



Crombie  
REIT

Unlocking Value  
Investor Presentation  
August 2019



### **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, expected development returns, acquisitions and the expected impact of Sobeys/Empire technology changes, 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 2018 Annual Information Form, 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-GAAP Measures**

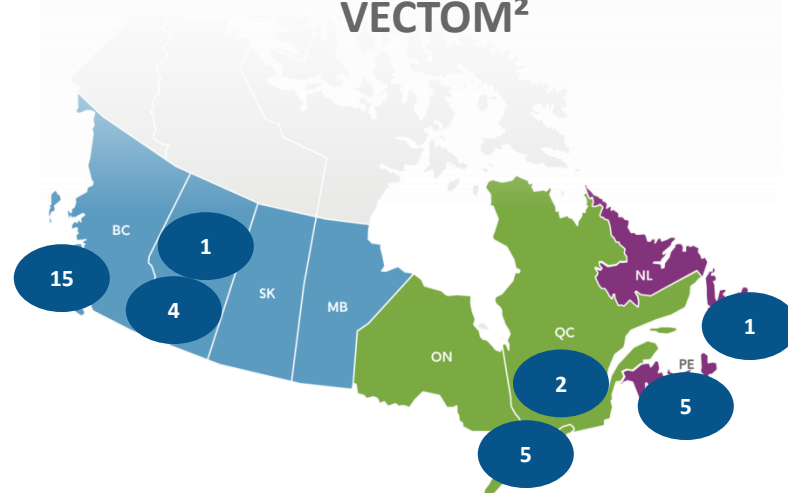
*Certain terms used in this presentation, such as AFFO, FFO, NAV, SANOI, NOI, EBITDA and yield on cost are not measures defined under Generally Accepted Accounting Principals ("GAAP") and do not have standardized meanings prescribed by GAAP. AFFO, FFO, NAV, SANOI, NOI, EBITDA and yield on cost should not be construed as an alternative to net earnings or cash flow from operating activities as determined by GAAP. AFFO, FFO, NAV, SANOI, NOI, EBITDA and yield on cost as presented, may not be comparable to similar measures presented by other issuers. Crombie believes that AFFO, FFO, NAV, SANOI, NOI, EBITDA and yield on cost 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 GAAP are provided in the Management Discussion and Analysis of Crombie for the most recently completed reporting period.*

# Crombie REIT

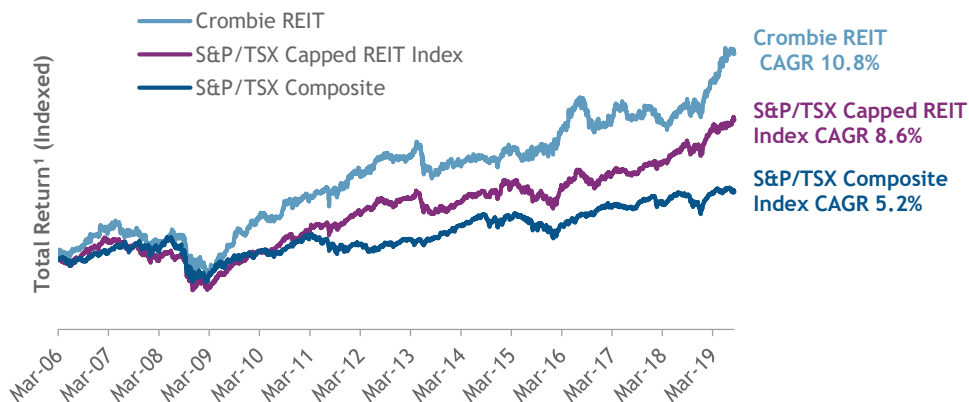
## Who are we?

- 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

## National Portfolio with Extraordinary Development Opportunities Focused on VECTOM<sup>2</sup>



## Crombie Outperforms the Sector



## Quick Facts

|  |                            |
|--|----------------------------|
| Number of Properties                     | 284                        |
| Gross Leasable Area                      | 17,746,000                 |
| Committed Occupancy                      | 95.9%                      |
| Average Rent/sf at Expiry                | \$18.49                    |
| YTD Renewal Leasing Spreads <sup>3</sup> | 2.1%                       |
| YTD Renewal Square Feet <sup>3</sup>     | 299,000, 1.7% of portfolio |

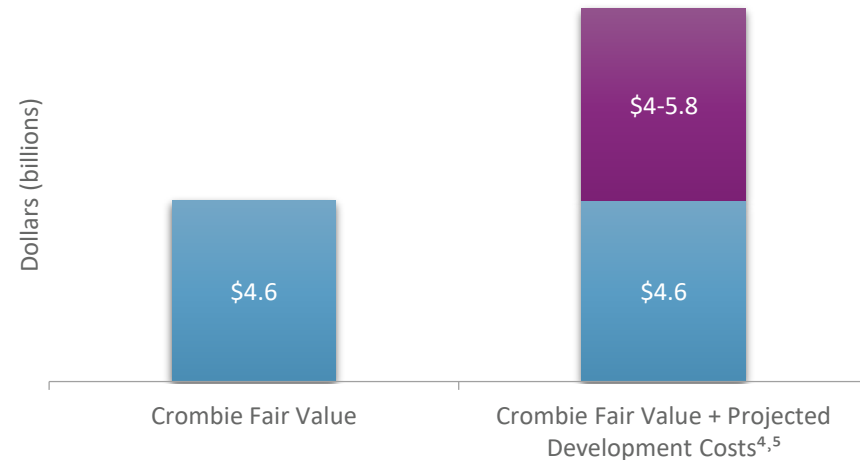
# Why Invest in Crombie?

## Investment Thesis

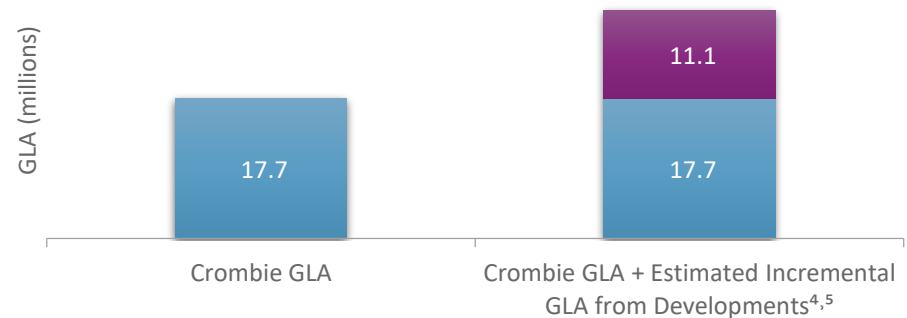
Current  
Discount  
to NAV  
(5.5%)<sup>3</sup>

- Stable, high quality everyday-needs-anchored portfolio, resulting in strong, stable cash flow growth
- Strong fundamentals driving 95.9% occupancy
- Materially accretive VECTOM focused development pipeline
  - First 6 Active Developments expected to create \$1-2/unit in NAV within 1-2 years<sup>1</sup>**
  - Disclosed IFRS Fair Value excludes 100% of NAV potential**
- Units current yielding approximately 5.8%<sup>2</sup>
- Development expertise with 5-30yrs experience per individual on 21 person team
- Current IFRS cap rate and current trading price do not reflect future growth opportunities

