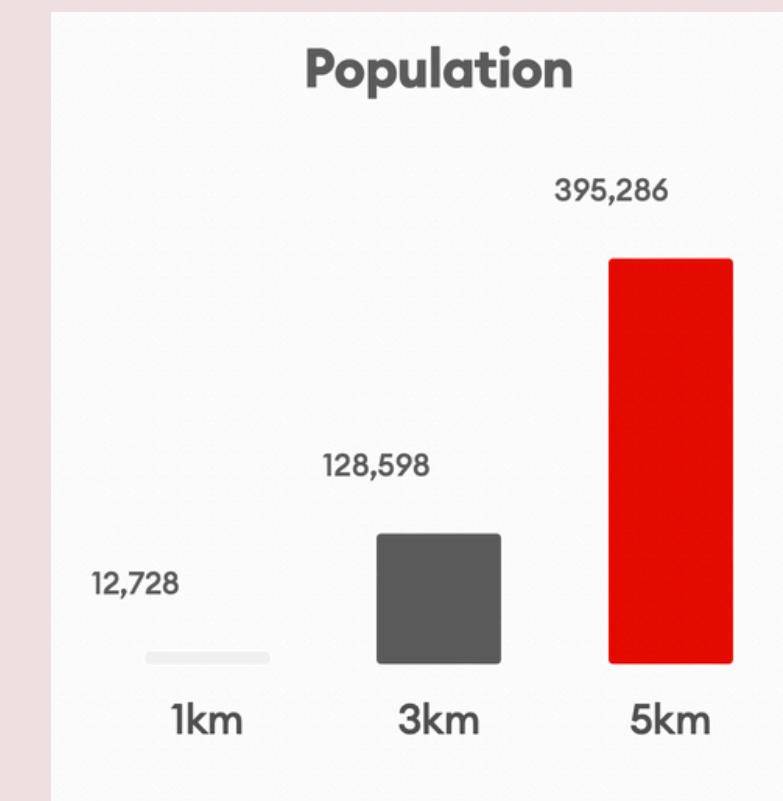
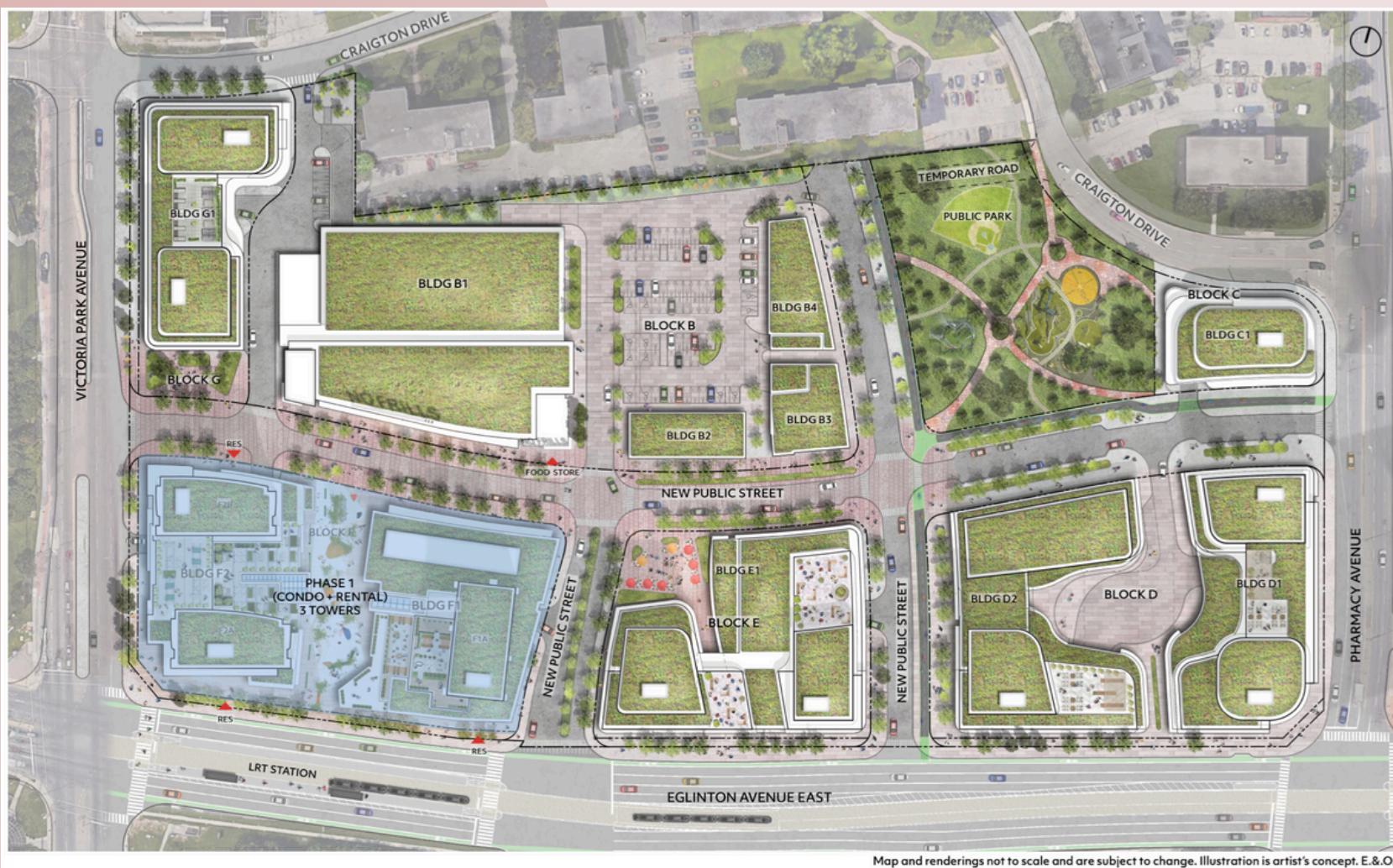
# Appendix 10: Development Pipeline

