



Crombie
REIT

Unlocking Value
Q3 2019 Results Conference Call
November 7th, 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 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 our 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. 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.

Opening Remarks

Don Clow
President & CEO



Unlocking Value Focused Strategy

- **Strong Fundamentals**
 - 3.3% same-asset NOI growth
 - 4.7% renewal growth over expiring rates
 - Committed occupancy of 96.1%
- **Sobeys/Empire**
 - Modernizations
 - Land Use Intensifications
 - Major Mixed-Use Development
- **Major mixed-use developments remain “on track and on budget”**
- **Strong balance sheet, ample liquidity, multiple and innovative sources of capital**



Empire – Winning Grocery Retail

Aggressively Building, Adapting & Growing

Expanding FreshCo to the West

Investing in Bricks-and-Mortar

Leading Edge Omnichannel Technology

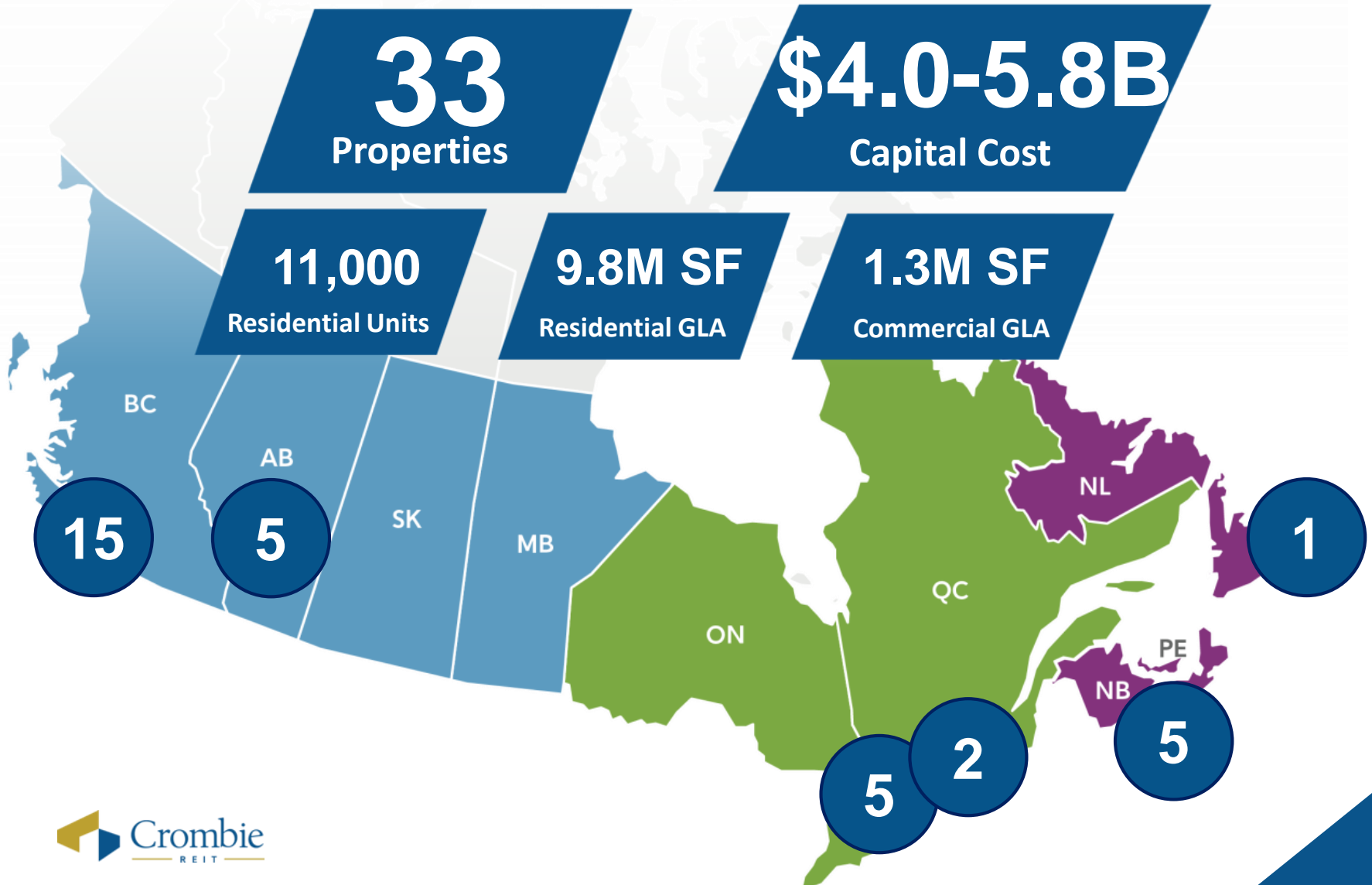
Market Intelligence

Aligned Interests

Access to VECTOM at Reasonable Pricing

Accelerating Major Mixed-Use Developments

Major Development Opportunities



Overview

Real Estate Transactions