### Development Pipeline Creates Accretive Growth Opportunities



### Material Square Footage Growth



<sup>1</sup>Avalon Phase I excluded and assumes NAV creation equals difference between Crombie's current estimated stabilized value based on current market cap rates and estimated development cost. Please see the Risk Management section in our MD&A for risks. <sup>2</sup>Based on unit price of \$15.37 as of August 23, 2019 <sup>3</sup>Analyst consensus NAV <sup>4</sup>Estimated time to completion of 10-15 years <sup>5</sup>Assumes all development projects per MD&A are completed at 100% Crombie interest and no additional acquisitions or dispositions

# Crombie's Vision – Strategic Pillars

## Supported and Enabled by Strong Risk Management



### IMPROVING PORTFOLIO QUALITY

Through smart capital allocation, we 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 TALENT

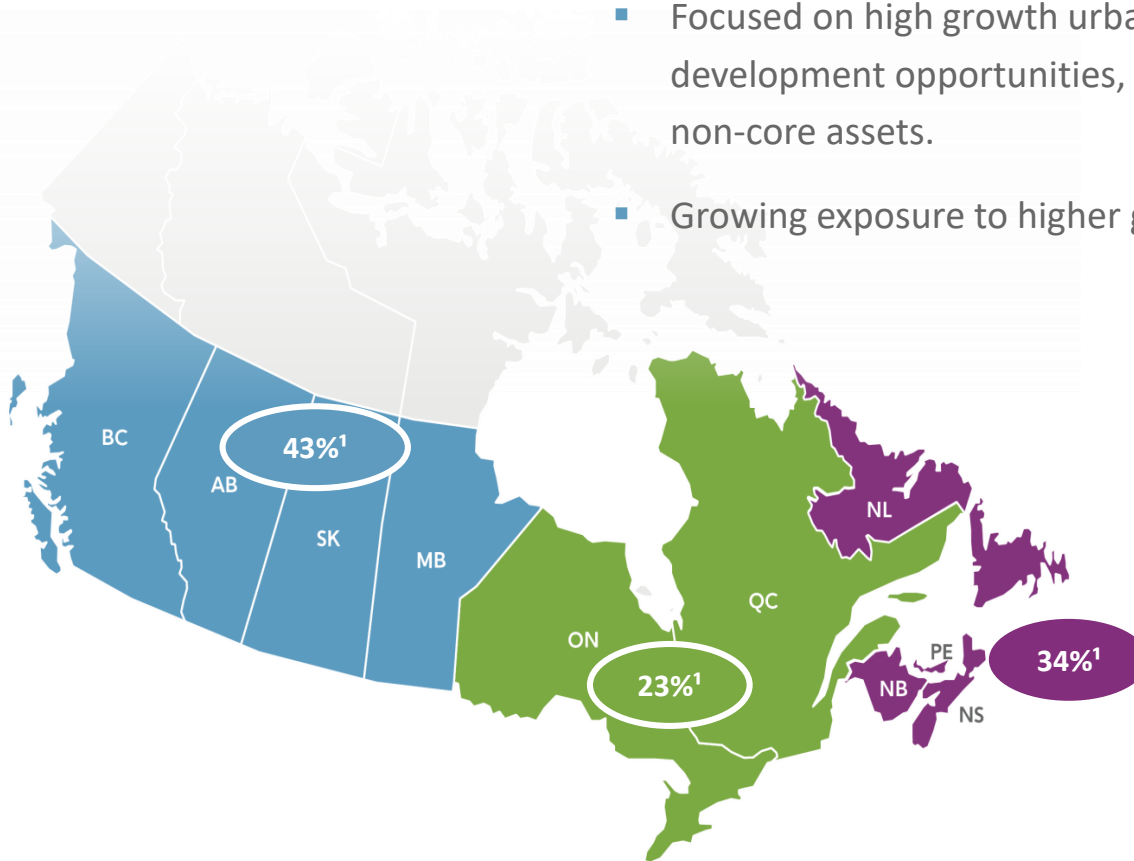
Recruiting and refocusing existing high-potential talent for tomorrow's success.

