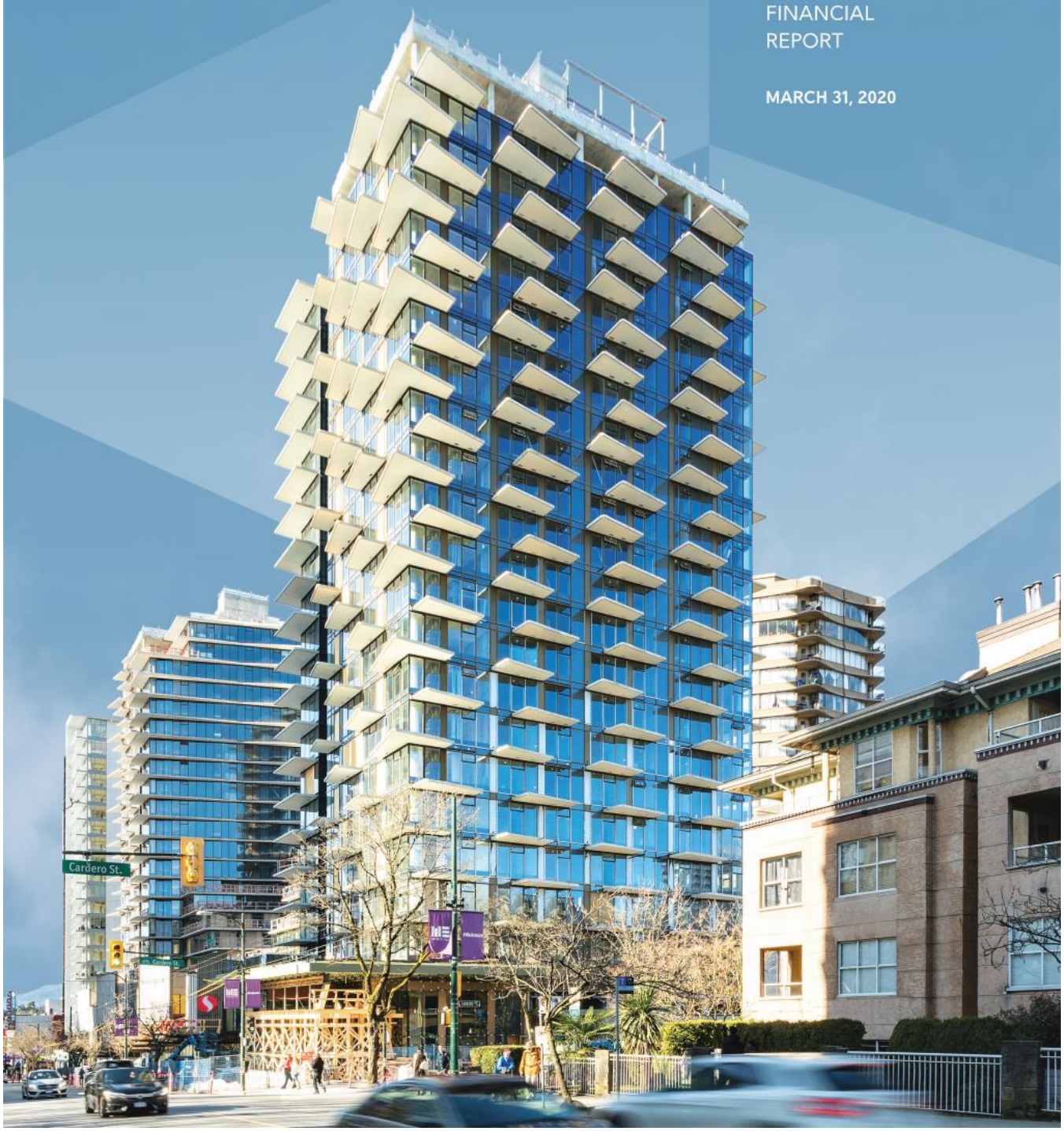
Crombie REIT

Q1

FINANCIAL REPORT

MARCH 31, 2020



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Dear Fellow Unitholders:

Our country, and indeed the world, is attempting to fight the spread of COVID-19. The past few months have been unprecedented and difficult. I want to reassure you that Crombie is committed to delivering value through a business that remains strong, despite the current economic reality. I am proud of the work our team has done to prioritize the health and wellbeing of our employees, tenants, communities and business.

COVID-19 Impacts

The vast majority of space within our grocery and pharmacy-anchored portfolio remain open, and have been deemed essential services. All of Crombie's office employees are working from home, and I'm very pleased to see our teams working productively to maintain the business. Our finance team secured increased liquidity and have worked tirelessly with our operations and leasing teams to implement our rent deferral program, Crombie Values Small Business, for small business tenants who have been impacted by COVID-19. With physical distancing and business opening limitations only being imposed near the end of the quarter, there was minimal impact on our rent collection for first quarter results. However, the team is working through the impacts of the pandemic from April onwards. Continuing uncertainty with respect to the severity, duration and overall impacts of the pandemic mean that forward-looking forecasts of operating and financial results for Crombie are uncertain at this time.

Due to the shutdown of nonessential construction in certain provinces and work site restrictions in others, delays are being experienced at our active major development sites, with some projects put on hold temporarily.

We are incredibly proud of our team and the work they do, especially at a time like this. Crombie continues to be resilient in the face of the exposure of our frontline team, the unprecedented shutdown of the economy, and the extreme volatility in the capital and credit markets.

Results and Fundamentals

Crombie's strong fundamentals drove our same-asset property cash NOI* with record high committed occupancy of 96.2%, 4.5% renewal increases on existing tenant leases, new leasing activity, and revenues from modernization investments. FFO* and AFFO* per unit were driven by lower finance costs as a result of property dispositions and mortgage repayments in 2019, lower general and administrative expenses primarily due to reduced stock-based compensation expense, offset partially by reduced year over year NOI from property dispositions in 2019.

Empire

As a critical retailer of food and other essential products, Empire Company Limited has seen significantly higher sales in all formats except fuel and they, along with their supplier partners have adapted to keep shelves stocked. Empire's balance sheet remains strong with significant free cash flow available and access to liquidity.

Empire is focused on growth in its bricks and mortar retail business, including reinvesting in and renovating its store network across the country to drive growth in grocery sales and profitability for years to come. They recognize a need to maintain and modernize their current stores, in addition to building Voilà, their grocery e-commerce platform. As their largest landlord, we continue to align our strategies and capitalize on a wide range of strategic and accretive transactions. Modernizations, major developments, land-use intensification projects, as well as FreshCo format conversions are strategic projects with Empire that enable us to enhance portfolio quality, drive AFFO and Net Asset Value (NAV)* growth, and deliver synergistic value creation to our Unitholders.

Development

Our first six major developments continue to progress, however completion dates have been adjusted due to temporary delays caused by government required shutdowns, labour shortages and supply chain issues.

Due to the shutdown of nonessential construction in Quebec on March 25th, Le Duke and the Montreal CFC developments are currently on hold with expected reopening scheduled for May 11th. British Columbia and Ontario have deemed construction essential, therefore our active developments Davie Street, Belmont Market and Bronte Village continue, however at a slower pace due to COVID-19 implications.

Throughout 2020, absent a prolonged impact of COVID-19, we expect to reach completion of the first three major development projects (Davie Street, Belmont Market and Avalon Mall). We will continue to invest in our remaining three projects (Bronte Village, Le Duke and the Voila IGA) through 2020 and 2021, with completion expected in 2021. These six projects are expected to create significant NAV and AFFO growth, increase our presence in the country's top urban markets, and diversify and improve our overall portfolio quality and income stream.

Funding

Crombie is in strong financial condition and during the quarter, improved our capital structure by raising $100,012 in equity. Crombie also secured a $120,000 credit facility, and paid off $158,000 in mortgages. These mortgages were paid off with the proceeds of the unsecured notes issued

in the fourth quarter of 2019, contributing to the reduction in finance costs. These transactions advanced several of Crombie's strategic priorities by increasing our liquidity, and improving our allocation to unsecured debt from secured debt.

Crombie will continue to focus on our goals of increasing weighted average term to maturity of our debt, reducing our leverage over the medium term, and increasing our unencumbered asset pool.

Closing

While we do not know when we will return to “normal”, I do know our team is, and will continue to work diligently to ensure Crombie’s commitment to our stakeholders remains steadfast. Our relationship with Empire remains strong and is moving to the next level to deliver significant value. Our development projects are of very high quality, located in Canada’s most desirable markets. Our balance sheet remains strong, and we have confidence in our ability to prudently allocate and creatively source capital. We will continue to be resilient and nimble in the face of a fast-changing environment, and we thank you for your continued confidence and trust in our performance.

Sincerely,

Donald E. Clow, FCPA, ICD.D.

President and Chief Executive Officer

*FFO, AFFO, same-asset cash NOI and NAV are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. As such, these non-GAAP financial measures should not be considered as an alternative to cash provided from operating activities or any other measure prescribed under IFRS. Please see the attached Management’s Discussion and Analysis of financial results for a discussion of these measures and how they are calculated and used by management.

Key performance indicators - Supplementary Information

The following highlights Crombie's performance against key financial and operational metrics as impacted by significant trends or events during the quarter.*

Financial

(in thousands of CAD dollars, except per unit amounts)

Operating income

Q1 2020	**$21,324**	
Q1 2019	$48,228	-55.79%

Declines in quarter over quarter operating income are driven by significant gains recognized on asset sales in the first quarter of 2019. Additionally, there was a reduction in revenue as a result of the sale of assets throughout fiscal 2019 as part of Crombie's capital recycling program. The reduced revenue was offset in part by lower depreciation and reduced finance costs resulting from the repayment of related mortgages and credit facilities.

Property Revenue

Q1 2020	**$102,252**	
Q1 2019	$105,240	-2.84%

The decrease in property revenue is due to property dispositions in 2019, the most significant being a 50% interest in seven properties sold in the first quarter of 2019, an 89% interest in 26 properties sold in the second quarter of 2019 and an 89% interest in 15 properties sold in the fourth quarter of 2019. This decrease is partially offset by leasing activity in retail, office and development properties.

Same-asset cash NOI

Q1 2020	**$61,279**	
Q1 2019	$60,240	+1.72%

The quarterly increase in same-asset cash NOI of $1,039 compared to the first quarter of 2019 is primarily due to rate increases on existing tenant leases, new leasing activity and revenues from modernization investments. An increase in provision for doubtful accounts lowered same-asset property cash NOI by 0.83%.

FFO per unit

Q1 2020	**$0.29**	
Q1 2019	$0.30	-3.33%

FFO increased by $201 in the quarter primarily as a result of lower finance costs due to the repayment of mortgages and a decline in unit-based compensation costs resulting from a lower unit price at quarter end. This was offset in part by reduced property NOI (a quarter-over-quarter decrease of $5,859) resulting from the disposition of properties in 2019.

The increased number of Units outstanding resulting from the issuance of REIT Units and Class B LP Units in Q1 2020 reduced FFO per unit.

FFO	payout ratio
Q1 2020	**76.0%**
Q1 2019	74.2%	-1.80%

The increased number of Units outstanding resulting from the issuance of REIT Units and Class B LP Units in Q1 2020 resulted in higher total distributions, driving the 1.80% increase in the FFO payout ratio.

AFFO	per unit
Q1 2020	**$0.26**
Q1 2019	$0.26	—%

AFFO increased by $1,023 in the quarter primarily due to the disposition of properties in 2019 which resulted in reduced straight-line rent, lower maintenance expenditures and the impact on FFO as described above.

The higher weighted average number of Units outstanding for per unit measure calculations from the issuance of REIT Units and Class B LP Units in Q1 2020 offset the increase in AFFO, resulting in AFFO per unit remaining constant.

AFFO	payout ratio
Q1 2020	**87.4%**
Q1 2019	87.3%	-0.10%

The increased number of Units outstanding from the issuance of REIT Units and Class B LP Units in Q1 2020 resulted in higher total distributions, driving the 0.10% increase in the AFFO payout ratio, slightly offset by lower straight line rent and maintenance capex charges.

Interest coverage ratio	
Q1 2020	**3.18x**
Q1 2019	2.93x	+0.25x

The quarterly improvement in interest coverage ratio is due to the decline in finance costs, primarily resulting from the repayment of mortgages, including 5.63% mortgages on Halifax, Nova Scotia properties, and disposition of properties and related mortgages to joint operations.

Debt to gross book value - fair value **	
Q1 2020	**50.0%**
Q1 2019	50.3%	+0.30%

The decrease in debt to gross book value - fair value during the quarter was driven primarily by debt reduction resulting from the repayment of mortgages and disposition of properties and related mortgages to joint operations. This was offset by the issue of senior unsecured notes in 2019 and proceeds from the $120,000 short-term credit facility received on March 31, 2020.

Fair value of investment properties declined during the quarter from cash flow assumptions on the potential short- and long-term impacts of COVID-19.

** Debt to gross book value - fair value improves to **48.8%** for Q1 2020 when cash on hand at quarter end is offset against debt.

Leasing

Renewals	GLA
Q1 2020	**156,000**
Q1 2019	183,000
	-27,000

During the first quarter of 2020, 156,000 square feet was renewed at rents 4.5% above the expiring rate.

Economic Occupancy***	
Q1 2020	**95.5%**
Q4 2019	95.4%
	+0.1%

Economic occupancy increased slightly from last year due to new leases on 44,000 square feet, primarily in the development properties of Uptown Centre in New Brunswick and Belmont Market in British Columbia.

Committed Occupancy****	
Q1 2020	**96.2%**
Q4 2019	96.1%
	+0.1%

Committed occupancy remained strong with new leases outpacing lease expiries by 38,000 square feet and 124,000 square feet of committed space at the end of the quarter.

*Same-asset cash NOI, FFO, AFFO, interest coverage ratio, debt to gross book value - fair value and debt (net of cash) to gross book value - fair value are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. As such, these non-GAAP financial measures should not be considered as an alternative to cash provided from operating activities or any other measure prescribed under IFRS. Please see the attached Management's Discussion and Analysis of financial results for a discussion of these measures and how they are calculated and used by management.

***Economic occupancy represents space currently under lease contract.

****Committed occupancy represents current economic occupancy plus completed lease contracts for future occupancy of currently available space.

First quarter financial performance

(in thousands of CAD dollars, except per unit amounts)

The following highlights Crombie's operating performance and investing and financing activities for the three months ended March 31, 2020.

Operating performance

- Reported operating income attributable to Unitholders for the quarter is $21,324, impacted by property dispositions in 2019, current quarter increased allowance for doubtful accounts of $1,114 and a reduction of $2,694 in general and administrative salaries and benefits costs primarily due to the decrease in unit price at quarter end and its impact on unit-based compensation plans.
- Reported FFO of $0.29 per unit, primarily impacted by the dispositions of investment properties in 2019 with investment of proceeds primarily in major development projects to be completed in 2020 and 2021.
- AFFO per unit of $0.26 per unit, reflecting an 87.4% payout ratio.
- Same-asset cash NOI of $61,279, an increase of 1.7% over the first quarter of 2019, resulting from rate increases on existing tenants, new leasing activity and revenue from modernization investments.
- Committed occupancy at 96.2%, with new leasing in development properties, Uptown Centre in New Brunswick and Belmont Market in British Columbia, during the quarter.
- Renewal activity totalled 156,000 square feet at an average rate of $21.81 per square feet, representing 4.5% renewal growth, an increase over expiring rental rates, in the quarter.
- New leases and expansions increased occupancy by 44,000 square feet at an average first year rate of $22.87 per square foot.

Investing and Financing

- Modernization investments at two Empire properties for a total cost of $11,728.
- Mortgage repayments of $168,420 and $231,802 net of amounts drawn on credit facilities, which includes the short-term credit facility of $120,000 that was fully drawn on March 31, 2020.
- Debt to gross book value on a fair value basis of 50.0%, improving to 48.8% after applying cash and cash equivalents to debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE THREE MONTHS ENDED MARCH 31, 2020

INTRODUCTION

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Crombie Real Estate Investment Trust ("Crombie") for the three months ended March 31, 2020, with a comparison to the financial condition and results of operations for the comparable period in 2019.

This MD&A should be read in conjunction with Crombie's interim condensed consolidated financial statements and accompanying notes for the three months ended March 31, 2020, prepared in accordance with International Account Standards ("IAS") 34, Interim Financial Reporting. This MD&A should also be read in conjunction with Crombie's audited consolidated financial statements and accompanying notes for the year ended December 31, 2019, which were presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Information about Crombie can be found on SEDAR at www.sedar.com.

Date of MD&A

The information contained in the MD&A, including forward-looking statements, is based on information available to management as of May 6, 2020, except as otherwise noted.

Forward-Looking Information

This MD&A contains forward-looking statements about expected future events and the financial and operating performance of Crombie. These statements include, but are not limited to, statements concerning management's beliefs, plans, estimates, intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical fact. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "estimate", "anticipate", "believe", "expect", "intend" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. All forward-looking information in this MD&A is qualified by the following cautionary statements as well as all cautionary statements included in Crombie's December 31, 2019 MD&A which can be found on SEDAR. Forward-looking statements include:

(i) overall indebtedness levels and terms and expectations relating to refinancing, which could be impacted by the level of acquisition and disposition activity that Crombie is able to achieve, levels of indebtedness, Crombie's ability to maintain and strengthen its investment grade credit rating, future financing opportunities, future interest rates, creditworthiness of major tenants and joint arrangement partners, and market conditions;

(ii) statements in the letter to Unitholders and under the heading "Property Development/Redevelopment" including the locations identified, timing, cost, development size and nature and anticipated impact on portfolio quality and diversification, net asset value, cash flow growth, unitholder value or other financial measures, all of which may be impacted by the economic impact of the COVID-19 crisis, real estate market cycles, future capitalization rates, the availability of financing opportunities and labour, actual development costs and general economic conditions and factors described under the "Property Development/Redevelopment" section and which assumes obtaining required municipal zoning and development approvals and successful agreements with existing tenants, and where applicable, successful execution of development activities undertaken by related parties not under the direct control of Crombie;

(iii) asset growth and reinvesting to develop or otherwise make improvements to existing properties, which could be impacted by the availability of labour, capital resource availability and allocation decisions as well as actual development costs;

(iv) generating improved rental income and occupancy levels, including anticipated replacement of expiring tenancies, which could be impacted by changes in demand for Crombie's properties, tenant bankruptcies, the effects of general economic conditions including the economic impact of the COVID-19 crisis, e-commerce and supply of competitive locations in proximity to Crombie locations;

(v) pending acquisitions or dispositions, which remain subject to satisfaction of customary closing conditions;

(vi) tax exempt status, which can be impacted by regulatory changes enacted by governmental authorities; and,

(vii) anticipated distributions and payout ratios, which could be impacted by results of operations and capital resource allocation decisions.

These forward-looking statements are presented for the purpose of assisting Crombie's Unitholders and financial analysts in understanding Crombie's operating environment and may or may not be appropriate for other purposes. These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on Crombie's current estimates and assumptions. Crombie can give no assurance that actual results will be consistent with these forward-looking statements. A number of factors, including those discussed 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. Continuing uncertainty with respect to the severity, duration and overall impacts of the pandemic mean that forward-looking forecasts of operating and financial results for Crombie are uncertain at this time.

These forward-looking statements are made as at the date of the MD&A and Crombie assumes no obligation to update or revise them to reflect new or current events or circumstances unless otherwise required by applicable securities legislation.

Non-GAAP Financial Measures

There are financial measures included in this MD&A that do not have a standardized meaning under IFRS as prescribed by the IASB. These measures are property net operating income (“NOI”), same-asset property cash NOI, operating income attributable to Unitholders, funds from operations (“FFO”), adjusted funds from operations (“AFFO”), adjusted cash flow from operations ("ACFO"), debt to gross book value, earnings before interest, taxes, depreciation and amortization (“EBITDA”), interest service coverage, debt service coverage, debt to EBITDA, unencumbered assets, estimated yield on cost and net asset value ("NAV"). Management includes these measures as they represent key performance indicators to management, and it believes certain investors use these measures as a means of assessing relative financial performance. These measures as computed by Crombie may differ from similar computations as reported by other entities and, accordingly, may not be comparable to other such entities.

HIGHLIGHTS

FINANCIAL RESULTS

Crombie's key financial metrics for the three months ended March 31, 2020 are as follows:

	Three months ended March 31,			
(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	**2020**	2019	Variance	Variance (%)
Property revenue	**$ 102,252**	$ 105,240	$ (2,988)	(2.8)%
Property operating expenses	**35,237**	32,366	(2,871)	(8.9)%
Property NOI	**$ 67,015**	$ 72,874	$ (5,859)	(8.0)%
NOI margin percentage	**65.5%**	69.2%		(3.7)%
Operating income attributable to Unitholders	**$ 21,324**	$ 48,228	$ (26,904)	(55.8)%
Operating income per unit	**$ 0.14**	$ 0.32	$ (0.18)	(56.3)%
Increase (decrease) in net assets attributable to Unitholders	**$ (11,449)**	$ 13,821	$ (25,270)	(182.8)%
Same-asset property cash NOI	**$ 61,279**	$ 60,240	$ 1,039	1.7 %
FFO				
Basic	**$ 45,661**	$ 45,460	$ 201	0.4 %
Per unit - Basic	**$ 0.29**	$ 0.30	$ (0.01)	(3.3)%
Payout ratio	**76.0%**	74.2%		1.8 %
AFFO				
Basic	**$ 39,683**	$ 38,660	$ 1,023	2.6 %
Per unit - Basic	**$ 0.26**	$ 0.26	$ —	— %
Payout ratio	**87.4%**	87.3%		0.1 %

Weighted average number of Units outstanding for per unit measures calculations:

	Three months ended March 31,	
	2020	2019
Basic number of Units for all measures	**155,216,860**	151,474,945

OPERATING RESULTS

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Number of investment properties [1]	**285**	285	284	284	285
Gross leasable area [2]	**17,583,000**	17,558,000	17,732,000	17,746,000	18,604,000
Economic occupancy [3]	**95.5%**	95.4%	95.6%	95.2%	95.0%
Committed occupancy [4]	**96.2%**	96.1%	96.1%	95.9%	95.7%

[1] This includes properties owned at full and partial interests.
[2] Gross leasable area is adjusted to reflect Crombie's proportionate interest in partially-owned properties.
[3] Represents space currently under lease contract.
[4] Represents current economic occupancy plus completed lease contracts for future occupancy of currently available space.

