

## FOR IMMEDIATE RELEASE

February 24, 2016

## **CROMBIE REIT REPORTS FOURTH QUARTER AND FISCAL 2015 RESULTS**

NEW GLASGOW, NS - Crombie Real Estate Investment Trust ("Crombie") (TSX:CRR.UN) is pleased to report its financial results for the three months and year ended December 31, 2015.

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

- · Portfolio fair value of \$4.1 billion.
- Funds From Operations ("FFO"):
  - FFO for the year ended December 31, 2015 increased 5.2% to \$149,474; or \$1.13 per unit Diluted, an increase of \$0.03 per unit from the year ended December 31, 2014.
  - FFO for the three months ended December 31, 2015 increased 5.4% to \$38,311; or \$0.29 per unit Diluted, an increase of \$0.01 per unit from the three months ended December 31, 2014.
  - FFO payout ratio of 78.0% for the year ended December 31, 2015 compared to 80.2% for the same period in 2014.
  - FFO payout ratio of 76.3% for the three months ended December 31, 2015 compared to 79.9% for the same period in 2014.
- Adjusted Funds From Operations ("AFFO"):
  - AFFO for the year ended December 31, 2015 increased 6.3% to \$125,654; or \$0.96 per unit Diluted, an increase of \$0.03 per unit from the year ended December 31, 2014.
  - AFFO for the three months ended December 31, 2015 increased 6.9% to \$32,310; or \$0.25 per unit Diluted, an increase of \$0.02 per unit from the three months ended December 31, 2014.
  - AFFO payout ratio of 92.8% for the year ended December 31, 2015 compared to 96.4% for the same period in 2014.
  - AFFO payout ratio of 90.5% for the three months ended December 31, 2015 compared to 96.2% for the same period in 2014.
- Same-asset property cash NOI for the year ended December 31, 2015 increased by 1.8% or \$3,970 (\$229,962 compared to \$225,992 for the year ended December 31, 2014). Increase in same-asset property cash NOI for the three months ended December 31, 2015 of 2.5% or \$1,422 (\$57,846 compared to \$56,424 for the three months ended December 31, 2014).
- Property revenue for the year ended December 31, 2015 of \$369,866, an increase of \$11,547 or 3.2% over the year ended December 31, 2014. Fourth quarter property revenue of \$92,847, increased \$2,245, or 2.5% over fourth quarter 2014.
- Occupancy, on a committed basis, was 93.6% at December 31, 2015 compared with 93.2% at September 30, 2015 and 94.0% at December 31, 2014.
- · Crombie's renewal activity during the year ended December 31, 2015 included;
  - Renewals on 246,000 square feet of 2015 expiring leases at an average rate of \$19.01 per square foot, an increase of 8.2% over the expiring lease rate; and
  - Renewals on 231,000 square feet of 2016 and later expiring leases at an average rate of \$16.32 per square foot, an increase of 7.7% over the expiring lease rate.
- New leasing activity affecting 2015 includes replacing 299,000 square feet of vacant or maturing space at an average rate of \$14.91 per square foot and 50,000 square feet of new square footage on existing properties at an average rate of \$16.90 per square foot.

- Debt to gross book value (fair value basis) was 52.5% at December 31, 2015, compared to 52.8% at December 31, 2014.
- Strong 2.72 times EBITDA interest coverage for the year ended December 31, 2015. Weighted average interest rate on mortgages reduced to 4.62% from 4.77% at December 31, 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 five retail properties and four additions to existing retail properties totalling 333,800 square feet for a total purchase price of \$96,308 before closing and transaction costs.

## **Events Subsequent to Fourth Quarter**

• On January 29, 2016, Crombie and a third party waived conditions for the disposition of 11 retail properties, totalling 857,000 square feet of gross leaseable area, with an expected closing in the first quarter of 2016. Total proceeds, before closing adjustments and transaction costs, are approximately \$150,000 resulting in a gain on disposal of approximately \$30,000.

Donald E. Clow, FCPA, FCA, President and CEO commented: "Our strong 2015 growth in FFO & AFFO per unit, same-asset NOI, improved payout ratios and solid leasing activity demonstrate the defensiveness and resilience of Crombie's business in the face of difficult economic and market conditions. This stability combined with our enthusiasm for our major development project pipeline and ongoing strategic Sobeys relationship, bode well for our future growth prospects. We are very proud of our award winning Crombie team and their performance on multiple fronts in 2015 to advance our long term strategy."