DRIVING UNITHOLDER VALUE

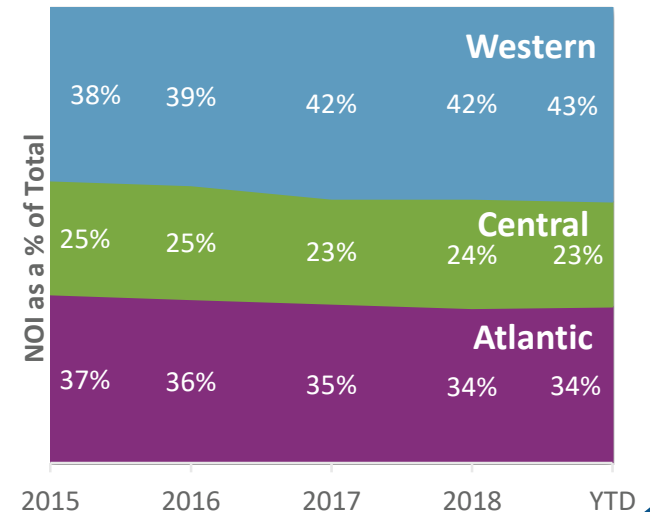
# Nationwide Portfolio

## 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.



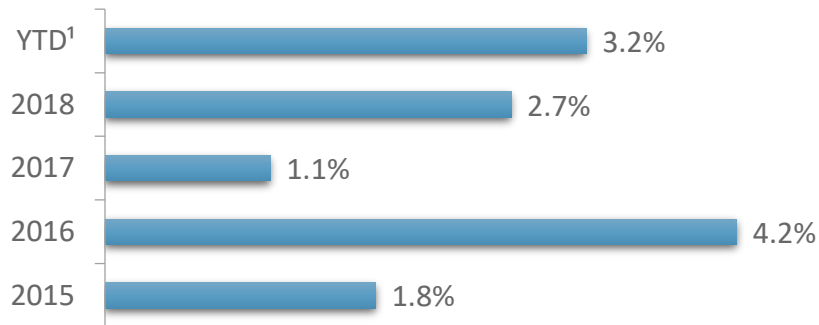
### Growing Western Exposure



# Leasing & Value Creation

## Built in Organic Growth

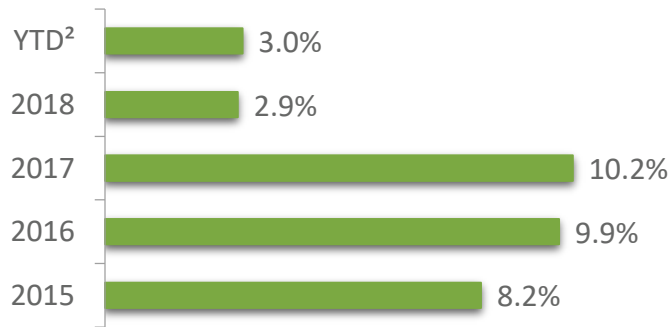
Same Asset NOI Growth



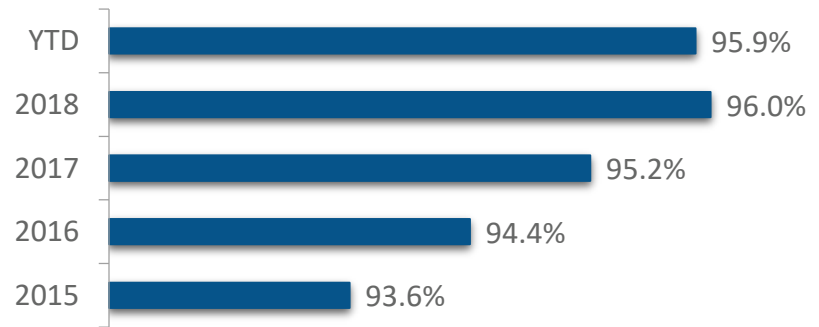
Current Year Renewal Rates



Current Year Renewal Leasing Spreads

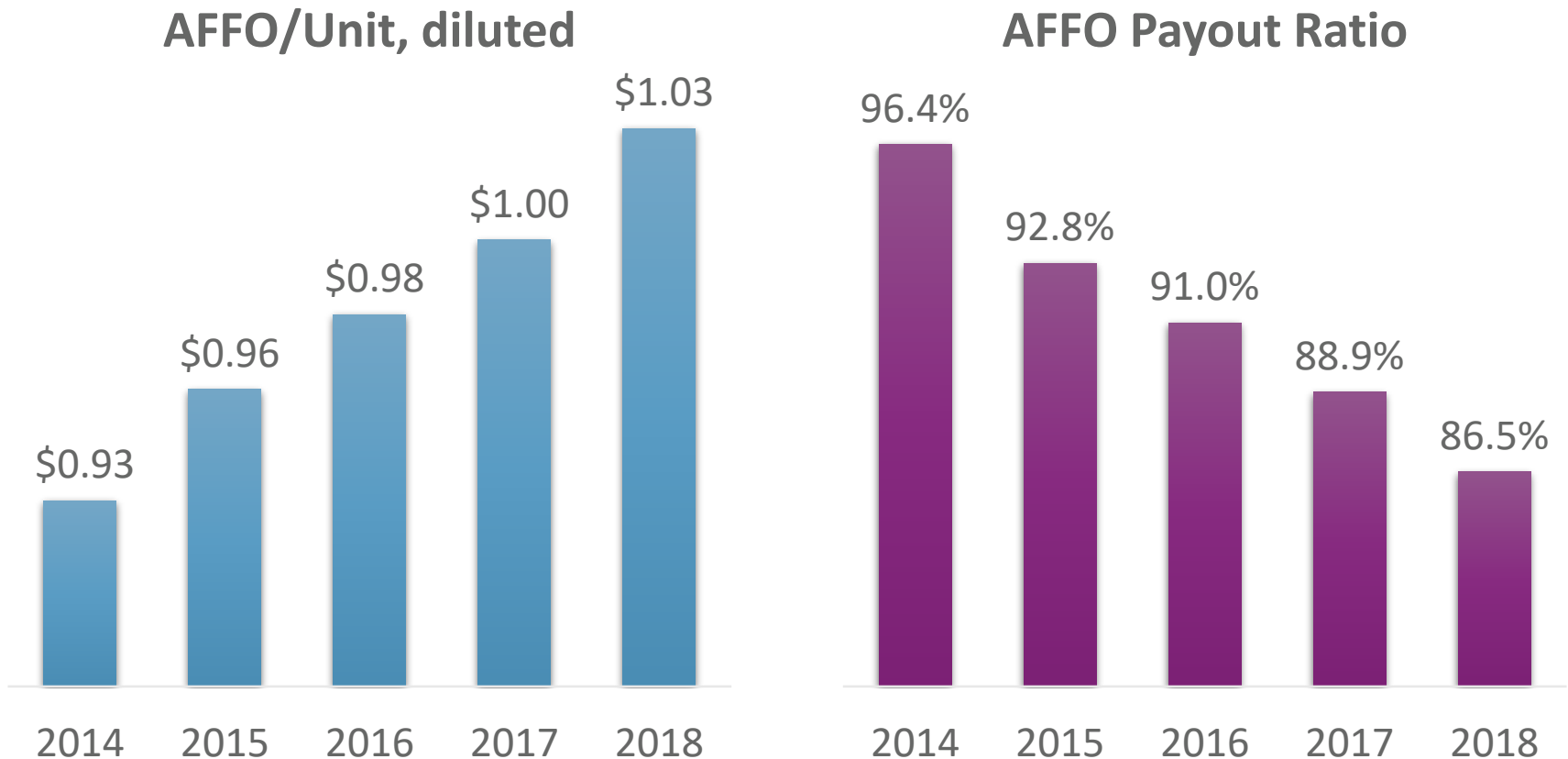


Committed Occupancy



# Consistent Historical AFFO Growth

## Improving AFFO Payout Ratio





# Tenant Mix

## Strong Retailer Relations Driving Growth

| Tenant                  | % of AMR | Avg Remaining Lease Term (yrs) | DBRS Rating |
|-------------------------|----------|--------------------------------|-------------|
| Sobeys <sup>1</sup>     | 55.4%    | 13                             | BBB (low)   |
| Shoppers Drug Mart      | 4.2%     | 9                              | BBB         |
| Province of Nova Scotia | 1.5%     | 8                              | A (high)    |
| Dollarama               | 1.3%     | 6                              | BBB         |
| Government of Canada    | 1.2%     | 4                              | AAA         |
| CIBC                    | 1.2%     | 12                             | AA          |
| Bank of Nova Scotia     | 1.1%     | 3                              | AA          |
| Cineplex                | 1.1%     | 10                             |             |
| GoodLife Fitness        | 1.1%     | 9                              |             |
| Bank of Montreal        | 1.0%     | 8                              | AA          |



# Empire/Sobeys

## Aggressively Building, Adapting & Growing

Expanding FreshCo to the West

Investing in Bricks-and-Mortar

Leading Edge Omnichannel Technology

- Game-changing Ocado-driven e-commerce business
- Expected to expand presence in under-penetrated GTA<sup>1</sup>

Farm Boy Acquisition

- Benefits from Sobeys infrastructure and capabilities, such as real estate, sourcing and logistics
- Most insulated Canadian food retailer from e-commerce disruption due to focus on fresh, private label and prepared foods
- Growth vehicle in urban and suburban markets in under-penetrated GTA