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Investment properties, fair value	$ 4,519,000	$ 4,605,000	$ 4,626,000	$ 4,592,000	$ 4,755,000
Unencumbered investment properties [1]	$ 1,479,211	$ 1,223,452	$ 960,275	$ 953,738	$ 1,012,707
Available liquidity [2]	$ 449,898	$ 449,016	$ 450,967	$ 413,087	$ 346,347
Debt to gross book value - fair value [3]	50.0%	48.9%	48.9%	49.1%	50.3%
Weighted average interest rate [4]	4.06%	4.17%	4.22%	4.19%	4.20%
Debt to trailing 12 months EBITDA [5]	8.86x	8.52x	8.35x	8.21x	8.56x
Interest coverage ratio [5]	3.18x	2.99x	2.90x	3.00x	2.93x

[1] Represents fair value of unencumbered properties.
[2] Represents the undrawn portion on the credit facilities, excluding joint facilities with joint operation partners.
[3] See Debt to Gross Book Value - Fair Value Basis section.
[4] Weighted average interest rate is calculated based on interest rates for all outstanding fixed rate debt.
[5] See Coverage Ratios section.

The debt to gross book value on a fair value basis, applying cash and cash equivalents to debt, is **48.8%** at March 31, 2020.

The debt to trailing 12 months EBITDA, applying cash and cash equivalents to debt, is **8.44x** at March 31, 2020.

Available liquidity is the net amount available on Crombie's credit facilities, excluding joint facilities with joint operation partners, calculated as follows:

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Revolving credit facility	$ 400,000	$ 400,000	$ 400,000	$ 398,555	$ 400,000
Amount drawn	(117,000)	(15,339)	(9,388)	(55,707)	(107,986)
Outstanding letters of credit	(5,759)	(5,645)	(5,645)	(5,761)	(5,667)
Available liquidity	277,241	379,016	384,967	337,087	286,347
Unsecured revolving bilateral credit facility	100,000	100,000	100,000	100,000	100,000
Amount drawn	(40,000)	(30,000)	(34,000)	(24,000)	(40,000)
Available liquidity	60,000	70,000	66,000	76,000	60,000
Short-term non-revolving credit facility	120,000	—	—	—	—
Amount drawn	(120,000)	—	—	—	—
Available liquidity	—	—	—	—	—
Cash	112,657	—	—	—	—
Total available liquidity	$ 449,898	$ 449,016	$ 450,967	$ 413,087	$ 346,347

Business Overview

Crombie Real Estate Investment Trust ("Crombie") is an unincorporated, open-ended real estate investment trust established under, and governed by, the laws of the Province of Ontario. Crombie is one of the country's leading national retail property landlords with a strategy to own, operate and develop a portfolio of high-quality grocery and pharmacy-anchored shopping centres, freestanding stores and mixed-use developments, primarily in Canada's top urban and suburban markets. At March 31, 2020, Crombie owned full and partial interests in a portfolio of 285 investment properties in 10 provinces, comprising approximately 17.6 million square feet of gross leasable area (“GLA”). Empire Company Limited ("Empire"), through a subsidiary, holds a 41.5% economic and voting interest in Crombie at March 31, 2020. Crombie units trade on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

Business Objectives and Strategy

Crombie describes its business objectives and strategy in the MD&A for the year ended December 31, 2019.

BUSINESS ENVIRONMENT

Crombie describes its business environment in the MD&A for the year ended December 31, 2019. The following is in addition to that disclosure to reflect current conditions for the quarter.

Impacts as a Result of COVID-19 Pandemic

Near the end of the March 31, 2020 quarter end, the outbreak of the novel strain of coronavirus, COVID-19, was declared a world-wide pandemic. States of emergency were declared across Canada with varying degrees of mandatory business closures and operating restrictions, resulting in a complete economic slowdown. The duration and impact of the resulting emergency measures taken to prevent the spread of the virus and its impact on Crombie's financial results into the future are not known. Approximately 75% of Crombie's annual minimum rent is generated from grocery and pharmacy-anchored properties and to date, Crombie has collected approximately 87% of its contractual rents for the month of April.

At Crombie we are committed to the health and safety of our employees, tenants, customers and communities. Our Pandemic Planning Team, comprised of cross-functional leadership across the organization, has been actively monitoring the COVID-19 pandemic as it progresses. We continuously review business needs and ensure everyone in the organization is empowered to take appropriate steps as they relate to prevention and vigilance, and in response to a confirmed or suspected COVID-19 cases in one of our offices or properties across the country. This includes updating and implementing our Business Continuity Plans and responding to guidance from trusted sources including the World Health Organization and Public Health Agency of Canada.

Our employees

In early March, following guidelines provided by these trusted sources, we asked our employees to cancel all work-related travel, both international and domestic, reinforced the need to practice good sanitation/handwashing techniques, and consult a physician if ill. In keeping with guidelines to facilitate physical distancing, we implemented a work from home program in mid-March for a significant portion of our workforce, ensuring technology solutions were in place to enable that capability with little to no disruption to business operations.

We continue to leverage technology to maintain open lines of communication across the organization. We regularly share information from federal and provincial public health authorities about the importance of physical distancing, avoiding gathering in groups, and what to do if an employee has COVID-19 symptoms. Crombie ensured that all employees have access to updates from our insurance provider surrounding claims related to COVID-19 as well as mental health and wellness resources. The continued level of uncertainty around how the situation will evolve may require us to take further, longer-term decisions to ensure the wellbeing of our people and we will do our part to support containment objectives of leading health organizations.

Crombie is extremely proud of the efforts made by our team. While our office employees work from home, our Operations teams continue to ensure our properties are operational, clean and safe, and, because of them, we do our part to ensure that the essential goods and services that our communities rely on are accessible in this time of need. We are grateful and committed to ensuring our employees and their families do not suffer financially because of this temporary new reality.

Our tenants and customers

Our Business Continuity Plan contains steps to mitigate the risk of business interruption and ensure that we continue to deliver the same level of service and experience that our tenants and customers are accustomed to. During this time, we are working with key vendors and service providers to maintain services to our buildings.

Our regular cleaning activities continue to be of utmost importance as a protective measure against the virus, both in our offices and at each of our properties. Health authorities have advised that regular cleaning practices should be increased, and we have done so by increasing the frequency of our cleaning efforts and ensuring a focus on touch points. Hand sanitizer dispensers are available in all common areas.

We have been sharing updates with our tenants on a weekly basis and will continue to do so. Part of maintaining open lines of communication with our tenants includes establishing clear expectations around sharing known presumptive or confirmed cases with us, so we can ensure we take the necessary steps to inform and protect all tenants, our employees, customers and service providers.

On March 27, 2020, Crombie announced the launch of Crombie Values Small Business, a program to offer relief to qualifying small business tenants impacted by the COVID-19 pandemic.

Crombie’s small business support program includes relief that defers rent to assist small businesses during this unprecedented time. Effective April 1, 2020, small businesses within Crombie’s portfolio that demonstrate a need for assistance may qualify to defer a portion or all of their rent for two months. A team has been put together to deal with the needs of our tenants and assessing eligibility of tenants who have requested rent relief.

In late April, the federal government, in cooperation with all 10 provinces, unveiled the Canada Emergency Commercial Rent Assistance ("CECRA"), a program to subsidize 75% of small and medium sized business rent for three months for qualifying business. Crombie is evaluating the application of CECRA to its tenants.

Other constituents

Crombie's Business Continuity Plan contains mechanisms to ensure we complete all public company filings on a timely basis, maintain key internal and disclosure controls and continue to meet all other ordinary course business obligations.

COVID-19 related impacts are further discussed in the following sections of the MD&A: "Forward-Looking Information", "Property Development/ Redevelopment", "Property NOI", "Debt to Gross Book Value - Fair Value Basis", "Critical Accounting Estimates and Assumptions", "Enterprise and Risk Management", "Credit Risk", "Interest Rate Risk" and "Subsequent Events".

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Acquisitions and Dispositions

Prices are in thousands of CAD dollars and are stated before transaction and closing costs.

Acquisitions

						Ownership		
Date	Property	Location	Vendor	Strategy	Number of Investment Properties	Interest	Sq. ft.	Price
2020 First Quarter								
January 9, 2020	Antigonish Land Addition	Antigonish	Third Party	Income-producing	—	100%	—	$ 280
Total acquisitions at March 31, 2020					—		—	$ 280
2019 First Quarter								
March 25, 2019	Pointe-Claire, QC	Pointe-Claire, QC	Third Party	Development (PUD)	—	100%	—	$ 32,000
2019 Third Quarter								
August 1, 2019	Broadview Avenue	Toronto, ON	Empire	Income-producing	1	50%	15,000	9,500
2019 Fourth Quarter								
October 29, 2019	Belmont - Ledcor Buildings [1]	Langford, BC	Third Party	Income-producing	—	100%	29,000	6,611
November 28, 2019	Marketway Lane, Timberlea	Halifax, NS	Empire	Income-producing	1	100%	40,000	12,422
December 16, 2019	Vaughan DC [2]	Vaughan, ON	Empire	Income-producing	—	50%	397,000	95,900
							466,000	114,933
Total acquisitions at December 31, 2019					2		481,000	$156,433

[1] Relates to an acquisition of additional density on a pre-existing retail property

[2] Relates to an acquisition of remaining 50% interest in a pre-existing retail-related industrial property

Dispositions

				Ownership		
Date	Property	Location	Number of Investment Properties	Interest	Sq. ft.	Price
2020 First Quarter						
February 4, 2020	Downsview Lands	Lower Sackville, NS	—	100%	—	$ 1,000
Total dispositions at March 31, 2020			—		—	$ 1,000
2019 First Quarter						
January 7, 2019	1040 - 1070 Guillaume Couture Boulevard	Saint Romuald, QC	—	100%	—	$ 821
January 29, 2019	Upper James Square	Hamilton, ON	1	100%	114,000	35,180
Firm Capital Portfolio[1]						
February 5, 2019	8118 & 8130 118 Avenue NW	Edmonton, AB	—	50%	22,000	
February 5, 2019	Forest Hills Parkway	Cole Harbour, NS	—	50%	22,000	
February 5, 2019	Russell Lake	Dartmouth, NS	—	50%	31,000	

February 5, 2019	409 Bayfield Street	Barrie, ON	—	50%	24,000	
February 5, 2019	1 Westminster Avenue North	Montreal, QC	—	50%	10,000	
February 5, 2019	2915 & 2931 13th Avenue	Regina, SK	—	50%	20,000	
February 5, 2019	University Park	Regina, SK	—	50%	19,000	
Firm Capital portfolio total			—		148,000	41,614
February 8, 2019	1110 Gateway Avenue	Canmore, AB	1	100%	50,000	19,925
February 14, 2019	1031 Avenue Victoria	St. Lambert, QC	1	100%	19,000	9,675
					331,000	107,215
2019 Second Quarter						
Oak Street I Portfolio[2]						
April 25, 2019	Fairway Plaza	Lethbridge, AB	—	89%	57,000	
April 25, 2019	410 and 610 Big Rock Lane	Okotoks, AB	—	89%	37,000	
April 25, 2019	Cariboo Mall	100 Mile House, BC	—	89%	19,000	
April 25, 2019	1721 Columbia Avenue	Castlegar, BC	—	89%	24,000	
April 25, 2019	11200 8th Street	Dawson Creek, BC	—	89%	38,000	
April 25, 2019	445 Reid Street	Quesnel, BC	—	89%	27,000	
April 25, 2019	3156 Birds Hill Road E	East St. Paul, MB	—	89%	35,000	
April 25, 2019	498 Mountain Avenue	Neepawa, MB	—	89%	16,000	
April 25, 2019	107 Catherwood Street	Saint John, NB	—	89%	41,000	
April 25, 2019	21 Cromer Avenue	Grand Falls, NL	—	89%	24,000	
April 25, 2019	69 Blockhouse Road	Placentia, NL	—	89%	17,000	
April 25, 2019	151 Church Street	Antigonish, NS	—	89%	46,000	
April 25, 2019	75 Emerald Street	New Waterford, NS	—	89%	23,000	
April 25, 2019	22579 Highway 7	Sheet Harbour, NS	—	89%	8,000	
April 25, 2019	215 Park Avenue W	Chatham, ON	—	89%	43,000	
April 25, 2019	15 Lindsay Street	Fenelon Falls, ON	—	89%	31,000	
April 25, 2019	32-38 Ottawa Street	Havelock, ON	—	89%	13,000	
April 25, 2019	400 First Avenue S	Kenora, ON	—	89%	33,000	
April 25, 2019	5931 Kalar Road	Niagara Falls, ON	—	89%	32,000	
April 25, 2019	714 Boul Saint-Laurent O	Louiseville, QC	—	89%	21,000	
April 25, 2019	515 Avenue du Phare E	Matane, QC	—	89%	27,000	
April 25, 2019	395 Avenue Sirois	Rimouski, QC	—	89%	42,000	
April 25, 2019	680 Avenue Chausse	Rouyn-Noranda, QC	—	89%	38,000	
April 25, 2019	10505 Boul Saine-Anne	Sainte-Anne-de-Beaupre, QC	—	89%	34,000	
April 25, 2019	8980 Boul Lacroix	Saint-Georges, QC	—	89%	39,000	
April 25, 2019	50 Rue Bourgeois	Sherbrooke, QC	—	89%	20,000	
Oak Street I portfolio total			—		785,000	161,589
April 29, 2019	1780 Markham Road	Toronto, ON	1	100%	39,000	21,500
June 3, 2019	Belmont Market Land	Langford, BC	—	100%	—	3,275
					824,000	186,364
2019 Third Quarter						
July 3, 2019	400 University Avenue	Charlottetown, PE	—	89%	44,000	9,750
July 4, 2019	Grimsby Mews	Grimsby, ON	1	100%	36,000	12,255
August 2, 2019	Davie Street[3]	Vancouver, BC	—	100%	—	27,379
September 25, 2019[4]	Charlotte Mall	St. Stephen, NB	—	100%	3,000	175
					83,000	49,559
2019 Fourth Quarter						
Oak Street II Portfolio[5]						
October 7, 2019	Castleridge Safeway	Calgary, AB	—	89%	50,000	
October 7, 2019	Saddletowne Circle Safeway	Calgary, AB	—	89%	45,000	
October 7, 2019	Fort McMurray Safeway	Fort McMurray, AB	—	89%	36,000	
October 7, 2019	Spruce Grove Safeway	Spruce Grove, AB	—	89%	45,000	
October 7, 2019	Stony Plain Safeway	Stony Plain, AB	—	89%	40,000	
October 7, 2019	Chilliwack Safeway	Chilliwack, BC	—	89%	46,000	
October 7, 2019	Kamloops Safeway	Kamloops, BC	—	89%	44,000	
October 7, 2019	Smithers Safeway	Smithers, BC	—	89%	38,000	

October 7, 2019	Selkirk Safeway	Selkirk, MB	—	89%	38,000	
October 7, 2019	Ropewalk Lane	St. John's, NL	—	89%	45,000	
October 7, 2019	Panavista Sobeys	Dartmouth, NS	—	89%	43,000	
October 7, 2019	Bradford Sobeys	Bradford, ON	—	89%	31,000	
October 7, 2019	Orangeville Sobeys	Orangeville, ON	—	89%	41,000	
October 7, 2019	Lebourgneuf IGA Extra	Quebec, QC	—	89%	52,000	
October 7, 2019	Sherbrooke IGA Extra	Sherbrooke, QC	—	89%	47,000	
Oak Street II Portfolio total					641,000	193,333
Total dispositions as at December 31, 2019			5		1,879,000	$536,471

(1) Represents disposition of 50% interest in a portfolio of seven retail properties. The square footage and price reflect the 50% amounts.

(2) Represents disposition of 89% interest in a portfolio of 26 retail properties. The square footage and price reflect the 89% amounts.

(3) Represents disposition of air rights to a joint venture in which Crombie holds 50% interest.

(4) Represents disposition of a portion of a PID at 225 King Street, St.Stephen, NB.

(5) Represents disposition of 89% interest in a portfolio of 15 retail properties. The square footage and price reflect the 89% amounts.

Crombie continues as property manager for the properties in which it retains a partial ownership interest.

Overview of the Property Portfolio

As at March 31, 2020, Crombie's property portfolio consisted of full and partial ownership interests in 285 investment properties that contain, at Crombie's share, approximately 17.6 million square feet of GLA in all 10 provinces.

As at March 31, 2020, the portfolio distribution of the GLA by province was as follows:

	GLA (sq. ft.)						
Province	January 1, 2020	Acquisitions (Dispositions)	Other	March 31, 2020[1]	Number of Investment Properties	% of GLA	% of Annual Minimum Rent
AB	3,041,000	—	1,000	3,042,000	58	17.3%	19.6%
BC	1,655,000	—	17,000	1,672,000	42	9.5%	13.0%
MB	561,000	—	—	561,000	15	3.2%	4.2%
NB	1,524,000	—	—	1,524,000	20	8.7%	6.4%
NL	1,194,000	—	—	1,194,000	13	6.8%	9.5%
NS	4,806,000	—	7,000	4,813,000	42	27.4%	21.3%
ON	2,470,000	—	—	2,470,000	42	14.0%	13.9%
PE	90,000	—	—	90,000	2	0.5%	0.6%
QC	1,802,000	—	—	1,802,000	43	10.2%	9.2%
SK	415,000	—	—	415,000	8	2.4%	2.3%
Total	17,558,000	—	25,000	17,583,000	285	100.0%	100.0%

(1) Totals include Crombie's ownership of partial dispositions.

During the three months ended March 31, 2020, Crombie had no movement in GLA from acquisition and disposition activity.

Changes in GLA included in Other in the above table include increases for additions/expansions to GLA on existing properties and decreases primarily related to GLA removals in preparation for property redevelopment.

As at March 31, 2020, our allocation of annual minimum rent consists of: Atlantic Canada 37.8%; Central Canada 23.1%; and Western Canada 39.1%. Crombie believes this diversification adds stability to the portfolio while reducing vulnerability to economic fluctuations that may affect any particular region.

Property Categorization

As at March 31, 2020:

	Crombie Owned Properties				
	Investment Properties ("IP")	Properties Under Development ("PUD")	Sub-total	Additional Properties in Joint Ventures ("JV")	Total
Same-asset	276	—	276	—	276
Non Same-Asset					
Acquisitions - 2020	—	—	—	—	—
Acquisitions - 2019	2	—	2	—	2
Other [1]	4	3	7	1	8
Active Major Development [2]	3	1	4	3	7
Total Non Same-asset	9	4	13	4	17
Total	285	4	289	4	293

(1) Other includes investment properties that have been designated for repositioning, land parcels included in PUD, or non-active major developments within a JV.
(2) Active Major Development includes:
Davie Street Retail (IP)
Avalon Mall Retail (IP)
Belmont Market Retail and Office (IP)
Pointe-Claire (PUD)
Davie Street Residential (JV)
Le Duke (JV)
Bronte Village (JV)

Davie Street is being developed as both a commercial (Crombie owned) and residential (Joint Venture owned) development. On August 2, 2019, Crombie transferred air rights to 1600 Davie Limited Partnership. Davie Street is treated as two properties, one Crombie owned Investment Property (retail) and a separate Active Major Development (residential rental property) within the 1600 Davie Limited Partnership Joint Venture (Additional Properties in Joint Ventures - Active Major Development).

Portfolio Occupancy and Lease Activity

The portfolio occupancy and committed activity for the three months ended March 31, 2020 was as follows:

	Occupied Space (sq. ft.)									
Province	January 1, 2020	Acquisitions (Dispositions)	New Leases[1]	Lease Expiries	Other Changes[2]	March 31, 2020	Economic Occupancy %	Committed Space (sq. ft.)[3]	Total Committed Space (sq. ft.)	Committed Occupancy March 31, 2020
AB	3,034,000	—	7,000	(4,000)	(5,000)	3,032,000	99.7%	3,000	3,035,000	99.8%
BC	1,628,000	—	5,000	—	6,000	1,639,000	98.0%	4,000	1,643,000	98.3%
MB	556,000	—	1,000	—	(1,000)	556,000	99.1%	—	556,000	99.1%
NB	1,355,000	—	22,000	—	6,000	1,383,000	90.7%	26,000	1,409,000	92.4%
NL	1,102,000	—	—	—	(9,000)	1,093,000	91.5%	46,000	1,139,000	95.4%
NS	4,444,000	—	6,000	(2,000)	—	4,448,000	92.4%	22,000	4,470,000	92.9%
ON	2,385,000	—	3,000	—	—	2,388,000	96.7%	23,000	2,411,000	97.7%
PE	90,000	—	—	—	—	90,000	100.0%	—	90,000	100.0%
QC	1,773,000	—	—	—	—	1,773,000	98.4%	—	1,773,000	98.3%
SK	386,000	—	—	—	—	386,000	93.0%	—	386,000	93.0%
Total	16,753,000	—	44,000	(6,000)	(3,000)	16,788,000	95.5%	124,000	16,912,000	96.2%

(1) New leases include new leases and expansions to existing properties.
(2) Other changes include amendments to existing leases; lease terminations and surrenders; bankruptcies; and space certifications.
(3) Committed space represents lease contracts for future occupancy of currently vacant space. Management believes such reporting, along with reported lease maturities, provides more balanced reporting of overall vacant space. Committed space increased to 124,000 square feet at March 31, 2020, from 115,000 square feet at December 31, 2019.

Overall leased space (occupied plus committed) has increased from 96.1% at December 31, 2019 to 96.2% at March 31, 2020. During the three months ended March 31, 2020, Crombie did not have any movement in occupancy from acquisition and dispositions and had new leases outpace lease expiries by 38,000 square feet.

New leases and expansions increased occupancy by 44,000 square feet at March 31, 2020 at an average first year rate of $22.87 per square foot. New leases totaled 43,000 square feet at an average first year rate of $22.70 per square foot. Expansions totaled 1,000 square feet at an

average first year rate of $29.78 per square foot. As at March 31, 2020, 124,000 square feet of space was committed at an average first year rate of $20.08 per square foot.

For 2020, renewal activity was as follows:

	Three Months Ended March 31, 2020		
	Square Feet	Rate PSF	Growth %
2020 Renewals	81,000	$ 22.79	3.0%
Future Year Renewals	75,000	20.76	6.4%
Total	156,000	$ 21.81	4.5%

Crombie's renewal activity for the three months ended March 31, 2020 included retail and commercial renewals of 150,000 square feet with an increase of 4.6% over expiring rental rates. 6,000 square feet of office renewals were completed at no increase over expiring rental rates.