## **Financial Highlights**

Crombie's key financial metrics for the three months and year ended December 31, 2015 are as follows:

	Th	ree months er	nded I	December 31,		Year ended December 31,				
(In thousands of CAD dollars, except per unit amounts and as otherwise noted)		2015	2015			2015		2014		
Property revenue	\$	92,847	\$	90,602	\$	369,866	\$	358,319		
Operating income attributable to Unitholders	\$	13,945	\$	22,227	\$	65,729	\$	71,389		
Operating income attributable to Unitholders per unit - basic	\$	0.11	\$	0.17	\$	0.50	\$	0.56		
Operating income attributable to Unitholders per unit - diluted	\$	0.11	\$	0.17	\$	0.50	\$	0.56		
FFO – basic	\$	38,311	\$	36,363	\$	149,474	\$	142,052		
FFO – diluted	\$	40,052	\$	38,745	\$	156,720	\$	151,550		
FFO per unit – basic	\$	0.29	\$	0.28	\$	1.14	\$	1.12		
FFO per unit – diluted	\$	0.29	\$	0.28	\$	1.13	\$	1.10		
FFO payout ratio (%)		76.3%	6	79.9%	79.9%		78.0%			
AFFO – basic	\$	32,310	\$	30,211	\$	125,654	\$	118,176		
AFFO – diluted	\$	33,295	\$	31,837	\$	129,900	\$	124,674		
AFFO per unit – basic	\$	0.25	\$	0.23	\$	0.96	\$	0.93		
AFFO per unit – diluted	\$	0.25	\$	0.23	\$	0.96	\$	0.93		
Distributions per unit	\$	0.22	\$	0.22	\$	0.89	\$	0.89		
AFFO payout ratio (%)		90.5%	6	96.2%	6	92.8%	0	96.4%		

The increase in FFO and AFFO for the year ended December 31, 2015 was primarily due to increased property cash NOI results, including acquisition and development activity during 2015 and 2014; lower finance costs - operations from refinancings and lower interest rates offset in part by increased income tax expense. 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 months and year ended December 31, 2015 compared to the same periods in fiscal 2014.

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)		e months end	ecember 31,	Year ended December 31,				
		2015		2014		2015		2014
Property revenue	\$	92,847	\$	90,602	\$	369,866	\$	358,319
Property operating expenses		28,858		27,324		113,261		109,620
Property NOI		63,989		63,278		256,605		248,699
NOI margin percentage		68.9%	6	69.8%		69.4%	)	69.4%
Other items:								
Gain (loss) on derecognition of investment properties		25		9,502		23		9,353
Impairment of investment properties		(7,300)		(7,500)		(12,575)		(10,750)
Depreciation and amortization		(16,789)		(16,024)		(66,576)		(64,124)
General and administrative expenses		(3,541)		(3,380)		(14,401)		(14,748)
Operating income before finance costs and taxes		36,384		45,876		163,076		168,430
Finance costs – operations		(24,600)		(24,449)		(98,611)		(99,466)
Operating income before taxes		11,784		21,427		64,465		68,964
Taxes – current		(39)		_		(2,936)		_
Taxes – deferred		2,200		800		4,200		2,425
Operating income attributable to Unitholders		13,945		22,227		65,729		71,389
Finance costs – distributions to Unitholders		(29,236)		(29,052)		(116,576)		(113,937)
Finance income (costs) – change in fair value of financial instruments		3,068		3,446		56		289
Decrease in net assets attributable to Unitholders	\$	(12,223)	\$	(3,379)	\$	(50,791)	\$	(42,259)
Operating income attributable to Unitholders per Unit, Basic	\$	0.11	\$	0.17	\$	0.50	\$	0.56
Operating income attributable to Unitholders per Unit, Diluted	\$	0.11	\$	0.17	\$	0.50	\$	0.56
Basic weighted average Units outstanding (in 000's)		131,182		130,383		130,788		127,257
Diluted weighted average Units outstanding (in 000's)		131,334		130,550		130,946		127,433
Distributions per Unit to Unitholders	\$	0.22	\$	0.22	\$	0.89	\$	0.89