\$886 million in Operating Cash Flow over TTM<sup>2</sup>

# Improving Portfolio Quality

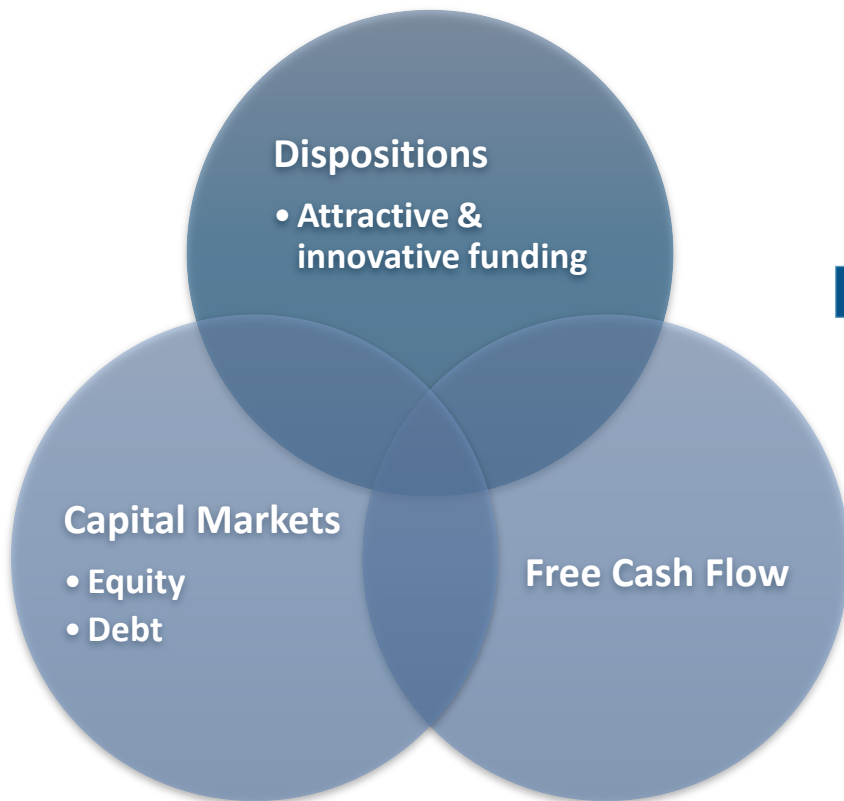
Davie Street,  
Vancouver, British Columbia



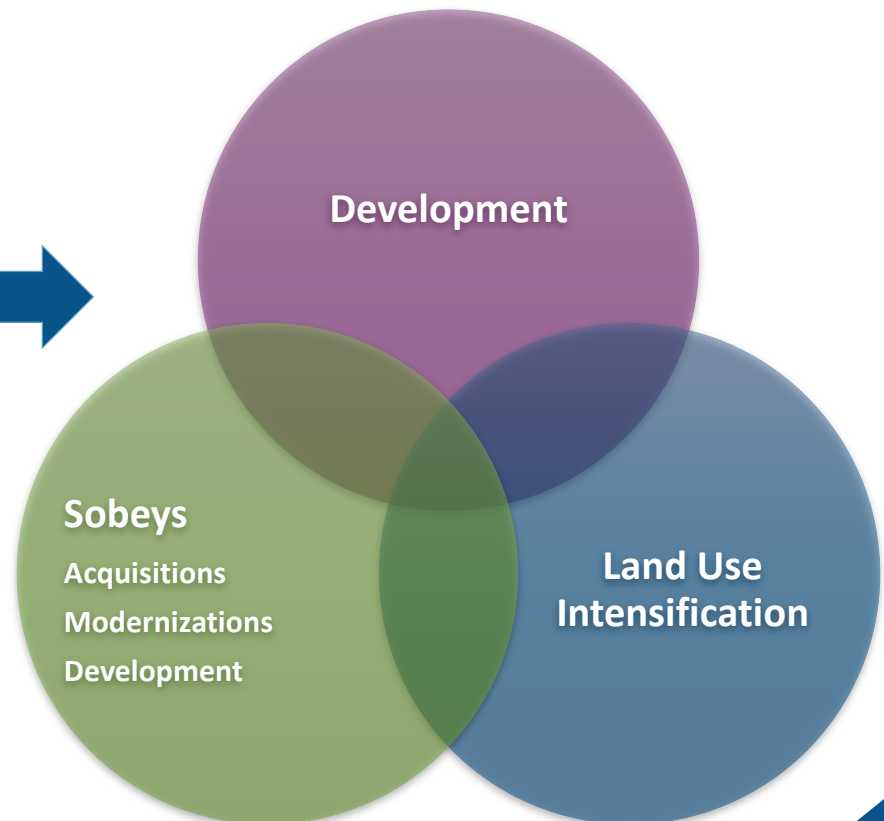
# Smart Capital Allocation: Highest & Best Use

