News Release

Crombie REIT (TSX:CRR.UN)
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CROMBIE REIT REPORTS SECOND QUARTER RESULTS

Crombie Real Estate Investment Trust ("Crombie") (TSX:CRR.UN) is pleased to report its financial results for the three and six months ended June 30, 2015.

Second Quarter 2015 Highlights (In thousands of CAD dollars, except per unit amounts and as otherwise noted).

- Portfolio fair value of $4.0 billion.
- Funds From Operations ("FFO"):
  - FFO for the six months ended June 30, 2015 increased 8.0% to $74,851; or $0.57 per unit Diluted, an increase of $0.02 per unit from the six months ended June 30, 2014.
  - FFO for the three months ended June 30, 2015 increased 12.2% to $39,079; or $0.30 per unit Diluted, an increase of 0.03 per unit from the three months ended June 30, 2014.
  - FFO payout ratio of 77.7% for the six months ended June 30, 2015 compared to 80.5% for the same period in 2014.
  - FFO payout ratio of 74.5% for the three months ended June 30, 2015 compared to 81.8% for the same period in 2014.
- Adjusted Funds From Operations ("AFFO"):
  - AFFO for the six months ended June 30, 2015 increased 8.5% to $62,650; or $0.48 per unit Diluted, an increase of $0.02 per unit from the six months ended June 30, 2014.
  - AFFO for the three months ended June 30, 2015 increased 13.0% to $32,733; or $0.25 per unit Diluted, an increase of $0.02 per unit from the three months ended June 30, 2014.
  - AFFO payout ratio of 92.9% for the six months ended June 30, 2015 compared to 96.7% for the same period in 2014.
  - AFFO payout ratio of 88.9% for the three months ended June 30, 2015 compared to 98.3% for the same period in 2014.
- Same-asset property cash NOI for the six months ended June 30, 2015 increased by 1.3% or $1,502 ($118,254 compared to $116,752 for the six months ended June 30, 2014). Increase in same-asset property cash NOI for the three months ended June 30, 2015 of 2.3% or $1,337 ($59,777 compared to $58,440 for the three months ended June 30, 2014).
- Property revenue for the six months ended June 30, 2015 of $187,408, an increase of $7,487 or 4.2% over the six months ended June 30, 2014. Second quarter property revenue of $94,907, increased $5,899, or 6.6% over second quarter 2014.
- Occupancy, on a committed basis, was 92.4% at June 30, 2015 compared with 94.0% at December 31, 2014 and 93.3% at June 30, 2014.

- Crombie's renewal activity during the first six months ended June 30, 2015, included;
  - Renewals on 206,000 square feet of 2015 expiring leases at an average rate of $17.05 per square foot, an increase of 7.2% over the expiring lease rate; and
  - Renewals on 173,000 square feet of 2016 and later expiring leases at an average rate of $15.70 per square foot, an increase of 5.0% over the expiring lease rate.
- New leasing activity affecting 2015 includes replacing 201,000 square feet of vacant or maturing space at an average rate of $18.89 per square foot and 42,000 square feet of new square footage on existing properties at an average rate of $15.93 per square foot.
- Debt to gross book value (fair value basis) was 52.1% at June 30, 2015, compared to 51.6% at June 30, 2014.
- Strong 2.76 times interest coverage. Weighted average interest rate on mortgages reduced to 4.76% from 4.78% at June 30, 2014.
- Closed $125,000 principal amount Series C Five Year Senior Unsecured Notes offering with an effective yield of 2.775% on February 10, 2015.
- Redeemed the $45,000 5.75% Series C Convertible Debentures on February 18, 2015.
- Completed acquisition of two additions to existing retail properties totalling 58,500 square feet for a total purchase price of $14,983 before closing and transaction costs.

Donald E. Clow, FCPA, FCA, President and CEO commented: “The first half of 2015 has seen positive operating results as well as solid progress on our strategic priorities to improve net asset value, cash flow growth and unit holder value. We are very pleased to share some initial information on major project developments which is Crombie’s newest growth driver and includes the potential for 14 major mixed use development opportunities in Canada’s major markets.

