

# ADVANCING OUR STRATEGY



## INVESTOR PRESENTATION

January, 2017

# “Safe Harbour” Disclosure and Confidentiality Statement

## **Forward-looking Information**

*This presentation contains forward looking statements that reflect the current expectations of management of Crombie about Crombie's future results, performance, achievements, prospects and opportunities. Wherever possible, words such as “continue”, “may”, “will”, “estimate”, “anticipate”, “believe”, “expect”, “intend” and similar expressions have been used to identify these forward looking statements, and include statements regarding: acquisition of properties that provide accretive growth; major developments may be impacted by real estate cycles, availability of financing opportunities and labour and other risk factors as described in the year ended December 31, 2015 Management Discussion and Analysis. These statements reflect current beliefs and are based on information currently available to management of Crombie. Forward looking statements necessarily involve known and unknown risks and uncertainties.*

*A number of factors, including the risks discussed in the 2015 annual Management Discussion and Analysis under “Risk Management”, could cause actual results, performance, achievements, prospects or opportunities to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and a reader should not place undue reliance on the forward looking statements. There can be no assurance that the expectations of management of Crombie will prove to be correct.*

*Readers are cautioned that such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from these statements. Crombie can give no assurance that actual results will be consistent with these forward-looking statements.*

## **Non-IFRS Measures**

*Certain terms used in this presentation, such as AFFO and NOI, are not measures defined under International Financial Reporting Standards (“IFRS”) and do not have standardized meanings prescribed by IFRS. AFFO and NOI should not be construed as an alternative to net earnings or cash flow from operating activities as determined by IFRS. AFFO and NOI, as presented, may not be comparable to similar measures presented by other issuers. Crombie believes that NOI and AFFO are useful in the assessment of its operating performance and that these measures are also useful for valuation purposes and are relevant and meaningful measures of its ability to earn and distribute cash to unitholders. Examples of reconciliations of AFFO to the most directly comparable measure calculated in accordance with IFRS are provided in the Management Discussion and Analysis of Crombie for the years ending December 31, 2015 and December 31, 2014.*



# Attractive Investment Thesis

**Crombie as a key part of a core Equity and Debt investment portfolio**

- 1. Strong Unit Holder Return (2016 - 13%, 5 year – 34%)**
- 2. High quality, diversified and defensive grocery anchored retail portfolio**
- 3. Proven growth & value creation track record**
- 4. Large development pipeline**
- 5. Investment grade rating – strong and improving credit metrics**
- 6. Strong capital structure, moderate leverage and ample liquidity**
- 7. Strong management**

# Crombie Strategy – Guiding Principles

## GREAT REAL ESTATE - ACCRETIVE GROWTH

- Focus on acquiring high quality grocery or drugstore anchored retail in Canada's top urban and suburban markets
- Optimize strategic relationships with Sobeys, institutions, developers, local property owners, etc.

## GREAT REAL ESTATE - PORTFOLIO OPTIMIZATION

- Strong asset management (leasing, operations, development, acquisitions/dispositions)
- Improve operational effectiveness to grow NOI, FFO, AFFO and EBITDA

## STRONG FINANCIAL CONDITION

- Greater liquidity and financial flexibility – Debt to gross book value 50.5% on fair value basis
- Leverage strong bank relationships and investment grade credit rating

## GREAT PEOPLE

- Strong talent management focus
- Right person, right place, right time philosophy

# Success – Executing on Our Full Range of Real Estate Activities

## ACQUISITIONS

Purchase accretive properties in top urban and suburban markets.

## STRONG OPERATIONS

Owning, operating and leasing a strong and improving portfolio. Great team; strong focus.

## DISPOSITIONS

Disposition of properties not core to Crombie's strategy; capital recycling.