## Prioritize Growth in NAV & AFFO/Unit

### Sources of Capital

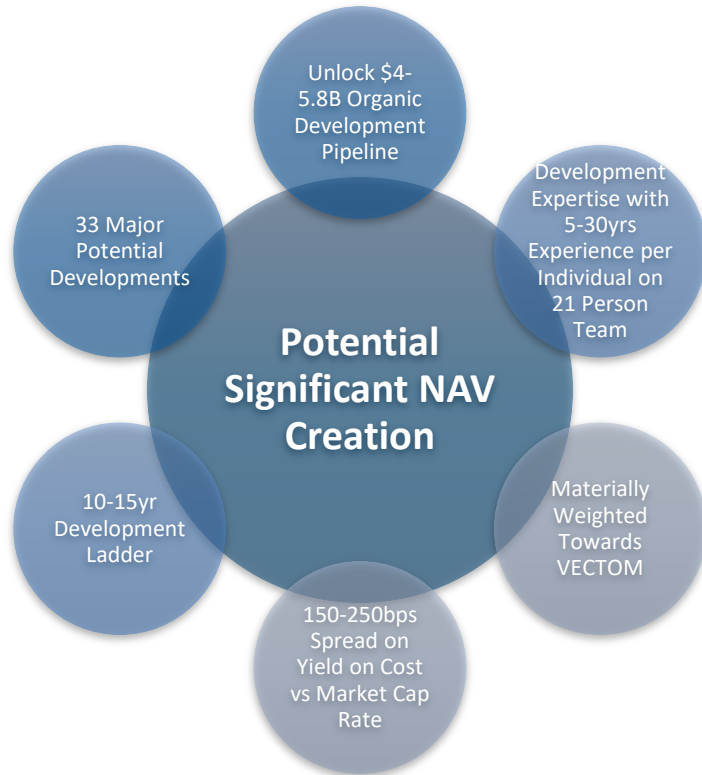


### Capital Deployment

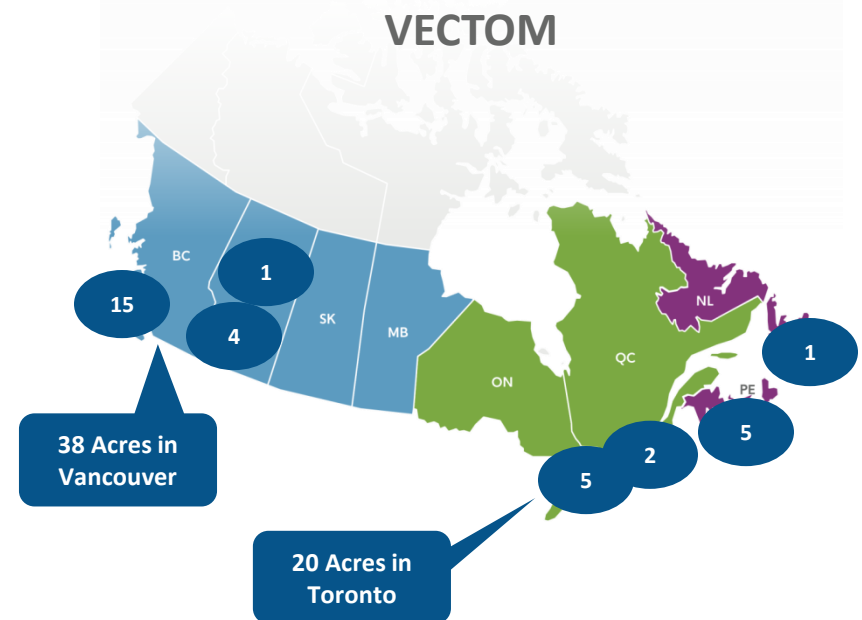




# Unlocking Value Into the Next Decade & Beyond

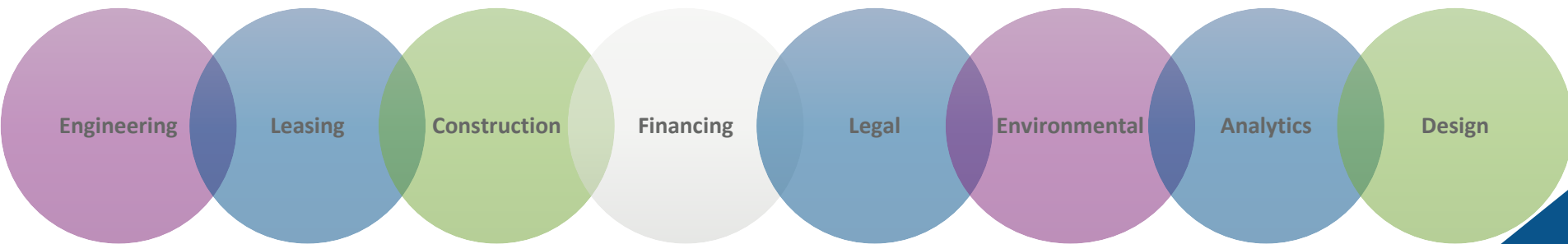


## National Portfolio with Extraordinary Development Opportunities Focused on VECTOM



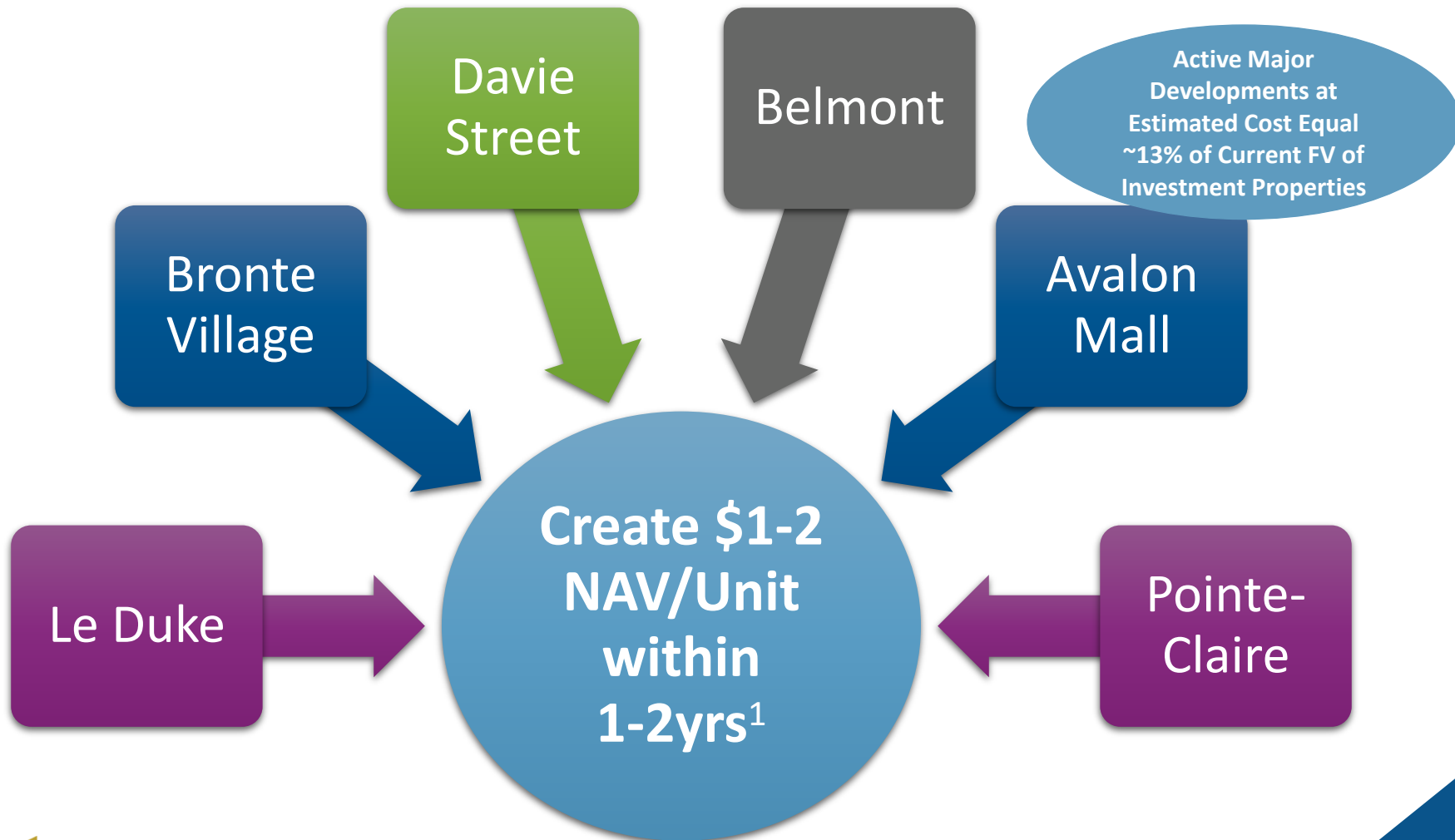
# Development Team

## In-House Expertise



# Material NAV Creation

## \$610M Investment in First 6 Major Developments



# Active Major Development Pipeline

## Value Creation in Action

**\$610M<sup>2</sup> under Active Development**

**Estimated Yield on Cost 5.4-5.9%**

**Structural completion at Davie Street in August 2019**

| #            | Property                    | Phase    | Location       | Commercial GLA | Residential GLA | Estimated Completion Date | Estimated Annual NOI <sup>2</sup> | Estimated Total Cost <sup>2</sup> | Estimated Yield on Cost <sup>2</sup> |
|--------------|-----------------------------|----------|----------------|----------------|-----------------|---------------------------|-----------------------------------|-----------------------------------|--------------------------------------|
| 1            | Avalon Mall                 | Phase I  | St. John's, NL | -              | -               | Q3 2019                   | -                                 | \$54.5                            | -                                    |
|              |                             | Phase II | St. John's, NL | 165,000        | -               | Q2 2020                   | \$5.8-6.4                         | \$57.8                            | 10.0-11.0%                           |
| 2            | Davie Street <sup>1</sup>   |          | Vancouver, BC  | 53,000         | 253,000         | Q1 & Q3 2020              | \$5.8-6.3                         | \$104.8                           | 5.5-6.0%                             |
| 3            | Belmont Market <sup>1</sup> |          | Langford, BC   | 160,000        | -               | Q4 2020                   | \$5.1-5.8                         | \$93.0                            | 5.5-6.3%                             |
| 4            | Le Duke <sup>1</sup>        |          | Montreal, QC   | 26,000         | 251,000         | Q1 2021                   | \$3.2-3.6                         | \$61.8                            | 5.2-5.8%                             |
| 5            | Bronte Village <sup>1</sup> |          | Oakville, ON   | 48,000         | 472,000         | Q3 2021                   | \$6.9-8.3                         | \$138.6                           | 5.0-6.0%                             |
| 6            | Pointe-Claire               |          | Montreal, QC   | 285,000        |                 | 2021                      | \$6.0-6.5                         | \$100.0                           | 6.0-6.5%                             |
| <b>Total</b> |                             |          |                | <b>737,000</b> | <b>976,000</b>  |                           | <b>\$32.8-36.4</b>                | <b>\$610.5</b>                    | <b>5.4-5.9%</b>                      |