Market Class

Portfolio diversification by market class is as follows:

Market Class	GLA	Economic Occupancy	Committed Occupancy	Number of Investment Properties	% of GLA	% of Investment Properties
VECTOM [1]	5,313,000	98.7%	98.8%	89	30.2%	31.2%
Major Markets [2]	4,602,000	96.2%	96.6%	60	26.2%	21.1%
Rest of Canada (RoC) [3]	7,668,000	92.8%	94.1%	136	43.6%	47.7%
Total	17,583,000	95.5%	96.2%	285	100.0%	100.0%

[1] VECTOM: Vancouver, Edmonton, Calgary, Toronto, Ottawa-Gatineau, Montreal, as defined by Statistics Canada 2016 CMA/CA boundaries.
[2] Major Markets consists of Abbotsford-Mission, Barrie, Chilliwack, Halifax, Hamilton, Kitchener-Cambridge-Waterloo, Oshawa, Quebec City, Regina, Saskatoon, Victoria, and Winnipeg, as defined by Statistics Canada 2016 CMA/CA boundaries.
[3] RoC includes all remaining geographies outside of VECTOM and Major Markets.

Sector Information

While Crombie does not distinguish or group its operations on a geographical or other basis, the following sector information is provided as supplemental disclosure.

As at March 31, 2020, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Investment Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Committed Occupancy
Retail and Commercial[1]	277	14,935,000	84.9%	91.8%	96.0%
Office	5	965,000	5.5%	4.1%	91.9%
Retail-Related Industrial[2]	3	1,683,000	9.6%	4.1%	100.0%
Total	285	17,583,000	100.0%	100.0%	96.2%

[1] Retail and Commercial includes our substantial retail portfolio with commercial reflecting certain few additional properties which comprise both retail and office space. These properties have been consistently included in our retail category.
[2] Retail-Related Industrial includes retail distribution centres owned in Toronto (100%), Montreal (50%) and Calgary (50%).

As at March 31, 2019, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Investment Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Committed Occupancy
Retail and Commercial[1]	277	16,318,000	87.7%	93.5%	95.8%
Office	5	1,000,000	5.4%	3.9%	87.6%
Retail-Related Industrial[2]	3	1,286,000	6.9%	2.6%	100.0%
Total	285	18,604,000	100.0%	100.0%	95.7%

[1] Retail and Commercial includes our substantial retail portfolio with commercial reflecting certain few additional properties which comprise both retail and office space. These properties have been consistently included in our retail category.
[2] Retail-Related Industrial includes retail distribution centres owned in Toronto (50%), Montreal (50%) and Calgary (50%).

Retail and commercial properties represent 84.9% of Crombie's GLA and 91.8% of annual minimum rent at March 31, 2020 compared to 87.7% of GLA and 93.5% of annual minimum rent at March 31, 2019.

Leased space in retail and commercial properties of 96.0% at March 31, 2020, increased from 95.8% at March 31, 2019. Leased space in office properties of 91.9% increased from 87.6% at March 31, 2019. Leased space in retail-related industrial properties of 100.0% at March 31, 2020, is consistent with March 31, 2019.

Lease Maturities

The following table sets out, as of March 31, 2020, the number of leases maturing during the periods indicated, the renewal area, the percentage of the total GLA of the properties represented by such maturities and the estimated average rent per square foot at the time of expiry.

Year	Number of Leases [1]	Renewal Area (sq. ft.)	% of Total GLA	Average Rent per sq. ft. at Expiry
2020	203	750,000	4.3%	$ 16.65
2021	182	836,000	4.8%	17.94
2022	183	816,000	4.6%	19.32
2023	145	707,000	4.0%	18.89
2024	155	889,000	5.1%	17.41
2025	96	954,000	5.4%	15.32
2026	73	774,000	4.4%	15.67
2027	76	800,000	4.5%	18.86
2028	62	738,000	4.2%	18.08
2029	93	1,067,000	6.1%	20.23
Thereafter	291	8,581,000	48.8%	19.31
Total	1,559	16,912,000	96.2%	$ 18.60

[1] Assuming tenants do not holdover on a month-to-month basis or exercise renewal options or termination rights.

Largest Tenants

The following table illustrates the 20 largest tenants in Crombie's portfolio of investment properties as measured by their percentage contribution to total annual minimum rent as at March 31, 2020.

	Tenant	% of Annual Minimum Rent	Average Remaining Lease Term	DBRS Credit Rating
1.	Empire Company Limited [1]	53.8%	13.2 years	BBB (low)
2.	Shoppers Drug Mart	4.1%	8.7 years	BBB
3.	Province of Nova Scotia	1.5%	7.9 years	A (high)
4.	Dollarama	1.4%	5.7 years	BBB
5.	Government of Canada	1.2%	3.9 years	AAA
6.	CIBC	1.2%	11.1 years	AA
7.	Bank of Nova Scotia	1.1%	3.0 years	AA
8.	Cineplex	1.1%	9.2 years	
9.	GoodLife Fitness	1.1%	7.9 years	
10.	Bank of Montreal	1.0%	7.5 years	AA
11.	Canadian Tire Corporation	1.0%	4.1 years	BBB (high)
12.	Restaurant Brands International	0.7%	6.0 years	
13.	Royal Bank of Canada	0.6%	3.1 years	AA (high)
14.	Bell Canada	0.6%	4.9 years	BBB (high)
15.	Metro	0.6%	7.3 years	BBB
16.	TJX Canada [2]	0.5%	8.4 years	
17	SAQ/Province of Quebec	0.5%	5.0 years	AA (low)
18.	Leon's Furniture	0.5%	5.8 years	
19.	Giant Tiger	0.5%	4.4 years	
20.	Staples	0.5%	2.3 years	
	Total	73.5%		

[1] Includes Sobeys and all other subsidiaries under Empire Company Limited.

[2] TJX Canada's parent company, The TJX Companies, Inc., is rated A2 by Moody's.

Other than Empire which accounts for 53.8% of annual minimum rent and Shoppers Drug Mart which accounts for 4.1% of annual minimum rent, no other tenant accounts for more than 1.5% of Crombie's annual minimum rent.

For the three months ended March 31, 2020, Empire represents 48.3% of total property revenue. Total property revenue includes annual minimum rent as well as operating and realty tax cost recovery income and percentage rent. These additional amounts can vary by property type, specific tenant leases and where tenants may directly incur and pay operating and realty tax costs.

The weighted average remaining term of all Crombie leases is approximately 10.0 years. This remaining lease term is influenced by the average Empire remaining lease term of 13.2 years.

Property Development/Redevelopment ("Development")

Property Development is a strategic priority for Crombie to improve net asset value ("NAV"), cash flow growth and Unitholder value. With urban intensification an important reality across the country, Crombie is focused on evaluating and undertaking major developments at certain properties, where incremental costs to develop are greater than $50,000 and where development may include a combination of commercial and/or residential uses ("Major Developments").

Crombie has the potential to unlock significant value within its current pipeline of 33 Major Development properties (six Active Major Developments (March 31, 2019 - five) and 27 Potential Major Developments (March 31, 2019 - 19)) over the next decade or longer. Crombie benefits from having solid income (FFO and AFFO) generated by these properties while working through the various approvals, entitlements and advance preparations required before each Major Development can commence. In aggregate, Crombie currently achieves an in-place NOI yield of approximately 5.0% on existing asset cost for our development pipeline properties.

Crombie has a strategic relationship with Empire. The majority of our development properties have Empire as an anchor tenant and our strategic relationship should enable us to ensure a seamless transition from existing property/store operations to construction/development of each of these sites on mutually agreeable terms.

Our Major Developments will be planned and executed either alone or with partners to complete development of mixed-use properties with a focus on grocery-anchored retail and, wherever practical, primarily purpose built residential rental accommodations that provide both revenue, diversification and growth to Crombie. We view this approach as the optimal way to drive both NAV and AFFO growth. In certain cases, residential condominium uses may also be considered, as will certain other uses, to satisfy municipal requirements and/or market opportunities. Crombie may also have the option, if desired, to monetize our density value by selling certain air rights, or purpose built rental properties to third parties in lieu of, or after, development.

Our range of options enables us, on a case by case basis, to make choices that optimize Unitholder value. In today's environment where NOI yield on cost for Major Development projects are projected to be in the 5% - 6% range and where exit capitalization rates in markets like Vancouver, Toronto and Montreal (where Crombie has 19 Major Development properties) (March 31, 2019 - 14) are in a current approximate range of 3% - 4% for comparable developments, NAV creation through development can be substantial.

In the sections that follow (Active Major Developments and Potential Major Developments), Crombie has identified 33 Major Development projects as at March 31, 2020 (March 31, 2019 - 24), with a total projected cost to develop these properties of $4,000,000 to $5,800,000 (March 31, 2019 - $3,000,000 to $4,600,000). Crombie may enter joint venture or other partnership arrangements for these properties to share cost, revenue, risk and development expertise depending upon the nature of each project. Each project remains subject to normal development approvals, achieving required economic hurdles including financial accretion and NAV analysis and Board of Trustees approval.

(Costs in billions of CAD $)	# of Projects	Total Projected Cost Range	Commercial GLA on Completion [1]	Commercial Incremental GLA [1]	Residential Incremental GLA [1]	Residential # of Units [1]
Active Major Development	6	$ 0.6	759,000	560,000	961,000	1,200
Potential Major Development	27	3.4 - 5.2	1,447,000	786,000	8,802,000	10,000
Total Developments	**33**	**$ 4.0 - 5.8**	**2,206,000**	**1,346,000**	**9,763,000**	**11,200**

[1] GLA and Units reflective of upper range of costs.

Active Major Developments

The below table provides additional detail into Crombie's Active Major Developments by property type.

							At Crombie's Share ($ in millions)			
Property	**CMA[1]**	**Use**	**Commercial GLA on Completion**	**Residential GLA on Completion**	**Residential Units**	**Estimated Final Completion Date**	**Estimated Annual NOI**	**Estimated Total Cost[2]**	**Estimated Yield on Cost [2]**	**Estimated Cost to Complete**
Investment Properties ("IP") - Major Development										
Davie Street[3]	Vancouver	Retail	54,000	—	—	Q2 2020	$ 1.8-1.9	$ 28.6	6.2%-6.8%	$ 2.2
Belmont Market [4]	Victoria	Retail, Office	160,000	—	—	Q4 2021[5]	5.4-5.7	93.0	5.8%-6.1%	7.8
Avalon Mall - Phase I	St. John's	Retail	—	—	—	Q3 2020	—	54.5	—	9.8
Avalon Mall - Phase II [6]	St. John's	Retail	165,000	—	—	Q3 2020	5.8-6.2	56.8	10.3%-11.0%	19.2
Subtotal IP - Major Development			**379,000**	**—**	**—**		**$13.0-13.8**	**$ 232.9**	**5.6%-6.0%**	**$ 39.0**
Properties Under Development ("PUD")										
Pointe-Claire	Montreal	Retail-Related Industrial	300,000	—	—	2021	6.1-6.4	100.0	6.1%-6.4%	51.6
Subtotal PUD			**300,000**	**—**	**—**		**$ 6.1-6.4**	**$ 100.0**	**6.1%-6.4%**	**$ 51.6**
Total Investment Properties			**679,000**	**—**	**—**		**$19.1-20.2**	**$ 332.9**	**5.7%-6.1%**	**$ 90.6**
Properties Held in Joint Ventures										
Davie Street[3]	Vancouver	Residential	—	254,000	330	Q4 2020	$ 4.0-4.4	$ 78.5	5.1%-5.6%	$ 17.0
Le Duke[7]	Montreal	Retail, Residential	26,000	241,000	390	Q3 2021	3.2-3.4	59.1	5.4%-5.8%	33.1
Bronte Village[7]	Toronto	Retail, Residential	54,000	466,000	480	Q4 2021	7.5-8.3	138.7	5.4%-6.0%	60.8
Total Properties Held in Joint Ventures			**80,000**	**961,000**	**1,200**		**$14.7-16.1**	**$ 276.3**	**5.3%-5.8%**	**$ 110.9**
Total Active Major Developments			**759,000**	**961,000**	**1,200**		**$33.8-36.3**	**$ 609.2**	**5.5%-6.0%**	**$ 201.5**

[1] CMA: Census Metropolitan Area
[2] Estimated Total Cost and Estimated Yield on Cost includes all costs associated with the development, including but not limited to, estimated land value, pre-development costs, construction costs, tenant costs and financing costs.
[3] Crombie will own 100% of the retail with an estimated total project cost of $28.6 million. Safeway will continue lease payments through the development period to retain the rights under their existing lease. Incremental NOI for the commercial component is estimated to be $0.6 million. Crombie has entered into a JV partnership and will own 50% of the residential with an estimated total project cost of $157.0 million.
[4] Rents from certain leases in Phase I of Belmont Market development commenced in Q4 2018 with many tenants opening for business in 2019. New revenue will continue to come on-line in 2020 and 2021 with timing dependent on leasing and remaining construction activity.
[5] Costs related to completed Belmont Market phases have been transferred out of Properties under Development and into Investment Properties in Q4 2018 and Q2 2019. Full project cost estimates are shown in chart above. Approximately 85% of GLA is constructed with 90% occupancy. 23,000 square feet additional GLA remains to be constructed with timing dependent on pre-leasing activity.
[6] Avalon Mall total GLA is expected to be 593,000 square feet when Phase II is complete. 165,000 square feet relates to the expected square footage of the redeveloped portion of the mall.
[7] The development agreement with our partner was executed in April 2018. Under this agreement, Crombie has sold a 50% interest in the Bronte Village development and acquired a 50% interest in the Le Duke development. Title transfer closed in August 2018.

Due to the shutdown of nonessential construction in Quebec, Le Duke and the Montreal Customer Fulfillment Centre ("CFC") developments are currently on hold with expected reopening scheduled for May 11th. As a result, Le Duke's completion date moved from Q2 2021 to Q3 2021. British Columbia and Ontario have deemed construction essential, therefore our active developments at Davie Street in Vancouver, and Bronte Village in the GTA continue, however at a slower pace with reduced workforce. Davie's residential completion date moved from Q3 2020 to Q4 2020 and Bronte Village moved from Q3 2021 to Q4 2021. Belmont Market in British Columbia is experiencing minimal delays with the existing phase, but construction of the remaining 23,000 square feet will be delayed due to anticipated leasing disruption arising from COVID-19. As a result, Belmont's completion date will be extended from Q4 2020 to Q4 2021.

As a result of project delays and on-site work disruption there is increased risk around date and cost of completion as well as future lease-up schedules. The full impact of this business interruption is not clear at this time.

1641 Davie Street, Vancouver, British Columbia

Davie Street is currently under active development and is being constructed in conjunction with our partner, as an approximate 308,000 square foot mixed-use property. Construction of the retail podium, tower concrete and tower glazing are now complete for both towers. This development includes a new Safeway store at approximately 45,000 square feet with almost 9,000 square feet of ancillary retail space, expected to open in May/June 2020. Rental residential space totalling 254,000 square feet (330 rental units) in two residential towers are expected to open in Q4 2020. Estimated total project cost is $185,600, $107,100 at Crombie's share. Crombie owns 100% of the commercial component and 50% of the rental residential component. The residential component is fully funded within the joint venture partnership with in-place mortgage financing. Crombie also has in-place mortgage financing on the commercial component.

Avalon Mall - Phase I & II, St. John's, Newfoundland and Labrador

Avalon Mall is the only regional shopping mall in Newfoundland and Labrador and is located in St. John's. Crombie is in its final year of a three year capital investment program to enhance Avalon Mall's position as the dominant regional mall in the province. The Phase I investment program began in 2017 and included construction of a four-level 875 space parkade, redesign and phased renovation of the mall's interior common areas, and the redesign and realignment of the main mall vehicular access with a combined capital investment of $54,500 over three years. The parkade was completed in 2018. The redesign and renovation of the common areas began in January 2018 and continues in phases through 2019 and 2020.

Crombie obtained possession of the 129,000 square foot space formerly occupied by Sears effective February 2018, enabling the redevelopment of this section of the mall. This $56,800 Phase II redevelopment involves demolition of approximately 50,000 square feet of the Sears space, renovation of the remaining portion into new retail units, and an expansion of the existing shopping centre toward Kenmount Road. The redevelopment provides an opportunity to replace the former Sears space with new and/or completely renovated modern tenant spaces, common areas, and mall exterior. This phase of the redevelopment commenced in March 2018 with the start of the Sears demolition, and occupancy of the new retail units began in Q3 2019. Construction of the expansion area will be completed in Q3 2020. Avalon Mall continues its market dominance with occupancy at March 31, 2020 at 96.6%. Leasing activity to date for the redevelopment area includes a new and expanded Winners HomeSense, H&M, GAP/Banana Republic, Old Navy, Tommy Hilfiger, Sport Chek, and Levi Strauss bringing the total of the leasable square footage in this redevelopment to 88.8%. Advanced discussions with other potential national anchor and commercial retail unit tenants continue.

Belmont Market, Langford (Victoria), British Columbia

Belmont Market is being developed as a grocery-anchored retail centre in Langford. Crombie is developing and owns 100% of the 160,000 square foot retail component currently under active development. The retail development is expected to cost approximately $93,000 and includes a 53,000 square foot Thrifty Foods store and approximately 107,000 square feet of additional retail and office space on 13 acres of land. A third-party completed construction of 29,000 square feet of ground floor retail space located along High Street in late 2019 on Crombie’s behalf, which was purchased by Crombie in November 2019. Tenants are now open in these new buildings with others scheduled to open imminently. As at March 31, 2020 committed occupancy is 90.0%.

The final portion of the development totalling 23,000 square feet in three buildings is in active pre-leasing and deals are completed on approximately 6,000 square feet of the available retail space. Construction will commence on the first building in Q2 2020, with the remaining two buildings slated for 2021 construction.

Le Duke, 297 Rue Duke, Montreal, Quebec

Le Duke is located near the new Bonaventure Greenway in Old Montreal. The development has total project costs estimated at $118,100 ($59,100 at Crombie’s share), and includes a 25 storey mixed-use tower with 241,000 square feet and 390 residential rental units, a 25,000 square foot IGA grocery store, 1,000 square feet of retail space, and 200 underground parking stalls. Development of Le Duke began late in 2017 with demolition of the existing structure. The residential structure is completed up to the 19th floor. This development is expected to be complete in Q3 2021 because of delay due to the implications of COVID-19 lockdowns and reduced workforce.

The partnership agreement was executed in April 2018. Under this agreement, Crombie sold a 50% interest in the Bronte Village development in South Oakville and acquired a 50% interest in Le Duke. Title transfer closed in August 2018.

Bronte Village, 2441 Lakeshore Road West, Oakville (Toronto), Ontario

Bronte Village is located in South Oakville at the intersection of Lakeshore and Bronte Road. The 5.66 acre property is being redeveloped from a single storey, retail mall, to a mixed-use residential property in conjunction with our partner. This development includes the existing 30,000 square foot grocery store while adding 24,000 square feet of retail and two luxury residential towers totalling 466,000 square feet of residential

rental space in up to 480 units. The existing Sobeys grocery store remains operational during the development. Demolition of the existing mall was completed in June 2018. Site plan approval and building permits have been obtained for the development. The below grade parking structure is complete. Form work on building A (west) is now complete and the precast installation has been completed up to level 10. Building B (east) forming is now completed up to level 10, glazing and precast installation is now underway. Total project cost is estimated at $277,200, $138,700 at Crombie's share. This development is expected to be completed in Q4 2021 because of delay due to reduced workforce arising from COVID-19.

Pointe-Claire, (Montreal), Quebec

The property is a 20.25 acre retail-related industrial site situated in Pointe-Claire, three kilometers from Montreal's P. E. Trudeau International Airport. The property was acquired in the first quarter of 2019. Crombie has executed an agreement with Empire to develop a new 300,000 square foot state-of-the-art CFC. Crombie's approximately $100,000 project investment, including land, will be powered by Ocado's world-leading online grocery platform, and will become Empire's e-commerce distribution hub for major cities in Quebec and the Ottawa area. Crombie is the owner and developer of the CFC and will work collaboratively with Empire to develop the project. The site is currently zoned for its intended use. Empire will lease the location from Crombie and Crombie will build the site to Empire's specifications. The launch of Voilà par IGA, the grocery e-commerce service for Quebec and the Ottawa area is expected in 2021. Building construction to commence in spring 2020 due to delay related to the Quebec construction lockdown.

Potential Major Developments

In addition to Active Major Developments in the previous section, Crombie's current Potential Major Developments have the potential to add up to 786,000 square feet (March 31, 2019 - 825,000 square feet) of commercial GLA and up to 8,802,000 square feet (up to 10,000 units) (March 31, 2019 - 7,500,000 square feet and 9,000 units) of residential GLA (which may include a combination of rental or condominium units).

Based on Crombie's current estimates, total costs to develop these properties could reach $3,400,000 to $5,200,000 ($4,000,000 to $5,800,000 including Active Major Developments). Crombie may develop independently or may enter joint venture or other partnership arrangements for these properties to share cost, revenue, risk and development expertise depending upon the nature of each project. Each project remains subject to normal development approvals, achieving required economic hurdles including financial NAV and accretion analysis and Board of Trustees approval.

As at March 31, 2020, Crombie has identified the following 27 Potential Major Development locations as having potential to become Active Major Developments. Development of each property is subject to management completing full due diligence on the opportunity, including commercial and residential components, as well as seeking all necessary Board, municipal/provincial and tenant approvals prior to proceeding. The precise timing of each project is not determinable at present. The time horizon of these projects may change, project scope may change, and/or Crombie may choose to not proceed with development on some properties after further review and completion of financial projections.

With the recent completion of a significant mixed-use residential / retail development on the east portion of the Lynn Valley Town Centre site, the redevelopment of Crombie's Lynn Valley Safeway property has been prioritized and is now being actively planned for potential re-zoning and development acceleration. The project has been re-prioritized on the development ladder accordingly.