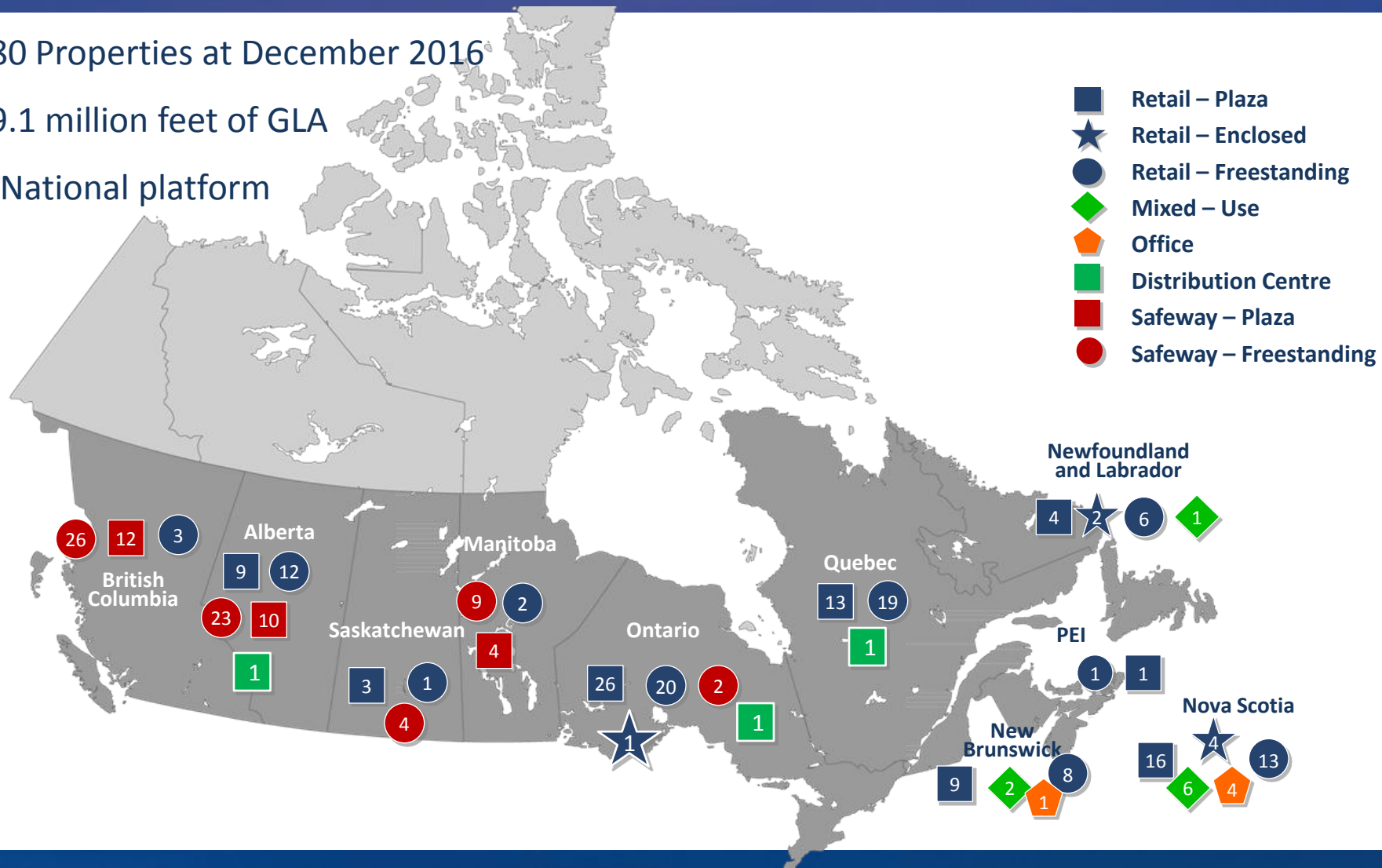
## DEVELOP / REDEVELOP

Develop and redevelop to meet everyday needs of tenants and customers including JV partnerships to mitigate development risk