Creatively executing various types of partial interest property dispositions

Capital Recycling Program

	Phase	Transaction Value
Dispositions	2018	\$260M
	2019 Closed YTD	\$342M
	Closed Subsequent	<u>\$193M</u>
	Sub Total	\$795M
Acquisitions	2019 Closed YTD	\$42M
	Closed Subsequent	<u>\$7M</u>
	Sub Total	\$49M

Dispositions executed in line with IFRS FV

Expanding sources of capital, improving portfolio quality, and proving the attractiveness of our retail portfolio

Development & Operational Highlights

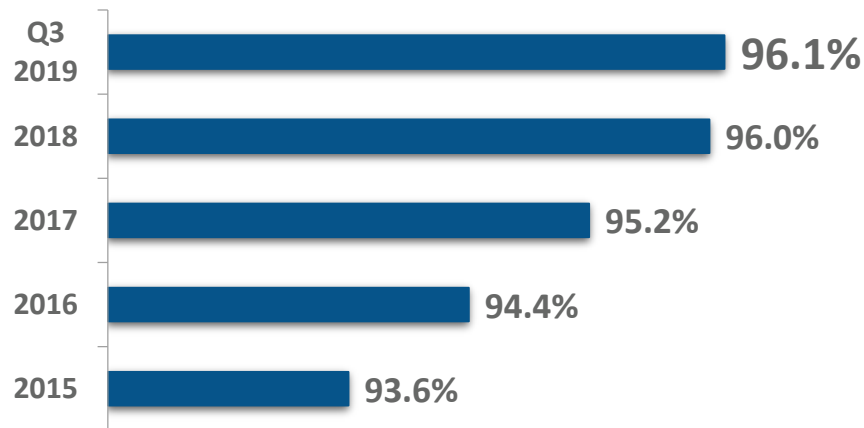
Glenn Hynes
EVP & COO



Leasing & Value Creation

Improved Occupancy Drives Performance

Committed Occupancy



201,000 square feet

NEW LEASES

\$19.81 PSF

81,000 square feet

COMMITTED

\$25.29 PSF

Q3'19 Operational Highlights

Stable, Predictable Results

**Solid 2019 YTD
Retail Renewals at
+5.9% on 422k sf**

Q3 2019 Leasing Renewals			
	Square Feet	Rate PSF	Growth
2019 Renewals	387,000	\$16.67	3.3%
Future Year Renewals	240,000	\$20.00	6.6%
Total	627,000	\$17.94	4.7%

YTD 2019 Leasing Renewals			
	Square Feet	Rate PSF	Growth
2019 Renewals	647,000	\$16.25	3.2%
Future Year Renewals	279,000	\$19.99	5.3%
Total	926,000	\$17.38	3.9%

