

News Release



Crombie REIT

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FOR IMMEDIATE RELEASE

November 8, 2011

CROMBIE REIT REPORTS THIRD QUARTER 2011 RESULTS AND \$67.3 MILLION OF ADDITIONAL ACQUISITIONS

Crombie Real Estate Investment Trust ("Crombie") (TSX: CRR.UN) is pleased to report its results for the third quarter ended September 30, 2011.

2011 Highlights

- Property revenue for the quarter ended September 30, 2011 of \$54.8 million; an increase of \$3.3 million or 6.5% over the \$51.5 million for the quarter ended September 30, 2010 and for the nine months ended September 30, 2011 was \$167.5 million; an increase of \$13.7 million or 8.9% over the nine months ended September 30, 2010.
- Same-asset cash net operating income ("NOI") for the quarter ended September 30, 2011 of \$30.0 million; a decrease of \$0.1 million or 0.5%, compared to \$30.1 million for the quarter ended September 30, 2010 and for the nine months ended September 30, 2011, same-asset cash NOI of \$90.8 million; an increase of \$0.9 million or 1.0% over the same period in 2010.
- Property occupancy was 94.7% at September 30, 2011 compared with 94.9% at June 30, 2011, and 95.5% at September 30, 2010.
- Average rent per square foot from year to date leasing activity increased to \$16.31 compared to an expiring rent per square foot of \$14.15, an increase of 15.3%.
- Crombie completed leasing activity on 815,000 square feet of GLA during the first nine months of 2011, which represents approximately 74.6% of the 2011 expiring lease square footage.
- Funds from operations ("FFO") for the quarter ended September 30, 2011 was \$0.27 per unit (payout ratio 84.2%) compared to \$0.26 per unit (payout ratio 85.9%) for the same period in 2010. For the nine months ended September 30, 2011, FFO was \$0.82 per unit (payout ratio 81.7%) compared to \$0.79 per unit (payout ratio 84.8%) for the same period in 2010.
- Adjusted funds from operations ("AFFO") for the quarter ended September 30, 2011 was \$0.22 per unit (payout ratio 101.9%) compared to \$0.21 per unit (payout ratio 104.3%) for the same period in 2010. For the nine months ended September 30, 2011, AFFO was \$0.65 per unit (payout ratio 102.7%) compared to \$0.64 per unit (payout ratio 104.2%) for the same period in 2010. Excluding the impact of the second quarter settlement of the delayed start interest rate swap, AFFO for the nine months ended September 30, 2011 was \$0.68 per unit (payout ratio 98.8%).
- Crombie renewed its \$150.0 million revolving credit facility at the end of the second quarter for a three year period.

Commenting on the quarterly results, Donald E. Clow, FCA, President and Chief Executive Officer stated: "We are satisfied with the continued improvement in year over year FFO per unit results and the AFFO payout ratio achieved in the third quarter of 2011."

The contribution from our acquisition and redevelopment programs continue to improve our portfolio and cash flow. We are pleased to announce that we have signed definitive asset purchase agreements on two retail properties in Nova Scotia and one in Ontario, which we expect to close in the fourth quarter of 2011, subject to completion of due diligence. The total purchase price is \$67.3 million, which along with the \$24.8 million of acquisitions completed in the third quarter, brings our acquisition total for 2011 to \$141.5 million. The estimated average cap rate of the pending acquisitions is 7.1%, while the average cap rate for the third quarter acquisitions was 7.2%, resulting in an average cap rate for 2011 acquisitions of 7.2%. The pending acquisitions and the completed third quarter acquisitions are reflective of the preferential right Crombie enjoys through our relationship with Empire Company Limited and its subsidiaries.

The acquisition activity and other pending growth opportunities will be funded with mortgage financing and proceeds from the \$75.1 million unit issuance which closed on October 20th. Crombie issued 3.51 million REIT Units at \$12.85 per unit for gross proceeds of \$45.1 million and concurrent with the issuance, Crombie Limited Partnership issued 2.33 million Class B LP Units to ECL Developments Limited at the same unit price of \$12.85 for gross proceeds of \$30.0 million.”

The table below presents a summary of financial performance for the quarter and nine months ended September 30, 2011 compared to the same periods in fiscal 2010. All amounts are presented in accordance with International Financial Reporting Standards (“IFRS”).