# Crombie's National Portfolio

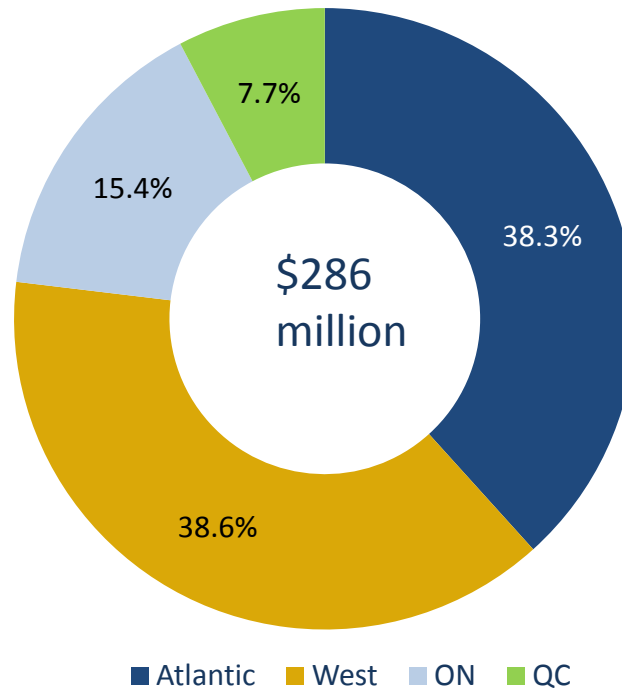
- ✓ 280 Properties at December 2016
- ✓ 19.1 million feet of GLA
- ✓ A National platform



# Geographically Diverse Portfolio

Geographic Diversification by % of Annual Minimum Rent

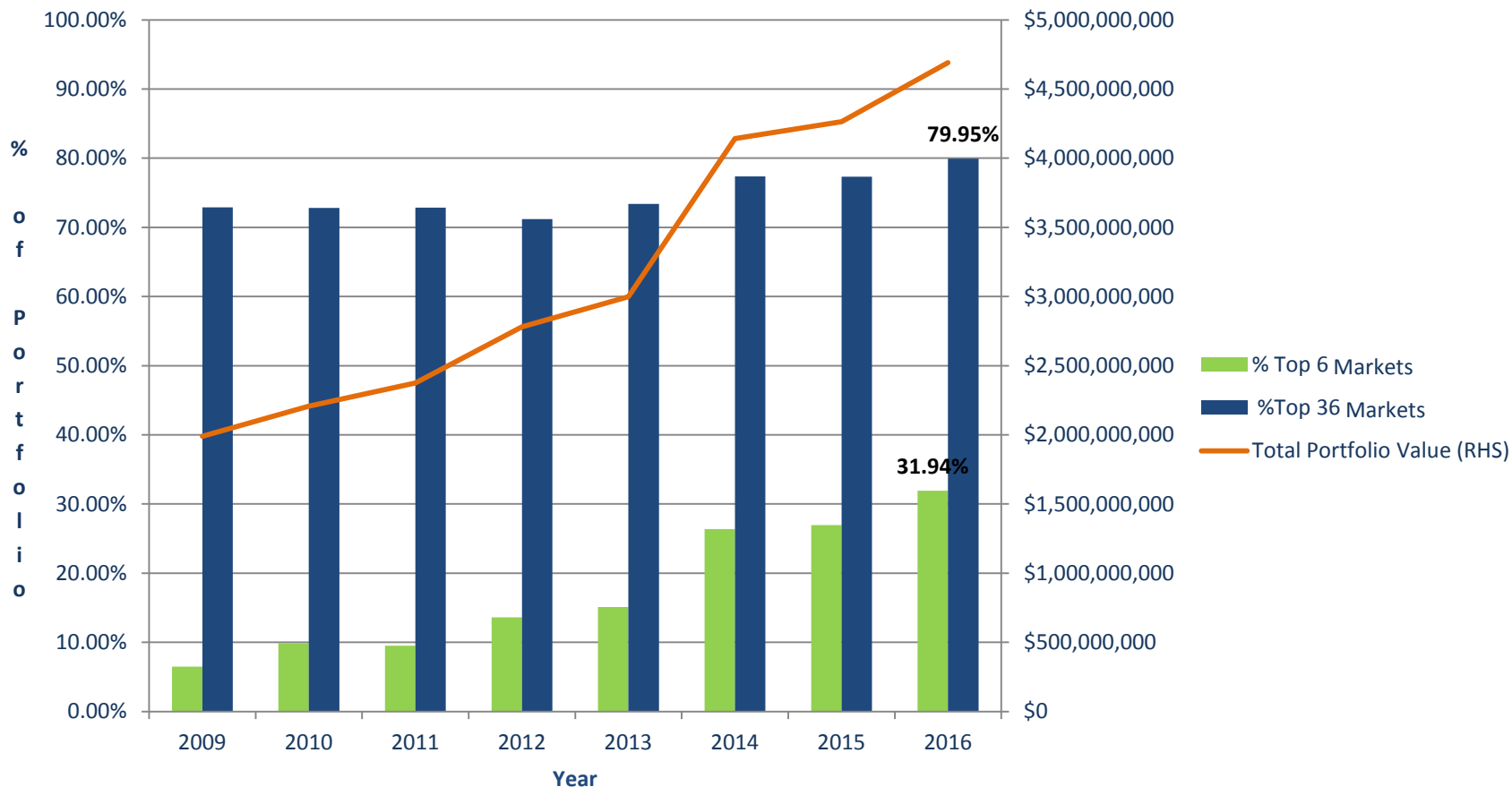
As at Q3 2016



❖ More National; More Urban (since IPO)

