

# Delivering Value

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Q2 2020 Results Conference Call

AUGUST 6, 2020

Davie Street  
Vancouver, BC



### **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 uncertain economic impact of COVID-19, 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

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Don Clow  
President & CEO



# COVID-19 Response: 97% of Tenants Open

## Essential Services Make up 68% of AMR<sup>1</sup>

### Mobilize

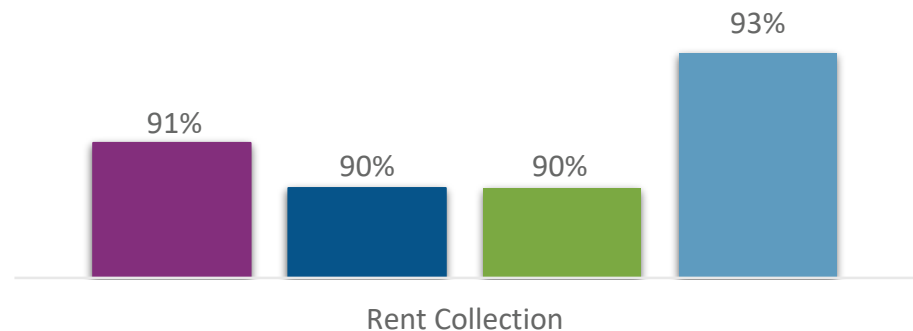
- Prioritized health, safety and wellbeing of our employees, tenants, communities and our business
- Reinforced strong financial condition with increased liquidity
- Supporting tenants through Crombie Values Small Business (CVSB) program, CECRA<sup>2</sup> program and select tenant assistance
- Thank you Pay program for front-line employees

### Stability

- Strong financial condition, growing unencumbered asset pool
- Solid operating fundamentals from grocery and pharmacy-anchored portfolio
- Empire is a critical retailer of food and other essential products
- Proven entrepreneurial management team

Solid and  
improving rent  
collection

### Rent Collection



# Accelerate NAV & AFFO Growth per Unit

Crombie's long-term strategy is to deliver strong risk adjusted returns by effectively allocating capital within our grocery and pharmacy-anchored real estate portfolio, to accelerate NAV and AFFO growth per unit.

Aligning strategies and capital allocation with Empire/Sobeys to maximize value creation	Modernizations
	FreshCo conversions in Western Canada and FarmBoy conversions in Ontario
	E-commerce home delivery hub-and-spoke network
	Land-use intensifications
	Unlocking of major developments
Development of Retail Residential & Retail Related Industrial	Through 2020 and 2021 expect to reach completion on ~\$600 million of construction with anticipated NAV creation of \$150 - \$300 million or \$1-2 per unit <sup>1</sup>
	2020 Substantial Completion: Davie Street, Belmont and Avalon Mall
	2021 Substantial Completion: Bronte Village, Le Duke and Montreal CFC <sup>2</sup>
	Backfilling pipeline with another seven projects in pre-planning