## Development Pipeline

Sq. ft. <sup>(2)</sup>	In Planning	Zoned & Ready	Active	Total
<b>Retail</b>	-	<b>0.2M</b>	<b>0.3M</b>	<b>0.5M</b>
<b>Industrial</b>	-	<b>4.2M</b>	<b>0.8M</b>	<b>5.0M</b>
<b>Mixed-Use &amp; Residential</b>	<b>8.5M</b>	<b>4.1M</b>	-	<b>12.6M</b>
<b>Total</b>	<b>8.5M</b>	<b>8.5M</b>	<b>1.1M</b>	<b>18.1M</b>

# Appendix 11: Golden Mile Case

(1880 Eglinton Avenue E Toronto, ON)



# Appendix 12: Mavis & Dundas Case

(3045 Mavis Road / 3020 Elm Creek Road Mississauga, ON)



## Tenant Mix

REAL CANADIAN  
SUPERSTORE

SHOPPERS  
DRUG MART

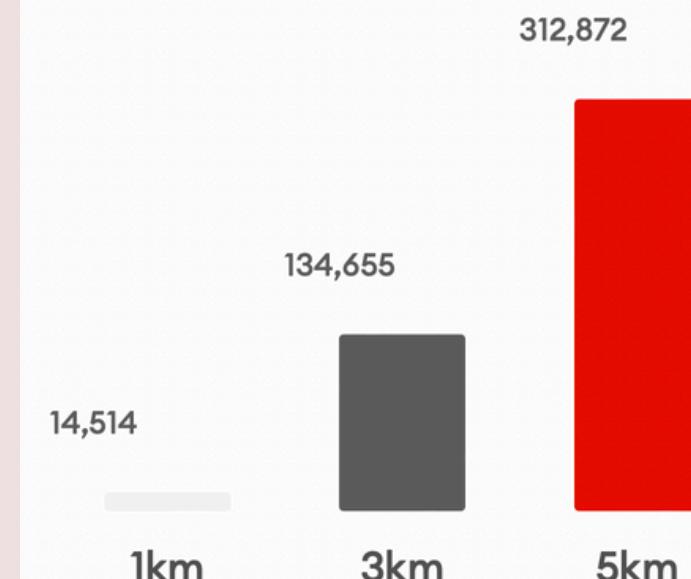
TD

Scotiabank

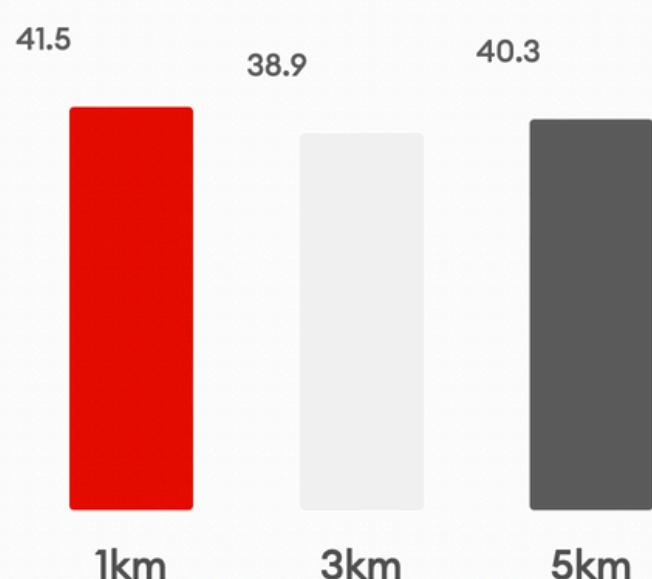
LCBO

SHERWIN-WILLIAMS.