	Three months ended Sep. 30, 2011	Three months ended Sep. 30, 2010	Nine months ended Sep. 30, 2011	Nine months ended Sep. 30, 2010
<i>(In millions of CAD dollars, except per unit amounts)</i>				
Property revenue	\$54.781	\$51.450	\$167.456	\$153.744
Property operating expenses	19.611	18.936	61.674	57.630
Property NOI	35.170	32.514	105.782	96.114
NOI margin percentage	64.2%	63.2%	63.2%	62.5%
Other items:				
Lease terminations	--	0.162	0.163	0.347
Depreciation and amortization	(7.718)	(7.536)	(23.085)	(23.297)
General and administrative expenses	(2.487)	(2.627)	(7.848)	(8.153)
Operating income before financing costs and income taxes	24.965	22.513	75.012	65.011
Finance costs – operations	(16.075)	(14.706)	(47.170)	(42.878)
Operating income before income taxes	8.890	7.807	27.842	22.133
Income taxes – deferred	0.200	0.300	(0.300)	0.700
Operating income attributable to Unitholders	9.090	8.107	27.542	22.833
Finance costs – distributions to Unitholders	(15.132)	(14.251)	(44.753)	(41.388)
Decrease in net assets attributable to Unitholders	\$(6.042)	\$(6.144)	\$(17.211)	\$(18.555)
Operating income attributable to Unitholders per Unit, Basic and Diluted	\$0.13	\$0.13	\$0.41	\$0.37

Property NOI - Cash Basis

	Three months ended Sep. 30, 2011	Three months ended Sep. 30, 2010	Nine months ended Sep. 30, 2011	Nine months ended Sep. 30, 2010
<i>(In millions of CAD dollars)</i>				
Property NOI	\$35.170	\$32.514	\$105.782	\$96.114
Non-cash tenant incentive amortization	1.369	1.241	3.836	3.363
Non-cash straight-line rent	(0.800)	(0.829)	(2.615)	(2.612)
Property cash NOI	35.739	32.926	107.003	96.865
Acquisition and redevelopment property cash NOI	5.780	2.817	16.198	6.985
Same-asset property cash NOI	\$29.959	\$30.109	\$90.805	\$89.880

Property NOI, on a cash basis, excludes straight-line rent recognition and tenant incentive amortization amounts. The 1.0% increase in same-asset cash NOI for the nine months ended

September 30, 2011 is primarily the result of increased average rent per square foot resulting from 2011 leasing activity.

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

Same-Asset Property NOI

<i>(In millions of CAD dollars)</i>	Three months ended Sep. 30, 2011	Three months ended Sep. 30, 2010	Nine months ended Sep. 30, 2011	Nine months ended Sep. 30, 2010
Same-asset property revenue	\$46.855	\$46.875	\$144.387	\$141.581
Same-asset property operating expenses	17.403	17.286	54.691	52.540
Same-asset property NOI	\$29.452	\$29.589	\$89.696	\$89.041
Same-asset NOI margin %	62.9%	63.1%	62.1%	62.9%

Same-asset property NOI decreased slightly over Q3 of 2010. Same-asset property revenue of \$46.9 million for the quarter ended September 30, 2011 was virtually unchanged from the same period in 2010. Same-asset property revenue of \$144.4 million for the nine months ended September 30, 2011 was 2.0% higher than the nine months ended September 30, 2010 due to increased base rent and recoveries as a result of above average renewal rates and higher recoverable property expenses.

Same-asset property expenses of \$17.4 million for the quarter ended September 30, 2011 were \$0.1 million or 0.7% higher than the third quarter ended September 30, 2010 due primarily to increased recoverable property taxes. Same-asset property expenses of \$54.7 million for the nine months ended September 30, 2011 increased by 4.1% from the nine months ended September 30, 2010 due primarily to increased recoverable property taxes and snow clearing costs offset in part by reduced non-recoverable costs.