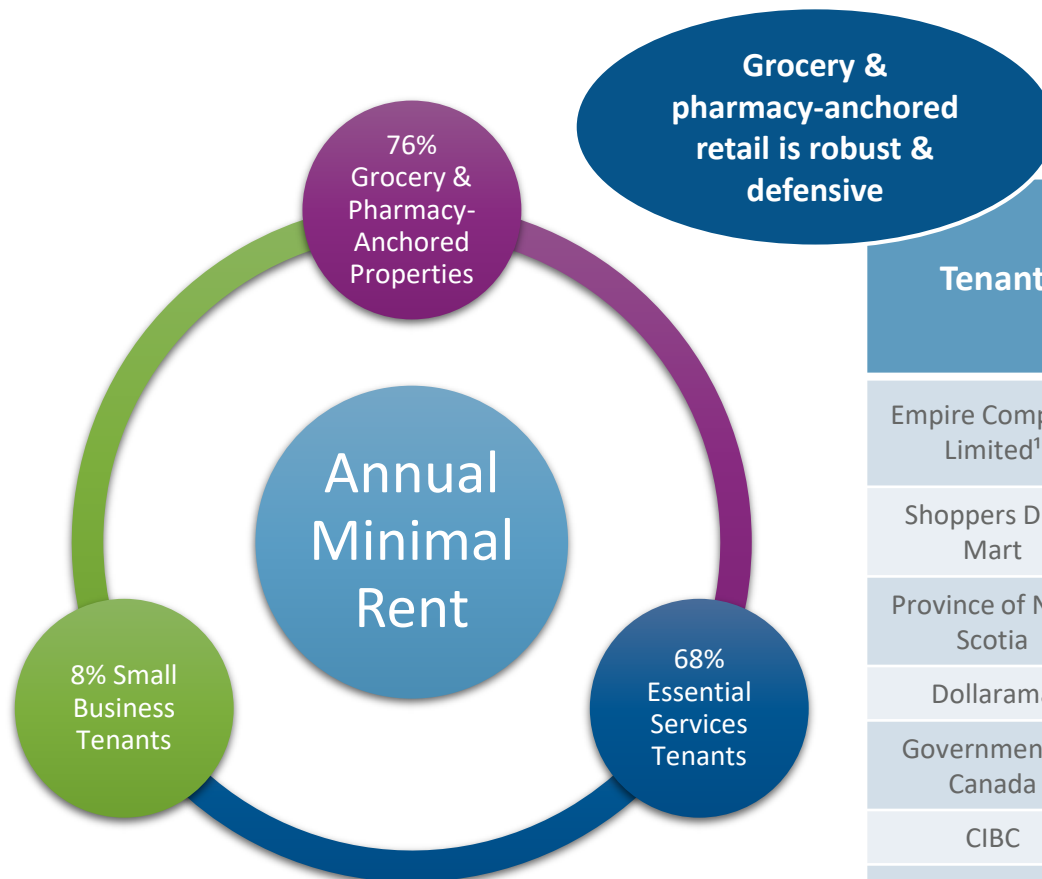
# Development & Operational Highlights

Glenn Hynes  
EVP & COO



# Well Positioned with Defensive Portfolio

## Largest Tenants Investment Grade



Tenant	% of AMR	Avg Remaining Lease Term (yrs)	DBRS Rating
Empire Company Limited <sup>1</sup>	54.2%	13	BBB (low)
Shoppers Drug Mart	4.1%	9	BBB
Province of Nova Scotia	1.5%	7	A (high)
Dollarama	1.4%	6	BBB
Government of Canada	1.2%	4	AAA
CIBC	1.2%	13	AA
Bank of Nova Scotia	1.1%	3	AA

# Well Positioned with Defensive Portfolio

## Rent collection trending upwards

	% of July'20 Gross Rent Collected	% of Gross Rent, Total Portfolio
Retail & Commercial	92%	91%
Office	96%	6%
Retail-Related Industrial	100%	3%
<b>Subtotal</b>	<b>93%</b>	<b>100%</b>
	Balance of Gross Rent	
25% CECRA Expense	1%	
Deferrals (including CVSB)	1%	
Abatements	1%	
Unpaid	4%	
<b>Total</b>	<b>100%</b>	

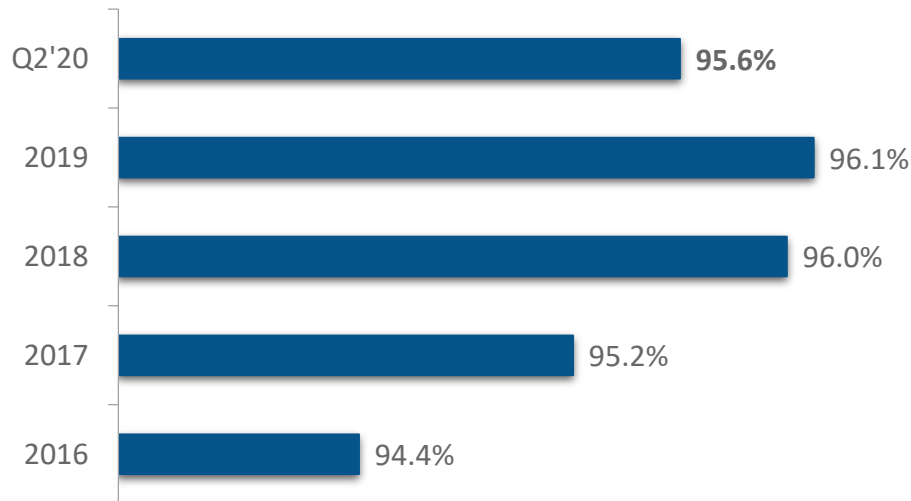
~260 tenants at  
70 properties in  
the application  
process for CECRA