**378k sf of 2019
maturities remain
as of Q3**

Repurposing of Properties

Former Target Space



Uptown Centre
94%
Occupancy



North Bay
80%
Occupancy

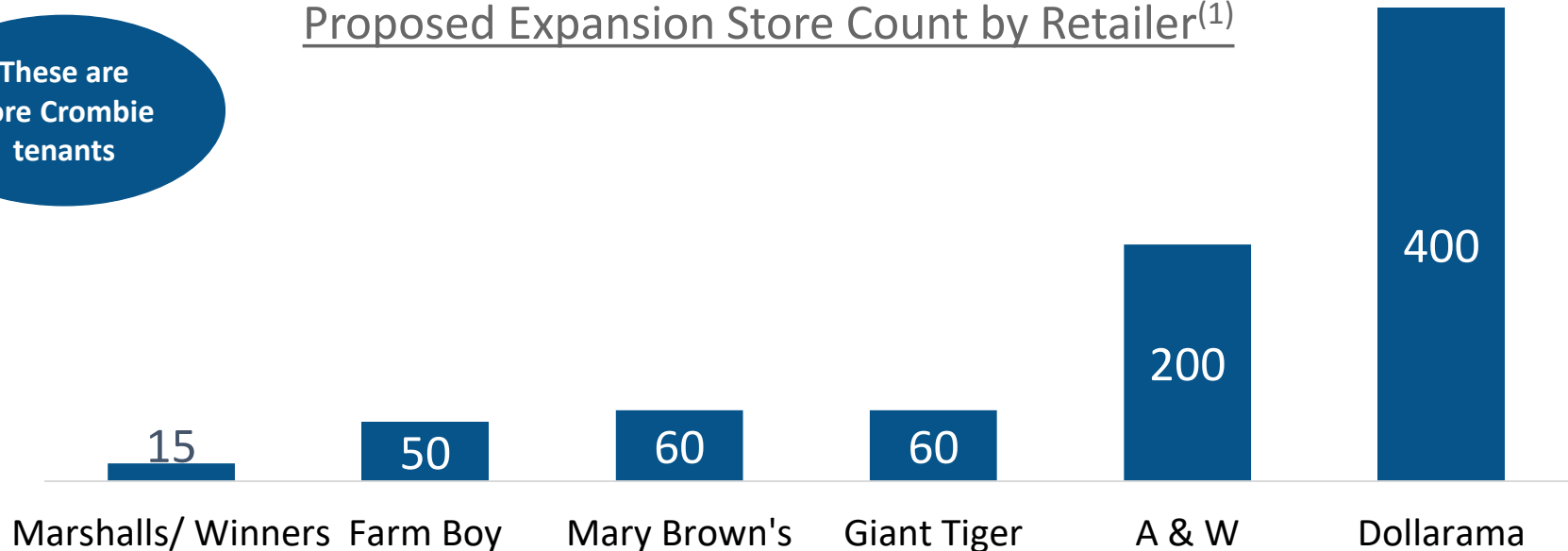
Existing Retail Chains

Proposed Expansion Plans Jan 2018 – Sept 2019

- Retailers that focus on providing value, convenience & experience will do well in the evolving digital economy
- Discount/off-price retailers with strong value focus lead the way
 - Dollarama, Giant Tiger and Winners/Marshalls