Q3 2019

Q1 2020

Q2 2020

Q3 2020

Q4 2020

2021

Q1 2021

Q3 2021

•Avalon Mall Phase I

•Davie Street Retail

•Avalon Mall Phase II

•Davie Street Residential

•Belmont Market

•Pointe-Claire

•Le Duke

•Bronte Village



<sup>1</sup>Anchored by Sobeys/Safeway/Thrifty's/IGA <sup>2</sup>At Crombie's share



# Avalon Mall, St. John's, NL

## Dominant Enclosed Shopping Centre



Certificate of  
Excellence



### Overview

In April 2017 Crombie launched a three year capital investment program to enhance Avalon Mall's position as the dominant retail choice in Newfoundland and Labrador, enabling Avalon Mall to continue to improve tenant mix and increase sales per square foot. Phase I includes a four-level parking structure (complete) and the redesign and realignment of the vehicular access (complete) and phased renovation of the centre's interior common areas, entrances and exterior façade. Phase II involves the demolition and redevelopment of the former Sears space into modern common areas, midbox and CRU.

|                                       | Phase I | Phase II   |
|---------------------------------------|---------|------------|
| Expected Completion                   | Q3 2019 | Q2 2020    |
| Expected Development Cost             | \$54.5M | \$57.8M    |
| Expected Yield on Cost                |         | 10.0-11.0% |
| Current Market Cap Rate               |         | ~6.0%      |
| Potential Value Creation <sup>1</sup> |         | \$40-50M   |

**Crombie is  
developer**



**Over 53k sf executed  
with H&M, Old Navy  
& GAP/Banana  
Republic**



<sup>1</sup>Assumes Potential Value Creation equals difference between Crombie's current estimated stabilized value based on current market cap rates and estimated development cost. Please see the Risk Management section in our MD&A for risks.

# Davie Street, Vancouver, BC

## Potential to Create up to \$100M in Value

### Overview

Davie Street will include a 44,000 sf grocery store with 9,000 sf of ancillary retail and 253,000 sf, or 330 rental residential units. On August 14, we celebrated the structural completion at the Topping Off Ceremony.

|   |   |
|---|---|
| Expected Completion                     | Q1 & Q3 2020                                |
| Expected Development Cost <sup>1</sup>  | \$104.8M                                    |
| Expected Yield on Cost                  | 5.5-6.0%                                    |
| Current Market Cap Rates <sup>2</sup>   | Residential 2.75-3.75%<br>Retail 4.00-5.00% |
| Potential Value Creation <sup>1,3</sup> | Up to \$100M                                |



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



**Residential Market Vacancy  
Rates = <1%<sup>4</sup>  
Residential Rental Growth Rates  
= 5.7%<sup>4</sup>**





# Belmont Market, Langford, (Victoria), BC

## Upgrading by Developing A+ Real Estate

Crombie is  
100%  
developer

### Overview

Belmont Market is being developed as a 160,000 square foot grocery-anchored retail centre. 108,000 square feet has been added to GLA to date, with committed occupancy of 92.9%. The final portion of the project consists of three retail buildings. Construction is expected to start by year-end on at least one of these buildings. Pre-leasing is currently taking place with deals pending on approximately 11,000 square feet.

|                                       |            |
|---------------------------------------|------------|
| Expected Completion                   | Q4 2020    |
| Expected Development Cost             | \$93.0M    |
| Expected Yield on Cost                | 5.5-6.3%   |
| Current Market Cap Rate <sup>1</sup>  | 4.75-5.25% |
| Potential Value Creation <sup>2</sup> | \$10-25M   |



Elevating  
Portfolio  
Quality



<sup>1</sup>Colliers Canada Cap Rate Report <sup>2</sup>Assumes Potential Value Creation equals difference between Crombie's current estimated stabilized value based on current market cap rates and estimated development cost. Please see the Risk Management section in our MD&A for risks.

# Le Duke, Montreal, QC

## Placemaking along the Bonaventure Greenway

### Overview

Le Duke is adjacent to the Bonaventure Greenway in Old Montreal, and is being built with our 50% JV partners as a 25 storey mixed-use tower with 390 residential rental units above a 25,000 sf urban format IGA. Concrete work for the below grade parking structure is now complete and the at-grade retail well underway.

|  |   |
|--|---|
| Expected Completion                    | Q1 2021                                     |
| Expected Development Cost <sup>1</sup> | \$61.8M                                     |
| Expected Yield on Cost                 | 5.2-5.8%                                    |
| Current Market Cap Rate <sup>2</sup>   | Residential 3.75-4.75%<br>Retail 4.50-5.50% |
| Potential Value Creation <sup>3</sup>  | \$10-25M                                    |



**Residential Market  
Vacancy Rates = 2.8%<sup>3</sup>**



<sup>1</sup>At Crombie's proportionate share <sup>2</sup>Colliers Canada Cap Rate Report <sup>3</sup>CMHC Rental Market Report <sup>4</sup>Assumes Potential Value Creation equals difference between Crombie's current estimated stabilized value based on current market cap rates and estimated development cost. Please see the Risk Management section in our MD&A for risks. <sup>4</sup>CMHC Rental Market Report, Google Maps



# Bronte Village, Oakville, ON

## Building Community in Major Urban Centres

### Overview

Bronte Village will be a special luxury rental opportunity in a vibrant, unique and highly sought after community. This 50% JV development will include 480 units of refined rental living and a 30,000 sf Sobeys. Cranes are now on site as excavation and shoring work is complete and the below grade parking structure is well underway.

|  |  |
|--|--|
| Expected Completion                    | Q3 2021                                    |
| Expected Development Cost <sup>1</sup> | \$138.6M                                   |
| Expected Yield on Cost                 | 5.0-6.0%                                   |
| Current Market Cap Rate <sup>2</sup>   | Residential 3.50-4.50%<br>Retail 400-5.00% |
| Potential Value Creation <sup>3</sup>  | \$30-70M                                   |



**Residential Market Vacancy  
Rates = 1%<sup>4</sup>  
Residential Rental Growth  
Rates = 4%<sup>4</sup>**



# Pointe-Claire CFC<sup>1</sup>, Pointe-Claire, QC

## Empire's State-of-the-art e-commerce CFC

### Overview

Pointe-Claire will be an approximately 285,000 square foot state-of-the-art CFC. The approximately \$100 million development, including land, will be powered by Ocado's world-leading online grocery platform, and will become Sobeys e-commerce distribution hub for Quebec and the Ottawa area. The site is currently zoned for its intended use, site plan approval is received, and demolition of the existing structure is almost complete.

|                                       |            |
|---------------------------------------|------------|
| Expected Completion                   | 2021       |
| Expected Development Cost             | \$100.0M   |
| Expected Yield on Cost                | 6.0-6.5%   |
| Current Market Cap Rate <sup>2</sup>  | 5.25-5.75% |
| Potential Value Creation <sup>3</sup> | \$10-20M   |



Future home of  
*Voilà par IGA*  
e-commerce hub



**Crombie**  
REIT

<sup>1</sup>CFC = Customer Fulfillment Centre <sup>2</sup>Colliers Canada Cap Rate Report <sup>3</sup>Assumes Potential Value Creation equals difference between Crombie's current estimated stabilized value based on current market cap rates and estimated development cost. Please see the Risk Management section in our MD&A for risks.

