## FOR IMMEDIATE RELEASE

**November 9, 2015**

# CROMBIE REIT REPORTS THIRD QUARTER RESULTS

NEW GLASGOW, NS - Crombie Real Estate Investment Trust ("Crombie") (TSX:CRR.UN) is pleased to report its financial results for the three and nine months ended September 30, 2015.

**Third 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 nine months ended September 30, 2015 increased 5.2% to $111,163; or $0.84 per unit Diluted, an increase of $0.01 per unit from the nine months ended September 30, 2014.
  - FFO for the three months ended September 30, 2015 decreased 0.1% to $36,312; or $0.28 per unit Diluted, unchanged from the three months ended September 30, 2014.
  - FFO payout ratio of 78.6% for the nine months ended September 30, 2015 compared to 80.3% for the same period in 2014.
  - FFO payout ratio of 80.3% for the three months ended September 30, 2015 compared to 79.9% for the same period in 2014.
- Adjusted Funds From Operations ("AFFO"):
  - AFFO for the nine months ended September 30, 2015 increased 6.1% to $93,344; or $0.71 per unit Diluted, an increase of $0.02 per unit from the nine months ended September 30, 2014.
  - AFFO for the three months ended September 30, 2015 increased 1.6% to $30,694; or $0.23 per unit Diluted, unchanged from the three months ended September 30, 2014.
  - AFFO payout ratio of 93.6% for the nine months ended September 30, 2015 compared to 96.5% for the same period in 2014.
  - AFFO payout ratio of 95.0% for the three months ended September 30, 2015 compared to 96.1% for the same period in 2014.
- Same-asset property cash NOI for the nine months ended September 30, 2015 increased by 1.5% or $2,548 ($172,116 compared to $169,568 for the nine months ended September 30, 2014). Increase in same-asset property cash NOI for the three months ended September 30, 2015 of 1.9% or $1,053 ($57,617 compared to $56,564 for the three months ended September 30, 2014).
- Property revenue for the nine months ended September 30, 2015 of $277,019, an increase of $9,302 or 3.5% over the nine months ended September 30, 2014. Third quarter property revenue of $89,611, increased $1,815, or 2.1% over third quarter 2014.
- Occupancy, on a committed basis, was 93.2% at September 30, 2015 compared with 94.0% at December 31, 2014 and 93.6% at September 30, 2014.
- Crombie's renewal activity during the first nine months ended September 30, 2015 included;
  - Renewals on 217,000 square feet of 2015 expiring leases at an average rate of $17.66 per square foot, an increase of 6.3% over the expiring lease rate; and
  - Renewals on 199,000 square feet of 2016 and later expiring leases at an average rate of $16.27 per square foot, an increase of 6.5% over the expiring lease rate.
- New leasing activity affecting 2015 includes replacing 290,000 square feet of vacant or maturing space at an average rate of $14.85 per square foot and 50,000 square feet of new square footage on existing properties at an average rate of $16.34 per square foot.

- Debt to gross book value (fair value basis) was 52.3% at September 30, 2015, compared to 51.6% at September 30, 2014.
- Strong 2.73 times interest coverage. Weighted average interest rate on mortgages reduced to 4.76% from 4.77% at September 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 one retail property and two additions to existing retail properties totalling 108,500 square feet for a total purchase price of $35,483 before closing and transaction costs.

**Events Subsequent to Third Quarter**

- On November 3, 2015, Crombie acquired four retail properties and an addition to an existing retail property from a subsidiary of Empire. The properties, totaling approximately 218,000 square feet, were acquired for $57,300, excluding closing and transaction costs.
- On November 9, 2015, Crombie obtained secured mortgage financing of $110,150 with a weighted average term of 4.5 years and a weighted average interest rate of 2.80%.

Donald E. Clow, FCPA, FCA, President and CEO commented: "Our portfolio of primarily Sobeys anchored retail centers provided continued stability and growth during the last nine months in the face of retailer and economic headwinds. We are pleased with the progress that our maturing national platform is delivering to create value for the long term by improving the quality and geographic diversification of our portfolio as well as advancing our major development projects."