	Existing Property	CMA[1]	Site Size (acres)	Transit Oriented	Existing Tenants	Potential Commercial Expansion	Potential Residential Expansion	Status
1	**Scotia Square Residential[2]**	**Halifax**	**0.46[3]**	**Yes**	**n/a**	**Yes**	**Yes**	**Pre-planning**
2	**Penhorn Lands**	**Halifax**	**26.12**	**No**	**Land**	**Yes**	**Yes**	**Pre-planning**
3	**1780 East Broadway (Broadway and Commercial)**	**Vancouver**	**2.43**	**Yes**	**Safeway**	**Yes**	**Yes**	**Pre-planning**
4	**Belmont Market - Phase II**	**Victoria**	**1.70**	**No**	**Land**	**Yes**	**Yes**	**Pre-planning**
5	**10355 King George Boulevard**	**Vancouver**	**5.07**	**Yes**	**Safeway**	**Yes**	**Yes**	**Pre-planning**
6	**1170 East 27 Street (Lynn Valley)**	**Vancouver**	**2.82**	**No**	**Safeway**	**Yes**	**Yes**	**Pre-planning**
7	**Park West**	**Halifax**	**6.44**	**No**	**Retail**	**Yes**	**Yes**	**Pre-planning**
8	1818 Centre Street	Calgary	2.18	Yes	Safeway	Yes	Yes	TBD[4]
9	410 10 Street NW (Kensington)	Calgary	1.73	Yes	Safeway	Yes	Yes	TBD
10	524 Elbow Drive SW (Mission)	Calgary	1.60	No	Safeway	Yes	Yes	TBD
11	813 11 Avenue SW (Beltline)	Calgary	2.59	Yes	Safeway	Yes	Yes	TBD
12	10930 82 Avenue (Whyte Ave)	Edmonton	2.44	No	Safeway/Other tenants	Yes	Yes	TBD
13	Brunswick Place	Halifax	0.75[5]	Yes	n/a	Yes	Yes	TBD
14	Triangle Lands	Halifax	0.68	No	Land	Yes	Yes	TBD
15	Centennial Parkway	Hamilton	2.75	No	Retail	Yes	Yes	TBD
16	3130 Danforth	Toronto	0.79	Yes	The Beer Store	Yes	Yes	TBD
17	Brampton Mall	Toronto	8.74	No	Office/Retail	Yes	Yes	TBD
18	McCowan & Ellesmere	Toronto	4.48	Yes	FreshCo/Other tenants	Yes	Yes	TBD
19	5235 Kingsway (Royal Oak)	Vancouver	2.76	Yes	Safeway	Yes	Yes	TBD
20	2733 West Broadway	Vancouver	1.95	Yes	Safeway	Yes	Yes	TBD
21	3410 Kingsway (Kingsway +Tyne)	Vancouver	3.74	Yes	Safeway/Other tenants	Yes	Yes	TBD
22	990 West 25 Avenue (King Edward)	Vancouver	1.80	No	Safeway	Yes	Yes	TBD
23	East Hastings	Vancouver	3.30	No	Safeway/Other tenants	Yes	Yes	TBD
24	Fleetwood	Vancouver	4.45	Yes	Safeway	Yes	Yes	TBD
25	New Westminister	Vancouver	2.82	No	Safeway	Yes	Yes	TBD
26	Port Coquitlum	Vancouver	5.31	No	Safeway	Yes	Yes	TBD
27	Robson Street	Vancouver	1.15	No	Safeway	Yes	Yes	TBD

(1) CMA: Census Metropolitan Area
(2) Scotia Square Residential was formerly called Westhill
(3) Scotia Square Residential can be developed through densification on 0.46 acres of the existing 9.05 acre Scotia Square site
(4) TBD: to be determined
(5) Brunswick Place can be developed through densification on the existing 0.75 acre Brunswick Place Parkade

These are projects owned by Crombie where future development is a possibility. Projects described as having a “pre-planning” status include projects where Crombie has undertaken potential development planning, which could include seeking municipal approvals for zoning, developing image renderings, seeking potential commercial and/or residential development partners, evaluation of financing options and other activities required to determine viability of the opportunity.

Properties in the Pre-Planning Phase

Scotia Square Residential, Halifax, Nova Scotia

Scotia Square Residential is a potential multi-unit rental building addition to Crombie’s existing Scotia Square commercial complex, located at a prime location in Downtown Halifax. The approximately 0.46 acre site is situated within the Downtown Halifax Plan Area, which enables approximately 18 storeys of residential development. Site plan approval is required in order to proceed with any future development and preliminary development analysis is currently underway.

Penhorn Lands, Dartmouth (Halifax), Nova Scotia

The Penhorn Lands is a development site located at the intersection of Highway 111 and Portland Street in Dartmouth (Halifax), Nova Scotia. Crombie has initiated pre-planning activity for future mixed residential development on 26 acres of this development site located adjacent to a Crombie owned grocery-anchored property, Penhorn Plaza.

1780 East Broadway (Broadway and Commercial), Vancouver, British Columbia

1780 East Broadway is a 2.43 acre site located at the intersection of Commercial Drive and East Broadway in Vancouver, British Columbia. The single storey 38,000 square foot Safeway grocery store is situated at one of the busiest transit nodes in Western Canada. Crombie is currently working through the rezoning process to capitalize on the Official Community Plan, which permits a total density of 5.7 floor to space ratio (FSR) including 4.5 FSR for residential and 1.2 FSR for commercial.

Belmont Market - Phase II, Langford (Victoria), British Columbia

Belmont Market Phase II is currently contemplated as the final piece of the larger shopping centre development with a potential to add 140,000 square feet of residential and/or commercial space on the remaining 1.70 acres of land.

10355 King George Boulevard, Surrey (Vancouver), British Columbia

King George is located in Surrey, British Columbia, in a prime location within Surrey City Centre and immediately adjacent the King George SkyTrain stop. The approximate 5 acre site is within the City of Surrey Official Community Plan and the Surrey City Centre Plan, which both designate the site for high-density development up to 7.5 FSR. Rezoning of the site is required in order to proceed with any future redevelopment, and preliminary development analysis is currently underway.

1170 East 27th Street, North Vancouver (Lynn Valley), British Columbia

Lynn Valley is located in the District of North Vancouver in the popular Lynn Valley Towne Centre. The 2.82 acre site currently has a 37,000 square foot Safeway as the major tenant. Crombie is currently developing plans to accommodate the targeted density of 3.5 FSR with maximum building heights of 12 storeys as set out in the Official Community Plan. Rezoning of this property is required prior to proceeding with any redevelopment.

Park West, Halifax, Nova Scotia

Park West is located in Halifax, Nova Scotia in a prime location abutting adjacent retail and residential on Lacewood Drive and Dunbrack Street. The 6.44 acre site (which formally was the home to a Canadian Tire Store) abuts Crombie-owned Park West Centre; home of Sobeys, Lawtons, RBC plus additional retail and services. Crombie is currently exploring mixed-use development options. Rezoning of this property is required prior to proceeding with any development.

FINANCIAL RESULTS

Comparison to Previous Year

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	As At March 31, 2020	As At December 31, 2019
Total assets	$ 4,038,291	$ 3,920,267
Total investment property debt and unsecured debt	$ 2,346,044	$ 2,279,297

Compared to December 31, 2019, the balance sheet changes are primarily attributable to:

- increased cash and cash equivalents of $112,657 due to cash received from a short-term credit facility taken out March 31, 2020 by Crombie to strengthen short-term liquidity.
- net amount drawn on floating rate credit facilities of $231,802, offset in part by repayment of $168,420 in fixed rate mortgages.

	Three months ended March 31, 2020	Three months ended March 31, 2019	Variance
Property revenue	$ 102,252	$ 105,240	$ (2,988)
Property operating expenses	35,237	32,366	(2,871)
Property NOI	67,015	72,874	(5,859)
NOI margin percentage	65.5%	69.2%	(3.7)%
Other items:			
Gain (loss) on disposal of investment properties	(829)	26,629	(27,458)
Depreciation and amortization	(19,318)	(19,918)	600
General and administrative expenses	(3,019)	(5,784)	2,765
Finance costs - operations	(22,640)	(25,667)	3,027
Income from equity accounted investments	115	94	21
Operating income attributable to Unitholders	21,324	48,228	(26,904)
Finance costs - distributions to Unitholders	(34,702)	(33,736)	(966)
Finance (costs) income - change in fair value of financial instruments	1,929	(671)	2,600
Increase (decrease) in net assets attributable to Unitholders	$ (11,449)	$ 13,821	$ (25,270)
Operating income attributable to Unitholders per Unit, Basic	$ 0.14	$ 0.32	
Basic weighted average Units outstanding (in 000's)	155,217	151,475	
Distributions per Unit to Unitholders	$ 0.22	$ 0.22	

Operating Results

Operating income attributable to Unitholders decreased by $26,904 or 55.8% compared to the first quarter of 2019 primarily due to the disposition of investment properties in 2019, resulting in a $5,859 decrease in property NOI and a quarter-over-quarter decrease of $27,458 in gain on disposal of investment properties. This is offset in part by a decrease of $3,027 in finance costs from operations due to repayments of debt and a reduction in general and administrative expenses of $2,765 which is primarily due to the decrease in unit price and its impact on unit-based compensation plans.

Pursuant to CSA Staff Notice 52-306 "(Revised) Non-GAAP Financial Measures", non-GAAP measures should be reconciled to the most directly comparable GAAP measure, which, in the case of operating income attributable to Unitholders, is increase (decrease) in net assets attributable to Unitholders from the Statement of Comprehensive Income (Loss). The reconciliation is as follows:

	Three months ended March 31,	
(In thousands of CAD dollars)	**2020**	2019
Operating income attributable to Unitholders	**$ 21,324**	$ 48,228
Finance costs - distributions to Unitholders	**(34,702)**	(33,736)
Finance (costs) income - change in fair value of financial instruments	**1,929**	(671)
Increase (decrease) in net assets attributable to Unitholders	**$ (11,449)**	$ 13,821

Property NOI

Management emphasizes property NOI on a cash basis as it reflects the cash generated by the properties period-over-period.

Same-asset properties are properties owned and operated by Crombie throughout the current and comparative reporting periods, excluding any property that was designated for redevelopment during either the current or comparative period. Same-asset property NOI reflects Crombie's proportionate ownership of jointly operated properties.

Property NOI on a cash basis, which excludes non-cash straight-line rent recognition and amortization of tenant incentive amounts, is as follows:

	Three months ended March 31,		
(In thousands of CAD dollars)	**2020**	2019	Variance
Property NOI	**$ 67,015**	$ 72,874	$ (5,859)
Non-cash straight-line rent	**(1,931)**	(2,533)	602
Non-cash tenant incentive amortization	**3,819**	3,615	204
Property cash NOI	**68,903**	73,956	(5,053)
Acquisitions, dispositions and development property cash NOI	**7,624**	13,716	(6,092)
Same-asset property cash NOI	**$ 61,279**	$ 60,240	$ 1,039

Same-asset property cash NOI increased by $1,039 or 1.7% compared to the first quarter of 2019 primarily due to rate increases on existing tenant leases, new leasing activity and revenues from modernization investments.

Same-asset property cash NOI was impacted by an increase in the allowance for doubtful accounts of $497 over the same period in 2019 as a result of management's estimations as to the potential impacts of COVID-19 on collection of receivable balances outstanding at March 31, 2020. Same-asset property cash NOI restated for the removal of this additional allowance is $61,776, an increase of 2.6% compared to the first quarter of 2019.

Same-asset property cash NOI is as follows:

	Three months ended March 31,			
(In thousands of CAD dollars)	**2020**	2019	Variance	Percent
Retail and Commercial[1]	**$ 56,131**	$ 55,295	$ 836	1.5 %
Office	**3,254**	3,040	214	7.0 %
Retail-Related Industrial[2]	**1,894**	1,905	(11)	(0.6)%
Same-asset property cash NOI	**$ 61,279**	$ 60,240	$ 1,039	1.7 %

[1] Commercial includes certain properties which comprise both retail and office space. These properties have been consistently included in our retail category.
[2] Retail-Related Industrial includes retail distribution centres owned in Toronto, Montreal and Calgary.

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

	Three months ended March 31,		
(In thousands of CAD dollars)	**2020**	2019	Variance
Acquisitions and dispositions property cash NOI	**$ 1,233**	$ 6,942	$ (5,709)
Development property cash NOI	**6,391**	6,774	(383)
Total acquisitions, dispositions and development property cash NOI	**$ 7,624**	$ 13,716	$ (6,092)

Development properties include properties earning cash NOI that are: currently being developed; have recently completed development; and, properties scheduled for development. Change in cash NOI from development properties period-over-period is impacted by the timing of commencement and completion of each development project. The nature and extent of development projects results in operations being impacted minimally in some instances with significant disruption in others. Consequently, comparison of period-over-period development operating results may not be meaningful.

Property NOI for the three months ended March 31, 2020 by province was as follows:

	Three months ended March 31,		
	2020	2019	
(In thousands of CAD dollars)	**Property NOI**	Property NOI	Variance
AB	**$ 14,201**	$ 16,195	$ (1,994)
BC	**9,184**	10,137	(953)
MB	**3,036**	3,311	(275)
NB	**3,562**	3,599	(37)
NL	**5,404**	6,608	(1,204)
NS	**13,946**	13,924	22
ON	**9,661**	9,819	(158)
PE	**292**	425	(133)
QC	**6,161**	7,176	(1,015)
SK	**1,568**	1,680	(112)
Total	**$ 67,015**	$ 72,874	$ (5,859)

FFO AND AFFO

FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. As such, these non-GAAP financial measures should not be considered as an alternative to cash provided from operating activities or any other measure prescribed under IFRS. Management uses FFO as a supplemental non-GAAP, industry-wide, financial measure of a real estate organization's operating performance. AFFO is presented in this MD&A because management believes this non-GAAP earnings amount is a measure of Crombie's ability to generate cash from earnings. FFO and AFFO as computed by Crombie may differ from similar computations as reported by other REITs and, accordingly, may not be comparable to other such issuers.

Funds from Operations (FFO)

Crombie follows the recommendations of the Real Property Association of Canada ("REALPAC") (February 2019 white paper) in calculating FFO and defines FFO as increase (decrease) in net assets attributable to Unitholders (computed in accordance with IFRS), adjusted for the following applicable amounts:

- Gain or loss on disposal of investment properties and related income tax;
- Impairment charges and recoveries;
- Depreciation and amortization expense of investment properties, including amortization of tenant incentives charged against property revenue;
- Adjustments for equity accounted entities;
- Operational expenses from right of use assets;
- Incremental internal leasing expenses;
- Finance costs - distributions on Crombie's REIT and Class B LP Units classified as financial liabilities; and,
- Change in fair value of financial instruments.

REALPAC provides for other adjustments in determining FFO which are currently not applicable to Crombie, therefore not included in the above list. Crombie's expenditures on tenant incentives are capital in nature and Crombie considers these costs comparable to other capital costs incurred to earn property revenue. As a result, where depreciation and amortization of other capital costs is added back in the calculation of FFO as recommended by REALPAC, Crombie also adds back the amortization of tenant incentives. Crombie's method of calculating FFO may differ from other issuers' methods and accordingly may not be directly comparable to FFO reported by other issuers.

The calculation of FFO for the three months ended March 31, 2020 and 2019 is as follows:

	Three months ended March 31,		
(In thousands of CAD dollars)	**2020**	2019	Variance
Increase (decrease) in net assets attributable to Unitholders	**$ (11,449)**	$ 13,821	$ (25,270)
Add (deduct):			
Amortization of tenant incentives	**3,819**	3,615	204
Gain (loss) on disposal of investment properties	**829**	(26,629)	27,458
Depreciation and amortization of investment properties	**19,008**	19,643	(635)
Depreciation of investment properties included in Income from equity accounted investments	**24**	21	3
Principal payments on right of use assets	**53**	(27)	80
Internal leasing costs	**604**	609	(5)
Finance costs - distributions to Unitholders	**34,702**	33,736	966
Finance costs (income) - change in fair value of financial instruments	**(1,929)**	671	(2,600)
FFO as calculated based on REALPAC recommendations	**$ 45,661**	$ 45,460	$ 201

The increase in FFO is primarily due to lower finance costs from operations resulting from the disposition of properties in 2019 and the repayment of mortgages in the first quarter of 2020 and reduced general and administrative expenses, primarily related to the impact of decreased unit price on unit-based compensation plans. This was offset in part by the reduced property NOI (a decrease of $5,859 for the quarter) resulting from the disposition of properties in 2019.

Adjusted Funds from Operations (AFFO)

Crombie follows the recommendations of REALPAC's February 2019 white paper in calculating AFFO and has applied these recommendations to the AFFO amounts included in this MD&A. Crombie considers AFFO to be a useful measure in evaluating the recurring economic performance of its operating results which will be used to support future distribution payments. AFFO reflects earnings after the adjustments in arriving at FFO (excluding internal leasing costs) and the provision for non-cash straight-line rent included in revenue, amortization of effective swap agreements, maintenance capital expenditures, maintenance tenant incentives and leasing costs and any settlement of effective interest rate swap agreements.

The calculation of AFFO for the three months ended March 31, 2020 and 2019 is as follows:

	Three months ended March 31,		
(In thousands of CAD dollars)	**2020**	2019	Variance
FFO as calculated based on REALPAC recommendations	**$ 45,661**	$ 45,460	$ 201
Add (deduct):			
Amortization of effective swap agreements	**510**	551	(41)
Straight-line rent adjustment	**(1,931)**	(2,533)	602
Internal leasing costs	**(604)**	(609)	5
Maintenance expenditures on a square footage basis	**(3,953)**	(4,209)	256
AFFO as calculated based on REALPAC recommendations	**$ 39,683**	$ 38,660	$ 1,023

The increase in AFFO is primarily due to the disposition of properties in 2019 which resulted in a reduction of straight-line rent of $602 in the quarter, lower maintenance expenditures resulting from the decreased square footage (a decrease of $256 compared to the first quarter of 2019) and the impact on FFO as described above.

Maintenance Capital Expenditures, Maintenance Tenant Incentives ("TI") and Leasing Costs ("Maintenance Expenditures")

Maintenance expenditures represent costs incurred in sustaining and maintaining existing space and exclude expenditures that are revenue enhancing. Crombie considers revenue enhancing expenditures to be costs that expand the GLA of a property, increase the property NOI by a minimum threshold, or otherwise enhance the property's overall value.

Crombie's policy is to charge AFFO and ACFO with maintenance expenditures based on a normalized rate per square foot applied to the weighted average GLA, as these expenditures are not generally incurred on a consistent basis during the year, or from year to year. Crombie also discloses actual maintenance expenditures for comparative purposes. The rate per square foot is a proxy for actual historic costs, anticipated future costs and any significant changes in the nature and age of the properties in the portfolio as it evolves over time. For 2020, Crombie has maintained the normalized rate of $0.90 per square foot of weighted average GLA. Additionally, Crombie combines maintenance capital expenditures with maintenance TI and deferred leasing costs in arriving at a normalized per square foot charge to AFFO based on the fact that in years where TI and leasing expenditures are reduced, spending on maintenance capital expenditures may be accelerated and vice versa.

Maintenance Expenditures - Actual

(In thousands of CAD dollars)	**Three months ended Mar. 31, 2020**	Year ended Dec, 31, 2019	Three months ended Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Year ended Dec, 31, 2018
Total additions to investment properties	**$ 14,139**	$ 94,769	$ 37,799	$ 19,149	$ 20,602	$ 17,219	$ 91,211
Less: revenue enhancing expenditures	**(12,513)**	(86,807)	(34,322)	(17,195)	(19,951)	(15,339)	(82,647)
Maintenance capital expenditures	**1,626**	7,962	3,477	1,954	651	1,880	8,564
Total additions to TI and deferred leasing costs	**24,629**	61,035	21,238	24,853	11,336	3,608	17,488
Less: revenue enhancing expenditures	**(21,375)**	(53,564)	(17,879)	(23,992)	(9,612)	(2,081)	(10,936)
Maintenance TI and deferred leasing costs	**3,254**	7,471	3,359	861	1,724	1,527	6,552
Total maintenance expenditures - actual	**$ 4,880**	$ 15,433	$ 6,836	$ 2,815	$ 2,375	$ 3,407	$ 15,116
Reserve amount charged against AFFO and ACFO	**$ 3,953**	$ 16,113	$ 3,877	$ 3,982	$ 4,045	$ 4,209	$ 17,027

Obligations for expenditures for TI's occur when renewing existing tenant leases or for new tenants occupying a space. Typically, leasing costs for existing tenants are lower on a per square foot basis than for new tenants. However, new tenants may provide more overall cash flow to Crombie through higher rents or improved traffic to a property. The timing of such expenditures fluctuates depending on the satisfaction of contractual terms contained in the leases.

Maintenance TI and deferred leasing costs are the result of both lease renewals and new leases and are reflective of the leasing activity during 2020 and 2019.

Revenue enhancing expenditures are capitalized and depreciated or charged against revenue over their useful lives, but not deducted when calculating AFFO or ACFO. Revenue enhancing expenditures during the three months ended March 31, 2020 consisted primarily of development work, modernization investments and land use intensification.

Depreciation, Amortization and Impairment

Crombie's total fair value of investment properties exceeds carrying value by $713,759 at March 31, 2020 (March 31, 2019 - $807,855). Crombie uses the cost method for accounting for investment properties and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment, if any, is recognized on a property by property basis when circumstances indicate that fair value is less than carrying value.

	Three months ended March 31,		
(In thousands of CAD dollars)	**2020**	2019	Variance
Same-asset depreciation and amortization	**$ 16,184**	$ 16,541	$ 357
Acquisitions, dispositions and development depreciation/ amortization	**3,134**	3,377	243
Depreciation and amortization	**$ 19,318**	$ 19,918	$ 600

The decrease in depreciation and amortization is due to the dispositions of properties in 2019. This is offset by additions, most notably the 50% acquisition of Vaughan Distribution Centre, an existing retail-related industrial property in December 2019 and the ongoing development of Avalon Mall, and accelerated depreciation due to the partial demolition of a building at the Avalon Mall site in the first quarter of 2020.

General and Administrative Expenses

The following table outlines the major categories of general and administrative expenses:

	Three months ended March 31,		
(In thousands of CAD dollars)	**2020**	2019	Variance
Salaries and benefits	**$ 1,379**	$ 4,073	$ 2,694
Professional fees	**356**	266	(90)
Public company costs	**453**	584	131
Rent and occupancy	**151**	142	(9)
Other	**680**	719	39
General and administrative expenses	**$ 3,019**	$ 5,784	$ 2,765
As a percentage of property revenue	**3.0%**	5.5%	2.5%

The decrease in expenses in the quarter is primarily due to the decrease in unit price and its impact on unit-based compensation plans.

Finance Costs - Operations

	Three months ended March 31,		
(In thousands of CAD dollars)	**2020**	2019	Variance
Finance costs	**$ 21,889**	$ 24,755	$ 2,866
Amortization of deferred financing charges	**751**	912	161
Finance costs - operations	**$ 22,640**	$ 25,667	$ 3,027

Finance costs decreased by $2,866 primarily due to dispositions of properties and resulting repayments and dispositions of mortgages to joint operations.

Finance Costs - Distributions

Pursuant to Crombie's Declaration of Trust, cash distributions are to be determined by the Trustees at their discretion. Crombie intends, subject to approval of the Board of Trustees, to make distributions to Unitholders of not less than the amount equal to the net income and net realized capital gains of Crombie, to ensure that Crombie will not be liable for income taxes.

