



# Building a Better REIT

Investor Presentation

May 2018



### **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. These statements, including statements regarding the development potential of Crombie's development sites, the total estimated cost to develop these sites, impact on net asset value and expected development returns, 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, including real estate market cycles, general economic conditions, the availability of financing opportunities and labour, actual development costs, uncertainties in obtaining required municipal zoning and development approvals, concluding successful agreements with existing tenants, and where applicable, successful execution of development activities undertaken by related parties not under the direct control of Crombie.*

*A number of additional factors, including the risks discussed in the 2017 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**

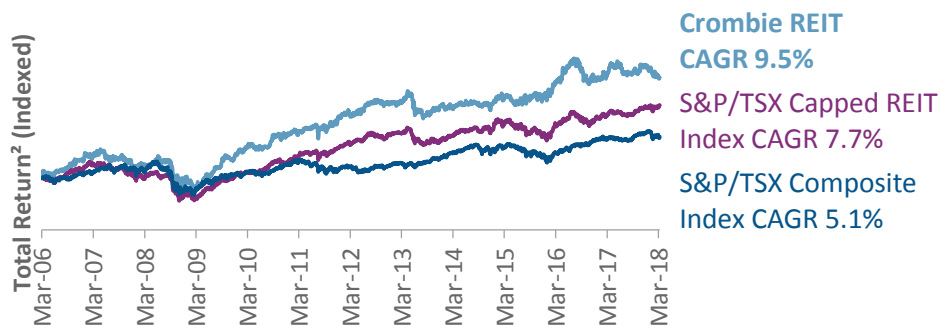
*Certain terms used in this presentation, such as AFFO, FFO, NAV, SANOI and NOI, are not measures defined under International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS. AFFO, FFO, NAV, SANOI and NOI, should not be construed as an alternative to net earnings or cash flow from operating activities as determined by IFRS. AFFO, FFO, NAV, SANOI and NOI, as presented, may not be comparable to similar measures presented by other issuers. Crombie believes that AFFO, FFO, NAV, SANOI and NOI, 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 and FFO 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, 2016 and December 31, 2017.*

# Crombie REIT

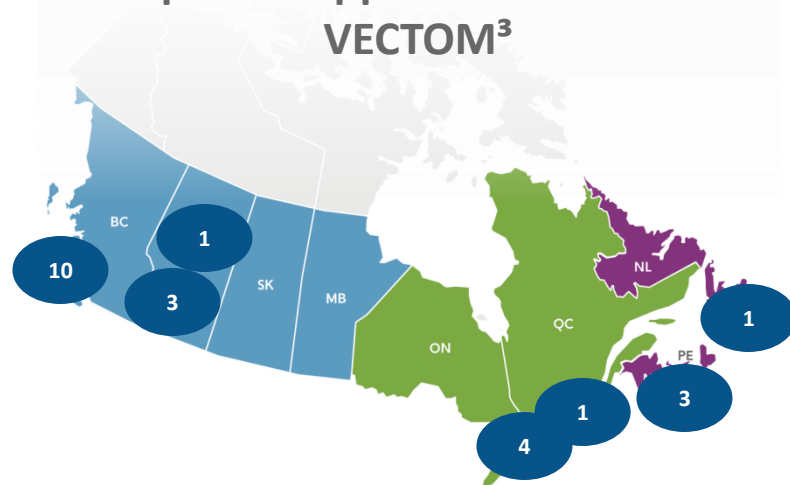
## Who are we?

- Established in 2006, and one of Canada's leading national retail landlords
- Focused on NAV and FFO/AFFO growth by owning, operating and developing high quality grocery and drug store anchored shopping centres, freestanding stores and mixed use developments primarily in Canada's top urban and suburban markets
- Member of the S&P/TSX Composite Index, CRR.UN
- Rated BBB low Stable by DBRS<sup>1</sup>

## Crombie Outperforms the Sector & the Broader Canadian Market



## National Portfolio with Extraordinary Development Opportunities Focused on VECTOM<sup>3</sup>



### Quick Facts

Number of Properties	284
Gross Leasable Area	18,858,000
Committed Occupancy	95.7%
Average Rent/sqft at Expiry	\$18.44
2017 Renewal Leasing Spreads	7.6%

# Why Invest in Crombie?

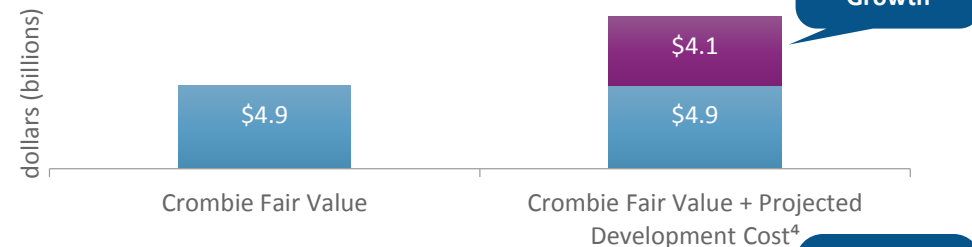
## Investment Thesis

- Stable, high quality everyday needs anchored portfolio, resulting in strong, stable cash flow growth
- Materially accretive VECTOM focused development pipeline opportunities
  - 1st 5 Active Developments expected to create \$1-2/unit in NAV
- Units current yielding approximately 7.2%<sup>1</sup>
- Management team has 25+ years of development experience
- Current IFRS cap rate and current trading price do not reflect future growth opportunities

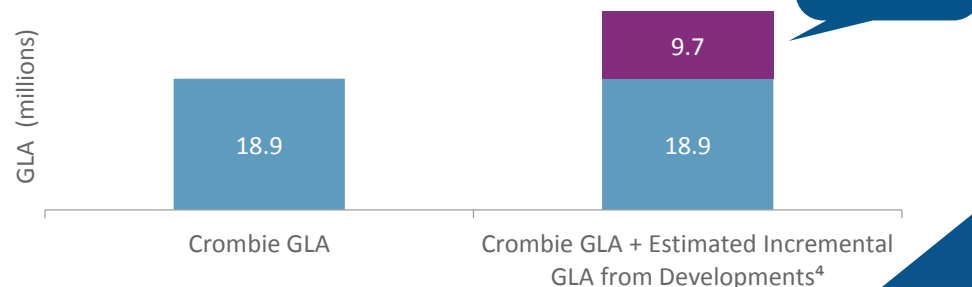
Historical Discount to NAV (8%)<sup>2</sup>

Current Discount to NAV (18%)<sup>3</sup>

### Development Pipeline Creates Accretive Growth Opportunities



### Material Square Footage Growth



# Crombie's Vision – Strategic Pillars

## Supported and Enabled by Strong Risk Management



### IMPROVING PORTFOLIO QUALITY

Through smart capital allocation, accelerate FFO/AFFO and NAV growth through active development and active asset management:

- Focused on high growth urban and suburban markets with development opportunities, while disposing of lower growth and/or non-core assets.
- Growing exposure to higher growth central and western regions.



### BUILDING FINANCIAL STRENGTH

Maintain a strong balance sheet with ample financial flexibility, liquidity and access to capital. Committed to our investment grade rating.



### CULTURE AND HIGH GRADING TALENT

High grading our talent by hiring and developing the best and the brightest.