# Strong Fundamentals

## Solid Occupancy Drives Performance

Committed Occupancy



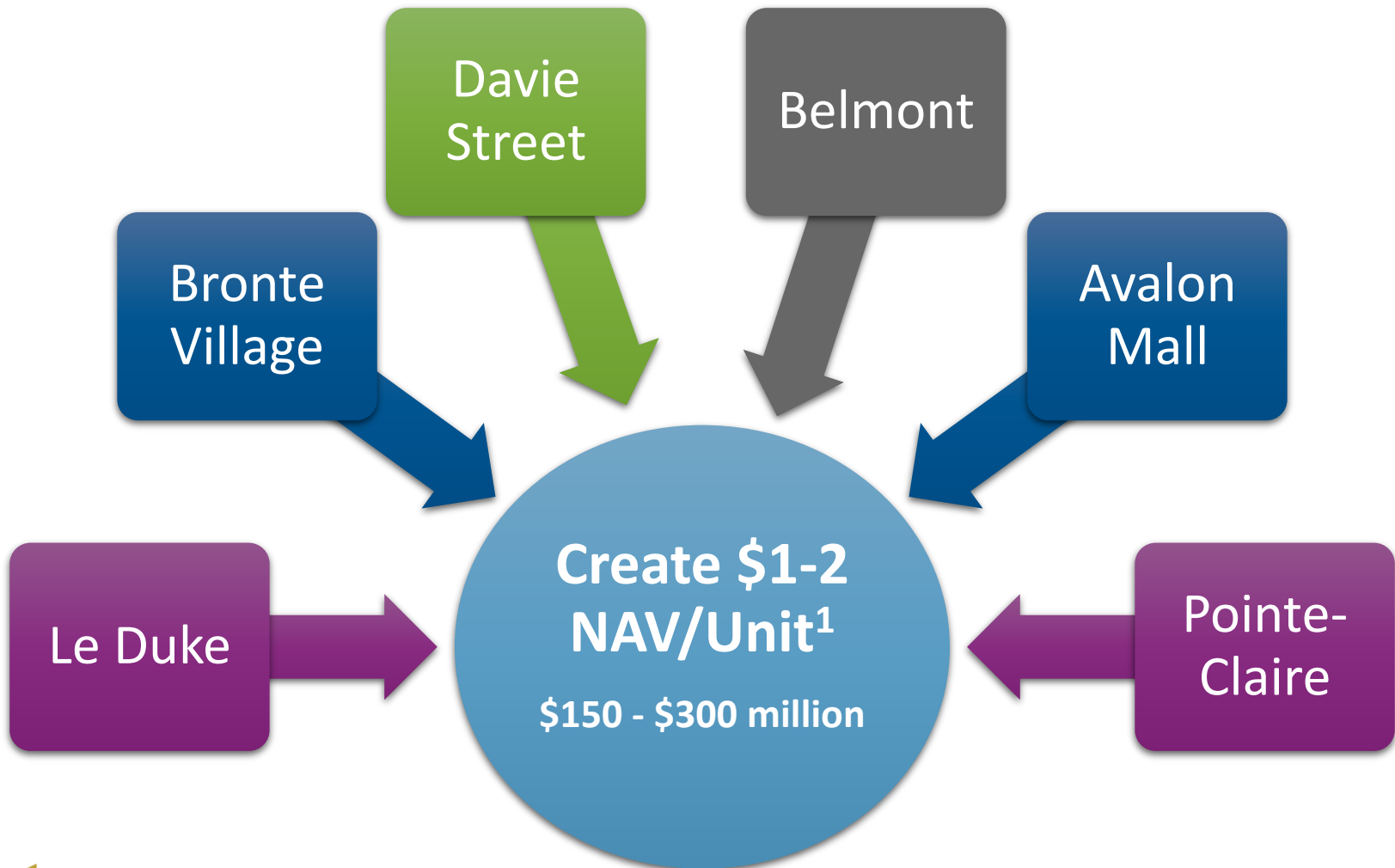
92,000 SF  
**New Leases**  
\$18.97 PSF

88,000 SF  
**Committed**  
\$21.18 PSF

386,000 SF  
**Renewals**  
+4.0% growth

# Material NAV Creation

## \$612M Investment in First 6 Major Developments



# Davie Street, Vancouver, BC

## Creating Significant Unitholder Value

\$190M mixed-use development (\$110M<sup>1</sup> Crombie share) = ~330 residential rental units + Safeway + ancillary retail