# Growing Urban / Suburban Presence

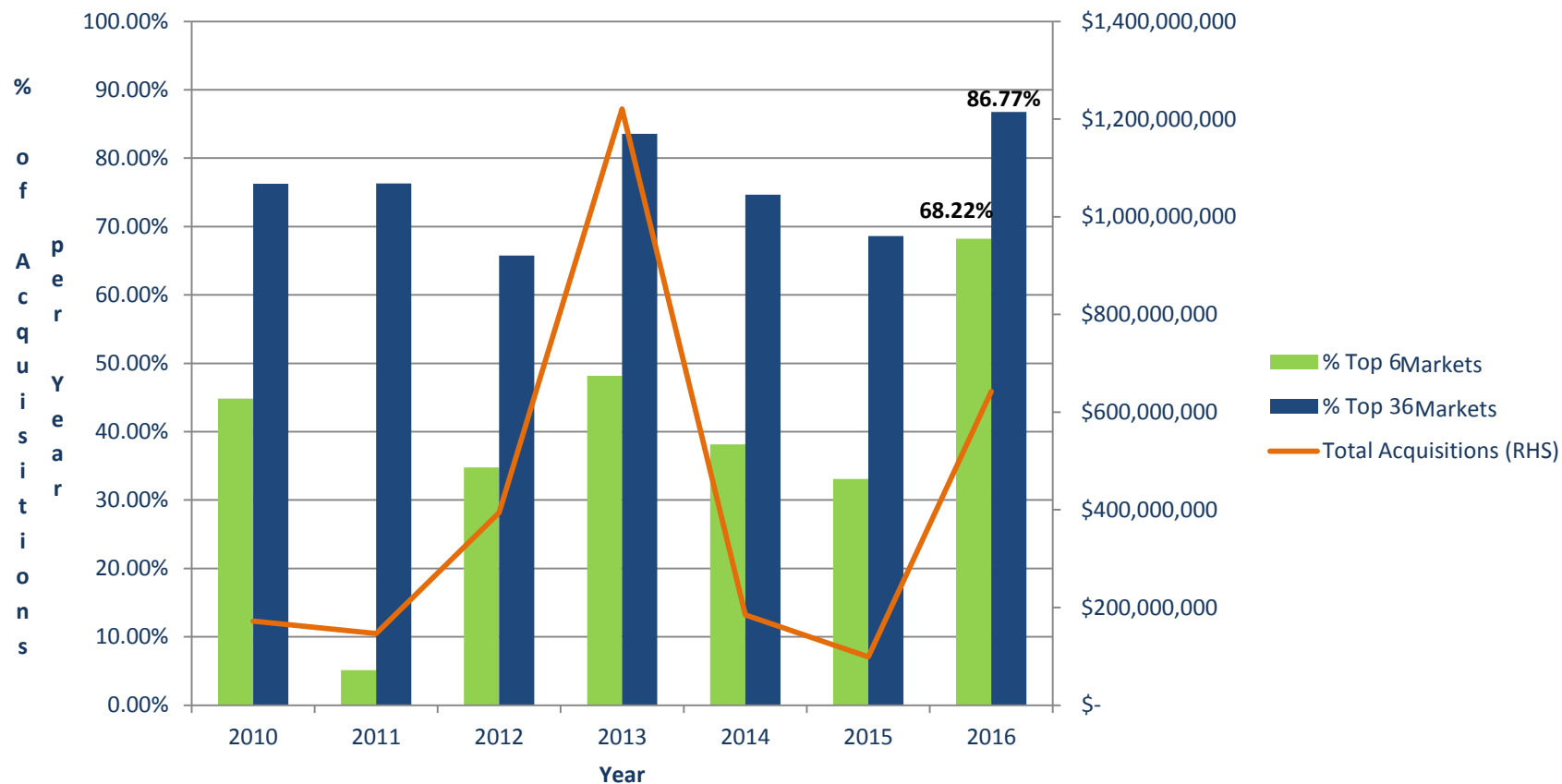
## Top 6/36 Markets - Total Portfolio





# Growing Urban and Suburban Presence

## Top 6/36 Markets - Acquisitions Per Year



# Potential Major Developments

- Included in Crombie's pipeline of 19 potential Major Developments (>\$50M investment) are 13 properties in Western Canada, nine in Vancouver, BC; four in Calgary and Edmonton, AB; and six located in Central and Atlantic Canada.
- Crombie's current Major Developments have the potential to add up to 839,000 square feet of commercial GLA and up to 5,100,000 square feet (up to 5,800 units) of residential GLA.
- Based on current estimates, total cost to develop these properties could reach \$2 to \$3 billion, of which Crombie may enter joint venture or other partnership arrangements to share cost, revenue, risk and development expertise depending on the nature of each project.

•Risk factors that cause uncertainty related to potential major developments include: locations identified, timing, cost, development size and nature, impact on net asset value, cash flow growth, unitholder value or other financial measures, all of which may be impacted by real estate market cycles, the availability of financing opportunities and labour, actual development costs and general economic conditions and which assumes obtaining required municipal zoning and development approvals and successful agreements with development partners and existing tenants.

# Potential Major Developments

Existing Property	City, Province	Site Size	Existing Tenants	Potential Commercial Expansion	Potential Residential Expansion	Status
1641 Davie Street	Vancouver, BC	1.09 acres	Safeway/Other tenants	Yes	Yes	Development Planning