Details of distributions to Unitholders are as follows:

	Three months ended March 31,	
(In thousands of CAD dollars, except as otherwise noted)	**2020**	2019
Distributions to Unitholders	**$ 20,507**	$ 19,941
Distributions to Special Voting Unitholders [(1)]	**14,195**	13,795
Total distributions	**$ 34,702**	$ 33,736
FFO payout ratio	**76.0%**	74.2%
AFFO payout ratio	**87.4%**	87.3%
ACFO payout ratio [(2)]	**91.5%**	86.1%

(1) Crombie Limited Partnership, a subsidiary of Crombie, has also issued Class B LP Units. These Class B LP Units accompany the Special Voting Units, are the economic equivalent of a Unit, and are exchangeable for Units on a one-for-one basis.
(2) Excludes special distribution paid in January 2020. Payout ratio including this payment is 150.3%.

Income Taxes

A trust that satisfies the criteria of a REIT throughout its taxation year will not be subject to income tax in respect of distributions to its Unitholders that would otherwise apply to trusts classified as specified investment flow-through entities ("SIFTs").

Crombie has organized its assets and operations to satisfy the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT. Crombie's management and its advisors have completed an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it met the REIT criteria throughout 2019 and continues to do so. The relevant tests apply throughout the taxation year of Crombie and as such the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

Taxation of Distributions

Crombie, through its subsidiaries, has a large asset base that is depreciable for Canadian income tax purposes. Consequently, certain of the distributions from Crombie are treated as returns of capital and are not taxable to Canadian resident Unitholders for Canadian income tax purposes. The composition for tax purposes of distributions from Crombie may change from year to year, thus affecting the after-tax return to Unitholders.

Due to the significant disposition activity in 2019, substantially all of Crombie's distributions, inclusive of special distributions, were paid out of its taxable income. This resulted in zero return of capital and a much higher allocation of capital gains in 2019.

The following table summarizes the last five years of the taxation of distributions from Crombie:

Taxation Year	Return of Capital	Investment Income	Dividend Income	Capital Gains
2019 per $ of distribution	0.0%	55.7%	0.0%	44.3%
2018 per $ of distribution	19.6%	62.8%	0.0%	17.6%
2017 per $ of distribution	51.8%	48.0%	0.0%	0.2%
2016 per $ of distribution	24.9%	54.5%	0.0%	20.6%
2015 per $ of distribution	56.3%	28.8%	13.4%	1.5%

LIQUIDITY AND CAPITAL RESOURCES

The real estate industry is highly capital intensive.

Cash flow generated from operating the property portfolio represents the primary source of liquidity used to fund the finance costs on debt, general and administrative expenses, reinvestment in the portfolio through capital expenditures, as well as funding tenant incentive costs and distributions to Unitholders.

Crombie expects to refinance debt obligations as they mature and has the following sources of financing available:

(i) secured short-term financing through an authorized revolving credit facility, maturing June 30, 2023, of up to $400,000, subject to available borrowing base, of which $117,000 ($122,759 including outstanding letters of credit) was drawn at March 31, 2020;

(ii) unsecured short-term financing through an authorized floating rate revolving credit facility, maturing May 14, 2021, of up to $100,000, of which $40,000 was drawn at March 31, 2020;

(iii) unsecured short-term financing through an authorized non-revolving term credit facility, maturing March 31, 2021, of up to $120,000, of which $120,000 was drawn at March 31, 2020;

(iv) recycling capital through the disposition of select investment properties;

(v) secured mortgage and term debt on unencumbered properties, Crombie currently has $1,479,211 of fair value in unencumbered properties, which is defined as those properties that are free and clear of any encumbrances, including mortgages and pledging as security for floating rate revolving credit facility;

(vi) the issuance of additional senior unsecured notes; and,

(vii) the issuance of new units.

In addition to the above, Crombie has a number of active major developments and potential major developments as discussed under the Property Development/Redevelopment ("Development") section of this MD&A. Financing for these Development projects is expected to include specific project/construction financing in place before significant incurrence of project expenditures as well as financing from the various above-noted sources.

Capital Structure

(In thousands of CAD dollars)	March 31, 2020		December 31, 2019	
Fixed rate mortgages	$ 1,137,438	29.1%	$ 1,302,510	34.6%
Credit facilities	286,111	7.3%	54,308	1.5%
Senior unsecured notes	922,495	23.6%	922,479	24.5%
Crombie REIT Unitholders	915,609	23.4%	870,792	23.1%
Special Voting Units and Class B Limited Partnership Unitholders	620,788	15.9%	584,251	15.5%
Lease liabilities	29,276	0.7%	29,419	0.8%
	$ 3,911,717	100.0%	$ 3,763,759	100.0%

Liquidity and Financing Sources

Revolving credit facility

Crombie has in place an authorized floating rate revolving credit facility of up to $400,000 (the “revolving credit facility”), with a maturity date of June 30, 2023, of which $117,000 ($122,759 including outstanding letters of credit) was drawn as at March 31, 2020. The revolving credit facility is secured by a pool of first mortgages on certain properties. Borrowings under the revolving credit facility can be by way of Bankers Acceptance or Prime Rate Advances and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie’s unsecured bond rating with DBRS and whether the facility remains secured or migrates to an unsecured status. Funds available for drawdown pursuant to the revolving credit facility are determined with reference to the value of the Borrowing Base (as defined under “Borrowing Capacity and Debt Covenants”) relative to certain financial covenants of Crombie. As at March 31, 2020, Crombie had sufficient Borrowing Base to permit $400,000 of funds to be drawn pursuant to the revolving credit facility, subject to certain other financial covenants. See “Borrowing Capacity and Debt Covenants”.

Unsecured bilateral credit facility

The unsecured bilateral revolving credit facility has a maximum principal amount of $100,000, with a maturity date of May 14, 2021, of which $40,000 was drawn as at March 31, 2020. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. Borrowings under the bilateral credit facility can be by way of Bankers Acceptance or Prime Rate Advance and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie’s unsecured bond rating with DBRS.

Unsecured short-term credit facility

The unsecured short-term credit facility is a floating rate non-revolving credit facility with a maximum principal amount of $120,000 and matures March 31, 2021, of which $120,000 was drawn as at March 31, 2020. The facility strengthens short-term liquidity. Borrowings under the credit facility are by way of Bankers Acceptance and the floating interest rate is contingent on the applicable spread or margin.

Joint operation credit facility

In conjunction with the 89% sale of a portfolio of assets in the second quarter of 2019, Crombie and its co-owner entered into a credit agreement with a Canadian Chartered Bank for a $62,250 term loan facility and a $5,800 revolving credit facility. Both facilities are secured by first mortgages on select properties and have a term of five years maturing on April 25, 2024. Borrowings under both facilities can be by way of Bankers Acceptance or Prime Rate Advance and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into these facilities, Crombie and its co-owner entered into a fixed for floating interest rate swap effectively fixing the interest rate on both facilities at 3.58%. At March 31, 2020, Crombie‘s portion of the term and revolving credit facilities was $6,848 and $182, respectively.

In conjunction with the 89% sale of a portfolio of assets in the fourth quarter of 2019, Crombie and its co-owner entered into a credit agreement with a Canadian Chartered Bank for a $16,500 term loan facility and a $15,500 revolving credit facility. Both facilities are secured by first and second mortgages on select properties and have a term of five years maturing on October 7, 2024. Borrowings under both facilities can be by way of Bankers Acceptance or Prime Rate Advance and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into these facilities, Crombie and its co-owner entered into a fixed for floating interest rate swap effectively fixing the interest rate on both facilities at 3.27%. At March 31, 2020, Crombie's portion of the term and revolving credit facilities was $1,815 and $266 respectively.

Mortgage debt and credit facilities

Crombie had fixed rate mortgages outstanding consisting of:

	March 31, 2020	December 31, 2019
Fixed rate mortgages	$ 1,142,714	$ 1,308,147
Unamortized fair value debt adjustment and interest rate subsidy	823	930
	1,143,537	1,309,077
Deferred financing charges on fixed rate mortgages	(6,099)	(6,567)
Total mortgage debt	$ 1,137,438	$ 1,302,510

The mortgages carry a weighted average interest rate of 4.06% and a weighted average term to maturity of 4.2 years.

From time to time, Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount (see "Risk Management"). Crombie currently has interest rate swap agreements in place on $114,498 of floating rate debt.

Principal repayments of the fixed rate mortgages and credit facilities are scheduled as follows:

(In thousands of CAD dollars)	Maturing Debt Balances						
12 Months Ending	Mortgages	Credit Facilities	Total	% of Total	Payments of Principal	Total Required Payments	% of Total
Remainder of 2020	$ 58,385	$ —	$ 58,385	4.7%	$ 30,690	$ 89,075	6.2%
December 31, 2021	83,856	160,000	243,856	19.8%	40,374	284,230	19.9%
December 31, 2022	159,451	—	159,451	13.0%	34,927	194,378	13.6%
December 31, 2023	238,384	117,000	355,384	28.9%	28,199	383,583	26.9%
December 30, 2024	226,268	9,111	235,379	19.2%	16,235	251,614	17.6%
Thereafter	176,537	—	176,537	14.4%	49,407	225,944	15.8%
Total [1]	$ 942,881	$ 286,111	$ 1,228,992	100.0%	$ 199,832	$ 1,428,824	100.0%

[1] Excludes fair value debt adjustment and deferred financing charges.

Of the maturing debt balances, 32.0% of mortgages and 37.6% of total maturing debt balances mature over the next three years.

Senior unsecured notes

	Maturity Date	Interest Rate	March 31, 2020	December 31, 2019
Series B	June 1, 2021	3.962%	$ 250,000	$ 250,000
Series D	November 21, 2022	4.066%	150,000	150,000
Series E	January 31, 2025	4.802%	175,000	175,000
Series F	August 26, 2026	3.677%	200,000	200,000
Series G	June 21, 2027	3.917%	150,000	150,000
Unamortized Series B issue premium			517	627
Deferred financing charges			(3,022)	(3,148)
			$ 922,495	$ 922,479

There are no required periodic principal payments, with the full face value of the notes due on their respective maturity dates.

REIT Units and Class B LP Units and the attached Special Voting Units

For the three months ended March 31, 2020, Crombie issued 37,711 REIT Units and 26,738 Class B LP Units under its DRIP. Units issued under the DRIP are issued at a price equal to 100% of the volume-weighted average trading price of the REIT Units on the TSX for the five trading days immediately preceding the relevant distribution payment date.

On February 11, 2020, Crombie closed a public offering, on a bought deal basis, of 3,657,000 REIT Units, at a price of $16.00 per Unit for proceeds of $55,997 net of issue costs. On the same date, concurrently with the issuance of the REIT Units, in satisfaction of its pre-emptive right, ECL Developments (ECLD), a wholly-owned subsidiary of Empire, purchased 2,593,750 Class B LP Units and the attached Special Voting Units at a price of $16.00 per Class B LP Unit for proceeds of $41,425 net of issue costs, on a private placement basis. After the closing of the offering and the private placement, Empire continues to hold a 41.5% economic and voting interest in Crombie.

Total units outstanding at April 30, 2020, were as follows:

Units	93,407,921
Special Voting Units [1]	64,677,272

[1] Crombie Limited Partnership, a subsidiary of Crombie, has also issued 64,677,272 Class B LP Units. These Class B LP Units accompany the Special Voting Units, are the economic equivalent of a Unit, and are exchangeable for Units on a one-for-one basis.

Sources and Uses of Funds

	Three months ended March 31,		
(In thousands of CAD dollars)	**2020**	2019	Variance
Cash provided by (used in):			
Operating activities	**$ (33,629)**	$ 18,106	$ (51,735)
Financing activities	**160,374**	(38,491)	198,865
Investing activities	**(14,088)**	20,385	(34,473)
Net change during the period	**$ 112,657**	$ —	$ 112,657

Operating Activities

The decrease from the prior year is primarily due to additions to tenant incentives, including modernizations of $11,728, payment of the special cash distribution of $14,857 on January 15, 2020 and a decrease of $11,475 in payables pertaining to property operating costs.

Financing Activities

The increase in cash provided by financing activities is due to the Unit issuance of $97,422 net of costs and the net amount drawn on floating rate credit facilities of $231,802, which includes the short-term credit facility of $120,000 that was fully drawn on March 31, 2020. This is partially offset by repayment of mortgages of $168,420.

Investing Activities

Proceeds from the disposition of investment properties in the first quarter of 2020 was $901 compared to $73,781 (offset by $32,439 in acquisitions) in the first quarter of 2019, which is driving the majority of the quarter-over-quarter variance.

Adjusted Cash Flow from Operations (ACFO)

Crombie considers ACFO to be a useful measure in evaluating its ability to generate sustainable, economic cash flows from operating activities to fund distributions to unitholders. ACFO is not a measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. As such, this non-GAAP financial measure should not be considered as an alternative to cash provided from operating activities or any other measure prescribed under IFRS. ACFO as computed by Crombie may differ from similar computations as reported by other REITs and, accordingly, may not be comparable to other such issuers. Crombie follows the recommendations of REALPAC's February 2019 white paper in calculating ACFO and defines ACFO as cash flow from operations (computed in accordance with IFRS), adjusted for the following applicable amounts:

- Distributions to Unitholders included in cash flow from operations;
- Non-cash DRIP amounts included in distributions;
- Change in working capital;
- Capital expenditures;
- Operational revenue and expenses from right of use assets; and,
- Deferred financing charges.

REALPAC provides for other adjustments in determining ACFO which are currently not applicable to Crombie, therefore not included in the above list. The calculation of ACFO for the three months ended March 31, 2020 and 2019 is as follows:

	Three months ended March 31,	
(In thousands of CAD dollars)	**2020**	2019
Cash flow from operations	**$ (33,629)**	$ 18,106
Add (deduct):		
Distributions to Unitholders included in cash flow from operations	**34,702**	33,736
Non-cash DRIP amount included in above distributions	**(979)**	(747)
Change in non-cash working capital balances not indicative of sustainable cash flows	**3,348**	(9,693)
Reserve for maintenance capital expenditures	**(3,953)**	(4,209)
Tenant improvements	**24,291**	2,944
Principal payments on right of use assets	**53**	(27)
Amortization of deferred financing charges	**(751)**	(912)
ACFO as calculated based on REALPAC recommendations	**23,082**	39,198
Adjustments:		
Special distribution paid to Unitholders, January 2020	**14,857**	—
ACFO, as adjusted	**37,939**	39,198
Total distributions declared during the period	**34,702**	33,736
Excess (deficiency) of ACFO over total distributions	**$ 3,237**	$ 5,462
ACFO payout ratio [1]	**91.5%**	86.1%

[1] Payout ratio on unadjusted ACFO is 150.3%.

Borrowing Capacity and Debt Covenants

Under the amended terms governing the revolving credit facility, Crombie is entitled to borrow a maximum of 70% of the fair market value of assets subject to a first security position and 60% of the excess of fair market value over first mortgage financing of assets subject to a second security position or a negative pledge (the "Borrowing Base"). The revolving credit facility provides Crombie with flexibility to add or remove properties from the Borrowing Base, subject to compliance with certain conditions. The terms of the revolving credit facility also require that Crombie must maintain certain covenants:

- annualized NOI for the prescribed properties must be a minimum of 1.4 times the coverage of the related annualized debt service requirements;
- annualized NOI on all properties must be a minimum of 1.4 times the coverage of all annualized debt service requirements; and,
- distributions to Unitholders are limited to 100% of distributable income as defined in the revolving credit facility.

The revolving credit facility also contains a covenant limiting the amount which may be utilized under the revolving credit facility at any time. This covenant provides that the aggregate of amounts drawn under the revolving credit facility plus any outstanding letters of credit, may not exceed the "Aggregate Borrowing Base", which is based on a modified calculation of the Borrowing Base, as defined in the revolving credit facility.

At March 31, 2020, the remaining amount available under the revolving credit facility was approximately $283,000 (prior to reduction for standby letters of credit outstanding of $5,759) and was not limited by the Aggregate Borrowing Base. At March 31, 2020, Crombie remained in compliance with all debt covenants.

The terms of the unsecured bilateral revolving credit facility and the unsecured non-revolving short-term credit facility also require annualized NOI on all properties to be a minimum of 1.4 times the coverage of all annualized debt service requirements and distributions to Unitholders to be limited to 100% of distributable income as defined in the credit facilities.

Debt to Gross Book Value - Fair Value Basis

When calculating debt to gross book value, debt is defined under the terms of the Declaration of Trust as obligations for borrowed money including obligations incurred in connection with acquisitions, excluding specific deferred taxes payable, trade payables and accruals in the ordinary course of business and distributions payable. Gross book value is, 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 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 and (ii) the

amount of deferred tax liability arising out of the fair value adjustment in respect of the indirect acquisitions of certain properties. If approved by a majority of the independent trustees, the appraised value of the assets of Crombie and its consolidated subsidiaries may be used instead of book value.

Debt to gross book value on a fair value basis includes investment properties measured at fair value with all other components of gross book value measured at the carrying value included in Crombie's financial statements. Crombie's methodology for determining fair value includes capitalization of net operating income using biannual capitalization rates from external property valuators. The majority of investment properties are also subject to external, independent appraisals on a rotational basis over a period of not more than four years. The valuation techniques are more fully described in Crombie's year end audited financial statements.

During the quarter, Crombie made assumptions when determining the fair value of its investment properties as to the short- and potential long-term impacts of COVID-19. Crombie adjusted net property income for expected impacts related to COVID-19, by looking at potential bad debts at each property and applying probability to several potential scenarios. Crombie also completed discounted cash flow models to support its fair value of investment properties.These assumptions are subject to change as the full impact of COVID-19 is yet to be determined.

The fair value included in this calculation reflects the fair value of the properties as at March 31, 2020 and 2019, respectively, based on each property's current use as a revenue generating investment property.

The debt to gross book value on a fair value basis was 50.0% at March 31, 2020 compared to 50.3% at March 31, 2019. This leverage ratio is below the maximum 60%, or 65% including convertible debentures, as permitted by Crombie's Declaration of Trust. On a long-term basis, Crombie intends to maintain reasonable overall indebtedness so as to maintain and strengthen its investment grade rating. The debt to gross book value on a fair value basis, applying cash and cash equivalents to debt, is 48.8% at March 31, 2020. Such cash was used to repay debt in April 2020.

During the three months ended March 31, 2020, Crombie's weighted average capitalization rate used in the determination of the fair value of its investment properties remained constant at 5.99%.

(In thousands of CAD dollars, except as otherwise noted)	As at				
	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019
Fixed rate mortgages	**$ 1,143,537**	$ 1,309,077	$ 1,474,996	$ 1,504,095	$ 1,572,402
Senior unsecured notes	**925,000**	925,000	775,000	700,000	700,000
Revolving credit facility	**117,000**	15,339	9,388	55,707	107,986
Joint operation credit facility	**9,111**	8,969	6,926	6,848	—
Bilateral credit facility	**40,000**	30,000	34,000	24,000	40,000
Short-term credit facility	**120,000**	—	—	—	—
Lease liabilities	**29,276**	29,419	29,336	29,436	29,689
Total debt outstanding	**2,383,924**	2,317,804	2,329,646	2,320,086	2,450,077
Less: Applicable fair value debt adjustment	**(473)**	(539)	(607)	(676)	(746)
Debt	**$ 2,383,451**	$ 2,317,265	$ 2,329,039	$ 2,319,410	$ 2,449,331
Investment properties, at fair value	**$ 4,519,000**	$ 4,605,000	$ 4,626,000	$ 4,592,000	$ 4,755,000
Other assets, cost [1]	**76,699**	80,035	79,807	76,626	58,558
Cash and cash equivalents	**112,657**	—	—	—	—
Deferred financing charges	**9,121**	9,715	9,920	9,878	10,379
Investment in joint ventures	**45,221**	45,123	45,160	41,913	41,807
Interest rate subsidy	**(473)**	(539)	(607)	(676)	(746)
Gross book value - fair value basis	**$ 4,762,225**	$ 4,739,334	$ 4,760,280	$ 4,719,741	$ 4,864,998
Debt to gross book value - fair value basis	**50.0%**	48.9%	48.9%	49.1%	50.3%

[1] Other assets exclude tenant incentives and accrued straight-line rent receivable.

The debt to gross book value on a fair value basis, applying cash and cash equivalents to debt, is **48.8%** at March 31, 2020.

Crombie's management believes that through the issuance of notes, convertible debentures, mortgage financings, refinancing and bank debt, Crombie continues to maintain leverage at an appropriate level while staying conservatively within its maximum borrowing capacity.

Coverage Ratios

EBITDA is a non-GAAP measure and should not be considered an alternative to operating income attributable to Unitholders, cash provided by operating activities or any other measure of operations as prescribed by IFRS. Crombie believes EBITDA is an indicative measure of its ability to service debt requirements, fund capital projects and acquire properties. Crombie's measurement of EBITDA may not be comparable to that used by other entities.

	Three months ended							
	Mar. 31, 2020	Dec.31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018
Property revenue	**$ 102,252**	$ 96,823	$ 97,346	$ 99,332	$ 105,240	$ 104,296	$ 100,505	$ 104,143
Amortization of tenant incentives	**3,819**	3,598	3,515	3,411	3,615	3,451	3,334	2,468
Adjusted property revenue	**106,071**	100,421	100,861	102,743	108,855	107,747	103,839	106,611
Property operating expenses	**(35,237)**	(29,852)	(27,205)	(28,222)	(32,366)	(30,817)	(27,660)	(29,925)
General and administrative expenses	**(3,019)**	(5,855)	(6,112)	(5,970)	(5,784)	(5,184)	(4,925)	(4,626)
Income (loss) from equity accounted investments	**115**	(8)	125	123	94	111	69	39
EBITDA (1)	**$ 67,930**	$ 64,706	$ 67,669	$ 68,674	$ 70,799	$ 71,857	$ 71,323	$ 72,099
Trailing 12 months EBITDA (4)	**$ 268,979**	$ 271,848	$ 278,999	$ 282,653	$ 286,078	$ 287,246	$ 288,688	$ 289,655
Finance costs - operations	**$ 22,640**	$ 22,810	$ 24,504	$ 24,335	$ 25,667	$ 25,968	$ 26,573	$ 26,381
Amortization of deferred financing charges	**(751)**	(827)	(922)	(913)	(912)	(930)	(2,019)	(1,093)
Amortization of effective swap agreements	**(510)**	(356)	(226)	(544)	(551)	(557)	(563)	(568)
Adjusted interest expense (2)	**$ 21,379**	$ 21,627	$ 23,356	$ 22,878	$ 24,204	$ 24,481	$ 23,991	$ 24,720
Debt principal repayments (3)	**$ 10,790**	$ 12,167	$ 12,773	$ 12,917	$ 13,647	$ 13,108	$ 13,033	$ 13,124
Debt outstanding (see Debt to Gross Book Value) (5) [1]	**$ 2,383,451**	$ 2,317,265	$ 2,329,039	$ 2,319,410	$ 2,449,331	$ 2,488,665	$ 2,471,746	$ 2,462,564
Interest service coverage ratio {(1)/(2)}	**3.18x**	2.99x	2.90x	3.00x	2.93x	2.94x	2.97x	2.92x
Debt service coverage ratio {(1)/((2)+(3))}	**2.11x**	1.91x	1.87x	1.92x	1.87x	1.91x	1.93x	1.91x
Debt to trailing 12 months EBITDA {(5)/(4)}	**8.86x**	8.52x	8.35x	8.21x	8.56x	8.66x	8.56x	8.50x

[1] Outstanding debt previously calculated as part of the Debt to Gross Book Value - Fair Value Basis calculation.