# Belmont Market, Langford, (Victoria), BC

## Upgrading by Developing A+ Real Estate



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

# Avalon Mall, St. John's, NL

## Dominant Regional Shopping Centre

BOMA

Certificate of  
Excellence



Grand  
opening  
Spring 2021



Phase II: \$57M =  
CRU + Extension  
+ Pad Site





# Le Duke, Montreal, QC

## Placemaking along the Bonaventure Greenway



\$118M mixed-use tower (\$59M<sup>1</sup> Crombie share) = ~390 residential rental units + urban format IGA + ancillary retail





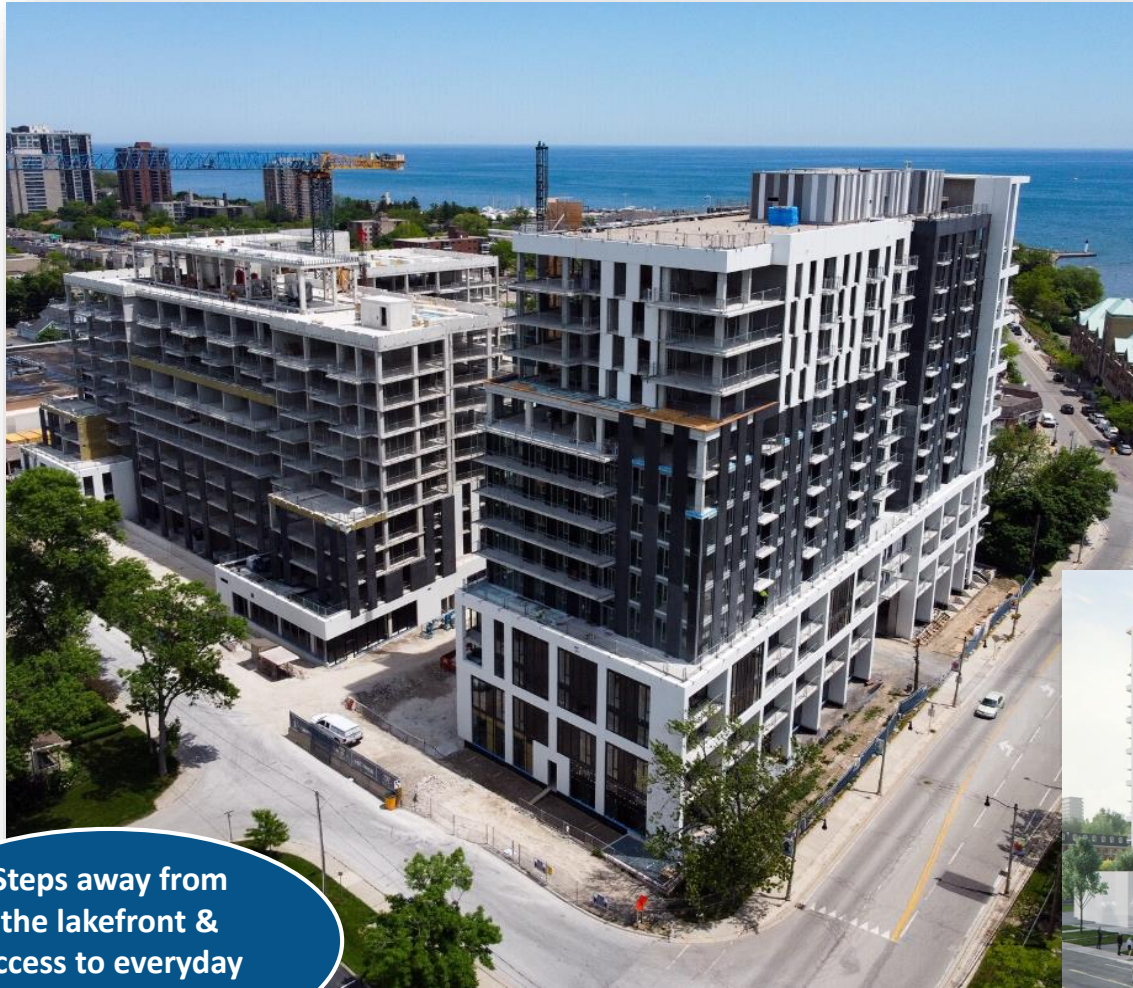
# Montreal CFC<sup>1</sup>, Pointe-Claire, QC