We have entered into a Letter of Intent with a Vancouver based development partner (Westbank) for our first project on Davie Street in Vancouver. This project proposes the development of new and expanded retail space and up to 340 residential rental units. In addition to this project, we continue to progress on numerous other projects across our portfolio, including three major developments in the pre-planning stage.”

Financial Highlights

Crombie’s key financial metrics for the three and six months ended June 30, 2015 are as follows:

	Three months ended June 30,				Six months ended June 30,			
(In thousands of CAD dollars, except per unit amounts and as otherwise noted)		2015		2014		2015		2014
Property revenue	$	94,907	$	89,008	$	187,408	$	179,921
Operating income attributable to Unitholders	$	17,153	$	17,000	$	33,855	$	32,900
Operating income attributable to Unitholders per unit - basic	$	0.13	$	0.14	$	0.26	$	0.27
Operating income attributable to Unitholders per unit - diluted	$	0.13	$	0.14	$	0.26	$	0.26
FFO – basic	$	39,079	$	34,836	$	74,851	$	69,330
FFO – diluted	$	40,801	$	37,221	$	78,625	$	73,368
FFO per unit – basic	$	0.30	$	0.28	$	0.57	$	0.56
FFO per unit – diluted	$	0.30	$	0.27	$	0.57	$	0.55
FFO payout ratio (%)		74.5%		81.8%		77.7%		80.5%
AFFO – basic	$	32,733	$	28,972	$	62,650	$	57,741
AFFO – diluted	$	33,707	$	30,610	$	64,932	$	60,288
AFFO per unit – basic	$	0.25	$	0.23	$	0.48	$	0.47
AFFO per unit – diluted	$	0.25	$	0.23	$	0.48	$	0.46
Distributions per unit	$	0.22	$	0.22	$	0.45	$	0.45
AFFO payout ratio (%)		88.9%		98.3%		92.9%		96.7%

The increase in FFO and AFFO for the three and six months ended June 30, 2015 was primarily due to acquisitions and completed development activity during 2014 and the first six months of 2015, resulting in growth in property NOI; lower general and administrative expenses, primarily salaries and benefits; and, lower finance costs - operations from refinancings and lower interest rates. FFO and AFFO were also positively impacted by an increase of approximately $1.0 million of cash lease termination income received in the second quarter compared to the same period in 2014.

The table below presents a summary of financial performance for the three and six months ended June 30, 2015 compared to the same period in fiscal 2014.

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Property revenue	$ 94,907	$ 89,008	$ 187,408	$ 179,921
Property operating expenses	27,328	27,409	57,511	56,963
Property NOI	67,579	61,599	129,897	122,958
NOI margin percentage	71.2%	69.2%	69.3%	68.3%
Other items:				
Gain (loss) on derecognition of investment properties	—	(3)	(2)	(160)
Impairment of investment properties	(5,275)	—	(5,275)	—
Depreciation and amortization	(16,925)	(15,943)	(33,447)	(32,468)
General and administrative expenses	(3,463)	(4,083)	(6,937)	(7,839)
Operating income before finance costs and taxes	41,916	41,570	84,236	82,491
Finance costs – operations	(24,287)	(25,070)	(49,705)	(50,316)
Operating income before taxes	17,629	16,500	34,531	32,175
Taxes – current	(2,276)	—	(2,276)	—
Taxes – deferred	1,800	500	1,600	725
Operating income attributable to Unitholders	17,153	17,000	33,855	32,900
Finance costs – distributions to Unitholders	(29,111)	(28,480)	(58,187)	(55,835)
Finance income (costs) – change in fair value of financial instruments	368	130	100	185
Decrease in net assets attributable to Unitholders	$ (11,590)	$ (11,350)	$ (24,232)	$ (22,750)
Operating income attributable to Unitholders per Unit, Basic	$ 0.13	$ 0.14	$ 0.26	$ 0.27
Operating income attributable to Unitholders per Unit, Diluted	$ 0.13	$ 0.14	$ 0.26	$ 0.26
Basic weighted average Units outstanding (in 000's)	130,638	125,427	130,564	124,082
Diluted weighted average Units outstanding (in 000's)	130,804	125,614	130,730	124,267
Distributions per Unit to Unitholders	$ 0.22	$ 0.22	$ 0.45	$ 0.45