# **Growth Highlights**

(In thousands of CAD dollar	s)		GLA	Initial Purchase Price		Key Tenants
Acquisitions in Q1						
Leduc Towne Centre	Leduc	AB	51,000	\$ 12,650	100%	Giant Tiger, Shoppers Drug Mart
Acquisitions in Q2						
Hemlock Square	Halifax	NS	7,500	2,333	3 100%	Tim Hortons, McDonalds
Acquisition in Q3						
Canmore Canadian Tire	Canmore	AB	50,000	20,500	100%	Canadian Tire
Acquisitions in Q4						
400 University Avenue	Charlottetown	PE	50,000	11,245	100%	Sobeys
50 Kildonan Green Drive	Winnipeg	MB	34,800	8,450	100%	Sobeys
2304 109th Street NW	Edmonton	AB	48,300	17,500	100%	Safeway, Safeway Gas Bar
615 Division Avenue S	Medicine Hat	AB	42,500	13,100	100%	Safeway, Safeway Gas Bar
4655 Lakelse Avenue	Terrace	ВС	43,000	7,000	100%	Safeway, Safeway Gas Bar
1440-1510 Trudel Street	Shawinigan	QC	6,700	3,530	100%	Tim Hortons, Shell
			333,800	\$ 96,308	3	

#### **Operating Highlights**

	Thre	e months ended Ded	cember 31,	Year ended December 31,			
(In thousands of CAD dollars)		2015	2014	2015	2014		
Property NOI	\$	63,989 \$	63,278 \$	256,605 \$	248,699		
Non-cash straight-line rent		(2,801)	(3,023)	(11,142)	(11,440)		
Non-cash tenant incentive amortization		2,512	914	9,712	7,567		
Property cash NOI		63,700	61,169	255,175	244,826		
Acquisitions, dispositions and development property cash NOI		5,854	4,745	25,213	18,834		
Same-asset property cash NOI	\$	57,846 \$	56,424 \$	229,962 \$	225,992		

Same-asset property cash NOI is as follows:

	Three months ended December 31,			Year ended December 31,			
(In thousands of CAD dollars)		2015	2014	2015	2014		
Retail and Mixed Use	\$	55,112 \$	53,852	\$ 219,224	\$ 215,252		
Office		2,734	2,572	10,738	10,740		
Same-asset property cash NOI	\$	57,846 \$	56,424	\$ 229,962	\$ 225,992		

Property NOI, on a cash basis, excludes straight-line rent recognition and amortization of tenant incentive amounts. The +2.5% and +1.8% increases in same-asset property cash NOI for the three months and year ended December 31, 2015 respectively 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 December 31,			Year ended December 31,			mber 31,	
(In thousands of CAD dollars)		2015		2014		2015		2014
Acquisitions and dispositions property cash NOI	\$	3,461	\$	1,593	\$	11,401	\$	5,657
Development property cash NOI		2,393		3,152		13,812		13,177
Total acquisitions, dispositions and development property cash NOI	\$	5,854	\$	4,745	\$	25,213	\$	18,834

Growth in acquisitions and dispositions property cash NOI reflects the property acquisition and disposition activity throughout 2015 and 2014 including the acquisition of five retail properties in 2015.

#### **Capital Highlights**

	December 31,			
	2015	2014		
Weighted Average Mortgage Term	6.6 years	7.4 years		
Weighted Average Mortgage Interest Rate	4.62%	4.77%		
Debt to Gross Book Value (Fair Value)	52.5%	52.8%		
Interest Coverage	2.72x	2.58x		
Debt Service Coverage	1.81x	1.72x		

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 \$130,000 was drawn as at December 31, 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 52.5% (including convertible debentures) at December 31, 2015, compared to 52.8% at December 31, 2014.

#### **General and Administrative Expenses**

General and administrative expenses for the year ended December 31, 2015, as a percentage of property revenue, decreased by 0.2% from 4.1% to 3.9%, when compared to the same period in 2014. For the three months ended December 31, 2015, general and administrative expenses as a percentage of property revenue, increased by 0.1% from 3.7% to 3.8%, when compared to the same period in 2014. The increase is due to increased 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 year ended December 31, 2015.

Crombie's interim condensed consolidated financial statements and management's discussion and analysis for the three months and year ended December 31, 2015 can be found on Crombie's web site at <a href="https://www.crombiereit.com">www.crombiereit.com</a> or on the SEDAR web site for Canadian regulatory filings at <a href="https://www.sedar.com">www.sedar.com</a>.

### **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 261 retail, mixed use and office properties across Canada, comprising approximately 17.7 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 2015 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 year ended December 31, 2015 results on a conference call to be held Thursday, February 25, 2016, at 12:30 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 <a href="https://www.crombiereit.com">www.crombiereit.com</a>. Replay will be available until midnight March 10, 2016 by dialing (416) 849-0833 or (855) 859-2056 and entering pass code 32543024, or on the Crombie website for 90 days after the meeting.

#### **Media Contact**

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