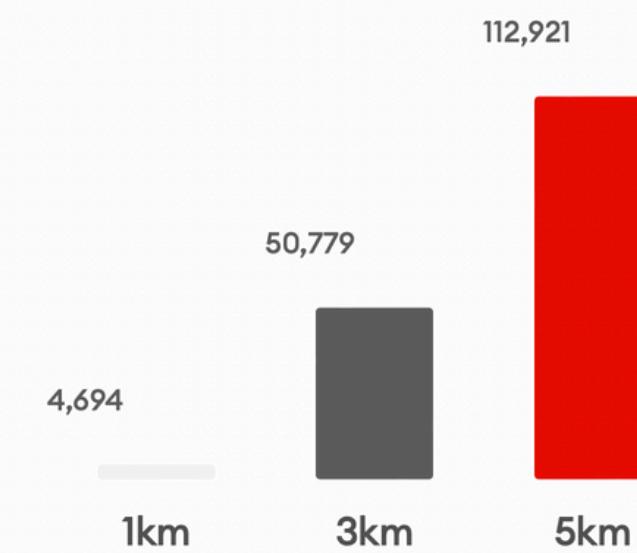
## Population



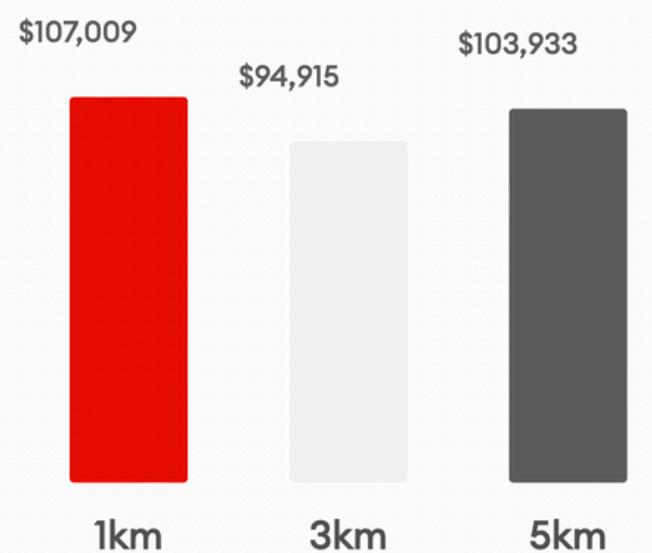
## Average Age



## Number of Households