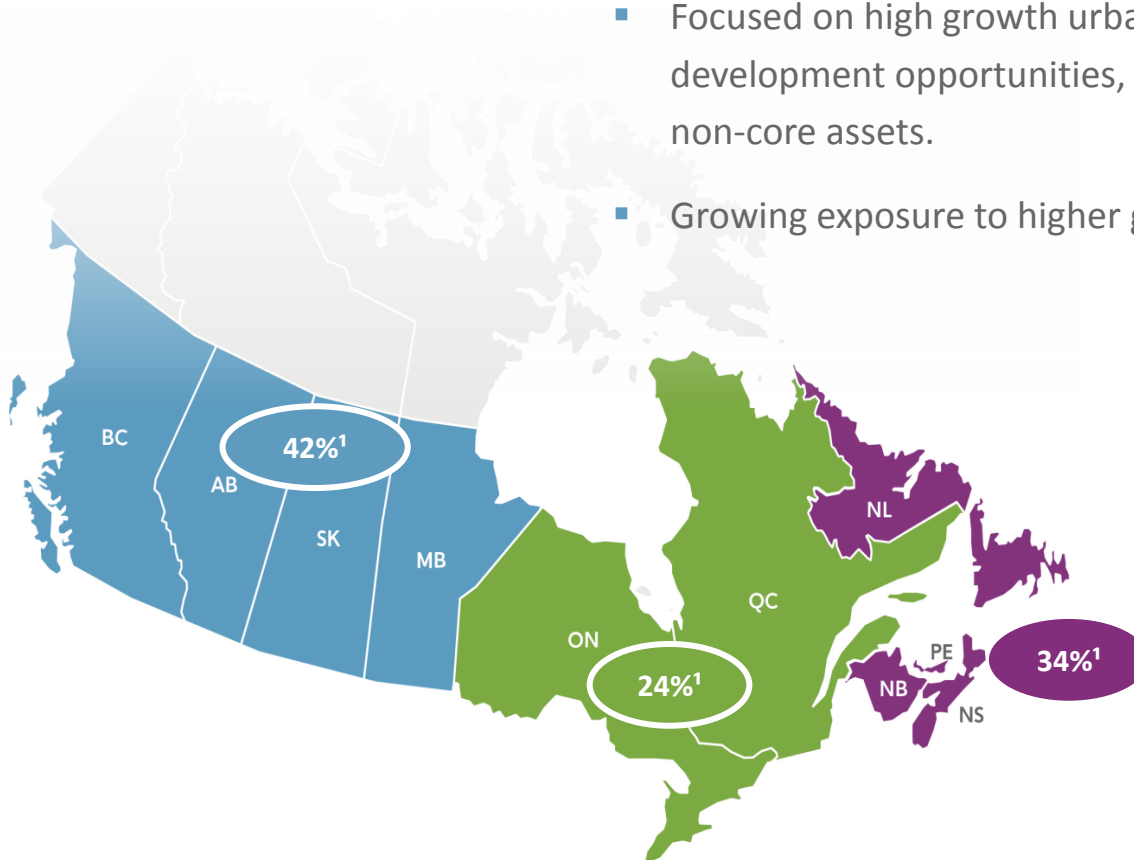
DRIVING UNITHOLDER VALUE



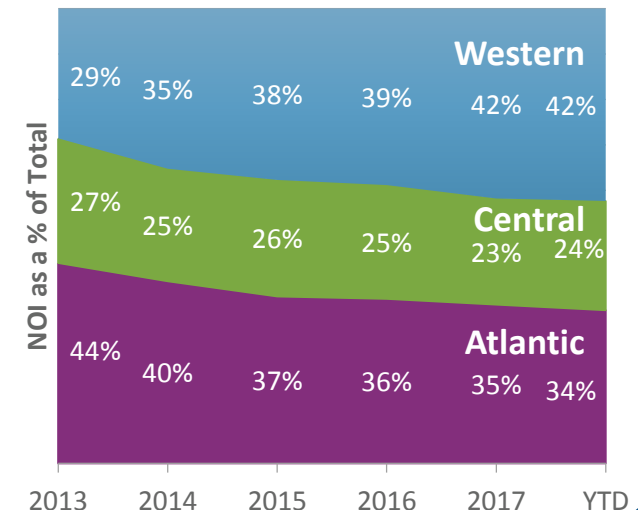
# Nationwide Portfolio

## Growing Exposure to Major Markets

- Focused on high growth urban and suburban markets with development opportunities, while disposing of lower growth and/or non-core assets.
- Growing exposure to higher growth central and western regions.



