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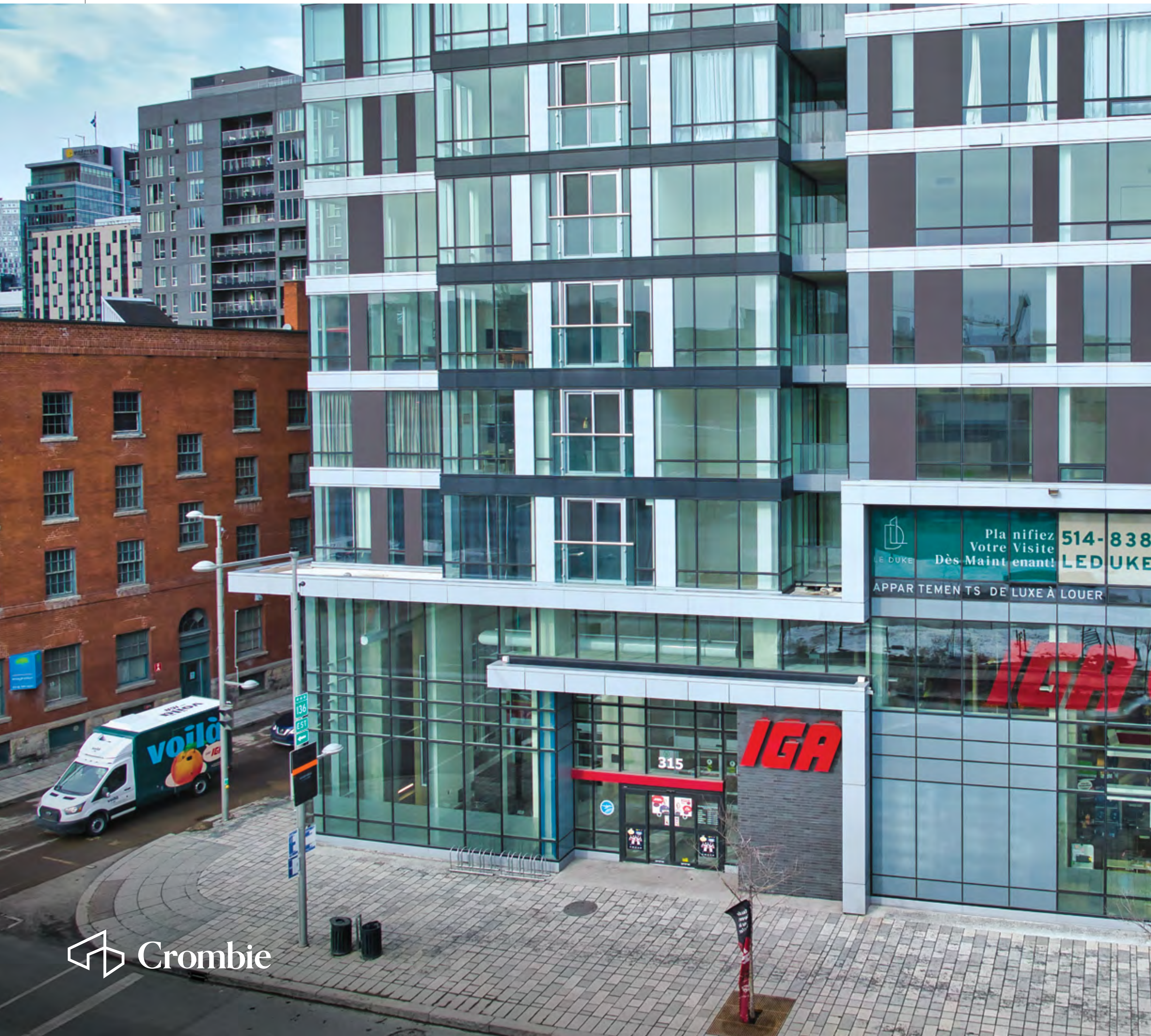
Q1 Financial Report | March 31, 2023



Crombie

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE THREE MONTHS ENDED MARCH 31, 2023

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and financial performance of Crombie Real Estate Investment Trust ("Crombie") should be read in conjunction with Crombie's interim condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022. This MD&A should also be read in conjunction with Crombie's audited consolidated financial statements as at and for the years ended December 31, 2022 and 2021.