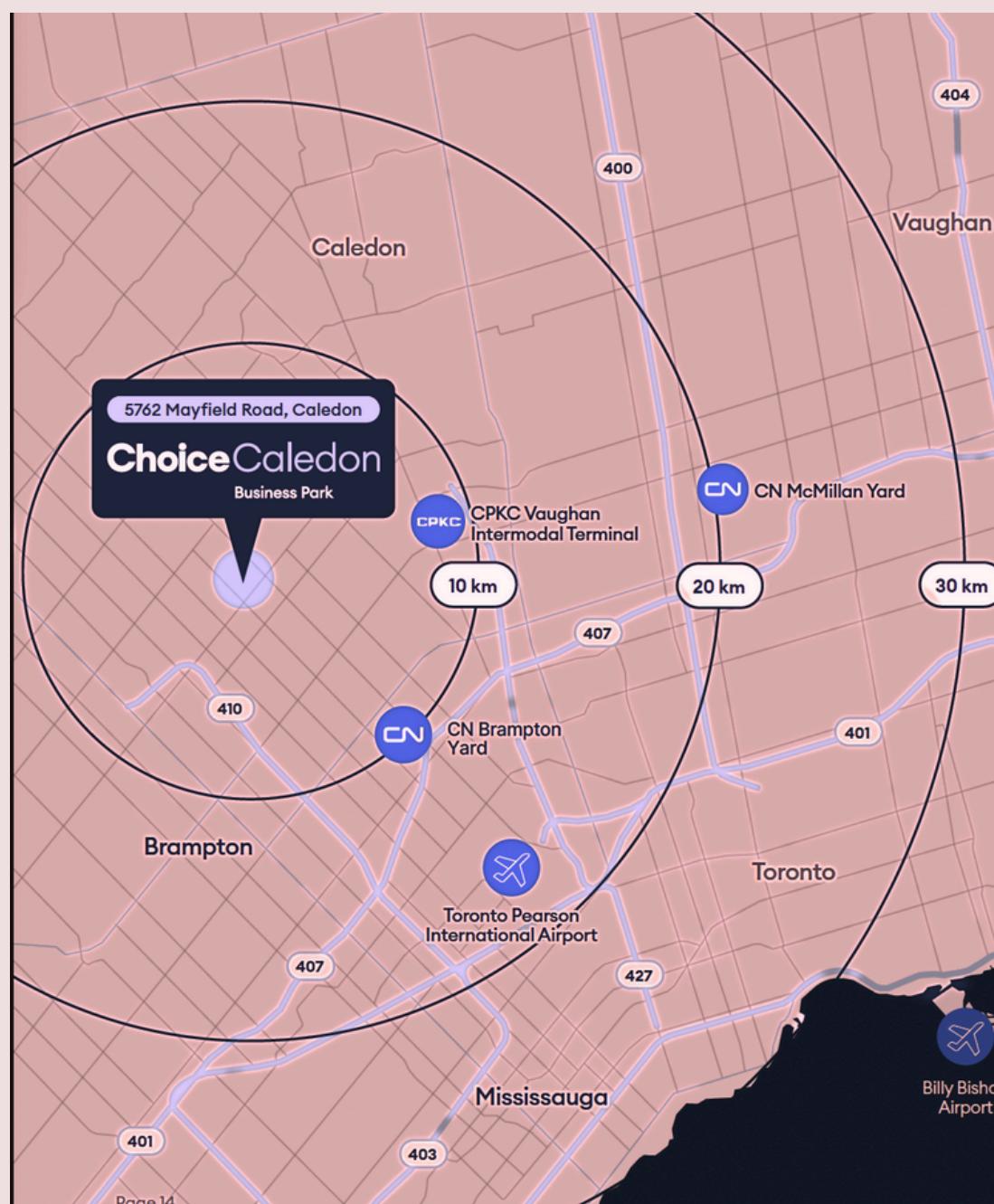
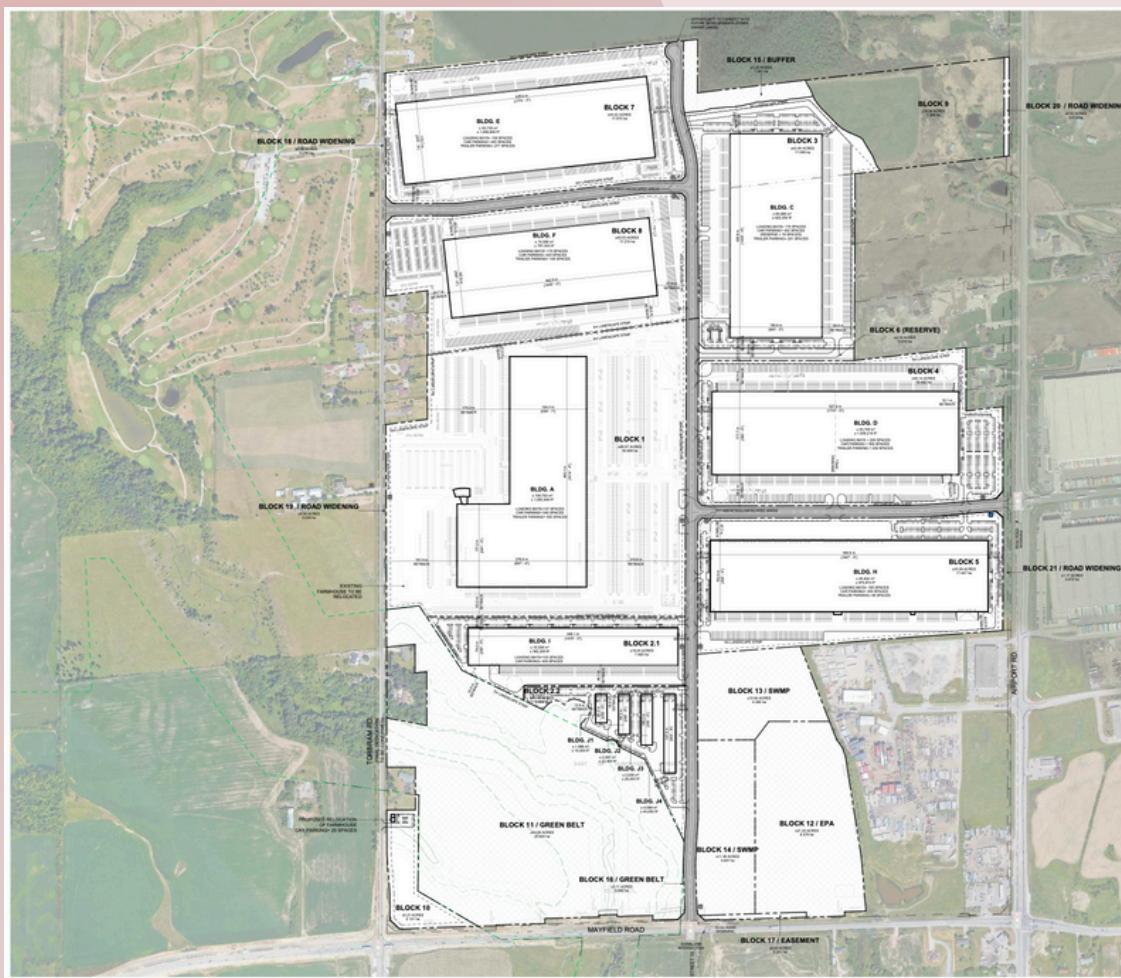