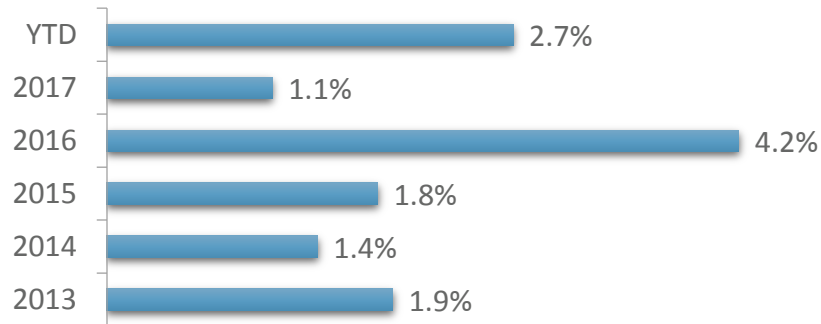
## Growing Western Exposure



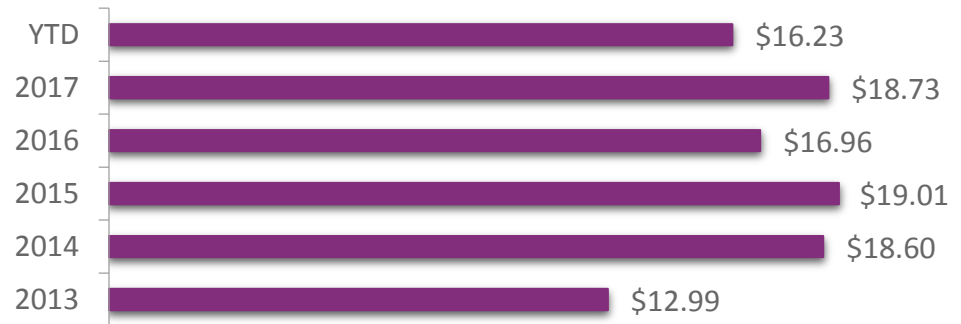
# Leasing and Value Creation

## Built in Organic Growth

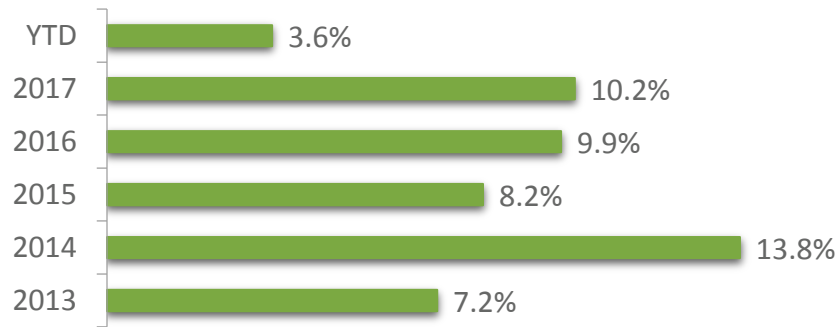
### Same Asset NOI Growth



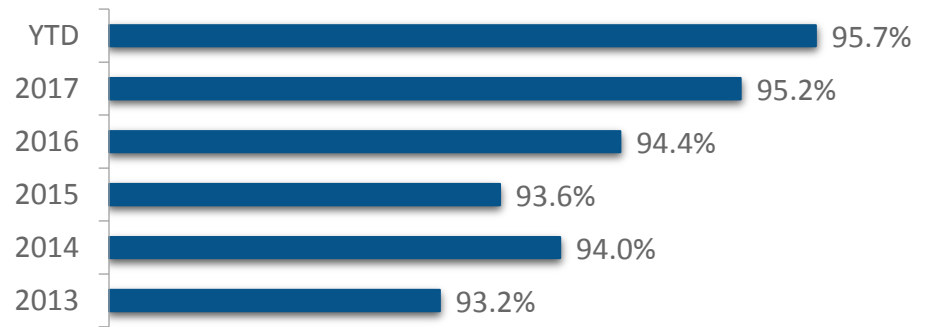
### Current Year Renewal Rates



### Renewal Leasing Spreads



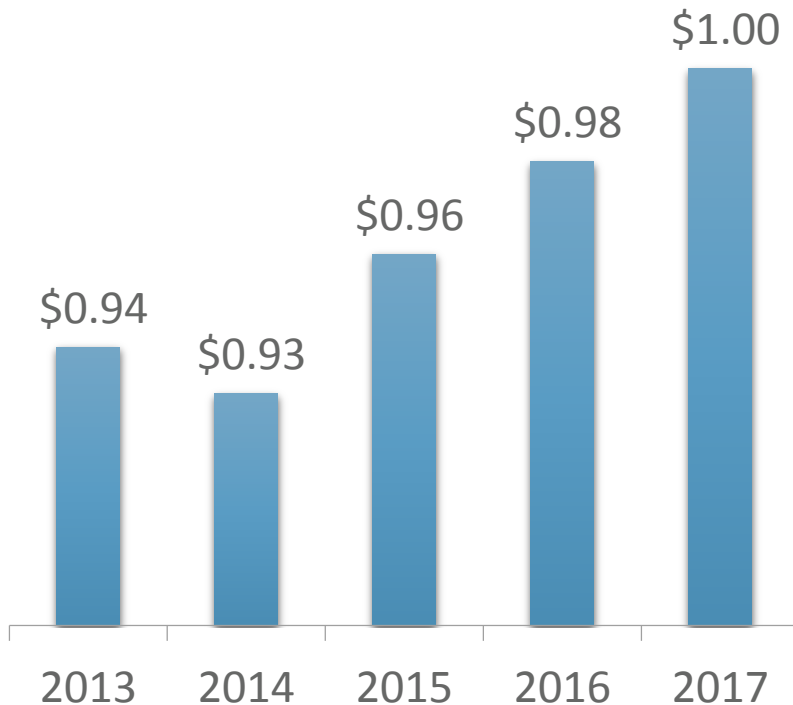
### Committed Occupancy



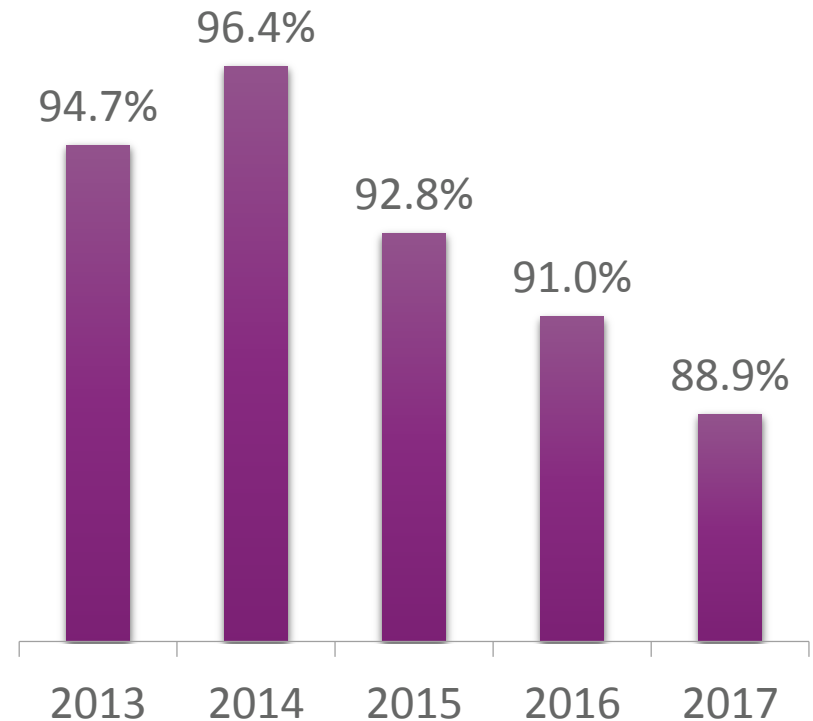
# Consistent Historical AFFO Growth

## Improving AFFO Payout Ratio

**AFFO/Unit, diluted**



**AFFO Payout Ratio**





# Tenant Mix

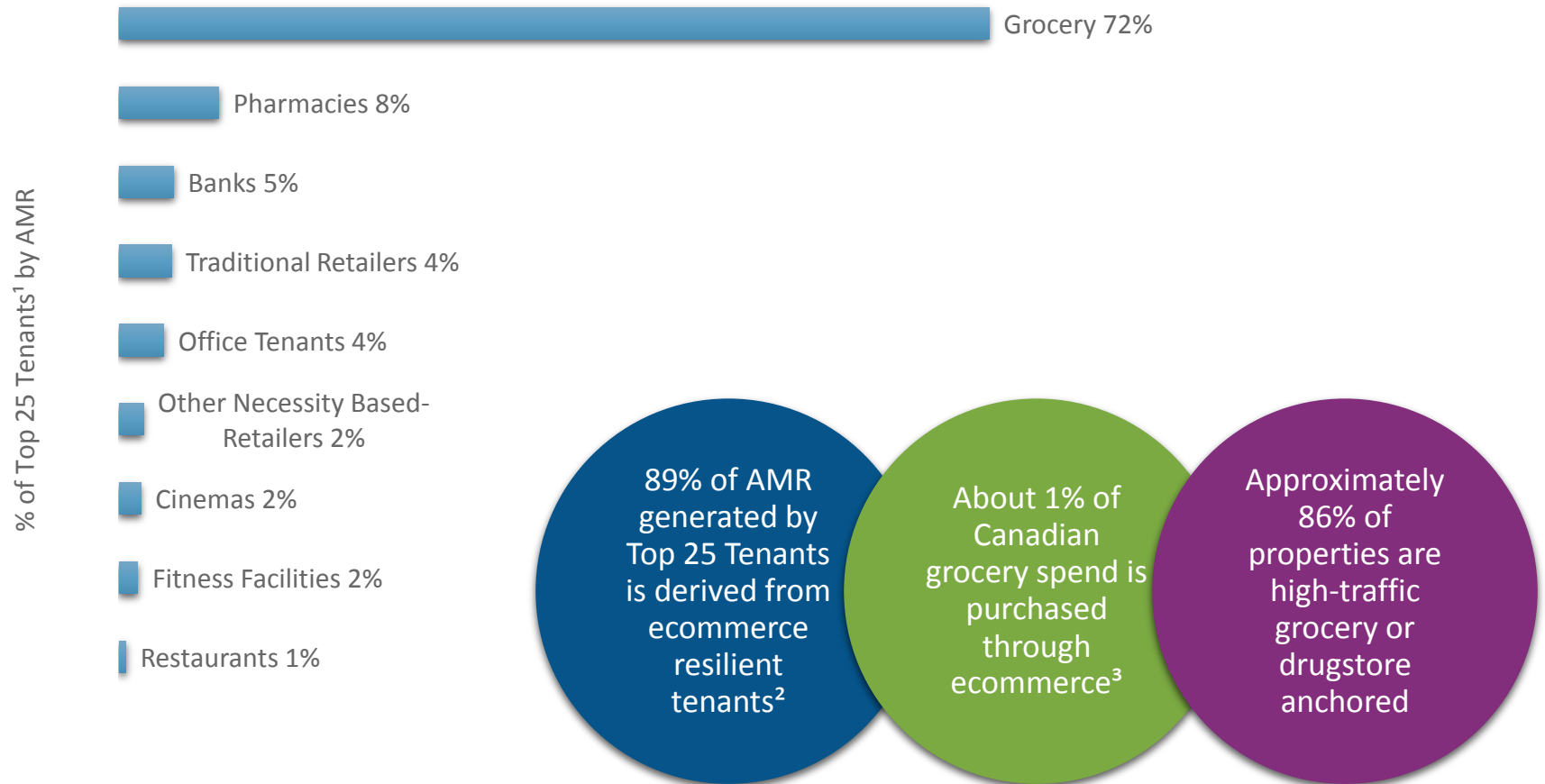
## Strong Retailer Relations Driving Growth

Tenant	% of AMR	Avg Remaining Lease Term (yrs)	DBRS Rating
Sobeys	53.9%	14	BB (high)
Shoppers Drug Mart	5.2%	10	BBB
Cineplex	1.4%	10	
GoodLife Fitness	1.2%	10	
Province of Nova Scotia	1.2%	1	A (high)
CIBC	1.1%	13	AA
Dollarama	1.1%	7	BBB
Lawtons/ Sobeys Pharmacy	1.0%	9	BB (high)
Bank of Montreal	1.0%	9	AA
Bank of Nova Scotia	0.8%	4	AA