Proposed Expansion Store Count by Retailer⁽¹⁾

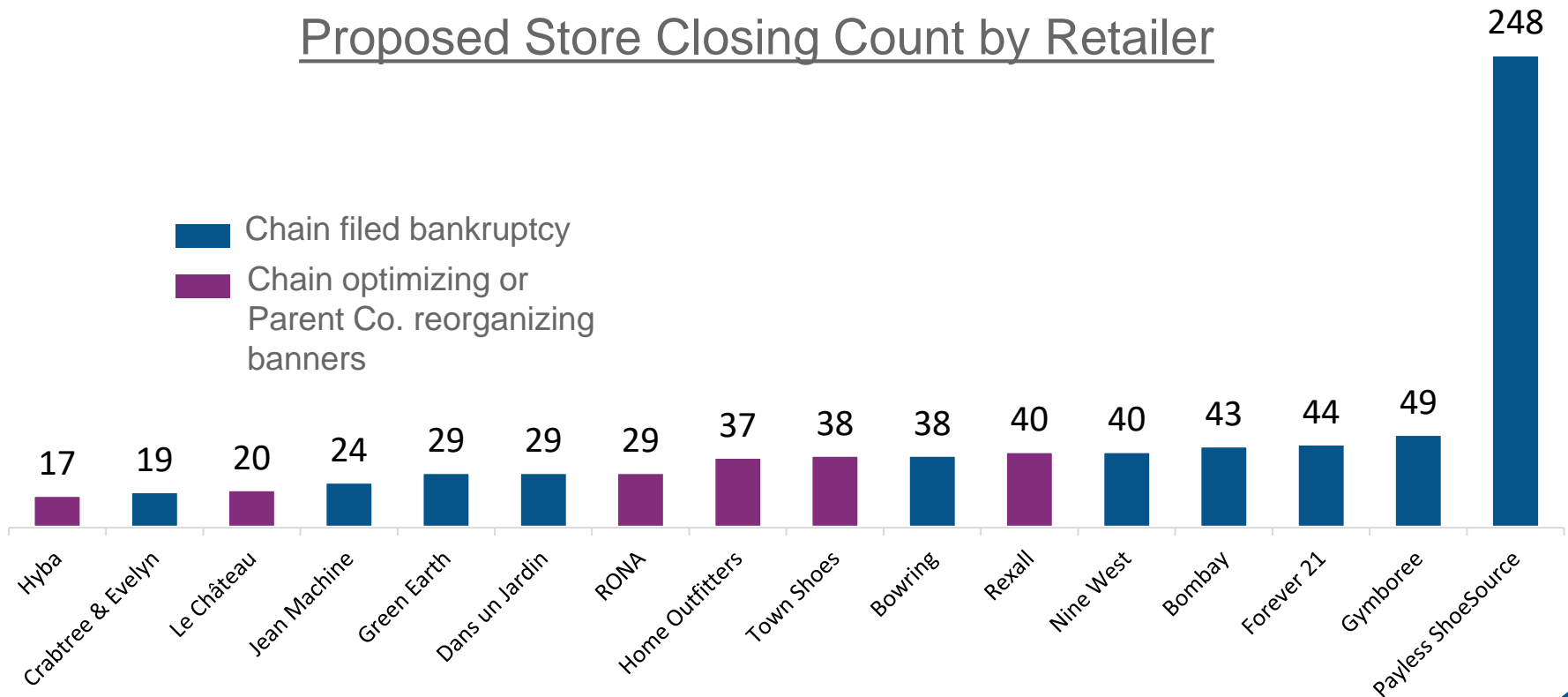
These are
core Crombie
tenants



Store Closure Overview

- Crombie has limited exposure to these retailers and categories
- Traditional retailers with weak value proposition, aged and static merchandising plans and absence of omni-channel strategy fail to adapt to the evolving digital economy

Proposed Store Closing Count by Retailer



Active Major Development Pipeline

Estimated Yield on Cost of 5.6 – 6.0%

Estimated Yield
on Cost

=

Expected Full Year
NOI

/

Total Cost
of
Development

Rental Rates derived
from Market Studies

- Reviewed regularly

Applicable Costs

- Hard Costs
- Soft Costs
- Tenant Costs
- Capitalized Interest
- Land at Fair Value

Davie Street, Vancouver, BC

Creating Significant Unitholder Value



\$107M¹ mixed-use development =
~330 residential
rental + Safeway +
ancillary retail



Belmont Market, Langford, (Victoria), BC

Upgrading by Developing A+ Real Estate



Committed
occupancy of
92.7%



\$93M Premier retail destination =
160k sf of grocery, restaurants, &
complementary retail & office