# Potential Major Development Pipeline

## Value Creation Opportunities for Years to Come

61% of Potential  
Major Development  
Pipeline located in  
VECTOM

62 Acres in Toronto,  
Vancouver,  
Edmonton & Calgary

Current in-place NOI  
= 5.2% on pipeline  
properties



| #  | Property                           | CMA       | Site Size (acres) | Status       |
|----|------------------------------------|-----------|-------------------|--------------|
| 1  | Park West <sup>1</sup>             | Halifax   | 6                 | Pre-planning |
| 2  | Penhorn Lands                      | Halifax   | 26                | Pre-planning |
| 3  | Westhill                           | Halifax   | 1                 | Pre-planning |
| 4  | King George Blvd <sup>1</sup>      | Vancouver | 5                 | Pre-planning |
| 5  | Broadway & Commercial <sup>1</sup> | Vancouver | 2                 | Pre-planning |
| 6  | Royal Oak <sup>1</sup>             | Vancouver | 3                 | Pre-planning |
| 7  | Belmont Market – Phase II          | Victoria  | 2                 | Pre-planning |
| 8  | 1818 Centre Street <sup>1</sup>    | Calgary   | 2                 | TBD          |
| 9  | 410 10 Street NW <sup>1</sup>      | Calgary   | 2                 | TBD          |
| 10 | 524 Elbow Drive SW <sup>1</sup>    | Calgary   | 2                 | TBD          |
| 11 | 813 11 Avenue SW <sup>1</sup>      | Calgary   | 3                 | TBD          |
| 12 | 10930 82 Avenue <sup>1</sup>       | Edmonton  | 2                 | TBD          |
| 13 | Brunswick Place                    | Halifax   | 1                 | TBD          |
| 14 | Triangle Lands                     | Halifax   | 1                 | TBD          |
| 15 | Centennial Parkway                 | Hamilton  | 3                 | TBD          |

| #            | Property                         | CMA       | Site Size (acres) | Status |
|--------------|----------------------------------|-----------|-------------------|--------|
| 16           | 3130 Danforth                    | Toronto   | 1                 | TBD    |
| 17           | Brampton Mall                    | Toronto   | 9                 | TBD    |
| 18           | McCowan & Ellesmere <sup>1</sup> | Toronto   | 4                 | TBD    |
| 19           | 1170 East 27 Street <sup>1</sup> | Vancouver | 3                 | TBD    |
| 20           | 2733 West Broadway <sup>1</sup>  | Vancouver | 2                 | TBD    |
| 21           | 3410 Kingsway <sup>1</sup>       | Vancouver | 4                 | TBD    |
| 22           | 990 West 25 Avenue <sup>1</sup>  | Vancouver | 2                 | TBD    |
| 23           | East Hastings <sup>1</sup>       | Vancouver | 3                 | TBD    |
| 24           | Fleetwood <sup>1</sup>           | Vancouver | 4                 | TBD    |
| 25           | New Westminister <sup>1</sup>    | Vancouver | 3                 | TBD    |
| 26           | Port Coquitlum <sup>1</sup>      | Vancouver | 5                 | TBD    |
| 27           | Robson Street <sup>1</sup>       | Vancouver | 1                 | TBD    |
| <b>Total</b> |                                  |           | <b>102</b>        |        |

<sup>1</sup>Anchored by Sobeys/Safeway/Thrifty's/IGA



# Building Financial Strength

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# Building Financial Strength