**Financial Highlights**

Crombie's key financial metrics for the three and nine months ended September 30, 2015 are as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| (In thousands of CAD dollars, except per unit amounts and as otherwise noted) | 2015 | 2014 | 2015 | 2014 |
| Property revenue | $ 89,611 | $ 87,796 | $ 277,019 | $ 267,717 |
| Operating income attributable to Unitholders | $ 17,929 | $ 16,262 | $ 51,784 | $ 49,162 |
| Operating income attributable to Unitholders per unit - basic | $ 0.14 | $ 0.12 | $ 0.40 | $ 0.39 |
| Operating income attributable to Unitholders per unit - diluted | $ 0.14 | $ 0.12 | $ 0.40 | $ 0.39 |
| FFO – basic | $ 36,312 | $ 36,359 | $ 111,163 | $ 105,689 |
| FFO – diluted | $ 38,043 | $ 38,742 | $ 116,668 | $ 112,807 |
| FFO per unit – basic | $ 0.28 | $ 0.28 | $ 0.85 | $ 0.84 |
| FFO per unit – diluted | $ 0.28 | $ 0.28 | $ 0.84 | $ 0.83 |
| FFO payout ratio (%) | 80.3% | 79.9% | 78.6% | 80.3% |
| AFFO – basic | $ 30,694 | $ 30,224 | $ 93,344 | $ 87,965 |
| AFFO – diluted | $ 31,673 | $ 31,855 | $ 96,605 | $ 92,837 |
| AFFO per unit – basic | $ 0.23 | $ 0.23 | $ 0.71 | $ 0.70 |
| AFFO per unit – diluted | $ 0.23 | $ 0.23 | $ 0.71 | $ 0.69 |
| Distributions per unit | $ 0.22 | $ 0.22 | $ 0.67 | $ 0.67 |
| AFFO payout ratio (%) | 95.0% | 96.1% | 93.6% | 96.5% |

The increase in FFO and AFFO for the nine months ended September 30, 2015 was primarily due to acquisitions and completed development activity during 2014 and the first nine months of 2015, resulting in growth in property NOI; lower general and administrative expenses; 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 2015 compared to 2014.

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| *(In thousands of CAD dollars, except per unit amounts and as otherwise noted)* | 2015 | 2014 | 2015 | 2014 |
| Property revenue | $ 89,611 | $ 87,796 | $ 277,019 | $ 267,717 |
| Property operating expenses | 26,892 | 25,333 | 84,403 | 82,296 |
| Property NOI | 62,719 | 62,463 | 192,616 | 185,421 |
| NOI margin percentage | 70.0% | 71.1% | 69.5% | 69.3% |
| Other items: | | | | |
| Gain (loss) on derecognition of investment properties | — | 11 | (2) | (149) |
| Impairment of investment properties | — | (3,250) | (5,275) | (3,250) |
| Depreciation and amortization | (16,340) | (15,632) | (49,787) | (48,100) |
| General and administrative expenses | (3,923) | (3,529) | (10,860) | (11,368) |
| Operating income before finance costs and taxes | 42,456 | 40,063 | 126,692 | 122,554 |
| Finance costs – operations | (24,306) | (24,701) | (74,011) | (75,017) |
| Operating income before taxes | 18,150 | 15,362 | 52,681 | 47,537 |
| Taxes – current | (621) | — | (2,897) | — |
| Taxes – deferred | 400 | 900 | 2,000 | 1,625 |
| Operating income attributable to Unitholders | 17,929 | 16,262 | 51,784 | 49,162 |
| Finance costs – distributions to Unitholders | (29,153) | (29,050) | (87,340) | (84,885) |
| Finance income (costs) – change in fair value of financial instruments | (3,112) | (3,342) | (3,012) | (3,157) |
| Decrease in net assets attributable to Unitholders | $ (14,336) | $ (16,130) | $ (38,568) | $ (38,880) |
| Operating income attributable to Unitholders per Unit, Basic | $ 0.14 | $ 0.12 | $ 0.40 | $ 0.39 |
| Operating income attributable to Unitholders per Unit, Diluted | $ 0.14 | $ 0.12 | $ 0.40 | $ 0.39 |
| Basic weighted average Units outstanding (in 000's) | 130,833 | 130,377 | 130,655 | 126,203 |
| Diluted weighted average Units outstanding (in 000's) | 130,984 | 130,543 | 130,816 | 126,382 |
| Distributions per Unit to Unitholders | $ 0.22 | $ 0.22 | $ 0.67 | $ 0.67 |