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



# Bronte Village, Oakville, ON

## Building Community in the GTA



Steps away from  
the lakefront &  
access to everyday  
convenience

\$277M mixed-use  
development (\$139M<sup>1</sup>  
Crombie share) = ~480  
luxury residential rental  
units + Sobeys + ancillary  
retail





# Financial Highlights

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Clinton Keay  
CFO & Secretary





# Q2'20 Rent Collection

## Impact of Bad Debt Expense

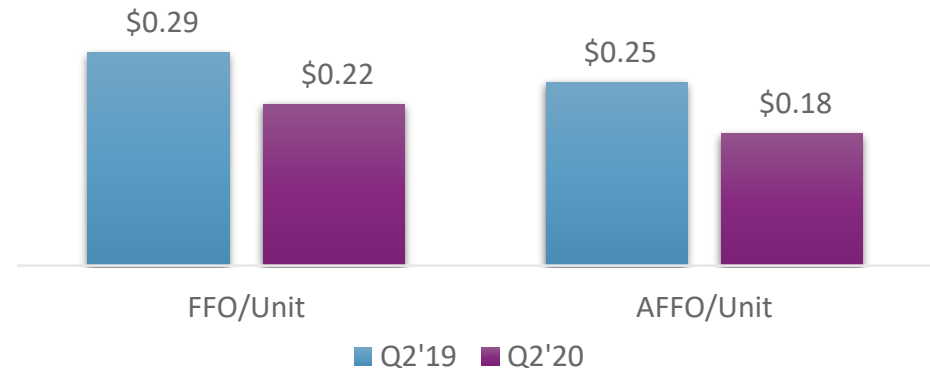
	% of Q2'20 Gross Rent Collected	Q2'20 Bad Debt Expense \$8.7M (8% of gross rent)
Collected	<u>90%</u>	-
CECRA Expense	1%	1%
Abatement Expense	<u>2%</u>	<u>2%</u>
<b>Subtotal</b>	<b>3%</b>	<b>3%</b>
Deferrals	2%	<u>5%</u>
Unpaid	<u>5%</u>	
<b>Subtotal</b>	<b>7%</b>	<b>5%</b>
<b>Total</b>	<b>100%</b>	<b>8%</b>

# Q2'20 Financial Highlights<sup>1</sup>

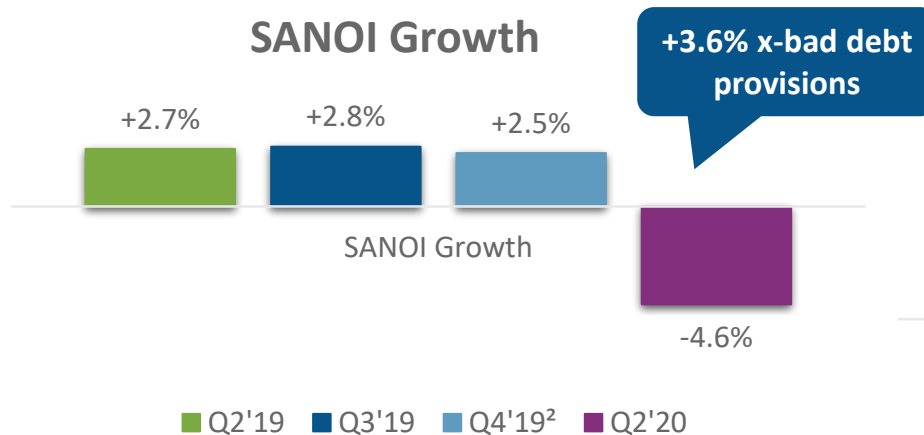
## Impact of COVID-19

Normalizing for impact of COVID-19 operating results were strong and slightly exceeded Q2'19