## Investment Grade, with Improving Debt Metrics

8.21x Debt to EBITDA

3.00x Interest Coverage

1.92x Debt Service Coverage

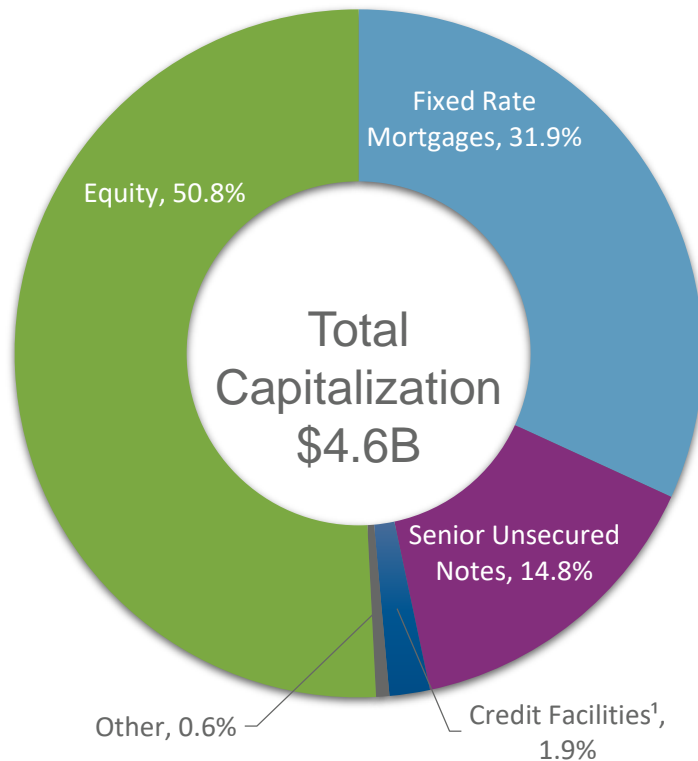
BBB Low Stable by DBRS

413M<sup>1</sup> Bank Credit Capacity

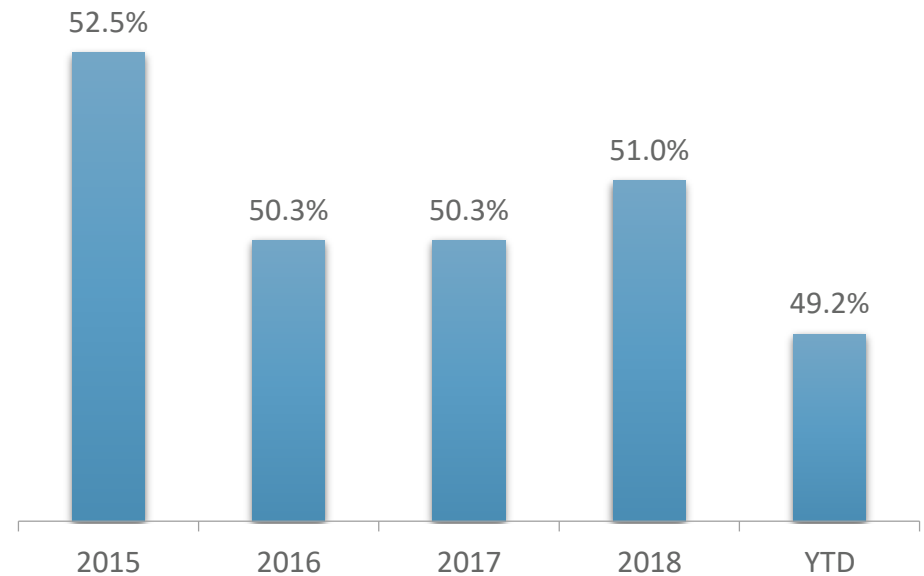
\$954M Unencumbered Assets

4.19% WAIR<sup>2</sup>

3.8yrs WATM<sup>3</sup>



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



# Well-Laddered Debt Maturity Profile

## Improving the Capital Stack with Unsecured Notes

~\$333M of debt due in 2019 & 2020 with WAIR of 4.77%

Interest savings available on expiring mortgages



# Culture & Talent

Canmore, Alberta



# Strong Leadership with Deep Bench Nationwide Talent

**DON CLOW**

President & CEO  
Halifax, NS

**Years of Experience:**  
Crombie REIT 10 | Industry 30+

**GLENN HYNES**

EVP & COO  
New Glasgow, NS

**Years of Experience:**  
Crombie REIT 9 | Industry 26+

**CLINTON KEAY**

CFO & Secretary  
New Glasgow, NS

**Years of Experience:**  
Industry 30+

**CHERYL FRASER**

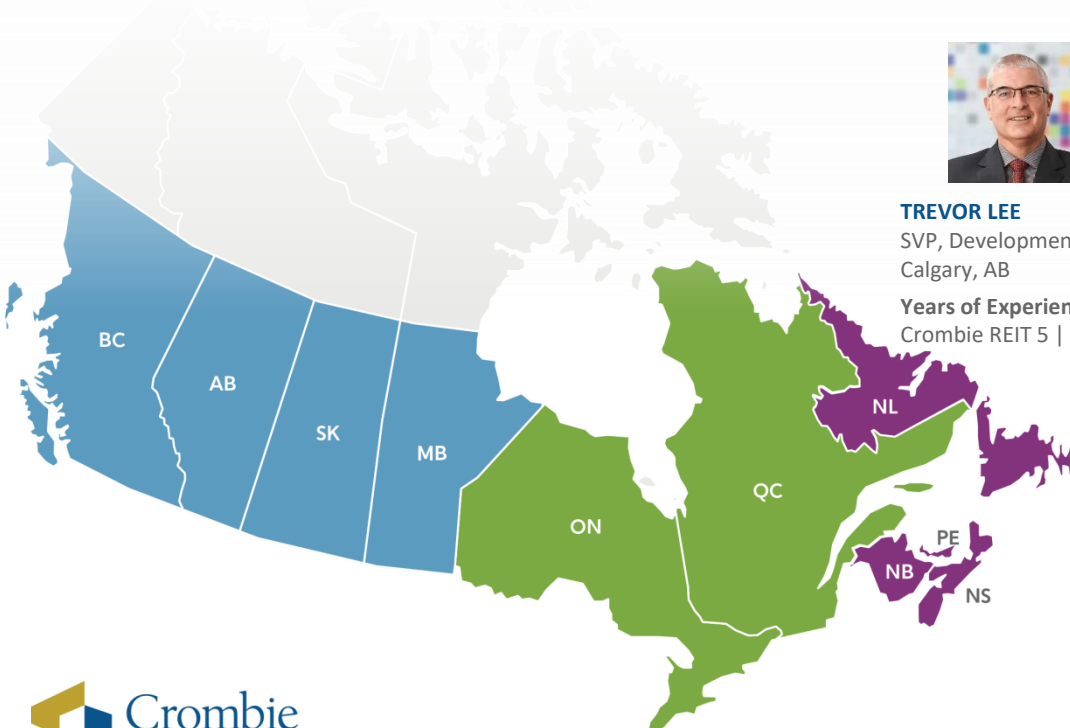
CTO, VP Communications  
New Glasgow, NS

**Years of Experience:**  
Crombie REIT 7 | Industry 7+

**JOHN BARNOSKI**

EVP, Corporate Development  
Mississauga, ON

**Years of Experience:**  
Crombie REIT 4 | Industry 21+

**TREVOR LEE**

SVP, Development & Construction  
Calgary, AB

**Years of Experience:**  
Crombie REIT 5 | Industry 16+

**ARIE BITTON**

SVP, National Leasing & Operations  
Mississauga, ON

**Years of Experience:**  
Industry 15+



# Culture & Talent

## Continuing to Build the Crombie of Tomorrow



Crombie is like a community: where people treat each other with respect and where we're working together toward a common long term goal. Crombie values integrity, strong relationships and commitments to our business, colleagues, tenants and customers. We are creating long term sustainable communities.

*Cheryl Fraser, Chief Talent Officer & VP Communications*

30% of Board Members are Women

20% of Executive Team are Women

>25 Managers Highly Skilled in RE Development

56% of Women have Leadership Development Plans

8% Annual Turnover Nationally

# Environmental Sustainability Commitment

## Social, Environmental & Economic

Crombie's core values include a commitment to sustainable business practices. We do this by considering environmental, social, and governance factors in our decision-making processes.

We build and operate sustainable buildings (communities and neighbourhoods) to environmental standards, we champion employee engagement and wellness, we support organizations that enhance the overall health (physical, mental and social) of their communities, and we have strong governance practices.



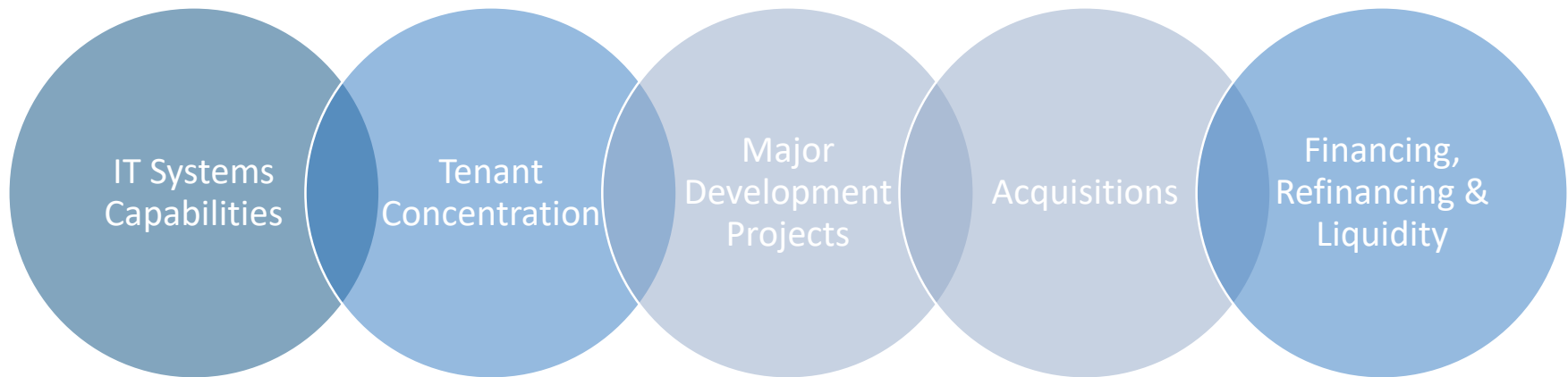
# Risk Management

Bronte Village, Oakville, ON



# Risk Management

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







# Thank You

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