# The Evolution of Retail in Real Estate

## Ecommerce Resilient Portfolio



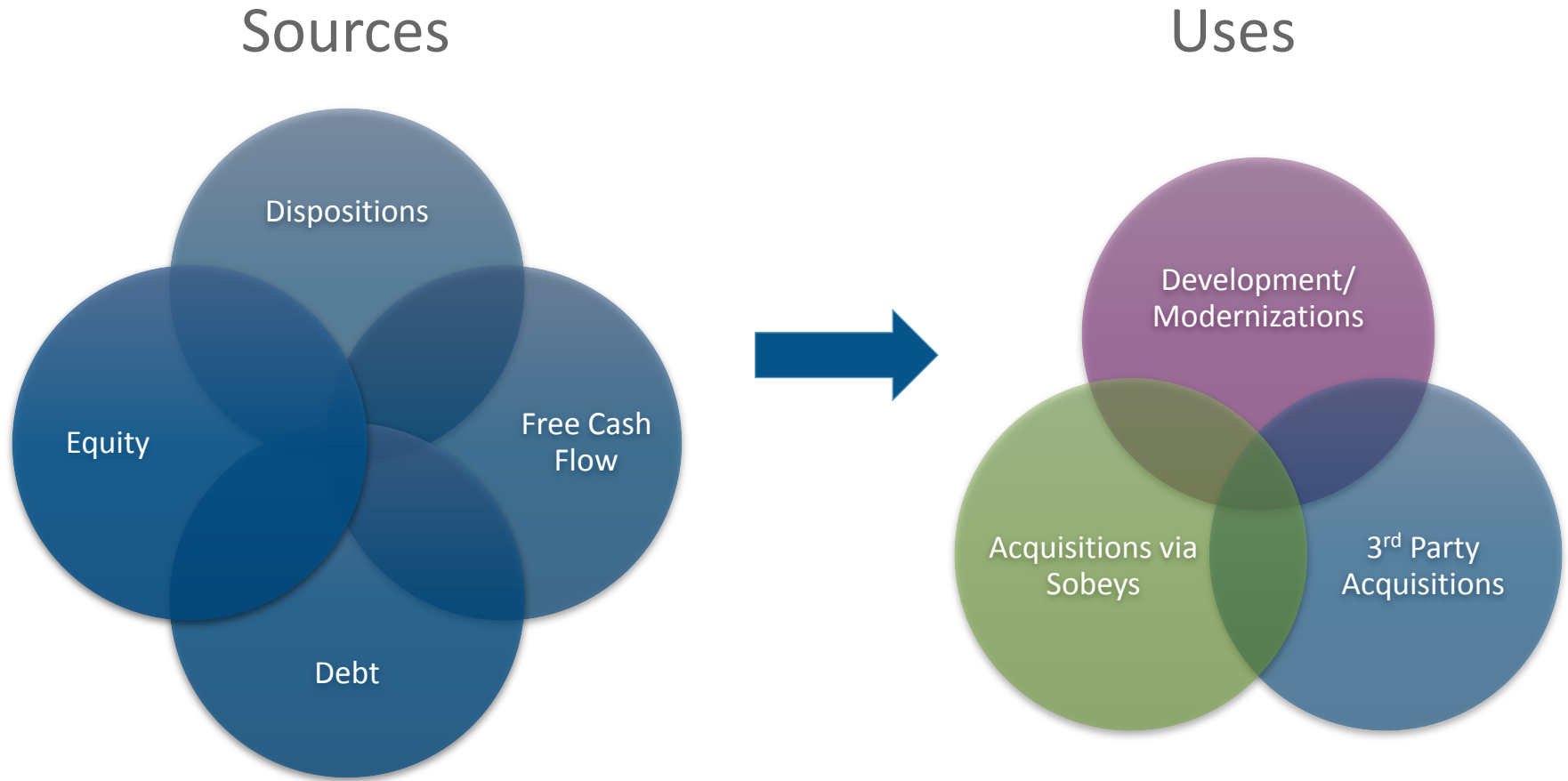
# Improving Portfolio Quality

Davie Street,  
Vancouver, British Columbia

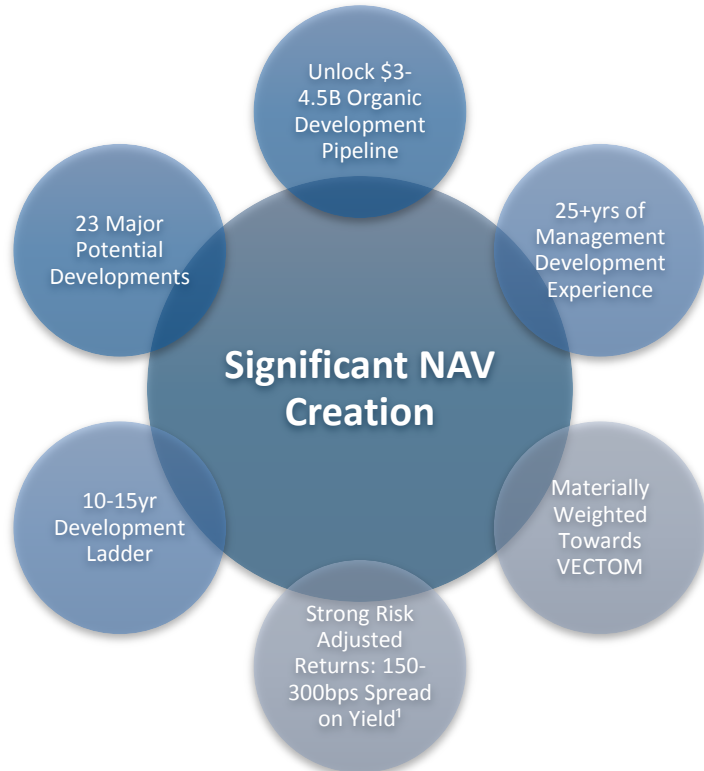


# Smart Capital Allocation: Highest & Best Use

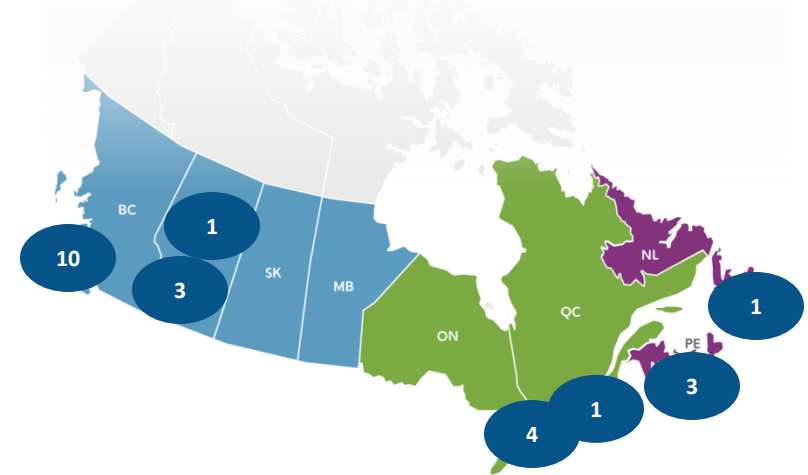
## Prioritize Growth in NAV & AFFO/Unit



# Building a Better REIT Into the Next Decade & Beyond

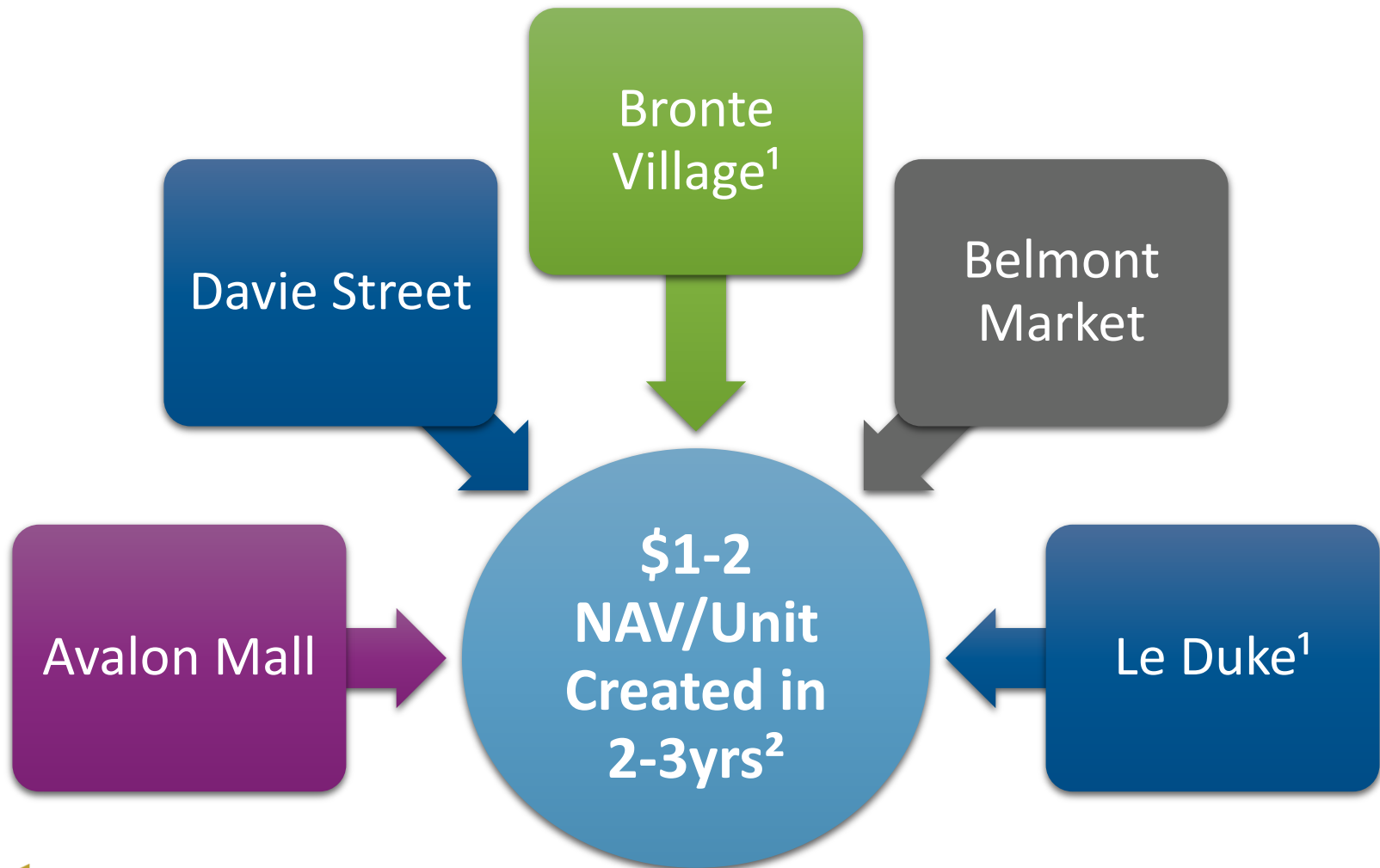


## National Portfolio with Extraordinary Development Opportunities Focused on VECTOM



# Material NAV Creation

## \$450M in First 5 Major Developments



# Active Major Development Pipeline

## Value Creation in Action

Bronte & Le  
Duke to be  
reflected in  
Q2'18

\$313M<sup>1</sup> under Active  
Development

Estimated Yield on  
Cost 5.3-6.3%

First Delivery  
Expected Q4'18