Acquisition and Redevelopment Property NOI

<i>(In millions of CAD dollars)</i>	Three months ended Sep. 30, 2011	Three months ended Sep. 30, 2010	Nine months ended Sep. 30, 2011	Nine months ended Sep. 30, 2010
Acquisition and redevelopment property revenue	\$7.926	\$4.575	\$23.069	\$12.163
Acquisition and redevelopment property expenses	2.208	1.650	6.983	5.090
Acquisition and redevelopment property NOI	\$5.718	\$2.925	\$16.086	\$7.073
Acquisition and redevelopment NOI margin %	72.1%	63.9%	69.7%	58.2%

For the three months ended and nine months ended September 30, 2011, the acquisition and redevelopment property results include the retail properties acquired in September and May 2011, the 20 retail properties acquired during 2010 and the operating results of five properties that were under redevelopment. This 2011 and 2010 activity level resulted in significant NOI growth.

General and Administrative Expenses

General and administrative expenses for the quarter ended September 30, 2011 decreased by 0.6% from 5.1% to 4.5% as a percentage of property revenue, when compared to the same period in 2010. Professional fees have decreased due to lower general legal expenses during the quarter.

General and administrative expenses as a percentage of property revenue decreased by 0.6% from 5.3% to 4.7% for the nine months ended September 30, 2011 when compared to the same period in 2010. Salaries and benefits decreased due to the costs associated with the departure of Crombie's Chief Financial Officer during the second quarter of 2010.

Finance Costs - Operations

<i>(In millions of CAD dollars)</i>	Three months ended Sep. 30, 2011	Three months ended Sep. 30, 2010	Nine months ended Sep. 30, 2011	Nine months ended Sep. 30, 2010
Same-asset finance costs	\$11.771	\$12.036	\$35.181	\$35.621
Acquisition and redevelopment finance costs	2.276	1.004	6.373	2.539
Amortization of effective swaps and deferred financing charges	2.028	1.666	5.616	4.718
Finance costs – operations	\$16.075	\$14.706	\$47.170	\$42.878

Same-asset finance costs for the nine months ended September 30, 2011 have decreased by \$0.4 million or 1.2%. Growth in acquisition and redevelopment finance costs is consistent with Crombie's significant acquisition activity in 2011 and 2010.

FFO and AFFO

Crombie's FFO and AFFO had the following results for the third quarter and nine months ended September 30, 2011 and 2010:

<i>(In millions of CAD dollars, except per unit amounts)</i>	Three months ended Sep. 30,		Variance	
	2011	2010	\$	%
FFO	\$17.977	\$16.584	\$1.393	8.4%
FFO Per Unit – Basic	\$0.27	\$0.26	\$0.01	3.8%
FFO Per Unit – Diluted	\$0.26	\$0.25	\$0.01	4.0%
FFO Payout ratio	84.2%	85.9%		1.7%
AFFO	\$14.851	\$13.668	\$1.183	8.7%
AFFO Per Unit – Basic	\$0.22	\$0.21	\$0.01	4.8%
AFFO Per Unit – Diluted	\$0.22	\$0.21	\$0.01	4.8%
AFFO Payout ratio	101.9%	104.3%		2.4%

The increase in FFO for the three months ended September 30, 2011 of \$1.4 million was primarily due to growth in acquisition property NOI, net of finance cost increases related to the acquisitions.

AFFO for the three months ended September 30, 2011 of \$14.9 million was an increase of \$1.2 million over the same period in 2010 due primarily to the improved FFO results.

<i>(In millions of CAD dollars, except per unit amounts)</i>	Nine months ended Sep. 30,		Variance	
	2011	2010	\$	%
FFO	\$54.763	\$48.793	\$5.970	12.2%
FFO Per Unit – Basic	\$0.82	\$0.79	\$0.03	3.8%
FFO Per Unit – Diluted	\$0.78	\$0.75	\$0.03	4.0%
FFO Payout ratio	81.7%	84.8%		3.1%
AFFO	\$43.566	\$39.724	\$3.842	9.7%
AFFO Per Unit – Basic	\$0.65	\$0.64	\$0.01	1.6%
AFFO Per Unit – Diluted	\$0.64	\$0.63	\$0.01	1.6%
AFFO Payout ratio	102.7%	104.2%		1.5%
AFFO Payout ratio – Adjusted for swap settlement	98.8%	104.2%		5.4%

The increase in FFO for the nine months ended September 30, 2011 was primarily due to growth in same-asset NOI and higher NOI from the 2010 and 2011 acquisition properties offset in part by higher finance costs related to those acquisitions.