2733 West Broadway	Vancouver, BC	1.95 acres	Safeway	Yes	Yes	To be determined "TBD"
3410 Kingsway	Vancouver, BC	3.74 acres	Safeway/Other tenants	Yes	Yes	TBD
990 West 25 Avenue (King Edward)	Vancouver, BC	1.80 acres	Safeway	Yes	Yes	TBD
1170 East 27 Street	North Vancouver, BC	2.82 acres	Safeway	Yes	Yes	Pre-planning
1780 East Broadway	Vancouver, BC	2.43 acres	Safeway	Yes	Yes	Pre-planning
Royal Oak	Vancouver, BC	2.76 acres	Safeway	Yes	Yes	TBD
East Hastings	Burnaby, BC	3.30 acres	Safeway/Other Tenants	Yes	Yes	TBD
10355 King George Boulevard	Surrey, BC	5.07 acres	Safeway	Yes	Yes	TBD
813 11 Avenue SW	Calgary, AB	2.59 acres	Safeway	Yes	Yes	TBD

# Potential Major Developments – (continued)

Existing Property	City, Province	Site Size	Existing Tenants	Potential Commercial Expansion	Potential Residential Expansion	Status
524 Elbow Drive SW	Calgary, AB	1.60 acres	Safeway	Yes	Yes	Pre-planning
410 10 Street NW	Calgary, AB	1.73 acres	Safeway	Yes	Yes	TBD
10930 82 Avenue	Edmonton, AB	2.44 acres	Safeway/Other tenants	Yes	Yes	TBD
Brampton Mall	Brampton, ON	8.74 acres	Retail	Yes	Yes	TBD
Bronte Village	Oakville, ON	5.66 acres	Sobeys/Other tenants	Yes	Yes	Pre-Planning
Triangle Lands	Halifax, NS	0.68 acres	Land	Yes	Yes	TBD
Penhorn Lands	Dartmouth, NS	31.00 acres	Land	Yes	Yes	TBD
Scotia Square	Halifax, NS	14.47 acres	Office/Retail	Yes	Yes	In Development
Avalon Mall	St. John's, NL	50.91 acres	Retail	Yes	No	Pre-planning

## Highlights – 2016 YTD

Nine Months Ended September 30, 2016	2016	2015
Committed occupancy	94.2%	93.2%
EBITDA	\$205.0	\$189.0
Property revenue	+6.4%	+3.5%
Property Cash NOI	+8.7%	+4.3%
Same Asset Property Cash NOI	+2.5%	+1.5%
FFO Per Unit	\$0.87	\$0.84
Growth in FFO / Unit	3.5%	1.2%
AFFO Per Unit	\$0.74	\$0.71
Growth in AFFO / Unit	4.3%	2.9%
Acquisitions	\$525M	\$35M