The debt to trailing 12 months EBITDA, applying cash and cash equivalents to debt, is **8.44x** at March 31, 2020.

ACCOUNTING

Related Party Transactions

As at March 31, 2020, Empire, through its wholly-owned subsidiary ECLD, holds a 41.5% indirect interest in Crombie. Related party transactions primarily include transactions with entities associated with Crombie through Empire's indirect interest. Related party transactions also include transactions with joint venture entities in which Crombie has a 50% interest, as well as transactions with key management personnel and post-employment benefit plans.

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Crombie's transactions with related parties are as follows:

(In thousands of CAD dollars)	Three months ended March 31, 2020	2019
Property revenue		
Property revenue	$ 49,370	$ 52,230
Head lease income	$ 368	$ 162
Lease termination income	$ 34	$ 420
Property operating expenses	$ (7)	$ (4)
General and administrative expenses		
Property management services recovered	$ 39	$ 119
Other general and administrative expenses	$ (59)	$ (53)
Finance costs - operations		
Interest rate subsidy	$ 66	$ 72
Finance costs - distributions to Unitholders	$ (14,397)	$ (13,997)

Crombie provides property management, leasing services and environmental management to specific properties owned by certain subsidiaries of Empire on a fee for service basis pursuant to a Management Agreement. Revenue generated from the Management Agreement is being recognized as a reduction of general and administrative expenses.

Included in the above, during the three months ended March 31, 2020, Crombie issued 26,738 (March 31, 2019 - 22,886) Class B LP Units to ECLD under the DRIP.

On February 11, 2020, ECLD purchased 2,593,750 Class B LP Units and the attached Special Voting Units at a price of $16.00 per Class B LP Unit for proceeds of $41,425, net of issue costs, on a private placement basis.

During the three months ended March 31, 2020, Crombie invested $11,728 in the modernizations and conversions of two existing properties anchored by subsidiaries of Empire. The amounts are included in tenant incentive additions and are being amortized over the amended lease terms.

Amounts due from related parties include $15,533 (December 31, 2019 - $15,533) in 6% subordinated notes receivable due from Bronte Village Limited Partnership and The Duke Limited Partnership.

Additional details on Crombie's related party transactions are described in the MD&A for the year ended December 31, 2019.

Use of Estimates and Judgments

The preparation of consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Significant judgment, estimate and assumption items include impairment, employee future benefits, investment properties, purchase price allocations and fair value of financial instruments. These estimates are based on historical experience and management's best knowledge of current events and actions that Crombie may undertake in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Accounting Estimates and Assumptions

Critical accounting estimates and assumptions are discussed under the section "Critical Accounting Estimates and Assumptions" in the 2019 Annual MD&A. The estimates and assumptions that are critical to the determination of the amounts reported in the interim condensed consolidated financial statements relate to the following:

(i) Fair value measurement

A number of assets and liabilities included in Crombie's interim condensed consolidated financial statements require measurement at, and/or disclosure of, fair value. In estimating the fair value of an asset or a liability, Crombie uses market-observable data to the extent it is available. Where Level 1 inputs are not available, Crombie estimates the fair value based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks.

(ii) Investment properties

Investment properties are carried at cost less accumulated depreciation. Crombie estimates the residual value and useful lives of investment properties and the significant components thereof to calculate depreciation and amortization.

(iii) Investment property valuation

External, independent valuation companies, having appropriate recognized professional qualifications and recent experience in the location and category of properties being valued, value substantially all of Crombie's investment property portfolio on a rotating basis over a maximum period of four years. The fair values, based on the measurement date, represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Internal quarterly valuations are performed using internally generated valuation models prepared by considering the aggregate trailing net property income received from leasing the property, that is stabilized for any major tenant movement. Crombie adjusted net property income for expected impacts related to COVID-19, by looking at potential bad debts at each property and applying probability to several potential scenarios. Crombie also completed discounted cash flow models to support its fair value of investment property. Biannual yields are obtained from an independent valuation company, which reflects the specific risks inherent in the net property income, to arrive at property valuations. As at March 31, 2020, management's determination of fair value was updated for current market assumptions, informed by market capitalization rates and recent appraisals provided by independent appraisal professionals.

Critical Judgments

Critical judgments are discussed under the section "Critical Judgments" in the 2019 Annual MD&A.

Financial Instruments

The fair value of a financial instrument is the estimated amount that Crombie would receive to sell a financial asset or pay to transfer a financial liability in an orderly transaction between market participants at the measurement date.

Fair value determination is classified within a three-level hierarchy, based on observability of significant inputs, as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy during the three months ended March 31, 2020.

Due to their short-term nature, the carrying value of the following financial instruments approximates their fair value at the balance sheet date:

- Cash and cash equivalents
- Trade receivables
- Trade and other payables (excluding embedded derivatives).

The fair value of other financial instruments is based on discounted cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. The following table summarizes the estimated fair value of other financial instruments which have a fair value different from their carrying value:

	March 31, 2020		December 31, 2019	
(In thousands of CAD dollars)	**Fair Value**	**Carrying Value**	Fair Value	Carrying Value
Financial assets				
Long-term receivables[1]	**$ 24,195**	**$ 24,171**	$ 23,911	$ 24,120
Financial liabilities				
Investment property debt	**$ 1,440,906**	**$ 1,429,648**	$ 1,400,821	$ 1,363,385
Senior unsecured notes	**932,600**	**925,000**	946,700	925,000
Total other financial liabilities	**$ 2,373,506**	**$ 2,354,648**	$ 2,347,521	$ 2,288,385

[1]Long-term receivables include amounts in other assets for the capital expenditure program, interest rate subsidy and receivable from related parties.

The fair value of the long-term receivables, investment property debt and senior unsecured notes are Level 2 measurements.

Commitments, Contingencies and Guarantees

There are various claims and litigation which Crombie is involved with arising out of the ordinary course of business operations. In the opinion of management, any liability that would arise from such contingencies would not have a significant adverse effect on these operating results.

Crombie has agreed to indemnify its trustees and officers, and particular employees, in accordance with Crombie's policies. Crombie maintains insurance policies that may provide coverage against certain claims.

Crombie obtains letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at March 31, 2020, Crombie has a total of $5,759 in outstanding letters of credit related to:

(In thousands of CAD dollars)	March 31, 2020	December 31, 2019
Construction work being performed on investment properties	**$ 3,919**	3,805
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	**1,840**	1,840
Total outstanding letters of credit	**$ 5,759**	5,645

Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

As at March 31, 2020, Crombie had signed construction contracts totalling $315,694 of which $203,308 has been paid. This includes contracts signed within joint ventures at Crombie's ownership percentage.

Crombie has 100% guarantees on mortgages related to properties in which it has less than a 100% interest. The mortgages payable related to these guarantees are secured by specific charges against the properties. As at March 31, 2020, Crombie has provided guarantees of approximately $144,450 (December 31, 2019 - $145,713) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 4.6 years.

Under the terms of head leases with certain of Crombie's joint operation partners, Crombie guarantees its joint operation partners their portion of any uncollected rent receivable from the sub-tenant.

RISK MANAGEMENT

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance.

In addition to the more fulsome description of Crombie's financial risk discussion under the section "Risk Management" in the 2019 Annual MD&A, Crombie is providing the following specific risk updates for March 31, 2020.

Enterprise and Risk Management

Markets have been negatively impacted by a novel strain of coronavirus ("COVID-19"), which was declared a pandemic by the World Health Organization ("WHO") on March 11, 2020. The continued spread of COVID-19 and the actions being taken by governments, businesses and individuals to limit this pandemic, including business closures and physical distancing, and the effects of resulting layoffs and other job losses on

the available income of retail customers, may adversely impact our operations and development activities including, among others, increasing the credit risk associated with our receivables, limiting our ability to quickly respond to changes in credit risk, extending the time to completion and occupancy of our major developments and limiting our ability to serve our tenants. There is also increased risk as to the extent of the impact of COVID-19 on leasing, occupancy, tenant inducements, land use intensifications, market rents and capital expenditures if the current economic slowdown continues long-term, potentially impacting future operational expectations and valuation of assets. This has resulted in significant economic uncertainty, of which the potential impact on Crombie's future financial results is difficult to reliably measure.

Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. A provision for doubtful accounts is taken for all anticipated collectability risks.

Crombie mitigates credit risk by geographical diversification, diversifying both its tenant mix and asset mix and conducting credit assessments for new and renewing tenants.

In measuring tenant concentration, Crombie considers both the annual minimum rent and total property revenue of major tenants.

- Crombie's largest tenant, Empire (including Sobeys and all other subsidiaries of Empire), represents 53.8% of annual minimum rent; no other tenant accounts for more than 4.1% of Crombie's total minimum rent, and;
- Total property revenue includes operating and realty tax cost recovery income and percentage rent. These amounts can vary by property type, specific tenant leases and where tenants may directly incur and pay operating and realty tax costs. Crombie earned total property revenue of $49,370 for the three months ended March 31, 2020 (three months ended March 31, 2019 - $52,230) from Sobeys Inc. and other subsidiaries of Empire.

Over the next five years, leases representing no more than 5.1% of the gross leasable area of Crombie will expire in any one year.

Receivables are substantially comprised of current balances due from tenants. The balance of accounts receivable past due is not significant. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoiced, and in general, balances over 30 days are considered past due.

Crombie determines the expected credit loss in accordance with IFRS 9's simplified approach for amounts receivable where its loss allowance is measured at initial recognition and throughout the life of the receivable. Trade receivables are written off when there is no reasonable expectation of recovery. Crombie continues to assess the impact of COVID-19 and has recorded increases in expected credit losses for certain tenants. Crombie's current provision for allowance for doubtful accounts is determined based on the age of receivable balances, risk rating and collection uncertainty assigned to individual tenants.

Crombie manages its residual risk in its investment properties through an active capital expenditure program and actively leasing any vacant spaces. The residual risk throughout Crombie's portfolio is not considered significant although a prolonged state of economic shutdown can impact Crombie's ability to execute on its capital expenditure program and leasing activity.

At each balance sheet date, Crombie assesses whether there is objective evidence that a financial asset carried at amortized cost is impaired. If such evidence exists, Crombie recognizes an impairment loss, as the difference between the carrying value of the instrument and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate or a discount rate based on the risk associated with the financial asset being tested. The carrying amount of the asset is reduced by this amount through a charge to the statement of comprehensive income.

Interest Rate Risk

Interest rate risk is the potential for financial loss arising from increases in interest rates. Crombie mitigates this risk by utilizing staggered debt maturities and limiting the use of permanent floating rate debt and, on occasion, utilizing interest rate swap agreements. Crombie does not enter into interest rate swaps on a speculative basis.

As at March 31, 2020:

- Crombie's weighted average term to maturity of its fixed rate mortgages is 4.2 years;
- Crombie has a floating rate revolving credit facility available to a maximum of $400,000, subject to available Borrowing Base, with a balance of $117,000 at March 31, 2020;

- Crombie has a floating rate bilateral credit facility available to a maximum of $100,000 with a balance of $40,000 at March 31, 2020;
- Crombie has a short-term floating rate credit facility available to a maximum of $120,000 with a balance of $120,000 at March 31, 2020; and,
- Crombie has interest rate swap agreements in place on $114,498 of floating rate debt.

A fluctuation in interest rates would have had an impact on Crombie's operating income related to the use of floating rate debt. The following table looks at the impacts of selected interest rate moves on operating income:

(In thousands of CAD dollars)	Three months ended March 31, 2020	
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility	Decrease in rate	Increase in rate
Impact of a 0.5% interest rate change	$ 162	$ (162)
Impact of a 1.0% interest rate change	$ 325	$ (325)

In response to the COVID-19 pandemic and the economic uncertainties present in financial markets, the Bank of Canada has made significant cuts to its overnight lending rates. While most of Crombie's borrowings are fixed rate, these interest rate cuts will impact borrowing under our current credit facilities.

Liquidity Risk

The real estate industry is highly capital intensive. Liquidity risk is the risk that Crombie may not have access to sufficient debt and equity capital to fund its growth program, refinance debt obligations as they mature or meet its ongoing obligations as they arise.

Cash flow generated from operating the property portfolio represents the primary source of liquidity used to service the interest on debt, fund general and administrative expenses, reinvest in the portfolio through capital expenditures, as well as fund tenant incentive costs and make distributions to Unitholders. Debt repayment requirements are primarily funded from refinancing Crombie's maturing debt obligations. Property acquisition funding requirements are funded through a combination of accessing the debt and equity capital markets and recycling capital from property dispositions.

There is a risk that the debt capital markets may not refinance maturing fixed rate and floating rate debt on terms and conditions acceptable to Crombie or at any terms at all. Crombie seeks to mitigate this risk by staggering its debt maturity dates. There is also a risk that the equity capital markets may not be receptive to a REIT unit offering issue from Crombie with financial terms acceptable to Crombie. Crombie mitigates its exposure to liquidity risk utilizing a disciplined approach to capital management.

Access to the revolving credit facility is limited by the amount utilized under the facility and the amount of any outstanding letters of credit, and cannot exceed the borrowing base security provided by Crombie.

The additional financing of $120,000 that was obtained in the quarter has strengthened Crombie's short-term liquidity.

The estimated payments, including principal and interest, on non-derivative financial liabilities to maturity date are as follows:

		Twelve months ending March 31,					
(In thousands of CAD dollars)	Contractual Cash Flows[1]	2021	2022	2023	2024	2025	Thereafter
Fixed rate mortgages[2]	$ 1,315,404	$ 152,844	$ 230,508	$ 198,819	$ 389,553	$ 109,082	$ 234,598
Senior unsecured notes	1,082,774	37,634	279,380	175,528	21,630	195,230	373,372
Lease Liabilities	148,613	2,550	2,386	2,282	2,161	2,059	137,175
	2,546,791	193,028	512,274	376,629	413,344	306,371	745,145
Credit facilities	302,457	128,073	43,627	3,480	118,111	9,166	—
Total	$ 2,849,248	$ 321,101	$ 555,901	$ 380,109	$ 531,455	$ 315,537	$ 745,145

[1] Contractual cash flows include principal and interest and ignore extension options.
[2] Reduced by the interest rate subsidy payments to be received from Empire.

SUBSEQUENT EVENTS

(a) On April 17, 2020, Crombie declared distributions of 7.417 cents per Unit for the period from April 1, 2020 to and including April 30, 2020. The distributions will be paid on May 15, 2020, to Unitholders of record as of April 30, 2020.

(b) On April 30, 2020, Crombie closed on a 3.878% mortgage loan of $118,000 for a retail-related industrial property, maturing on June 1, 2036. Installments of principal and interest are to be paid on the first day of each month. Upon receipt of proceeds, Crombie repaid $45,000 on the non-revolving short-term credit facility, maturing March 31, 2021, resulting in $75,000 remaining on the credit facility.

(c) Near the end of the March 31, 2020 quarter end, the outbreak of the novel strain of coronavirus, COVID-19, was declared a world-wide pandemic. States of emergency were declared across Canada with varying degrees of mandatory business closures and operating restrictions, resulting in a complete economic slowdown. The duration and impact of the resulting emergency measures taken to prevent the spread of the virus and its impact on Crombie's financial results into the future are not known.

Since a majority of Crombie's annual minimum rent is derived from businesses deemed essential and allowed to open in all jurisdictions in which Crombie operates, as of March 31, 2020, Crombie has estimated a minor increase in its collections risk. However, that risk increases with the prolongation of non-essential business being shut down. The majority of businesses within Crombie's high-quality grocery and pharmacy-anchored properties remain open, and many have been deemed essential services, including our strategic partner, Empire. To date, Crombie has collected 87% of its contractual rents for the month of April. As a response to the increased pressure on small business, Crombie instituted the Crombie Values Small Businesses ("CVSB") initiative to extend credit to small businesses facing increased liquidity challenges during this time. The program allows for the deferral of two months rent upon approval. Crombie continues to work through deferral arrangements with both small business and national tenants. Deferral arrangements have been finalized on 2% of April gross rents. It is too early to determine how much rent will be withheld by tenants in the coming months or how many tenants will be eligible to participate in Crombie's CVSB program.

Rent collection by segments is as follows:

	% of April 2020 Gross Rent Collected	% of Gross Rent, Total Portfolio
Retail and Commercial	86%	91%
Office	94%	6%
Retail-Related Industrial	100%	3%
Total	87%	100%

In late April, the federal government, in cooperation with all 10 provinces, unveiled the Canada Emergency Commercial Rent Assistance ("CECRA"), a program to subsidize 75% of small and medium sized business rent for three months for qualifying business. Crombie is evaluating the application of CECRA to its tenants.

There is also increased risk as to the extent of the impact of COVID-19 on leasing, occupancy, tenant inducements, land use intensifications, market rents and capital expenditures if the current economic slowdown continues long-term, potentially impacting future operational expectations and valuation of assets. The full impact of this business interruption on major developments is not clear at this time, however, completion delays are anticipated and work on planning and rezoning initiatives is expected to continue.

CONTROLS AND PROCEDURES

Crombie maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by Crombie in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by Crombie is accumulated and communicated to Crombie's management, including its President and Chief Executive Officer ("CEO") and Executive Vice President, Chief Financial Officer and Secretary ("CFO"), as appropriate, to allow timely decisions regarding disclosure. Our CEO and CFO have evaluated the design and effectiveness of our disclosure controls and procedures as of March 31, 2020. They have concluded that our current disclosure controls and procedures are effective.

In addition, our CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes as defined in National Instrument 52-109. The control framework management used to design and assess the effectiveness of ICFR is *Internal Control-Integrated Framework (2013)* issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). Further, our CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the design and operation of ICFR as at December 31, 2019, and have concluded that our current ICFR was effective based on that evaluation. There have been no material changes to Crombie's internal controls during the year.

QUARTERLY INFORMATION

The following table shows information for revenues, expenses, increase (decrease) in net assets attributable to Unitholders, AFFO, FFO, distributions and per unit amounts for the eight most recently completed quarters.

	Three Months Ended							
(In thousands of CAD dollars, except per unit amounts)	**Mar. 31 2020**	Dec. 31 2019	Sep. 30 2019	Jun. 30 2019	Mar. 31 2019	Dec. 31 2018	Sep. 30 2018	Jun. 30 2018
Property revenue	**$ 102,252**	$ 96,823	$ 97,346	$ 99,332	$ 105,240	$ 104,296	$ 100,505	$ 104,143
Property operating expenses	**35,237**	29,852	27,205	28,222	32,366	30,817	27,660	29,925
Property net operating income	**67,015**	66,971	70,141	71,110	72,874	73,479	72,845	74,218
Gain on disposal	**(829)**	30,198	8,315	16,661	26,629	4,580	100	33,502
Expenses:								
General and administrative	**(3,019)**	(5,855)	(6,112)	(5,970)	(5,784)	(5,184)	(4,925)	(4,626)
Finance costs - operations	**(22,640)**	(22,810)	(24,504)	(24,335)	(25,667)	(25,968)	(26,573)	(26,381)
Income (loss) from equity accounted investments	**115**	(8)	125	123	94	111	69	39
Depreciation and amortization	**(19,318)**	(18,347)	(17,908)	(18,140)	(19,918)	(19,906)	(28,696)	(19,719)
Impairment	**—**	(6,000)	—	—	—	(7,000)	—	(8,000)
Operating income before taxes	**21,324**	44,149	30,057	39,449	48,228	20,112	12,820	49,033
Taxes - current	**—**	—	(8)	—	—	(1)	(2)	—
Operating income	**21,324**	44,149	30,049	39,449	48,228	20,111	12,818	49,033
Finance costs - distributions to Unitholders	**(34,702)**	(48,936)	(33,753)	(33,744)	(33,736)	(33,724)	(33,711)	(33,688)
Finance income (costs) - change in fair value of financial instruments	**1,929**	(70)	(264)	(332)	(671)	197	(40)	(50)
Increase (decrease) in net assets attributable to Unitholders	**$ (11,449)**	$ (4,857)	$ (3,968)	$ 5,373	$ 13,821	$ (13,416)	$ (20,933)	$ 15,295
Operating income per unit - Basic	**$ 0.14**	$ 0.29	$ 0.20	$ 0.26	$ 0.32	$ 0.13	$ 0.08	$ 0.32

	Three Months Ended							
(In thousands of CAD dollars, except per unit amounts)	**Mar. 31 2020**	Dec. 31 2019	Sep. 30 2019	Jun. 30 2019	Mar. 31 2019	Dec. 31 2018	Sep. 30 2018	Jun. 30 2018
Distributions								
Distributions	**$ 34,702**	$ 48,936	$ 33,753	$ 33,744	$ 33,736	$ 33,724	$ 33,711	$ 33,688
Per unit	**$ 0.22**	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22
AFFO								
Basic	**$ 39,683**	$ 36,006	$ 36,417	$ 37,549	$ 38,660	$ 39,771	$ 37,867	$ 39,492
Per unit - Basic	**$ 0.26**	$ 0.24	$ 0.24	$ 0.25	$ 0.26	$ 0.26	$ 0.25	$ 0.26
Payout ratio [1]	**87.4%**	93.8%	92.7%	89.9%	87.3%	84.8%	89.0%	85.3%
FFO								
Basic	**$ 45,661**	$ 42,132	$ 43,380	$ 44,567	$ 45,460	$ 46,490	$ 45,355	$ 46,325
Per unit - Basic	**$ 0.29**	$ 0.28	$ 0.29	$ 0.29	$ 0.30	$ 0.31	$ 0.30	$ 0.31
Payout ratio [2]	**76.0%**	80.1%	77.8%	75.7%	74.2%	72.5%	74.3%	72.7%

[1] Excludes special distribution December 31, 2019. Payout ratio for that quarter including total distributions is 135.4%.
[2] Excludes special distribution December 31, 2019. Payout ratio for that quarter including total distributions is 115.8%.