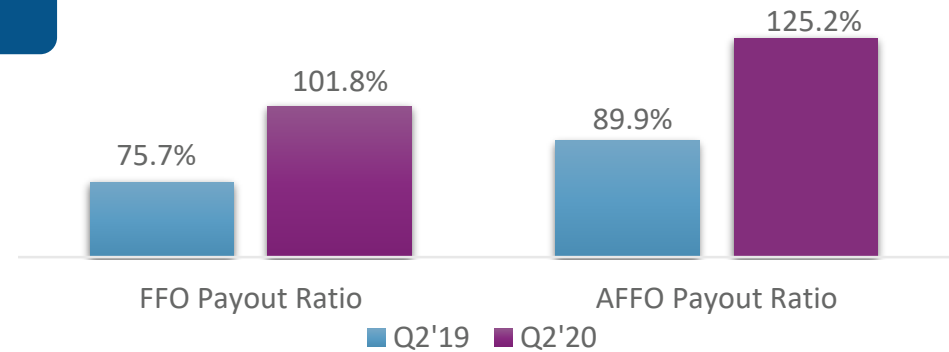
### FFO/AFFO per Unit



### SANOI Growth

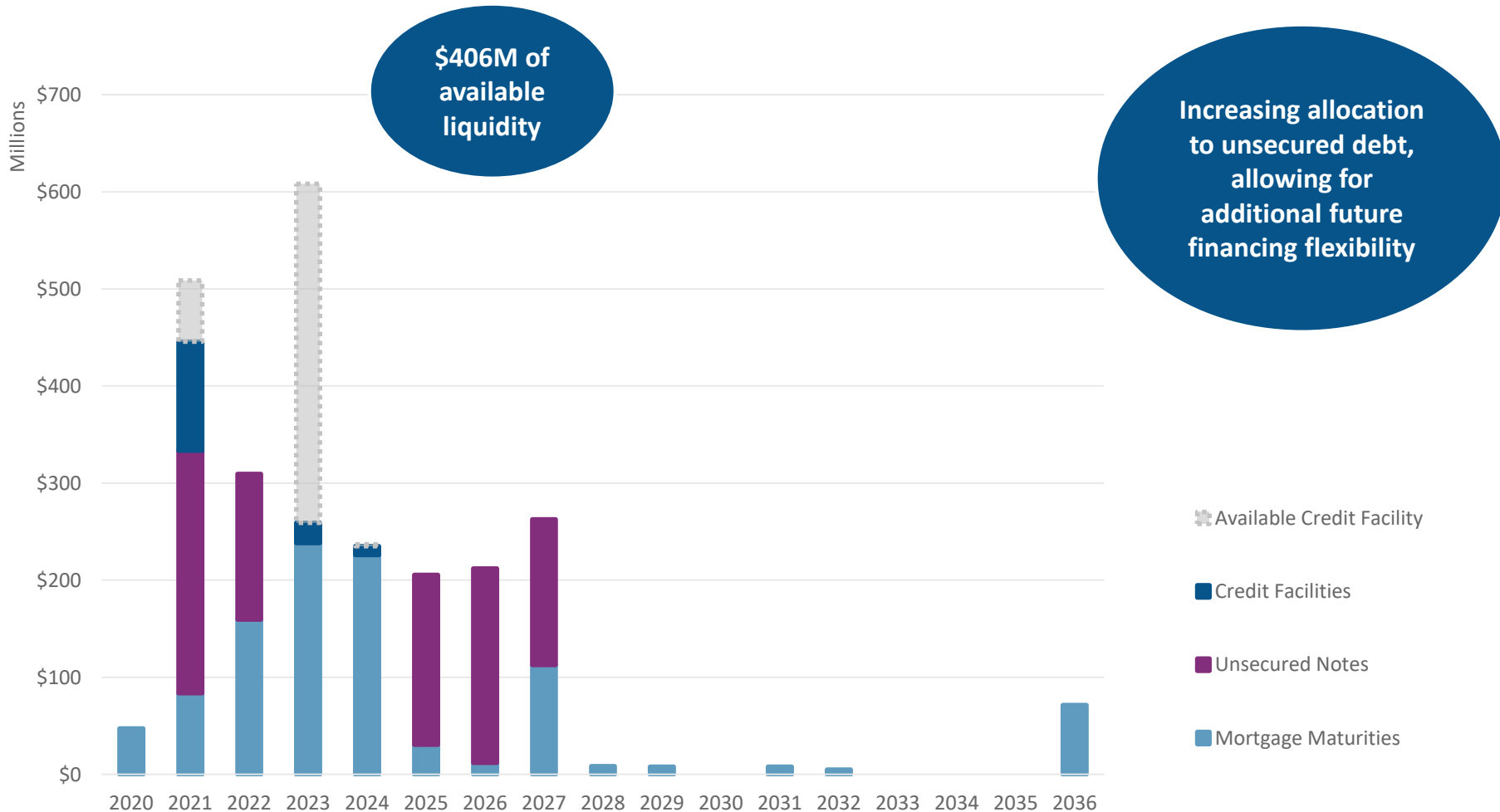


### FFO/AFFO Payout Ratio



# Well-Laddered Debt Maturity Profile

## Extending Weighted Average Term to Maturity





# Building Financial Strength

## Ample Liquidity

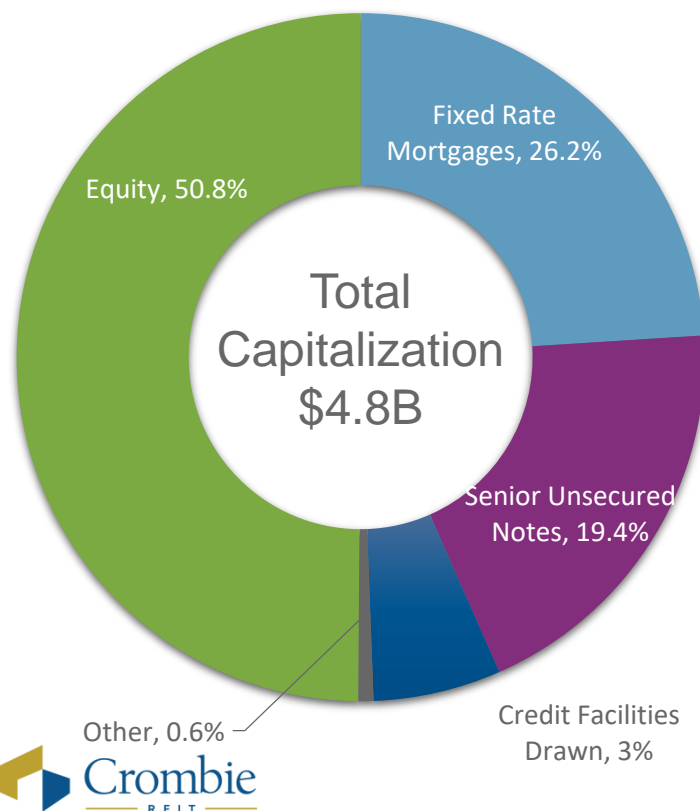