Avalon Mall, St. John's, NL

Dominant Enclosed Shopping Centre

BOMA

Certificate of
Excellence



Winners
HomeSense open
in new & expanded
space



Phase II: \$58M =
CRU + Extension
+ Pad Site



Le Duke, Montreal, QC

Placemaking along the Bonaventure Greenway

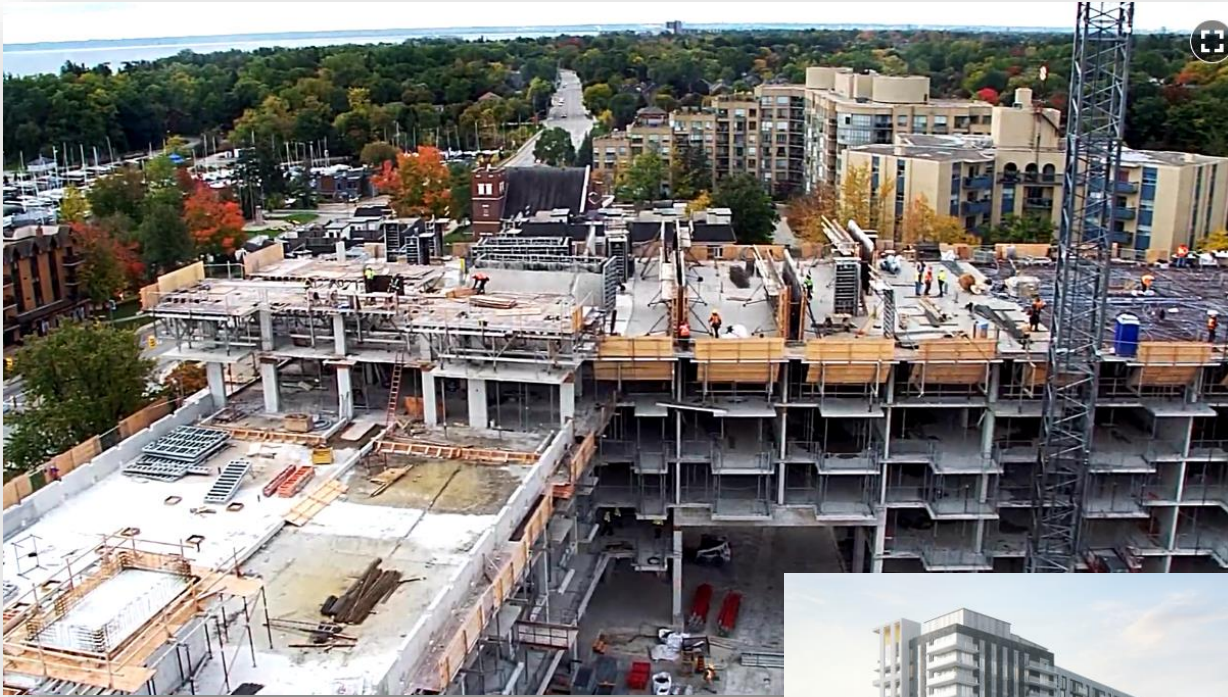


**\$59M¹ mixed-use
tower = ~390
residential rental
+ urban format
IGA + ancillary
retail**



Bronte Village, Oakville, ON

Building Community in Major Urban Centres



Steps away from
the lakefront &
access to everyday
convenience

**\$139M¹ mixed-use
community = ~480 luxury
residential rental + Sobeys
+ ancillary retail**



Pointe-Claire CFC¹, Pointe-Claire, QC

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



Future home of
Voilà par IGA
e-commerce hub

Demolition
complete & pad
preparation
underway



Financial Highlights

Clinton Keay
CFO & Secretary

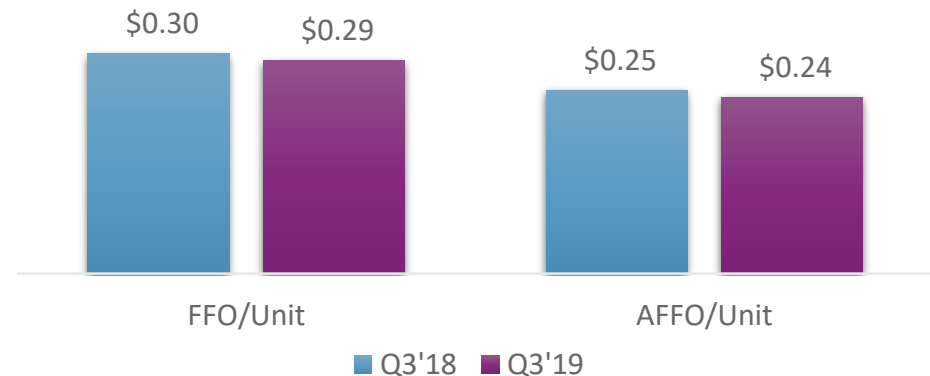


Q3'19 Financial Highlights

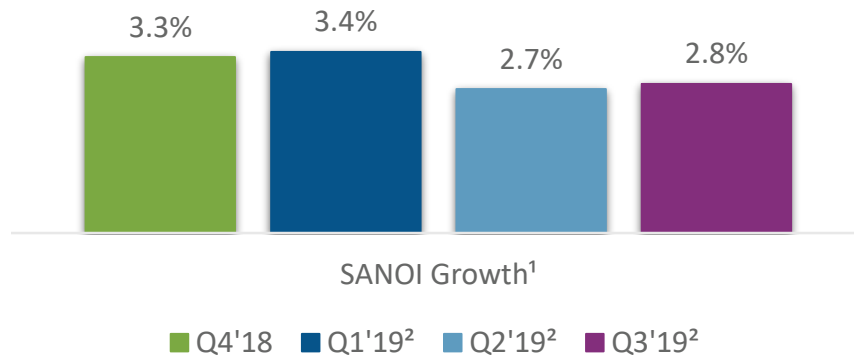
Stable, Predictable Results

Results driven by rental rate increases, new leases, and revenue from land use intensifications