#	Property	Location	Commercial GLA	Residential GLA	Estimated Completion Date	Estimated Annual NOI <sup>1</sup>	Estimated Total Cost <sup>1</sup>	Estimated Yield on Cost <sup>1</sup>
1	Davie Street	Vancouver, BC	53,000	253,000	Q2 2020	\$5.7-6.2	\$103.7	5.5-6.0%
2	Belmont Market	Victoria, BC	160,000	-	Q4 2018 <sup>2</sup>	\$5.1-5.8	\$93.0	5.5-6.3%
3	Avalon Mall – Phase I	St. John's, NL	-	-	Q4 2019	-	\$54.5	-
4	Avalon Mall Phase – II	St. John's, NL	587,000	-	Q2 2020	\$5.3-6.9	\$53.0	10.0-13.0%
5	Penhorn Lands – Phase I	Halifax, NS	42,000	-	Q4 2018	\$0.6-0.7	\$8.7	6.8-7.8%
Total			842,000	253,000		\$16.7-19.6	\$312.9	5.3-6.3%



# Davie Street, Vancouver, BC

## Potential to Create Upwards of \$100M<sup>1</sup> in Value

### Overview

The development will include a 44,000 sqft grocery store with 9,000 sqft of ancillary retail and 253,000 sqft, or up to 330 rental residential units. The existing structure has been demolished and excavation will be complete in May 2018.