## Average Household Income



# Appendix 13: Caledon Business Park

(5762 Mayfield Rd Caledon, ON L7C 0Z6)



## Robust Workforce

Skilled labour force working in a number of key sectors

## Connectivity

Existing infrastructure allows businesses to connect easily with suppliers and customers by rail, air, or direct access to Provincial and Regional road networks

## Demographics by Radius

	Population	Labour Force	Median Age
<b>10 km</b>	<b>384,231</b>	<b>68.7%</b>	<b>36.4</b>
<b>20 km</b>	<b>1,077,672</b>	<b>68.5%</b>	<b>37</b>
<b>30 km</b>	<b>2,967,557</b>	<b>67.1%</b>	<b>39.1</b>

## Top Industries

# of People Employed in Sector in Caledon
Construction
4,785
Retail Trade
4,780
Manufacturing
4,510
Transportation & Warehousing
4,010
Education
3,365
Professional, Scientific & Technical Services
3,360

## Drive Times

Highway 410	5.4 KM / 7 Min
Highway 407	11.0 KM / 16 Min
Highway 427	13.0 KM / 17 Min
Highway 401	22.9 KM / 18 Min
Highway 400	23.5 KM / 32 Min
CP Intermodal	13.8 KM / 19 Min
CN Intermodal	11.4 KM / 18 Min
Downtown Toronto	51.5 KM / 50 Min
Toronto Pearson International Airport	20.9 KM / 25 Min

# Appendix 14: Indicator of Recession



# Appendix 15: ESG Collaboration



Latest collaboration with Loblaw aims to reduce energy and water consumption in shared business operations. Amended many leases to require the implementation of energy and water savings measures in over 280 spaces

# Appendix 16: Community Connection

Choice  
Properties<sup>REIT</sup>

## Red Dog Runaway



- 2000 SF next to Loblaws grocery store
- Double-Fenced
- Open to all dogs

- Seating area for owners
- Solar-powered lighting
- Community events

# Appendix 17: Debt Maturity Profile

## Schedules of Repayments and Cash Flow Activities

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

As at December 31, 2024 (\$ thousands)	GAAP Basis				Adjustment to Proportionate Share Basis <sup>(1)</sup>		Proportionate Share Basis <sup>(1)</sup>	
	Credit facility	Senior unsecured debentures	Mortgages payable	Construction loans	Mortgages payable <sup>(i)</sup>	Construction loans <sup>(i)</sup>	Total	
2025	\$ —	\$ 550,000	\$ 131,014	\$ 5,230	\$ 10,239	\$ 64,682	\$ 761,165	
2026	—	350,000	153,945	—	15,832	27,082	546,859	
2027	—	500,000	94,399	—	31,362	—	625,761	
2028	—	750,000	49,095	—	26,455	—	825,550	
2029	—	750,000	39,466	—	36,566	—	826,032	
Thereafter	—	2,500,000	832,239	—	395,063	—	3,727,302	
<b>Total adjusted debt outstanding</b>	<b>\$ —</b>	<b>\$ 5,400,000</b>	<b>\$ 1,300,158</b>	<b>\$ 5,230</b>	<b>\$ 515,517</b>	<b>\$ 91,764</b>	<b>\$ 7,312,669</b>	

(i) Adjustment to proportionate share<sup>(1)</sup> reflects mortgages payable and construction loans within equity accounted joint ventures.

## Staggered Debt Maturities

- Debt is spread out from 2025 to “Thereafter” (post-2029), with no single year having an outsized maturity.
- This reduces refinancing risk, meaning Choice won’t face pressure to refinance a large amount of debt all at once.

## Supports Stable FFO and Payouts

- Because debt repayments are well-distributed over time, Choice can maintain predictable cash outflows.
- This stability helps sustain consistent FFO, which underpins a stable FFO payout ratio, a key assumption in the DDM valuation