# Capital Structure

September 30, 2016		
<b>Total Assets (FV)</b>	<b>\$4,759 M</b>	
Fixed rate mortgages	\$1,528 M	63%
Senior unsecured notes	\$400 M	17%
Convertible debentures	\$134 M	6%
Revolving credit facility	\$241 M	10%
Bilateral credit facility	\$100 M	4%
<b>Total</b>	<b>\$2,403M</b>	<b>100%</b>
<b>Debt to GBV (FV)</b>	<b>50.5%</b>	
Undrawn credit facility	\$152.0	
Borrowing available on Unencumbered Assets (@ 60%)	\$716.4	
<b>Potential Borrowing Capacity</b>	<b>\$868.4</b>	

Weighted Average  
Mortgage Interest  
Rate  
4.54%

Average  
Mortgage Term to  
Maturity  
5.98 years

BBB(Low)  
Credit Rating  
DBRS

Unencumbered  
Assets  
\$1,194 million

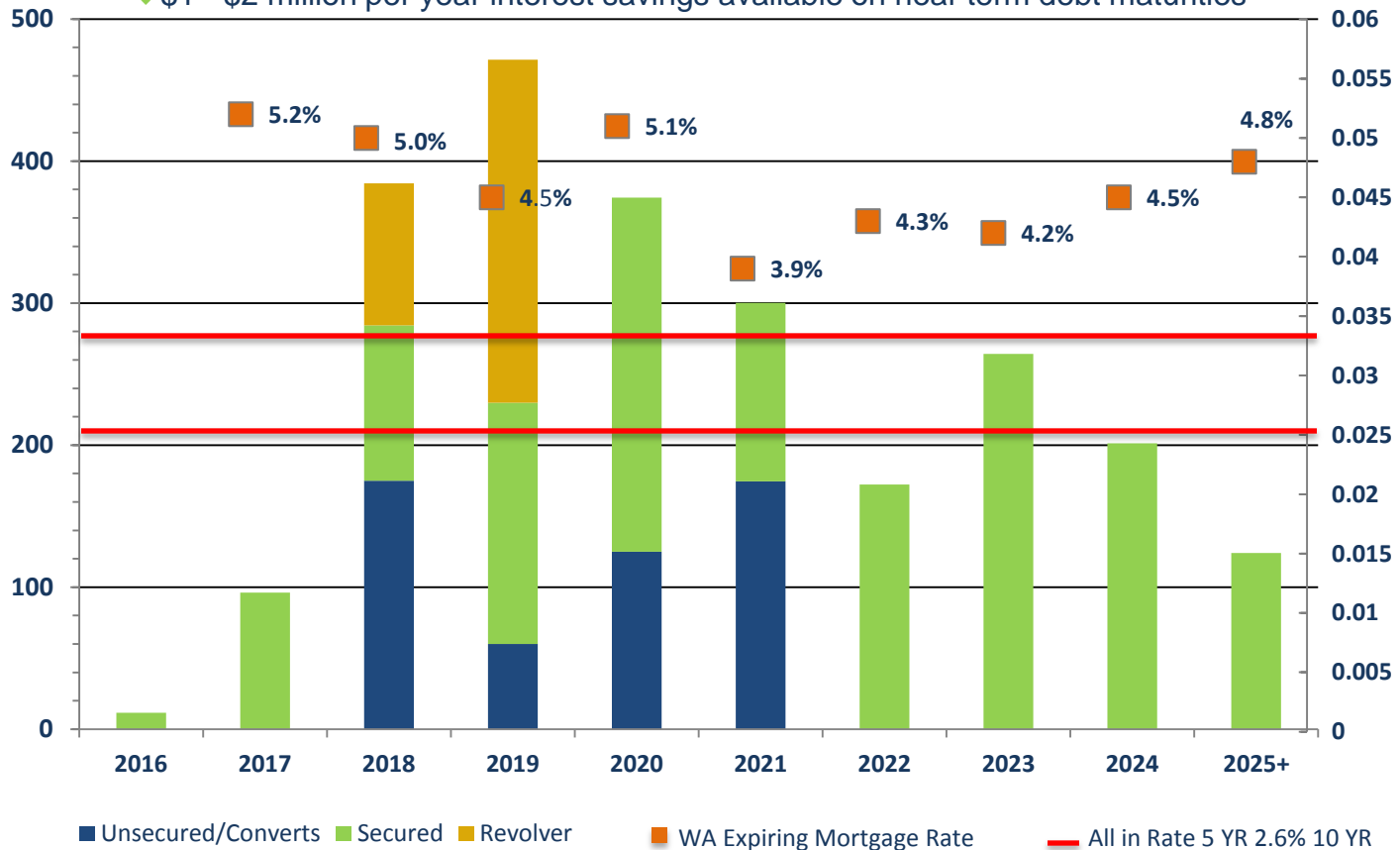
# Debt Maturity

❖ Total Debt \$2.4 billion

❖ Weighted Average (WA) Interest Rate Mortgages 4.54% (overall 4.13%)

❖ Average Term to Maturity Mortgages 5.98 years

❖ \$1 - \$2 million per year interest savings available on near term debt maturities



# Defensive Portfolio

- Approximately 88% of properties are grocery or drugstore anchored
- “Everyday Needs” retailing less risky than fashion and internet exposed retailing
- Strong credit-worthy tenants coupled with long average lease term of 13.5 years and average mortgage maturities of 5.98 years



# Strong Tenant Relationships

## LARGEST TENANTS

September 30, 2016

Tenant	% of Annual Minimum Rent	Average Remaining Lease Term (years)	Total Area Leased (Sq Ft)	DBRS Credit Rating
Sobeys Stores	53.3%*	16.3	10,413,843	BBB (low)
Shoppers Drug Mart	4.5%	11.4	492,093	BBB
Cineplex	1.4%	8.8	270,520	
Province of Nova Scotia	1.2%	2.2	287,357	A(H)
CIBC	1.2%	14.2	188,247	AA
Lawtons/Sobeys Pharmacy	1.1%	10.6	181,154	BBB (low)
Dollarama	1.0%	6.5	239,782	BBB
GoodLife Fitness	1.0%	10.5	220,778	
Bank of Nova Scotia	0.9%	2.7	148,542	AA
Bank of Montreal	0.9%	11.5	107,933	AA
Other	33.5%		5,658,545	
Total	100%	13.5	18,208,794	