**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 |
| **Acquisition in Q3** | | | | | | |
| Canmore Canadian Tire | Canmore | AB | 50,000 | 20,500 | 100% | Canadian Tire |
| | | | 108,500 | $ 35,483 | | |

**Operating Highlights**

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| *(In thousands of CAD dollars)* | 2015 | 2014 | 2015 | 2014 |
| Property NOI | $ 62,719 | $ 62,463 | $ 192,616 | $ 185,421 |
| Non-cash straight-line rent | (2,453) | (2,957) | (8,341) | (8,417) |
| Non-cash tenant incentive amortization | 2,443 | 2,126 | 7,200 | 6,653 |
| Property cash NOI | 62,709 | 61,632 | 191,475 | 183,657 |
| Acquisitions, dispositions and development property cash NOI | 5,092 | 5,068 | 19,359 | 14,089 |
| Same-asset property cash NOI | $ 57,617 | $ 56,564 | $ 172,116 | $ 169,568 |

Same-asset property cash NOI is as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| *(In thousands of CAD dollars)* | 2015 | 2014 | 2015 | 2014 |
| Retail and Mixed Use | $ 54,937 | $ 53,907 | $ 164,112 | $ 161,400 |
| Office | 2,680 | 2,657 | 8,004 | 8,168 |
| Same-asset property cash NOI | $ 57,617 | $ 56,564 | $ 172,116 | $ 169,568 |

Property NOI, on a cash basis, excludes straight-line rent recognition and amortization of tenant incentive amounts. The +1.9% and +1.5% increases in same-asset property cash NOI for the three and nine months ended September 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 certain 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 September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| *(In thousands of CAD dollars)* | 2015 | 2014 | 2015 | 2014 |
| Acquisitions and dispositions property cash NOI | $ 2,778 | $ 1,449 | $ 7,940 | $ 4,064 |
| Development property cash NOI | 2,314 | 3,619 | 11,419 | 10,025 |
| Total acquisitions, dispositions and development property cash NOI | $ 5,092 | $ 5,068 | $ 19,359 | $ 14,089 |

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**

| | September 30, | |
|---|---|---|
| | 2015 | 2014 |
| Weighted Average Mortgage Term | 7.1 years | 7.6 years |
| Weighted Average Mortgage Interest Rate | 4.76% | 4.77% |
| Debt to Gross Book Value (Fair Value) | 52.3% | 51.6% |
| Interest Coverage | 2.73x | 2.56x |
| Debt Service Coverage | 1.82x | 1.71x |

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 $163,663 was drawn as at September 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 52.3% (including convertible debentures) at September 30, 2015, compared to 51.6% at September 30, 2014.

**General and Administrative Expenses**

General and administrative expenses for the nine months ended September 30, 2015, as a percentage of property revenue, decreased by 0.3% from 4.2% to 3.9%, when compared to the same period in 2014. For the three months ended September 30, 2015, general and administrative expenses as a percentage of property revenue, increased by 0.4% from 4.0% to 4.4%, when compared to the same period in 2014. The increase is due to increased public company costs and employee training and development costs.

**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 September 30, 2015.

Crombie's interim condensed consolidated financial statements and management's discussion and analysis for the three and nine months ended September 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 260 retail, mixed use and office properties across Canada, comprising approximately 17.6 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 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 September 30, 2015 results on a conference call to be held Tuesday, November 10, 2015, at 12:00 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 November 24, 2015 by dialing (416) 849-0833 or (855) 859-2056 and entering pass code 57288109, or on the Crombie website for 90 days after the meeting.

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