Expected Completion	Q2 2020
Expected Development Cost	\$104M <sup>1</sup>
Expected Yield on Cost	5.50-6.00%
Current Market Cap Rates <sup>2</sup>	Residential 2.75-3.00% Retail 4.00-5.00%
Projected Annual Residential Rental Rate Growth	2.00-3.00%
Potential Value Creation	Upwards of \$100M <sup>1</sup>



**SIGNIFICANT  
NAV CREATION,  
NOI AND CASH  
FLOW GROWTH**



# Belmont Market, Victoria, BC

## Upgrading by Developing A+ Real Estate

Crombie is  
developer

### Overview

This project is being 100% developed by Crombie, as a 160,000 vibrant open air centre. Leasing for phase I has been very strong with 96% preleased. On-site construction is well underway, with the new municipal road now open. We recently sold approximately 6 acres of land to Leducor Developments where they plan to build market condos and 437 units of low rise residential rental.

Expected Completion <sup>1</sup>	Q4 2018
Expected Development Cost	\$93M
Expected Yield on Cost	5.5-6.3%
Current Market Cap Rate <sup>2</sup>	4.75-5.25%
Potential Value Creation	\$18M

Elevating  
Portfolio  
Quality





# Avalon Mall, St. John's, NL

## Dominant Enclosed Shopping Centre



### Overview

Avalon Mall's redevelopment plan, where Crombie is the developer, is progressing as planned with phase II kicking off in March with the partial demolition of the former Sears space where we're building new CRU, a new mall expansion, and creating an additional pad site. We're in negotiations with numerous international and national first-to-market tenants.

	Phase I	Phase II
Expected Completion	Q4 2019	Q2 2020
Expected Development Cost	\$54.5M	\$53.0M
Expected Yield on Cost		10-13%
Current Market Cap Rate <sup>1</sup>		~6.0%
Potential Value Creation		\$50-60M



Crombie is developer



# Le Duke, Montreal, QC

## Placemaking along the Bonaventure Greenway

### Overview

Le Duke is adjacent to the new Bonaventure Greenway in Old Montreal, and is being built as a 25 storey mixed use tower with 390 residential rental units above a 25,000 sqft urban format IGA. The 50% JV structure will incorporate the existing heritage building integrating the two story façade, maintaining the current character and streetscape. Excavation is underway.

Expected Completion	2020
Expected Development Cost <sup>1</sup>	\$63.5M



Expanded  
development  
pipeline to 5<sup>th</sup>  
VECTOM  
market



# Potential Major Development Pipeline

## Value Creation Opportunities for Years to Come

65%<sup>1</sup> of Potential  
Major Development  
Pipeline located in  
VECTOM

51 Acres in Toronto,  
Vancouver,  
Edmonton & Calgary

\$2.5-4B Pipeline

#	Property	Location	Site Size (acres)	Status
1	Bronte Village <sup>2</sup>	Oakville, ON	6	Development Planning
2	Broadway & Commercial	Vancouver, BC	2	Pre-planning
3	Lynn Valley	North Vancouver, BC	3	Pre-planning
4	Mission	Calgary, AB	2	Pre-planning
5	Royal Oak	Burnaby, BC	3	Pre-planning
6	East Hastings	Burnaby, BC	3	TBD
7	King George Blvd	Surrey, BC	5	TBD
8	West Broadway	Vancouver, BC	2	TBD
9	Kingsway	Vancouver, BC	4	TBD
10	King Edward	Vancouver, BC	2	TBD

#	Property	Location	Site Size (acres)	Status
11	813 11 Avenue SW	Calgary, AB	3	TBD
12	410 10 Street NW	Calgary, AB	2	TBD
13	10930 82 Avenue	Edmonton, AB	2	TBD
14	Brampton Mall	Brampton, ON	9	TBD
15	Centennial Parkway	Hamilton, ON	3	TBD
16	McCowan & Ellesmere	Toronto, ON	5	TBD
17	Triangle Lands	Halifax, NS	1	TBD
18	Scotia Square	Halifax, NS	14	TBD
	Avalon Mall-Phase III <sup>3</sup>	St. John's, NL	51	Pre-planning
	Penhorn Lands-Phase II <sup>4</sup>	Dartmouth, NS	26	Pre-planning
<b>Total</b>			<b>148</b>	



# Bronte Village, Oakville, ON

## Building Community in Major Urban Centres

### Overview

Bronte Village presents a special luxury rental opportunity in a vibrant, unique and highly sought after community, surrounded by lakefront parks, running and walking trails, shopping, grocery stores, restaurants and cafes. This 50% JV development will include 480 units of refined rental living, a 30,000 sqft Sobeys, and complimentary ancillary space.

Expected Completion	2020
Expected Development Cost <sup>1</sup>	\$138.6M



# McCowan & Ellesmere, Toronto, ON

## Future Major Transit Hub

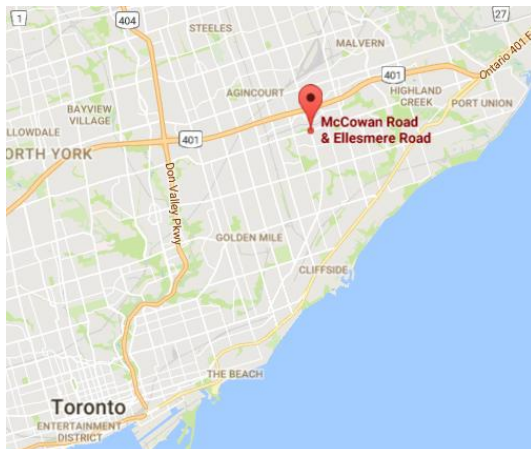
### Overview

A future major mixed use, transit oriented development site in Toronto, Ontario, acquired from a 3rd party. Together, Sobeys and Crombie are uniquely positioned to unlock the development value embedded in this site.