- 43.4% of Total Property Revenue

➤ High quality tenants driving a high quality portfolio

# Aligned Strategic Crombie/Empire/Sobeys Relationship

- Crombie and Empire/Sobeys have enjoyed a closely aligned strategic relationship since Crombie's IPO in 2006
- Crombie and Sobeys share market intelligence to accelerate development and enhance asset management
- Developer (Crombie) and retailer (Sobeys) interests aligned to add value via major mixed-use developments
- Empire has participated in each Crombie public offering of Units and holds a 40.3% fully diluted ownership position
- Crombie has grown since IPO primarily through its strategic, sustainable competitive advantage with the Sobeys property development pipeline.
- Over \$2.4B in acquisitions since IPO; including \$418M in June 2016
- Crombie provides property management services to Empire/Sobeys for portions of their owned real estate
- Strong operational synergies shared by both Empire/Sobeys and Crombie



# Investment Highlights



## FOCUS

» Grocery and drug store anchored retail

» Reliable and defensive asset class



## OCCUPANCY

» Currently 94.2%

» Consistent NOI, FFO & AFFO growth



## DIVERSIFIED

» Portfolio of 280 properties across Canada

» Increasing Urban / Top urban and suburban market focus



## DEFENSIVE

» Average lease term 13.5 years

» No more than 4.6% of leased area maturing in a single year over the next 5 years



## STRATEGIC

» Relationship with Sobeys/Empire

» Right of First Offer on all Sobeys property dispositions



## UNENCUMBERED ASSETS

» Valued at approximately \$1,194 million at September 30, 2016

» Investment grade rating



## DEBT

» Debt to fair value 50.5%

» Interest coverage 2.92x



## GROWTH

» \$900M in assets at IPO - \$4.7B today

» Driven by Empire/Sobeys relationship providing close to \$2.4B in acquisition pipeline activity including Safeway assets