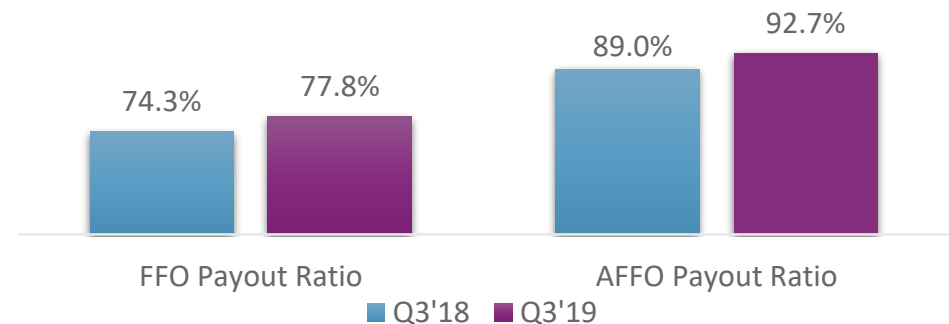
FFO/AFFO per Unit



SANOI Growth¹



FFO/AFFO Payout Ratio



Building Financial Strength

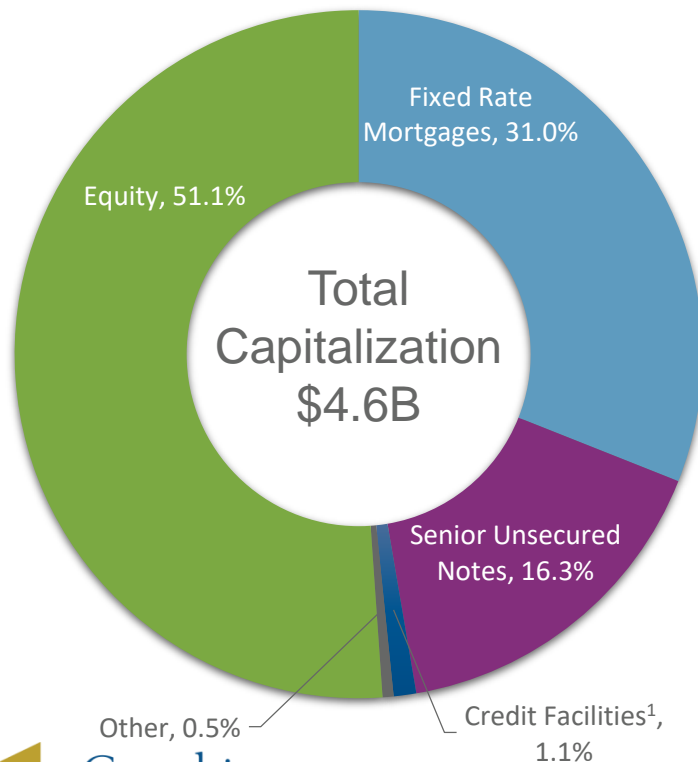
Investment Grade, with Improving Debt Metrics

8.35x
Debt to
EBITDA

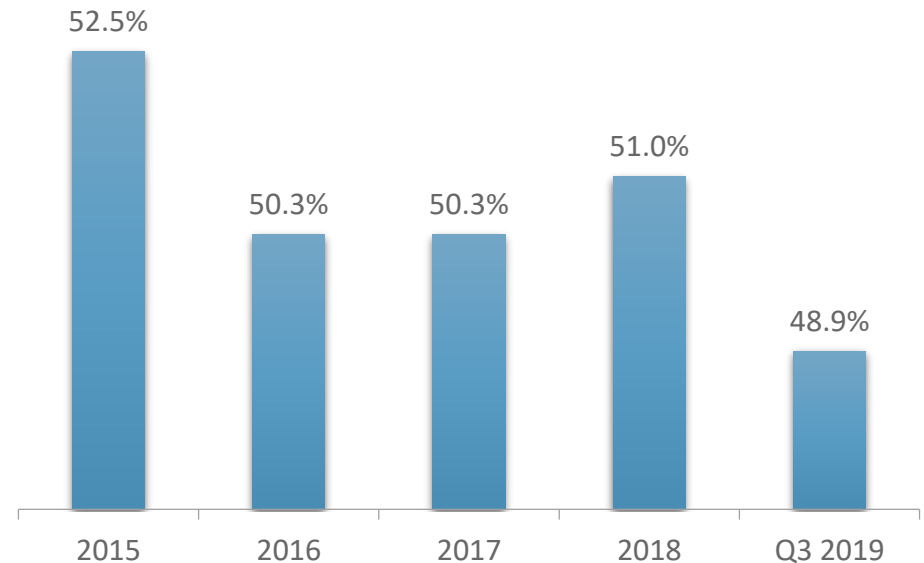
2.90x
Interest
Coverage

1.87x
Debt Service
Coverage

BBB Low
(Stable)
by DBRS



Debt to Gross Book Value (Fair Value)