Variations in quarterly results over the past eight quarters have been influenced by the following specific transactions and ongoing events:

- Property acquisitions and dispositions (gross proceeds excluding closing and transaction costs) for each of the above three month periods were:
    - March 31, 2020 - acquisition of a parcel of land adjacent to an existing retail property for a total purchase price of $280 and disposition of a parcel of land adjacent to an existing retail property for proceeds of $1,000.

- December 31, 2019 - acquisition of one retail property and additions to one existing retail property and one existing retail-related industrial property for a total purchase price of $114,933 and disposition of an 89% interest in 15 retail properties for proceeds of $193,333.
- September 30, 2019 - acquisition of a 50% interest in one retail property for a total purchase price of $9,500, disposition of an 89% interest in one retail property for proceeds of $9,750, disposition of 100% of one retail property for proceeds of $12,255, disposition of air rights to a joint venture for proceeds of $27,379 and disposition of a freestanding building adjacent to a retail property for proceeds of $175.
- June 30, 2019 - disposition of one retail property for proceeds of $21,500, disposition of residential lands adjacent to a development property for proceeds of $3,275 and disposition of an 89% interest in 26 retail properties for proceeds of $161,589;
- March 31, 2019 - acquisition of one development property for a total purchase price of $32,000, disposition of three retail properties for proceeds of $64,780, disposition of a parcel of land adjacent to a retail property for proceeds of $821 and disposition of a 50% interest in seven retail properties for proceeds of $41,614;
- December 31, 2018 - acquisition of one retail property and an addition to an existing retail property for a total purchase price of $14,900 and disposition of three retail properties for proceeds of $26,600;
- September 30, 2018 - acquisition of an addition to an existing retail property for a total purchase price of $3,735 and disposition of one retail property for proceeds of $39,682; and,
- June 30, 2018 - acquisition of 10 retail properties and additions to two existing retail properties for a total purchase price of $100,610, disposition of two retail properties and one commercial property for proceeds of $75,084 and disposition of a 50% interest in nine retail properties for proceeds of $77,929.

- Property revenue and property operating expenses - Crombie's business is subject to seasonal fluctuations. Property operating expenses during winter months include particular expenses such as snow removal, which is a recoverable expense, thus increasing property revenue during these same periods. Property operating expenses during the summer and fall periods include particular expenses such as paving and roof repairs.
- Per unit amounts for FFO and AFFO are influenced by operating results as detailed above and by the timing of the issuance of REIT Units and Class B LP Units.

Additional information relating to Crombie, including its latest Annual Information Form, can be found on the SEDAR website for Canadian regulatory filings at www.sedar.com.

Dated: May 6, 2020

New Glasgow, Nova Scotia, Canada

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020

CROMBIE REAL ESTATE INVESTMENT TRUST
Unaudited Interim Condensed Consolidated Balance Sheets
(in thousands of CAD dollars)

	Note	March 31, 2020	December 31, 2019
Assets			
Non-current assets			
Investment properties	3	$ 3,553,530	$ 3,557,572
Investment in joint ventures	4	45,221	45,123
Other assets	5	278,172	286,947
		3,876,923	3,889,642
Current assets			
Cash and cash equivalents		112,657	—
Other assets	5	48,711	30,625
		161,368	30,625
Total Assets		4,038,291	3,920,267
Liabilities			
Non-current liabilities			
Fixed rate mortgages	6	1,028,793	1,045,015
Credit facilities	6	166,111	54,308
Senior unsecured notes	7	922,495	922,479
Employee future benefits obligation		8,188	8,122
Trade and other payables	8	11,902	14,613
Lease liabilities	18	28,558	28,675
		2,166,047	2,073,212
Current liabilities			
Fixed rate mortgages	6	108,645	257,495
Credit facilities	6	120,000	—
Employee future benefits obligation		289	289
Trade and other payables	8	106,195	133,484
Lease Liabilities	18	718	744
		335,847	392,012
Total liabilities excluding net assets attributable to Unitholders		2,501,894	2,465,224
Net assets attributable to Unitholders		$ 1,536,397	$ 1,455,043
Net assets attributable to Unitholders represented by:			
Crombie REIT Unitholders		$ 915,609	$ 870,792
Special Voting Units and Class B Limited Partnership Unitholders		620,788	584,251
		$ 1,536,397	$ 1,455,043
Commitments, contingencies and guarantees	19		
Subsequent events	20		

See accompanying notes to the interim condensed consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Unaudited Interim Condensed Consolidated Statements of Comprehensive Income (Loss)
(in thousands of CAD dollars)

	Note	Three months ended March 31, 2020	Three months ended March 31, 2019
Property revenue	9	$ 102,252	$ 105,240
Property operating expenses		35,237	32,366
Net property income		67,015	72,874
Gain (loss) on disposal of investment properties	3	(829)	26,629
Depreciation and amortization	3,5	(19,318)	(19,918)
General and administrative expenses	11	(3,019)	(5,784)
Finance costs - operations	12	(22,640)	(25,667)
Income from equity accounted investments	4	115	94
Operating income attributable to Unitholders		21,324	48,228
Finance costs - other			
Distributions to Unitholders		(34,702)	(33,736)
Change in fair value of financial instruments	11	1,929	(671)
		(32,773)	(34,407)
Increase (decrease) in net assets attributable to Unitholders		(11,449)	13,821
Other comprehensive income			
Items that will be subsequently reclassified to increase (decrease) in net assets attributable to Unitholders:			
Costs incurred on derivatives designated as cash flow hedges transferred to finance costs - operations		510	551
Net change in derivatives designated as cash flow hedges		(6,120)	(2,321)
Other comprehensive income		(5,610)	(1,770)
Comprehensive income (loss)		$ (17,059)	$ 12,051

See accompanying notes to the interim condensed consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Unaudited Interim Condensed Consolidated Statements of Changes in Net Assets Attributable to Unitholders
(In thousands of CAD dollars)

	REIT Units, Special Voting Units and Class B LP Units	Net Assets (Liabilities) Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to	
					REIT Units	Class B LP Units
	(Note 13)					
Balance, January 1, 2020	$ 1,759,324	$ (304,412)	$ 131	$ 1,455,043	$ 870,792	$ 584,251
Adjustments related to EUPP	12	—	—	12	12	—
Statements of comprehensive income (loss)	—	(11,449)	(5,610)	(17,059)	(11,765)	(5,294)
Units issued under Distribution Reinvestment Plan ("DRIP")	979	—	—	979	573	406
Unit issue proceeds, net of costs	97,422	—	—	97,422	55,997	41,425
Balance, March 31, 2020	$ 1,857,737	$ (315,861)	$ (5,479)	$ 1,536,397	$ 915,609	$ 620,788

	REIT Units, Special Voting Units and Class B LP Units	Net Assets (Liabilities) Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to	
					REIT Units	Class B LP Units
	(Note 13)					
Balance, January 1, 2019	$ 1,756,458	$ (312,287)	$ (1,331)	$ 1,442,840	$ 864,779	$ 578,061
Adjustments related to adoption of IFRS 16	—	(2,505)	—	(2,505)	(1,501)	(1,004)
Adjustments related to EUPP	183	5	—	188	188	—
Statements of comprehensive income (loss)	—	13,821	(1,770)	12,051	6,766	5,285
Units issued under DRIP	747	—	—	747	435	312
Balance, March 31, 2019	$ 1,757,388	$ (300,966)	$ (3,101)	$ 1,453,321	$ 870,667	$ 582,654

See accompanying notes to the interim condensed consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Unaudited Interim Condensed Consolidated Statements of Cash Flows
(In thousands of CAD dollars)

	Note	Three months ended March 31, 2020	Three months ended March 31, 2019
Cash flows provided by (used in)			
Operating Activities			
Increase (decrease) in net assets attributable to Unitholders		$ (11,449)	$ 13,821
Special cash distribution		(14,857)	—
Additions to tenant incentives		(24,291)	(2,944)
Items not affecting operating cash	14	22,030	(3,611)
Change in other non-cash operating items		(5,062)	10,840
Cash (used in) provided by operating activities		(33,629)	18,106
Financing Activities			
Issue of mortgages	6	—	25,288
Financing - other		(265)	(647)
Repayment of mortgages - principal		(10,790)	(13,647)
Repayment of mortgages - maturity	6	(157,630)	(17,450)
Advance (repayment) of floating rate credit facilities		231,660	(30,856)
Advance of joint operation credit facilities	6	142	—
REIT Units and Class B LP Units issued	13	100,012	—
REIT Units and Class B LP Units issue costs	13	(2,590)	—
Collection of EUPP loans receivable		12	183
Payments of lease liabilities		(177)	(163)
Advances on long-term receivables		—	(1,199)
Cash provided by (used in) financing activities		160,374	(38,491)
Investing Activities			
Acquisition of investment properties and intangible assets		(317)	(32,439)
Additions to investment properties		(14,139)	(17,284)
Proceeds on disposal of investment properties	3	901	73,781
Distributions from (contributions to) joint ventures		17	(2,233)
Additions to fixtures and computer equipment		(161)	(776)
Additions to deferred leasing costs		(338)	(664)
Advances on long-term receivables		(51)	—
Cash provided by (used in) provided by investing activities		(14,088)	20,385
Net change in cash and cash equivalents		112,657	—
Cash and cash equivalents, beginning of period		—	—
Cash and cash equivalents, end of period		$ 112,657	$ —

See accompanying notes to the interim condensed consolidated financial statements.

1) GENERAL INFORMATION AND NATURE OF OPERATIONS

Crombie Real Estate Investment Trust (“Crombie”) is an unincorporated “open-ended” real estate investment trust created pursuant to the Declaration of Trust dated January 1, 2006, as amended. The principal business of Crombie is investing in income-producing retail, office and mixed-use properties in Canada. Crombie is registered in Canada and the address of its registered office is 610 East River Road, Suite 200, New Glasgow, Nova Scotia, Canada, B2H 3S2. The interim condensed consolidated financial statements for the period ended March 31, 2020 and March 31, 2019 include the accounts of Crombie and all of its subsidiary entities. The units of Crombie are traded on the Toronto Stock Exchange (“TSX”) under the symbol “CRR.UN”.

The three months ended March 31, 2020 interim condensed consolidated financial statements were authorized for issue by the Board of Trustees on May 6, 2020.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and do not contain all of the information required by IAS 1, Presentation of Financial Statements. Therefore, they should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019.

(b) Basis of presentation

These interim condensed consolidated financial statements are presented in Canadian dollars ("CAD"); Crombie's functional and reporting currency, rounded to the nearest thousand. The interim condensed consolidated financial statements are prepared on a historical cost basis except for any financial assets and liabilities classified as fair value with changes in fair value either recognized as an increase (decrease) in net assets attributable to Unitholders ("FVTPL" classification) or fair value through other comprehensive income ("FVOCI" classification).

(c) Critical accounting estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. As of March 31, 2020 there has been increased measurement uncertainty around valuation. Crombie has disclosed increased sensitivity around capitalization rates and continues to monitor the ongoing potential impacts on valuation related to the outbreak of the novel strain of coronavirus ("COVID-19"). The estimates and assumptions that are critical to the determination of the amounts reported in the interim condensed consolidated financial statements relate to the following:

(i) Fair value measurement

A number of assets and liabilities included in Crombie's interim condensed consolidated financial statements require measurement at, and/or disclosure of, fair value. In estimating the fair value of an asset or a liability, Crombie uses market-observable data to the extent it is available. Where Level 1 inputs are not available, Crombie estimates the fair value based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks.

(ii) Investment properties

Investment properties are carried at cost less accumulated depreciation. Crombie estimates the residual value and useful lives of investment properties and the significant components thereof to calculate depreciation and amortization.

(iii) Investment property valuation

External, independent valuation companies, having appropriate recognized professional qualifications and recent experience in the location and category of properties being valued, value substantially all of Crombie's investment property portfolio on a rotating basis over a maximum period of four years. The fair values, based on the measurement date, represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Internal quarterly valuations are performed using internally generated valuation models prepared by considering the aggregate trailing net property income received from leasing the property, that is stabilized for any major tenant movement. Crombie adjusted net property income for expected impacts related to COVID-19, by looking at potential bad debts at each property and applying probability to several potential scenarios. Crombie also completed discounted cash flow models to support its fair value of investment property. Biannual

yields are obtained from an independent valuation company, which reflects the specific risks inherent in the net property income, to arrive at property valuations. As at March 31, 2020, management's determination of fair value was updated for current market assumptions, informed by market capitalization rates and recent appraisals provided by independent appraisal professionals.

3) INVESTMENT PROPERTIES

	March 31, 2020	December 31, 2019
Income properties	$ 3,451,337	$ 3,461,359
Properties under development	102,193	96,213
	$ 3,553,530	$ 3,557,572

Income properties

	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2020	$ 1,117,701	$ 2,825,447	$ 112,313	$ 8,853	$ 4,064,314
Acquisitions	317	—	—	—	317
Additions	502	9,599	—	296	10,397
Dispositions	(1,730)	—	—	—	(1,730)
Write-off fully depreciated assets	—	—	(19,921)	—	(19,921)
Balance, March 31, 2020	1,116,790	2,835,046	92,392	9,149	4,053,377
Accumulated depreciation and amortization and impairment					
Opening balance, January 1, 2020	2,673	530,576	66,657	3,049	602,955
Depreciation and amortization	79	17,436	1,270	221	19,006
Write-off fully depreciated assets	—	—	(19,921)	—	(19,921)
Balance, March 31, 2020	2,752	548,012	48,006	3,270	602,040
Net carrying value, March 31, 2020	$ 1,114,038	$ 2,287,034	$ 44,386	$ 5,879	$ 3,451,337

Included in land are right of use assets of $16,326 net of accumulated depreciation of $79 for land held under lease.

Properties under development

	Land	Buildings	Total
Opening balance, January 1, 2020	$ 76,104	$ 20,109	$ 96,213
Additions	677	5,303	5,980
Balance, March 31, 2020	$ 76,781	$ 25,412	$ 102,193

Fair value

Crombie's total fair value of investment properties exceeds carrying value by $713,759 at March 31, 2020 (December 31, 2019 - $808,674). Crombie uses the cost method for accounting for investment properties and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment is recognized at the time of impairment. As of March 31, 2020 there has been increased measurement uncertainty around valuation. Crombie has disclosed increased sensitivity around capitalization rates and continues to monitor the ongoing potential impacts on valuation.

The estimated fair values of Crombie's investment properties are as follows:

		Fair Value		Carrying Value
March 31, 2020	$	4,519,000	$	3,805,241
December 31, 2019	$	4,605,000	$	3,796,326

Carrying value consists of the net carrying value of:

	Note		March 31, 2020		December 31, 2019
Income properties	3	$	3,451,337	$	3,461,359
Properties under development	3		102,193		96,213
Accrued straight-line rent receivable	5		82,199		80,268
Tenant incentives	5		169,512		158,486
Total carrying value		$	3,805,241	$	3,796,326

Crombie has utilized the following weighted average capitalization rates on its income properties. Related to the growth in properties under development, Crombie reports the weighted average capitalization rate excluding the value of properties under development with the comparative rates adjusted to reflect this change.

	March 31, 2020	December 31, 2019
Weighted Average Capitalization Rate	5.99%	5.99%

Crombie has determined that an increase (decrease) in this applied capitalization rate at March 31, 2020 would result in an increase (decrease) in the fair value of the investment properties as follows:

Capitalization Rate Sensitivity		Increase In Rate	Decrease in Rate
March 31, 2020			
	0.25%	(179,000)	196,000
	0.50%	(343,000)	413,000
	0.75%	(495,000)	653,000

Property Acquisitions and Dispositions

The operating results of acquired properties are included from the respective date of acquisition and for disposed properties up to the date of disposition.

Transaction Date	Vendor/Purchaser	Properties Acquired (Disposed)	Approximate Square Footage		Initial Acquisition (Disposition) Price
January 9, 2020	Third Party	—	—	$	280
February 4, 2020	Third Party	—	—		(1,000)
			—	$	(720)

The initial (disposition) prices stated above exclude closing and transaction costs.

	Three months ended March 31,	
Investment property disposed	**2020**	2019
Gross proceeds	**$ 1,000**	$ 107,215
Selling costs	**(99)**	(1,161)
	901	106,054
Carrying values derecognized		
Land	**(1,730)**	(21,458)
Buildings	**—**	(54,942)
Intangibles	**—**	(1,184)
Deferred leasing costs	**—**	(16)
Tenant Incentives	**—**	(504)
Accrued straight-line rent	**—**	(1,199)
Provisions	**—**	(122)
Gain (loss) on disposal	**$ (829)**	$ 26,629

	Three months ended March 31,	
	2020	2019
Proceeds	**$ 901**	$ 106,054
Mortgages assumed by buyer	**—**	(32,273)
Cash proceeds	**$ 901**	$ 73,781

4) INVESTMENT IN JOINT VENTURES

The following represents Crombie's interest in its equity accounted investments:

	March 31, 2020	December 31, 2019
1600 Davie Limited Partnership	**50.0%**	50.0%
Bronte Village Limited Partnership	**50.0%**	50.0%
The Duke Limited Partnership	**50.0%**	50.0%
140 CPN Limited	**50.0%**	50.0%

The following table represents 100% of the financial position and financial results of the equity accounted entities:

	March 31, 2020	December 31, 2019
Non-current assets	**$ 336,617**	$ 297,598
Current assets	**27,596**	31,287
Non-current liabilities	**(117,708)**	(111,845)
Current liabilities	**(156,713)**	(127,444)
Net assets	**$ 89,792**	$ 89,596
Crombie's investment in joint ventures	**$ 45,221**	$ 45,123

	Three months ended March 31,	
	2020	2019
Revenue	$ 430	$ 343
Property operating expenses	(126)	(100)
General and administrative expenses	—	(2)
Depreciation of investment properties	(48)	(41)
Finance costs - operations	(26)	(12)
Net income	$ 230	$ 188
Crombie's income from equity accounted investments	$ 115	$ 94

The following table shows the changes in the total carrying value of Crombie's investment in joint ventures for the year ended:

	March 31, 2020	December 31, 2019
Opening Balance	$ 45,123	$ 39,485
Contributions	—	28,111
Distributions	(17)	(15,366)
Deferred gain	—	(7,441)
Share of income	115	334
Closing Balance	$ 45,221	$ 45,123

5) OTHER ASSETS

	March 31, 2020			December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
Net trade receivables	$ 19,585	$ —	$ 19,585	$ 14,636	$ 6,041	$ 20,677
Prepaid expenses and deposits	13,122	—	13,122	15,533	—	15,533
Other fixed assets [1] [2]	—	9,886	9,886	—	10,000	10,000
Finance lease receivable	379	8,029	8,408	363	8,125	8,488
Accrued straight-line rent receivable	—	82,199	82,199	—	80,268	80,268
Tenant incentives	—	169,512	169,512	—	158,486	158,486
Capital expenditure program	—	105	105	—	105	105
Interest rate subsidy	92	88	180	93	110	203
Amounts receivable from related parties	15,533	8,353	23,886	—	23,812	23,812
	$ 48,711	$ 278,172	$ 326,883	$ 30,625	$ 286,947	$ 317,572

[1] For the three months ended March 31, 2020 depreciation of other fixed assets was $312 (March 31, 2019 - $275).
[2] Other fixed assets include right of use assets of $1,377 (December 31, 2019 - $1,493) net of accumulated depreciation of $724 (December 31, 2019 - $574) relating to office and vehicle leases.

Tenant Incentives	Cost	Accumulated Amortization	Net Carrying Value
Balance, January 1, 2020	$ 236,071	$ 77,585	$ 158,486
Additions	14,845	—	14,845
Amortization	—	3,819	(3,819)
Balance, March 31, 2020	$ 250,916	$ 81,404	$ 169,512

6) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	March 31, 2020	December 31, 2019
Fixed rate mortgages	2.35-6.80%	4.06%	4.2 years	$ 1,143,537	$ 1,309,077
Short term credit facility			1.0 years	120,000	—
Floating rate revolving credit facility			3.3 years	117,000	15,339
Joint operation credit facility I			4.0 years	7,030	6,978
Joint operation credit facility II			4.5 years	2,081	1,991
Unsecured bilateral credit facility			1.1 years	40,000	30,000
Deferred financing charges on fixed rate mortgages				(6,099)	(6,567)
				$ 1,423,549	$ 1,356,818
Mortgages					
Non-current				$ 1,028,793	$ 1,045,015
Current				108,645	257,495
Credit facilities					
Non-current				166,111	54,308
Current				120,000	—
				$ 1,423,549	$ 1,356,818

Specific investment properties with a carrying value of $2,494,348 as at March 31, 2020 (December 31, 2019 - $2,705,625) are currently pledged as security for mortgages or provided as security for the floating rate revolving credit facility. Carrying value includes investment properties, as well as accrued straight-line rent receivable and tenant incentives which are included in other assets.

Mortgage Activity

			Weighted Average			
For the three months ended:	Type	Number of Mortgages	Rates	Terms in Years	Amortization Period in Years	Proceeds (Repayments)
March 31, 2020	Addition [1]	—	3.22%	—	—	$ 2,987
	Repaid	6	5.61%			(157,630)
						$ (154,643)

[1] During the quarter, Crombie recognized an addition to a mortgage payable of $2,987 in settlement of an amount payable to 1600 Davie Limited Partnership. This mortgage relates to the commercial component of the Davie Street development, 100% of which is included in Crombie's financial statements.

Unsecured Short-Term Credit Facility

The unsecured short-term credit facility is a floating rate non-revolving credit facility with a maximum principal amount of $120,000 and matures March 31, 2021. The facility strengthens short-term liquidity. Borrowings under the credit facility are by way of Bankers Acceptance and the floating interest rate is contingent on the applicable spread or margin.