Growth Highlights

(In thousands of CAD dollars)			GLA	Initial Purchase Price	Occupancy	Key Tenants
Acquisitions in Q1						
Leduc Towne Centre	Leduc	AB	51,000	$ 12,650	100%	Giant Tiger, Shoppers Drug Mart
Hemlock Square	Halifax	NS	7,500	$ 2,333	100%	Tim Hortons, McDonalds

Operating Highlights

(In thousands of CAD dollars)	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Property NOI	$ 67,579	$ 61,599	$ 129,897	$ 122,958
Non-cash straight-line rent	(3,194)	(2,706)	(5,888)	(5,460)
Non-cash tenant incentive amortization	2,411	2,390	4,757	4,527
Property cash NOI	66,796	61,283	128,766	122,025
Acquisitions, dispositions and development property cash NOI	7,019	2,843	10,512	5,273
Same-asset property cash NOI	$ 59,777	$ 58,440	$ 118,254	$ 116,752

Same-asset property cash NOI is as follows:

	Three months ended June 30,		Six months ended June 30,	
(In thousands of CAD dollars)	2015	2014	2015	2014
Retail and Mixed Use	$ 57,077	$ 55,869	$ 112,930	$ 111,241
Office	2,700	2,571	5,324	5,511
Same-asset property cash NOI	$ 59,777	$ 58,440	$ 118,254	$ 116,752

Property NOI, on a cash basis, excludes straight-line rent recognition and amortization of tenant incentive amounts. The +2.3% and +1.3% increases in same-asset property cash NOI for the three and six months ended June 30, 2015 are primarily the result of: increased average rent per square foot from leasing activity; rental rate increases in existing leases; improved recovery rates; increased lease termination income; and, revenues from land use intensifications at several properties.

Crombie believes that cash NOI is a better measure of AFFO sustainability and same-asset property performance.

Acquisitions, dispositions and development property cash NOI is as follows:

	Three months ended June 30,		Six months ended June 30,	
(In thousands of CAD dollars)	2015	2014	2015	2014
Acquisitions and dispositions property cash NOI	$ 2,624	$ 1,479	$ 5,163	$ 2,615
Development property cash NOI	4,395	1,364	5,349	2,658
Total acquisitions, dispositions and development property cash NOI	$ 7,019	$ 2,843	$ 10,512	$ 5,273

Growth in acquisitions and dispositions property cash NOI is primarily due to acquisitions in the fourth quarter of 2014 offset by changes in income from properties undergoing development and property dispositions in the fourth quarter of 2014.

Capital Highlights

	Six months ended June 30,	
	2015	2014
Weighted Average Mortgage Term	7.2 years	7.8 years
Weighted Average Mortgage Interest Rate	4.76%	4.78%
Debt to Gross Book Value (Fair Value)	52.1%	51.6%
Interest Coverage	2.76x	2.54x
Debt Service Coverage	1.83x	1.70x

Crombie's objectives when managing its capital structure are to optimize weighted average cost of capital; maintain financial flexibility through access to long-term debt and equity markets; and maintain ample liquidity. In pursuit of these objectives, Crombie utilizes staggered debt maturities, optimizes its ongoing exposure to floating rate debt, pursues a range of fixed rate secured and unsecured debt and maintains sustainable payout ratios. Crombie has an authorized floating rate revolving credit facility of up to $300,000, subject to available borrowing base, of which $135,976 was drawn as at June 30, 2015, and an additional $1,425 encumbered by outstanding letters of credit, resulting in significant available liquidity.

Debt to gross book value on a fair value basis is 52.1% (including convertible debentures) at June 30, 2015, compared to 51.6% at June 30, 2014.

General and Administrative Expenses

General and administrative expenses for the six months ended June 30, 2015, as a percentage of property revenue, decreased by 0.7% from 4.4% to 3.7%, when compared to the same period in 2014. For the three months ended June 30, 2015, general and administrative expenses as a percentage of property revenue, decreased by 1.0% from 4.6% to 3.6%, when compared to the same period in 2014. The improvement is primarily due to lower salary and benefit expenses.