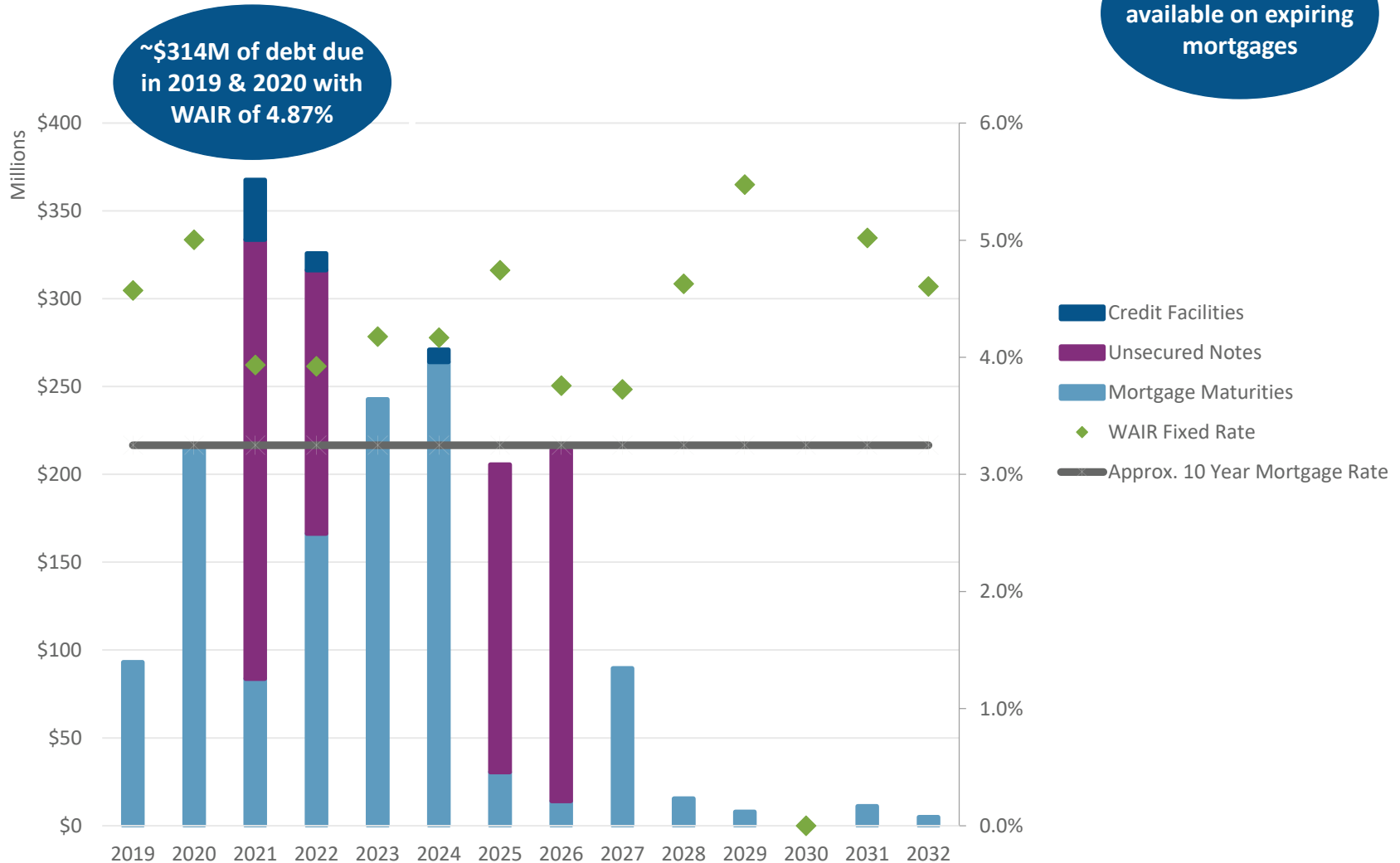
¹ Drawn portion of revolver and bilateral credit facilities and letters of credit