\$1.5B  
Unencumbered  
Assets

\$406M Liquidity

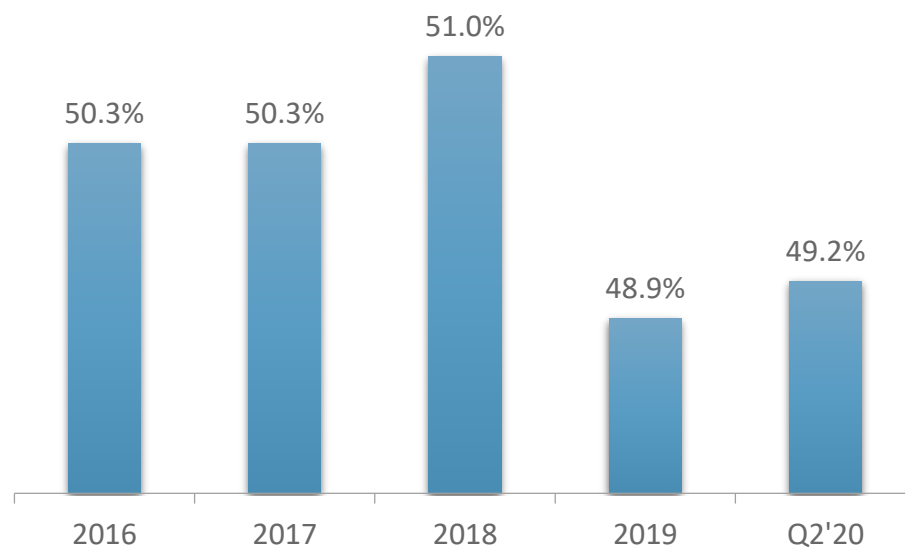
8.73x Adjusted  
Debt to EBITDA<sup>1</sup>

2.64x Interest  
Coverage

BBB Low  
(Stable) by  
DBRS



### Debt to Gross Book Value (Fair Value)



# Closing Remarks

Don Clow

President & CEO





# Delivering Value