AFFO for the nine months ended September 30, 2011 was \$43.6 million, an increase of \$3.8 million or 9.7% over the same period in 2010, due primarily to the improved FFO results, offset in part by the negative impact of settlement. During the second quarter of 2011, Crombie settled the last of its

forward rate interest rate swaps for \$1.7 million. Excluding the swap settlement, AFFO Per Unit – basic would have been \$0.68 and AFFO Payout ratio would have been 98.8%; a significant improvement over the 104.2% payout ratio for the same period in 2010.

Liquidity and Financings

Crombie's objectives when managing its capital structure are to optimize weighted average cost of capital; maintain financial flexibility and 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 and maintains sustainable payout ratios. Crombie has an authorized floating rate revolving credit facility of up to \$150 million, of which \$99.7 million was drawn as at September 30, 2011, and an additional \$9.3 million encumbered by outstanding letters of credit, resulting in significant available liquidity.

Debt to gross book value is 56.5% (including convertible debentures) at September 30, 2011 compared to 57.1% at June 30, 2011, 56.5% at December 31, 2010 and 56.4% at September 30, 2010. This leverage ratio is below the maximum 60%, or 65% including convertible debentures, permitted pursuant to Crombie's Declaration of Trust. On a long-term basis, Crombie intends to maintain overall indebtedness, including convertible debentures, in the range of 50% to 60% of gross book value, depending upon Crombie's future acquisitions and financing opportunities. Crombie's debt to gross book value experienced an increase of approximately 200 basis points on transition to IFRS.

Crombie's interest and debt service coverage for the nine months ended September 30, 2011 were 2.45 times EBITDA and 1.73 times EBITDA respectively. This compares to 2.39 times EBITDA and 1.72 times EBITDA respectively for the nine months ended September 30, 2010.

Definition of Non-IFRS 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 expenses.
- Property Cash NOI is Property NOI adjusted to remove non-cash straight-line rent and tenant improvement amortization.
- Debt is defined as bank loans plus commercial property debt 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) less (i) the amount of any receivable reflecting interest rate subsidies on any debt assumed by Crombie and (ii) the amount of deferred income tax liability arising out of the fair value adjustment in respect of the indirect acquisitions of certain properties.
- EBITDA is calculated as property revenue, adjusted to remove the impact of amortization of tenant improvements, less property 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 extraordinary items, plus depreciation and amortization expense, deferred income taxes, finance costs – distributions to Unitholders and after adjustments for equity accounted entities and non-controlling interests.
- AFFO is defined as FFO adjusted for non-cash amounts affecting revenue, less maintenance capital expenditures, maintenance tenant improvements and leasing costs, and the settlement of effective interest rate swap agreements.

Interim Financial Reporting

While the financial figures included in this preliminary interim earnings announcement have been computed in accordance with IFRS applicable to interim periods, this announcement does not contain sufficient information to constitute an interim financial report as that term is defined in IFRS. The Trustees expect to publish an interim financial report that complies with International Accounting Standard 34, Interim Financial Reporting, on November 8, 2011.

About Crombie

Crombie is an open-ended real estate investment trust established under, and governed by, the laws of the Province of Ontario. The trust invests in income-producing retail, office and mixed-use properties in Canada, with a future growth strategy focused primarily on the acquisition of retail properties. Crombie currently owns a portfolio of 136 investment properties in eight provinces, comprising approximately 12.3 million square feet of rentable space.

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 2010 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.

In particular, certain statements in this document discuss Crombie's anticipated outlook of future events, including the announced acquisition of properties and other pending growth opportunities, the anticipated funding of those acquisitions and the anticipated extent of the accretion of those acquisitions, which could be impacted by due diligence matters or the demand for properties and the effect that demand has on acquisition capitalization rates and changes in interest rates. 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.

Crombie's consolidated financial statements and management's discussion and analysis for the period ended September 30, 2011 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.

Conference Call Invitation

Crombie will provide additional details concerning its third quarter ended September 30, 2011 results on a conference call to be held Wednesday, November 9, 2011, at 2:00 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 23, 2011, by dialling (416) 849-0833 or (855) 859-2056 and entering pass code 22878184, or on the Crombie website for 90 days after the meeting.

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