7) SENIOR UNSECURED NOTES

	Maturity Date	Interest Rate	March 31, 2020	December 31, 2019
Series B	June 1, 2021	3.962%	$ 250,000	$ 250,000
Series D	November 21, 2022	4.066%	150,000	150,000
Series E	January 31, 2025	4.800%	175,000	175,000
Series F	August 26, 2026	3.677%	200,000	200,000
Series G	June 21, 2027	3.917%	150,000	150,000
Unamortized Series B issue premium			517	627
Deferred financing charges			(3,022)	(3,148)
			$ 922,495	$ 922,479

8) TRADE AND OTHER PAYABLES

	March 31, 2020			December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
Tenant incentives and capital expenditures	$ 41,311	$ —	$ 41,311	$ 51,751	$ —	$ 51,751
Property operating costs	23,759	—	23,759	29,932	—	29,932
Prepaid rents	8,455	—	8,455	9,665	—	9,665
Finance costs on investment property debt, notes and debentures	12,445	—	12,445	11,913	—	11,913
Fair value of interest rate swap agreements	5,173	—	5,173	(947)	—	(947)
Distributions payable	11,723	—	11,723	26,429	—	26,429
Unit-based compensation plans	3,131	7,210	10,341	4,671	9,793	14,464
Deferred revenue	198	4,692	4,890	70	4,820	5,003
	$ 106,195	$ 11,902	$ 118,097	$ 133,484	$ 14,613	$ 148,210

9) PROPERTY REVENUE

	Three months ended March 31,	
	2020	2019
Operating lease revenue		
Rental revenue contractually due from tenants [1]	$ 86,790	$ 89,317
Contingent rental revenue	362	456
Straight-line rent recognition	1,931	2,533
Tenant incentive amortization	(3,819)	(3,615)
Lease termination income	91	665
Revenue from contracts with customers		
Common area cost recoveries	15,499	14,529
Parking revenue	1,398	1,355
	$ 102,252	$ 105,240

[1] Includes reimbursement of Crombie's property tax expense.

The following table sets out tenants that contributed in excess of 10% of total property revenue:

	Three months ended March 31,			
	2020		2019	
Empire Company Limited[1]	$ 49,370	48.3%	$ 52,230	49.6%

[1] Includes Sobeys and other subsidiaries of Empire Company Limited

10) OPERATING LEASES

Crombie as a Lessor

Crombie's operations include leasing commercial real estate. Future minimum rental income under non-cancellable tenant leases as at March 31, 2020, is as follows:

	Remaining	Year Ending December 31,					
	2020	2021	2022	2023	2024	Thereafter	Total
Future minimum rental income	$ 204,166	$ 261,907	$ 250,747	$ 237,527	$ 225,721	$ 1,641,397	$ 2,821,465

Crombie manages its residual risk in its investment properties through an active capital expenditure program and actively leasing any vacant spaces. The residual risk throughout Crombie's portfolio is not considered significant.

11) CORPORATE EXPENSES AND CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) General and administrative expenses

	Three months ended March 31,	
	2020	2019
Salaries and benefits	$ 1,379	$ 4,073
Professional and public company costs	809	850
Occupancy and other	831	861
	$ 3,019	$ 5,784

(b) Decrease (increase) in fair value of financial instruments

	Three months ended March 31,	
	2020	2019
Deferred Unit ("DU") Plan	$ 1,929	$ (671)

12) FINANCE COSTS - OPERATIONS

	Three months ended March 31,	
	2020	2019
Fixed rate mortgages	$ 12,847	$ 17,925
Floating rate term, revolving and demand facilities	1,259	1,345
Capitalized interest	(1,249)	(1,017)
Senior unsecured notes	9,420	6,950
Interest income on finance lease receivable	(98)	—
Interest on lease liability	461	464
Finance costs - operations, expense	22,640	25,667
Amortization of fair value debt adjustment and accretion income	112	160
Change in accrued finance costs	(532)	(2,827)
Amortization of effective swap agreements	(510)	(551)
Capitalized interest [1]	1,249	1,017
Amortization of issue premium on senior unsecured notes	110	109
Amortization of deferred financing charges	(751)	(912)
Finance costs - operations, paid	$ 22,318	$ 22,663

[1] For the three months ended March 31, 2020, interest was capitalized to qualifying development projects based on a weighted average interest rate of 3.67% (March 31, 2019 - 3.63%).

13) UNITS OUTSTANDING

	Crombie REIT Units		Class B LP Units and attached Special Voting Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2020	89,697,623	$ 1,042,696	62,045,732	$ 716,628	151,743,355	$ 1,759,324
Net change in EUPP loans receivable	—	12	—	—	—	12
Units issued under DRIP	37,711	573	26,738	406	64,449	979
Units issued (proceeds are net of issue costs)	3,657,000	55,997	2,593,750	41,425	6,250,750	97,422
Balance, March 31, 2020	93,392,334	$ 1,099,278	64,666,220	$ 758,459	158,058,554	$ 1,857,737

Crombie REIT Units

On February 11, 2020, Crombie closed a public offering, on a bought deal basis, of 3,657,000 Units, at a price of $16.00 per Unit for proceeds of $55,997 net of issue costs.

Crombie REIT Special Voting Units ("SVU") and Class B LP Units

On February 11, 2020, concurrently with the issue of the REIT Units, in satisfaction of its pre-emptive right, ECL Developments purchased 2,593,750 Class B LP Units and the attached SVUs at a price of $16.00 per Class B LP Unit for proceeds of $41,425 net of issue costs, on a private placement basis.

	Crombie REIT Units		Class B LP Units and attached Special Voting Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2019	89,597,604	$ 1,040,804	61,980,011	$ 715,654	151,577,615	$ 1,756,458
Net change in EUPP loans receivable	—	183	—	—	—	183
Units issued under DRIP	32,274	435	22,886	312	55,160	747
Balance, March 31, 2019	89,629,878	$ 1,041,422	62,002,897	$ 715,966	151,632,775	$ 1,757,388

14) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three months ended March 31,	
	2020	2019
Items not affecting operating cash:		
Straight-line rent recognition	$ (1,931)	$ (2,533)
Amortization of tenant incentives	3,819	3,615
Gain (loss) on disposal of investment properties	829	(26,629)
Depreciation and amortization	19,318	19,918
Unit-based compensation	—	5
Amortization of effective swap agreements, financing charges and other	1,151	1,354
Income from equity accounted investments	(115)	(94)
Non-cash distributions to Unitholders in the form of DRIP Units	979	747
Non-cash lease termination income	(91)	(665)
Change in fair value of financial instruments	(1,929)	671
	$ 22,030	$ (3,611)

b) Change in other non-cash operating items

	Three months ended March 31,	
Cash provided by (used in):	2020	2019
Trade receivables	$ 1,092	$ 1,109
Prepaid expenses and deposits and other assets	2,411	2,584
Payables and other liabilities	(8,565)	7,147
	$ (5,062)	$ 10,840

15) RELATED PARTY TRANSACTIONS

As at March 31, 2020 Empire, through its wholly-owned subsidiary ECLD, holds a 41.5% indirect interest in Crombie. Related party transactions primarily include transactions with entities associated with Crombie through Empire's indirect interest. Related party transactions also include transactions with joint venture entities in which Crombie has a 50% interest, as well as transactions with key management personnel and post-employment benefit plans.

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Crombie's revenue (expense) transactions with related parties are as follows:

	Three months ended March 31,	
	2020	2019
Property revenue		
Property revenue	$ 49,370	$ 52,230
Head lease income	$ 368	$ 162
Lease termination income	$ 34	$ 420
Property operating expenses	$ (7)	$ (4)
General and administrative expenses		
Property management services recovered	$ 39	$ 119
Other general and administrative expenses	$ (59)	$ (53)
Finance costs - operations		
Interest rate subsidy	$ 66	$ 72
Finance costs - distributions to Unitholders	$ (14,397)	$ (13,997)

Crombie provides property management, leasing services and environmental management to specific properties owned by certain subsidiaries of Empire on a fee for service basis pursuant to a Management Agreement. Revenue generated from the Management Agreement is being recognized as a reduction of general and administrative expenses.

During the three months ended March 31, 2020, Crombie issued 26,738 (March 31, 2019 - 22,886) Class B LP Units to ECLD under the DRIP (Note 13).

During the three months ended March 31, 2020, Crombie invested $11,728 in the modernizations and conversions of two existing properties anchored by subsidiaries of Empire. The amounts are included in tenant incentive additions and are being amortized over the amended lease terms.

Amounts due from related parties include $15,533 (December 31, 2019 - $15,533) in 6% subordinated notes receivable due from Bronte Village Limited Partnership and The Duke Limited Partnership.

16) FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that Crombie would receive to sell a financial asset or pay to transfer a financial liability in an orderly transaction between market participants at the measurement date.

Fair value determination is classified within a three-level hierarchy, based on observability of significant inputs, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 - unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy during the period ended March 31, 2020.

The fair value of other financial instruments is based on discounted cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. The following table summarizes the estimated fair value of other financial instruments which have a fair value different from their carrying value:

	March 31, 2020		December 31, 2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Long-term receivables[1]	$ 24,195	$ 24,171	$ 23,911	$ 24,120
Financial liabilities				
Investment property debt	$ 1,440,906	$ 1,429,648	$ 1,400,821	$ 1,363,385
Senior unsecured notes	932,600	925,000	946,700	925,000
Total other financial liabilities	$ 2,373,506	$ 2,354,648	$ 2,347,521	$ 2,288,385

[1]Long-term receivables include amounts in other assets for the capital expenditure program, interest rate subsidy and receivable from related parties.

The fair value of the long-term receivables, investment property debt and senior unsecured notes are Level 2.

Due to their short-term nature, the carrying value of the following financial instruments approximates their fair value at the balance sheet date:

- Cash and cash equivalents
- Trade receivables
- Trade and other payables (excluding any embedded derivatives).

b) Risk Management

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. More information on the significant risks, and the actions taken to manage them, are discussed in our annual report.

Markets have been negatively impacted by COVID-19, which was declared a pandemic by the World Health Organization ("WHO") on March 11, 2020. The continued spread of COVID-19 and the actions being taken by governments, businesses and individuals to limit this pandemic, including business closures and physical distancing, and the effects of resulting layoffs and other job losses on the available income of retail customers may adversely impact our operations and development activities including, among others, increasing the credit risk associated with our receivables, limiting our ability to quickly respond to changes in credit risk, extending the time to completion and occupancy of major developments and limiting our ability to serve our tenants. This has resulted in significant economic uncertainty, of which the potential impact on our future financial results is difficult to reliably measure.

Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. A provision for doubtful accounts is taken for all anticipated collectability risks.

Crombie mitigates credit risk by geographical diversification, diversifying both its tenant mix and asset mix and conducting credit assessments for new and renewing tenants.

Receivables are substantially comprised of current balances due from tenants. The balance of accounts receivable past due is not significant. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoiced, and in general, balances over 30 days are considered past due. The total provision for doubtful accounts is reviewed at each balance sheet date and current and long-term accounts receivable are reviewed on a regular basis.

Crombie continues to assess the impact of COVID-19 and has recorded increases in expected credit losses for certain tenants.

Liquidity Risk

The real estate industry is highly capital intensive. Liquidity risk is the risk that Crombie may not have access to sufficient debt and equity capital to fund its growth program, refinance debt obligations as they mature or meet its ongoing obligations as they arise. Cash flow generated from operating the property portfolio represents the primary source of liquidity used to service the interest on debt, fund general and administrative expenses, reinvest in the portfolio through capital expenditures, as well as fund tenant incentive costs and make distributions to Unitholders. Debt repayment requirements are primarily funded from refinancing Crombie's maturing debt obligations. Property acquisition funding requirements are funded through a combination of accessing the debt and equity capital markets and recycling capital from property dispositions.

There is a risk that the debt capital markets may not refinance maturing fixed rate and floating rate debt on terms and conditions acceptable to Crombie or at any terms at all. Crombie seeks to mitigate this risk by staggering its debt maturity dates. There is also a risk that the equity capital markets may not be receptive to a REIT unit offering issue from Crombie with financial terms acceptable to Crombie. Crombie mitigates its exposure to liquidity risk utilizing a conservative approach to capital management (see Note 17). Access to the revolving credit facility is limited by the amount utilized under the facility and the amount of any outstanding letters of credit, and cannot exceed the borrowing base security provided by Crombie.

The estimated payments, including principal and interest, on non-derivative financial liabilities to maturity date are as follows:

		Twelve months ending March 31,					
	Contractual Cash Flows[1]	2021	2022	2023	2024	2025	Thereafter
Fixed rate mortgages[2]	$ 1,315,404	$ 152,844	$ 230,508	$ 198,819	$ 389,553	$ 109,082	$ 234,598
Senior unsecured notes	1,082,774	37,634	279,380	175,528	21,630	195,230	373,372
Lease Liabilities	148,613	2,550	2,386	2,282	2,161	2,059	137,175
	2,546,791	193,028	512,274	376,629	413,344	306,371	745,145
Credit facilities	302,457	128,073	43,627	3,480	118,111	9,166	—
Total	$ 2,849,248	$ 321,101	$ 555,901	$ 380,109	$ 531,455	$ 315,537	$ 745,145

[1] Contractual cash flows include principal and interest and ignore extension options.
[2] Reduced by the interest rate subsidy payments to be received from Empire.

17) CAPITAL MANAGEMENT

Crombie's objective when managing capital on a long-term basis is to maintain overall indebtedness, at reasonable levels, utilize staggered debt maturities, minimize long-term exposure to excessive levels of floating rate debt and maintain conservative payout ratios.

Crombie's capital structure consists of the following:

	March 31, 2020	December 31, 2019
Fixed rate mortgages	$ 1,137,438	$ 1,302,510
Credit facilities	286,111	54,308
Senior unsecured notes	922,495	922,479
Crombie REIT Unitholders	915,609	870,792
SVU and Class B LP Unitholders	620,788	584,251
Lease liabilities	29,276	29,419
	$ 3,911,717	$ 3,763,759

At a minimum, Crombie's capital structure is managed to ensure that it complies with the limitations pursuant to Crombie's Declaration of Trust, the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT and existing debt covenants. Some of the restrictions pursuant to Crombie's Declaration of Trust would include, among other items:

- A restriction that Crombie shall not incur indebtedness (other than by the assumption of existing indebtedness) where the indebtedness would exceed 75% of the market value of an individual property; and,
- A restriction that Crombie shall not incur indebtedness of more than 60% of gross book value.

For debt to gross book value calculation, Crombie does not include in total debt the financial liabilities to REIT Unitholders and to holders of Class B LP Units, as shown on the balance sheet as Net assets attributable to Unitholders. Crombie's debt to gross book value as defined in Crombie's Declaration of Trust is as follows:

	March 31, 2020	December 31, 2019
Fixed rate mortgages	$ 1,143,537	$ 1,309,077
Senior unsecured notes	925,000	925,000
Revolving credit facility	117,000	15,339
Joint operation credit facilities	9,111	8,969
Bilateral credit facility	40,000	30,000
Short-term credit facility	120,000	—
Lease liabilities	29,276	29,419
Total debt outstanding	2,383,924	2,317,804
Less: Applicable fair value debt adjustment	(473)	(539)
Debt	$ 2,383,451	$ 2,317,265
Income properties, cost	4,051,020	4,061,957
Properties under development, cost	102,193	96,213
Below-market lease component, cost [1]	64,754	64,754
Investment in joint ventures	45,221	45,123
Other assets, cost	409,814	396,374
Cash and cash equivalents	112,657	—
Deferred financing charges	9,121	9,715
Interest rate subsidy	(473)	(539)
Gross book value	$ 4,794,307	$ 4,673,597
Debt to gross book value - cost basis	49.7%	49.6%

[1] Below-market lease component is included in the carrying value of investment properties.

Under the amended terms governing the revolving credit facility, Crombie is entitled to borrow a maximum of 70% of the fair market value of assets subject to a first security position and 60% of the excess fair market value over first mortgage financing of assets subject to a second security position or a negative pledge. The terms of the revolving credit facility also require that Crombie must maintain certain covenants:

- annualized net operating income for the prescribed properties must be a minimum of 1.4 times the coverage of the related annualized debt service requirements;
- annualized net operating income on all properties must be a minimum of 1.4 times the coverage of all annualized debt service requirements;
- access to the revolving credit facility is limited by the amount utilized under the facility and the amount of any outstanding letters of credit not to exceed the borrowing base security provided by Crombie; and,
- distributions to Unitholders are limited to 100% of distributable income as defined in the revolving credit facility.

As at March 31, 2020, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

18) LEASE LIABILITIES

Crombie's future minimum lease payments as a lessee are as follows:

		Twelve months ending March 31,					
	Total	**2021**	**2022**	**2023**	**2024**	**2025**	**Thereafter**
Future minimum lease payments	$ 148,613	$ 2,550	$ 2,386	$ 2,282	$ 2,161	$ 2,059	$ 137,175
Finance charges	(119,337)	(1,832)	(1,813)	(1,800)	(1,794)	(1,790)	(110,308)
Present value of lease payments	$ 29,276	$ 718	$ 573	$ 482	$ 367	$ 269	$ 26,867

Lease liabilities are presented in the consolidated balance sheet as follows:

Current	$ 718
Non-Current	28,558
Total	$ 29,276

Some of Crombie's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the consolidated statements of comprehensive income as required when contingent criteria are met. The lease agreements contain renewal options and purchase options. For the three months ended March 31, 2020, minimum lease payments of $639 were paid by Crombie.

19) COMMITMENTS, CONTINGENCIES, and GUARANTEES

There are various claims and litigation which Crombie is involved with arising out of the ordinary course of business operations. In the opinion of management, any liability that would arise from such contingencies in excess of existing accruals would not have a significant adverse effect on these financial statements.

Crombie has agreed to indemnify its trustees and officers, and particular employees, in accordance with Crombie's policies. Crombie maintains insurance policies that may provide coverage against certain claims.

Crombie obtains letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at March 31, 2020, Crombie has a total of $5,759 in outstanding letters of credit related to:

	March 31, 2020	December 31, 2019
Construction work being performed on investment properties	**$ 3,919**	$ 3,805
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	**1,840**	1,840
Total outstanding letters of credit	**$ 5,759**	$ 5,645

As at March 31, 2020, Crombie had signed construction contracts totalling $315,694 of which $203,308 has been paid, this includes contracts signed within joint ventures at Crombie's ownership percentage.

Crombie has 100% guarantees on mortgages related to properties in which it has less than a 100% interest. The mortgages payable related to these guarantees are secured by specific charges against the properties. As at March 31, 2020, Crombie has provided guarantees of approximately $144,450 (December 31, 2019 - $145,713) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 4.6 years.

Under the terms of head leases with certain of Crombie's joint operation partners, Crombie guarantees its joint operation partners their portion of any uncollected rent receivable from the sub-tenant.

20) SUBSEQUENT EVENTS

(a) On April 17, 2020, Crombie declared distributions of 7.417 cents per Unit for the period from April 1, 2020 to and including April 30, 2020. The distributions will be paid on May 15, 2020, to Unitholders of record as of April 30, 2020.

(b) On April 30, 2020, Crombie closed on a 3.878% mortgage loan of $118,000 for a retail-related industrial property, maturing on June 1, 2036. Installments of principal and interest are to be paid on the first day of each month. Upon receipt of proceeds, Crombie repaid $45,000 on the non-revolving short-term credit facility, maturing March 31, 2021, resulting in $75,000 remaining on the credit facility.

(c) Near the end of the March 31, 2020 quarter end, the outbreak of the novel strain of coronavirus, COVID-19, was declared a world-wide pandemic. States of emergency were declared across Canada with varying degrees of mandatory business closures and operating restrictions, resulting in a complete economic slowdown. The duration and impact of the resulting emergency measures taken to prevent the spread of the virus and its impact on Crombie's financial results into the future are not known.

Due to the shutdown of nonessential construction in Quebec, Le Duke and the Montreal CFC developments are currently on hold with potential reopening scheduled for May 11th. British Columbia and Ontario have deemed construction essential, therefore our active developments at Davie Street in Vancouver, and Bronte Village in the GTA continue, however at a slower pace. Belmont Market in British Columbia is experiencing minimal delays. As a result of project delays and on-site work disruption there is increased risk around date and cost of completion as well as future lease-up schedules. The full impact of this business interruption is not clear at this time, however, work on planning and rezoning initiatives is expected to continue.

Since a majority of Canada's annual minimum rent is derived from businesses deemed essential and allowed to open in all jurisdictions in which Crombie operates, as of March 31, 2020, Crombie has estimated a minor increase in its collections risk. However, that risk increases with the prolongation of non-essential business being shut down. The majority of businesses within Crombie's high-quality grocery and pharmacy-anchored properties remain open, and many have been deemed essential services, including our strategic partner, Empire. To date, Crombie has collected 87% of its contractual rents for the month of April. As a response to the increased pressure on small business, Crombie instituted the Crombie Values Small Businesses ("CVSB") initiative to extend credit to small businesses facing increased liquidity challenges during this time. The program allows for the deferral of two months rent upon approval. Crombie continues to work through deferral arrangements with both small business and national tenants. Deferral arrangements have been finalized on 2% of April gross rents. It is too early to determine how much rent will be withheld by tenants in the coming months or how many tenants will be eligible to participate in Crombie's CVSB program.

Rent collection by segments is as follows:

	% of April 2020 Gross Rent Collected	% of Gross Rent, Total Portfolio
Retail and Commercial	86%	91%
Office	94%	6%
Retail-Related Industrial	100%	3%
Total	87%	100%

In late April, the federal government, in cooperation with all 10 provinces, unveiled the Canada Emergency Commercial Rent Assistance ("CECRA"), a program to subsidize 75% of small and medium sized business rent for three months for qualifying business. Crombie is evaluating the application of CECRA to its tenants.

There is also increased risk as to the extent of the impact of COVID-19 on leasing, occupancy, tenant inducements, land use intensifications, market rents and capital expenditures if the current economic slowdown continues long-term, potentially impacting future operational expectations and valuation of assets.

21) SEGMENT DISCLOSURE

Crombie owns and operates primarily retail and office real estate assets located in Canada. Management, in measuring Crombie's performance or making operating decisions, does not distinguish or group its operations on a geographical or other basis. Accordingly, Crombie has a single reportable segment.

UNITHOLDERS' INFORMATION

BOARD OF TRUSTEES

J. Michael Knowlton
Independent Trustee and Chair

John Eby
Independent Trustee

Donald E. Clow
Trustee, President and Chief Executive Officer

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Independent Trustee

James M. Dickson
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Chief Talent Officer and Vice President Communications

John Barnoski
Senior Vice President Corporate Development

Trevor Lee
Senior Vice President Construction and Development

Arie Bitton
Senior Vice President Leasing and Operations

Fred Santini
General Counsel

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INVESTOR RELATIONS AND INQUIRIES

Unitholders, analysts, and investors
should direct their financial inquiries or requests to:

Clinton D. Keay, CPA, CA
Chief Financial Officer and Secretary

Email: investing@crombie.ca

Communication regarding investor records, including changes of address or ownership, lost certificates or tax forms, should be directed to the company's transfer agent and registrar, AST Trust Company (Canada).

UNIT SYMBOL

REIT Trust Units – CRR.UN

STOCK EXCHANGE LISTING

Toronto Stock Exchange

TRANSFER AGENT

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AUDITORS

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Halifax, Nova Scotia

MULTIPLE MAILINGS

If you have more than one account, you may receive a separate mailing for each.

If this occurs, please contact AST Trust Company (Canada) at (800) 387-0825 or (416) 682-3860 to eliminate multiple mailings.

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