Except for per Unit, gross leasable area ("GLA") and square footage ("sq. ft.") amounts and where otherwise noted, all amounts in this MD&A are reported in thousands of Canadian dollars.

The information contained in the MD&A, including forward-looking statements, is based on information available to management as at May 10, 2023, except as otherwise noted.

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.

For definitions of certain acronyms and specialized terms we use in this document, refer to the "Glossary of Terms" on page 6.

FOOTNOTES

(*) NON-GAAP FINANCIAL MEASURES
Some of the financial measures we provide in this document are non-GAAP financial measures that have no standardized meaning under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures presented by other companies. See "Non-GAAP Financial Measures", starting on page 60, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

FORWARD-LOOKING STATEMENTS
Some of the information we provide in this document is forward-looking and therefore could change over time to reflect changes in the environment in which we operate and compete. See "Forward-looking Information", starting on page 64, for more information.

1. KEY HIGHLIGHTS

We use financial and operational metrics to measure our performance. These key metrics are highlighted below:

(*) See "Non-GAAP Financial Measures", starting on page 60, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

FINANCIAL METRICS (in thousands except GLA and per Unit amounts)

Property revenue

Q1 2023

$107,551

Q1 2022 $104,946 **+2.5%**

The increase in property revenue in the quarter is due primarily to higher rental revenue from renewals, new leasing activity, modernizations, acquisitions, and increased parking revenue. This increase was reduced in part by lost revenue from dispositions and higher tenant incentive amortization related to new leases, modernizations, and accelerated amortization from lease terminations in the quarter.

Operating income attributable to Unitholders

Q1 2023

$25,173

Q1 2022 $25,248 **-0.3%**

A gain on distribution from equity-accounted investments in the first quarter of 2022 resulting from cash distributions in excess of our investment, along with higher tenant incentive amortization and reduced property income due to dispositions, contributed to the year-over-year decrease in operating income attributable to Unitholders. Offsetting this decrease was an increase in income from equity-accounted joint ventures as well as increased income from acquisitions, development activity, modernizations, and improved parking revenue.

Net property income

Q1 2023

$68,648

Q1 2022 $69,331 **-1.0%**

Net property income was positively impacted during the quarter by rental revenue increases from renewals, new leasing activity, modernizations, acquisitions, and improved parking revenue. This increase was offset by lost revenue from dispositions and increased tenant incentive amortization related to new leases, modernizations, and accelerated amortization resulting from lease terminations.

Same-asset property cash NOI(*)

Q1 2023

$68,159

Q1 2022 $66,538 **+2.4%**

Increased rental revenue from renewals, new leasing, modernizations, and capital improvements, as well as improved parking revenue, contributed to the increase in same-asset property cash NOI for the quarter compared to the same period in the prior year.

FINANCIAL METRICS (CONTINUED)

FFO(*) per Unit

Q1 2023		
$0.30		
Q1 2022	$0.28	**+7.1%**

FFO on a dollar basis improved in the quarter primarily due to an increase in income from equity-accounted investments as a result of the sale of land inventory at our Opal Ridge property in Dartmouth, Nova Scotia, increased rental revenue from renewals, new leasing, and acquisitions since the first quarter of 2022, supplemental rent from modernizations, and higher parking revenue. The growth was partially offset by reduced rental revenue due to dispositions.

FFO(*) payout ratio

Q1 2023		
75.3%		
Q1 2022	79.9%	**-4.6%**

Items affecting FFO, as stated above, drove the reduction in FFO payout ratio compared to the same quarter in 2022.

AFFO(*) per Unit

Q1 2023		
$0.26		
Q1 2022	$0.24	**+8.3%**

AFFO on a dollar basis increased in the quarter primarily due to increased income from equity-accounted investments as a result of the sale of land inventory at our Opal Ridge property in Dartmouth, Nova Scotia, higher rental revenue from renewals, new leasing, and acquisitions since the first quarter of 2022, supplemental rent from modernizations, and improved parking revenue. This was offset in part by reduced rental revenue due to dispositions and an increase in the maintenance capital expenditure charge in the first quarter of 2023.

AFFO(*) payout ratio

Q1 2023		
86.6%		
Q1 2022	93.6%	**-7.0%**

AFFO payout ratio improved as a result of the improved AFFO due to the factors stated above.

OPERATIONAL METRICS

Renewals (GLA sq. ft.)