Definition of Non-GAAP Measures

Certain financial measures included in this news release do not have standardized meaning under IFRS and therefore may not be comparable to similarly titled measures used by other publicly traded entities. Crombie includes these measures because it believes certain investors use these measures as a means of assessing Crombie's financial performance.

- Property NOI is property revenue less property operating expenses.
- Property Cash NOI is Property NOI adjusted to remove non-cash straight-line rent and tenant incentive amortization.
- Debt is defined as bank loans plus investment property debt, senior unsecured notes and convertible debentures.
- Gross book value means, at any time, the book value of the assets of Crombie and its consolidated subsidiaries plus deferred financing charges, accumulated depreciation and amortization in respect of Crombie's properties (and related intangible assets) and cost of any below-market component of properties less (i) the amount of any receivable reflecting interest rate subsidies on any debt assumed by Crombie; (ii) subscription receipts held in trust; and (iii) the amount of deferred income tax liability arising out of the fair value adjustment in respect of the indirect acquisitions of certain properties. Gross book value (fair value basis) differs from gross book value as defined above in that it includes Crombie's investment properties at fair value and excludes the book value of investment properties and related accumulated depreciation and amortization as well as intangible assets, tenant incentives and accumulated straight-line rent receivable.
- EBITDA is calculated as property revenue, adjusted to remove the impact of amortization of tenant incentives, less property operating expenses and general and administrative expenses.
- FFO is calculated as Increase (decrease) in net assets attributable to Unitholders (computed in accordance with IFRS), excluding gains (or losses) from sales of depreciable real estate and any related income taxes, plus depreciation and amortization expense, deferred income taxes, finance costs - distributions to Unitholders, impairment charges and recoveries and change in fair value of financial instruments.
- AFFO is defined as FFO adjusted for non-cash amounts affecting revenue, amortization of effective swap agreements, less maintenance capital expenditures, maintenance tenant incentives and deferred leasing costs, and the settlement of effective interest rate swap agreements.

For additional information on these non-GAAP measures see our Management's Discussion and Analysis for the period ended June 30, 2015.

Crombie's interim condensed consolidated financial statements and management's discussion and analysis for the three and six months ended June 30, 2015 can be found on Crombie's web site at www.crombiereit.com or on the SEDAR web site for Canadian regulatory filings at www.sedar.com.

About Crombie

Crombie is an open-ended real estate investment trust established under, and governed by, the laws of the Province of Ontario. Crombie currently owns a portfolio of 255 retail and office properties across Canada, comprising approximately 17.4 million square feet with a strategy to own and operate a portfolio of high quality grocery and drug store anchored shopping centres and freestanding stores primarily in Canada's top 36 markets.

This news release 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 "may", "will", "estimate", "anticipate", "believe", "expect", "intend" and similar expressions have been used to identify these forward-looking statements. 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 those discussed in the 2014 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.

Specifically, this document includes, but is not limited to, forward-looking statements regarding:

(i) general growth and development opportunities and expansion across Canada, which could be impacted by real estate market cycles, the availability of labour, financing, capital resource allocation decisions and general economic conditions, as well as development activities undertaken by related parties and not under the direct control of Crombie; and,

(ii) overall indebtedness levels and terms and expectations relating to refinancing, which could be impacted by the level of acquisition activity that Crombie is able to achieve, future financing opportunities, future interest rates and market conditions.

Conference Call Invitation

Crombie will provide additional details concerning its quarter ended June 30, 2015 results on a conference call to be held Thursday, August 6, 2015, at 2:30 p.m. Eastern time. To join this conference call you may dial (647) 427-7450 or (888) 231-8191. You may also listen to a live audio web cast of the conference call by visiting Crombie's website located at www.crombiereit.com. Replay will be available until midnight August 20, 2015 by dialing (416) 849-0833 or (855) 859-2056 and entering pass code 75832852, or on the Crombie website for 90 days after the meeting.

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