² Subsequent to Q3, on October 7, 2019, Crombie closed on a partial disposition of 15 properties for total gross proceeds of \$193 million

Well-Laddered Debt Maturity Profile

Mortgages, Unsecured Notes and Credit Facilities

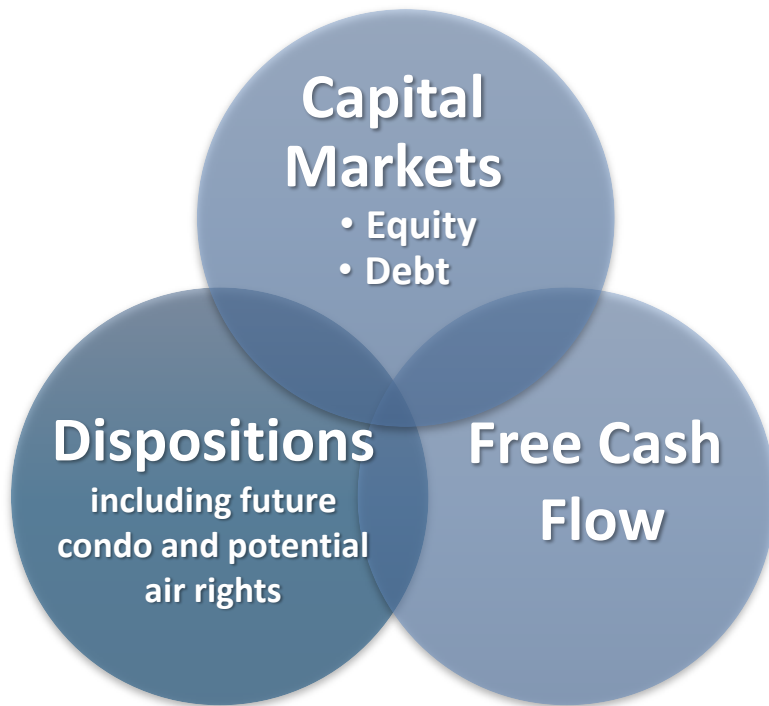
Interest savings
available on expiring
mortgages



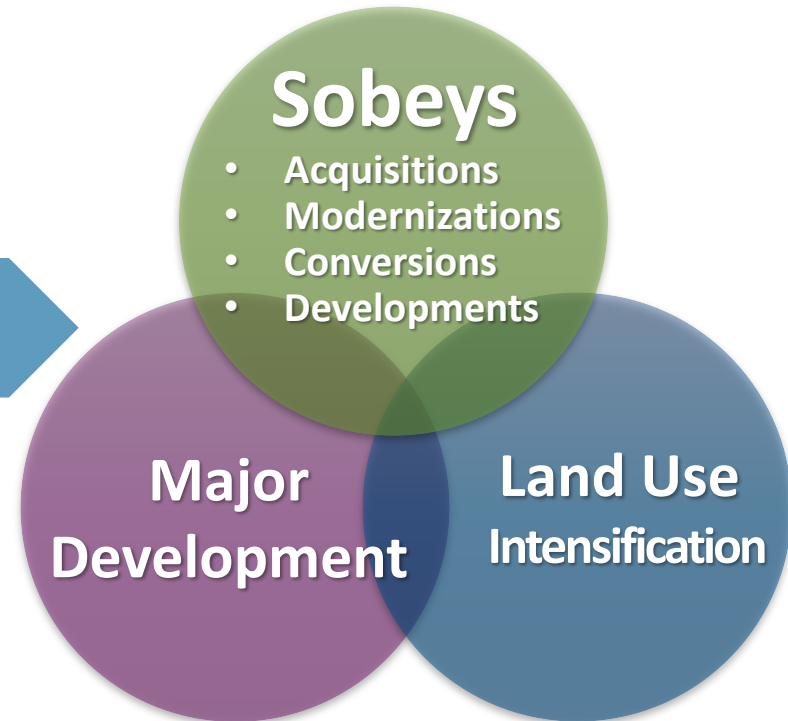
Smart Capital Allocation

Prioritize Growth in NAV & AFFO/Unit

Sources of Capital



Capital Deployment





Crombie
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Unlocking Value