Subway  
Line  
Extension



Key  
Redevelopment  
Site for the City



TTC





# Building Financial Strength

Belmont, Victoria, British Columbia



# Strong Financial Condition

## Investment Grade, with Improving Debt Metrics

8.6x Debt to EBITDA

2.88x Interest Service Coverage

1.85x Debt Service Coverage

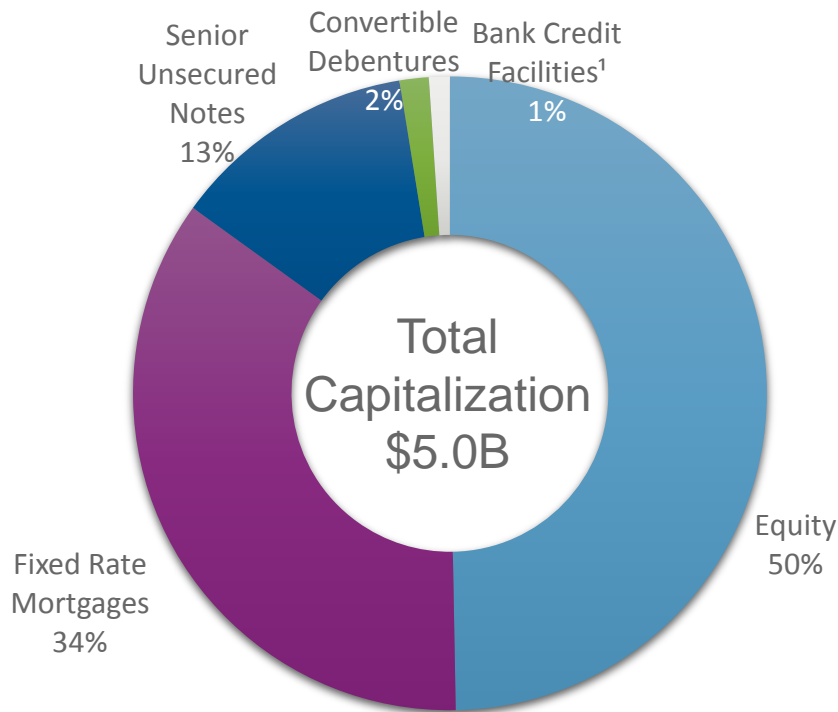
BBB Low Stable by DBRS

430M<sup>1</sup> Bank Credit Capacity

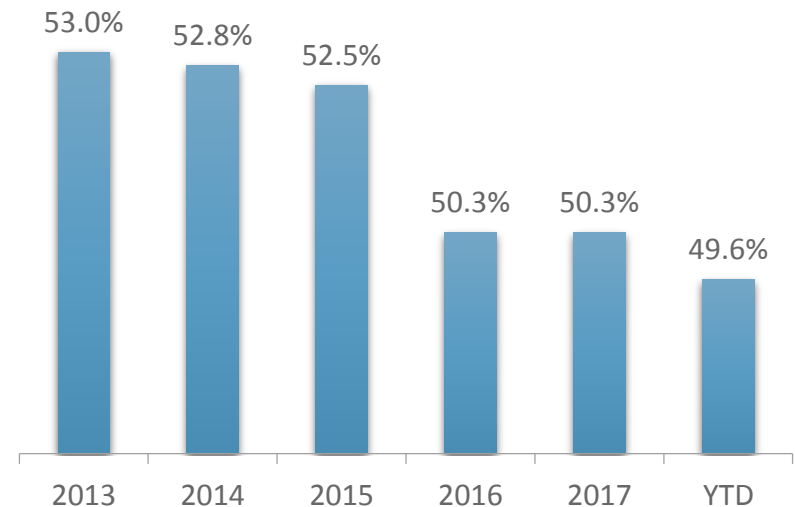
\$1B Unencumbered Assets

4.20% WAIR<sup>2</sup>

4.5yrs WATM<sup>3</sup>

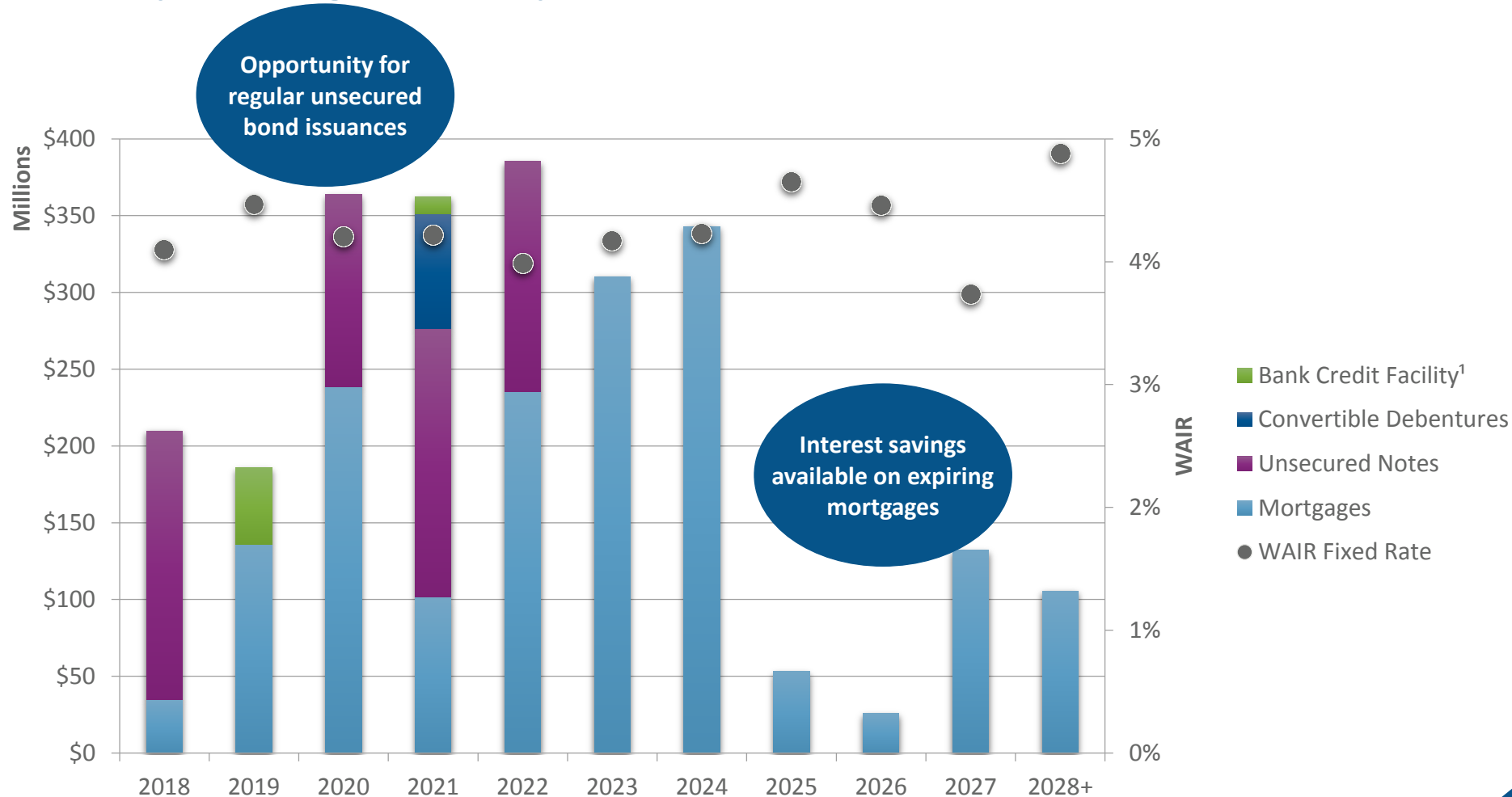


**D/GBV - FV<sup>4</sup>**



# Well-Laddered Debt Maturity Profile

## Improving the Capital Stack with Unsecured Notes



# Culture and High Grading Talent

Canmore, Alberta



# Strong Leadership with Deep Bench Nationwide Talent



**DON CLOW**

President & CEO

Years of Experience:

Crombie REIT 8 | Industry 28+



**GLENN HYNES**

EVP, CFO & Secretary

Years of Experience:

Crombie REIT 7 | Industry 25+



**CHERYL FRASER**

CTO, VP Communications

Years of Experience:

Crombie REIT 5 | Industry 20+



**TORAN EGGERT**

EVP, Portfolio Management

Years of Experience:

Crombie REIT 1 | Industry 25+

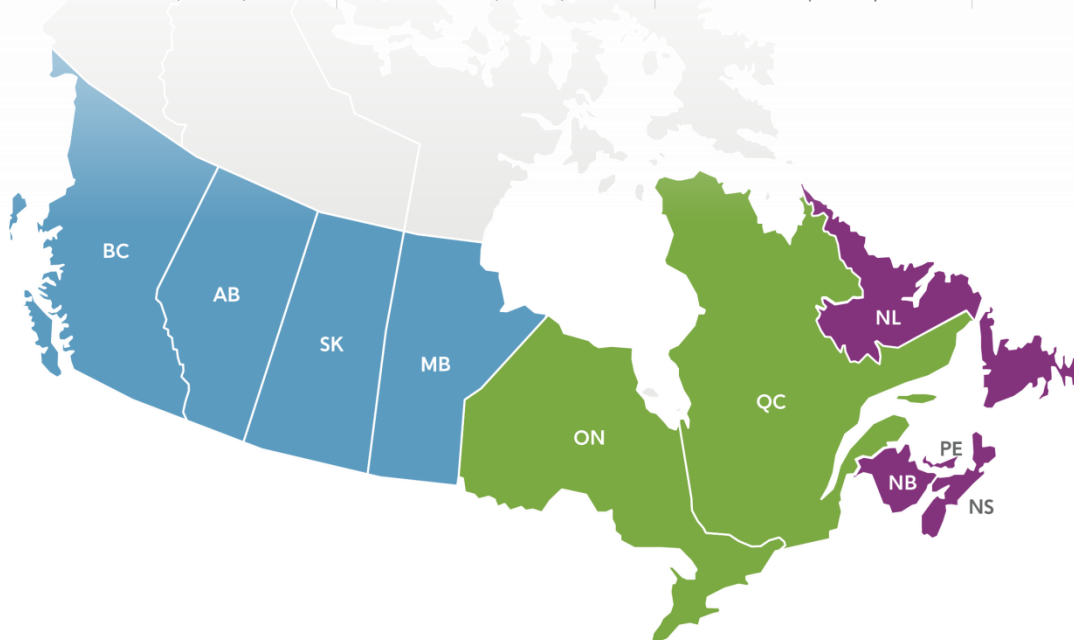


**JOHN BARNOSKI**

Senior Vice President, Corporate Development

Years of Experience:

Crombie REIT 2 | Industry 20+



**WEST**



**TREVOR LEE**

Senior Vice President,  
Western Canada

Years of Experience:

Crombie REIT 3 | Industry 15+

**CENTRAL  
EAST**



**SCOTT MACLEAN**

Senior Vice President,  
Eastern Canada

Years of Experience:

Crombie REIT 25 | Industry 35+

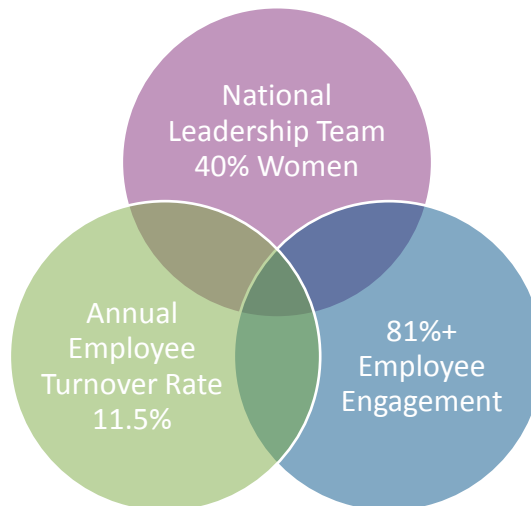


# Culture & High Grading Talent

## Continuing to Build the Crombie of Tomorrow

“We continue to take a best-in-class approach to everything we own, operate and develop across the country, including our highly qualified team of real estate professionals. Our Talent decisions are built for the long term - driving business growth, and increasing available bench strength at all levels.”

– Cheryl Fraser CTO, VP Communications



# Environmental Sustainability Commitment

## Social, Environmental & Economic

Crombie's core values include a commitment to adopt environmental sustainability principals in our business practices by integrating environmental considerations in our decision-making processes and striving to ensure we conduct our activities in accordance with these principals.

We believe that everyone has a responsibility to do his/her part to help protect and sustain our environment. We encourage our employees, customers and suppliers to make the "reduce, reuse, recycle" principle part of their lifestyle, at work and at home.





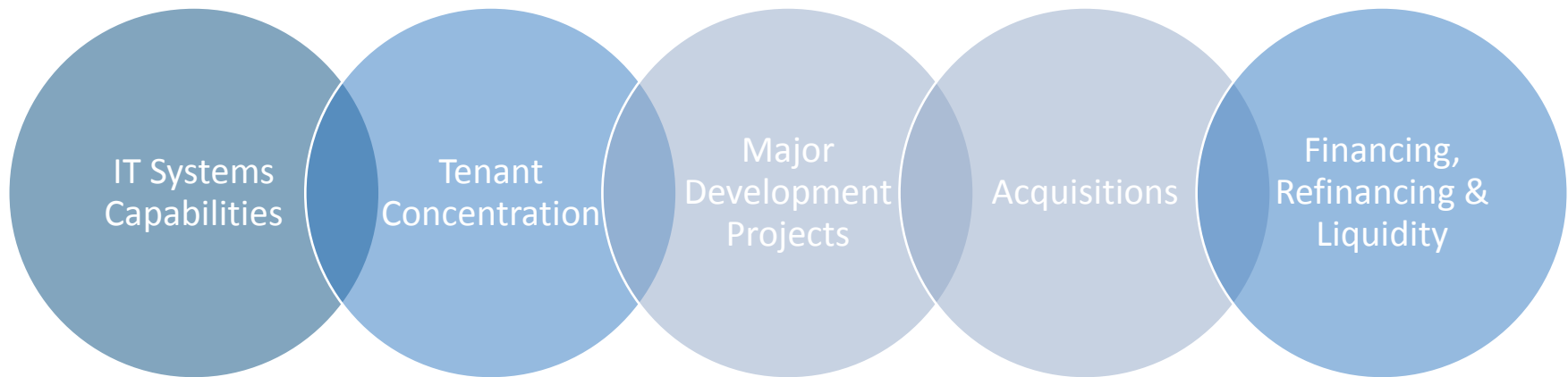
# Risk Management

Bronte Village, Oakville, ON



# Risk Management

## Continuously Monitoring Potential Risks, & Executing Minimization & Mitigation Plans





# Thank You

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