Q1 2023

540,000

Q1 2022 255,000 **+111.8%**

Renewal activity in the quarter consisted of 205,000 square feet in Rest of Canada, 191,000 square feet in Major Markets, and 144,000 square feet in VECTOM. At March 31, 2023, 322,000 square feet of Empire Company Limited ("Empire") renewals were completed.

Renewal spreads

Q1 2023

5.7%

Q1 2022 2.3% **+3.4%**

The primary driver of renewal growth in the quarter was 257,000 square feet of renewals at freestanding retail properties with an increase of 6.8% over expiring rental rates. Also driving renewal growth in the quarter was 105,000 square feet of retail plaza renewals at an increase of 7.0% over expiring rental rates.

Committed occupancy

Q1 2023

96.7%

Q1 2022 96.4% **+0.3%**

Strong committed occupancy of 96.7% included 406,000 square feet of space committed in the quarter. Approximately 363,000 square feet of committed space is in VECTOM and Major Markets, including Empire-leased space of 304,000 square feet in Calgary, Alberta and 31,000 square feet in Burlington, Ontario.

Economic occupancy

Q1 2023

94.5%

Q1 2022 95.5% **-1.0%**

Adjusting for the impact of Voilà CFC 3, which reached substantial completion in the fourth quarter of 2022 and is expected to enter economic occupancy mid-2023, economic occupancy would be 96.1%. New leases of 62,000 square feet were offset by lease expiries and other changes totalling 98,000 square feet.

FINANCIAL CONDITION METRICS

Interest coverage ratio(*)

Q1 2023

3.24x

Q1 2022 3.27x **-0.03x**

The reduction in interest coverage ratio for the quarter compared to the same period in the prior year is primarily due to an increase in finance costs from operations at our equity-accounted investments caused by higher interest rates. This is offset in part by growth in EBITDA resulting from income from equity-accounted investments, higher property revenue from renewals, new leasing activity, modernizations, acquisitions, and increased parking revenue. This was reduced in part by lost revenue from dispositions.

Debt to gross fair value(*) (D/GFV)

Q1 2023

41.9%

Q1 2022 42.5% **-0.6%**

Mortgage repayments drove improved D/GFV since the first quarter of 2022. The improvement was partially offset by a reduction in gross fair value of investment properties largely attributable to disposition activity and, to a lesser extent, capitalization rate expansion throughout 2022.

Debt to trailing 12 months adjusted EBITDA(*) (D/EBITDA)

Q1 2023

7.96x

Q1 2022 8.72x -0.76**x**

The improvement in D/EBITDA ratio compared to the same period in 2022 is due primarily to an increase in trailing EBITDA. Lower outstanding debt compared to the first quarter of 2022 resulting from mortgage repayments and dispositions also contributed to the improvement in the ratio.

Available liquidity - unutilized credit facilities

Q1 2023

$735,877

Q1 2022 $523,159 **+40.7%**

Crombie entered into a credit agreement in the fourth quarter of 2022 for an unsecured non-revolving credit facility resulting in a significant increase in available liquidity compared to the first quarter of 2022.

2. GLOSSARY OF TERMS

Adjusted debt(*)	Represents debt, including Crombie's share of debt held in equity-accounted joint ventures, excluding transaction costs, which Crombie believes is a more relevant presentation of indebtedness. Adjusted debt is a non-GAAP measure that is used in the calculation of our debt to gross fair value and debt to trailing 12 months adjusted EBITDA.
Adjusted EBITDA(*)	Represents earnings before interest, taxes, depreciation, and amortization, excluding certain items such as amortization of tenant incentives, impairment of investment properties, gain (loss) on disposal of investment properties, and gain on distribution from equity-accounted investments. It includes Crombie's share of revenue, operating expenses, and general and administrative expenses from equity-accounted joint ventures. Adjusted EBITDA is a non-GAAP measure that is used as an input in several of our debt metrics.
Adjusted interest expense(*)	Represents finance costs from operations, including Crombie's share of interest from equity-accounted joint ventures, excluding amortization of deferred financing costs. Adjusted interest expense is a non-GAAP measure that is used in the calculation of our interest service coverage and debt service coverage ratios.
AFFO(*)	Adjusted funds from operations. Crombie follows the recommendations of REALPAC's January 2022 guidance in determining AFFO.
AMR	Annual minimum rent. This represents annualized fixed minimum rent payable by the tenant pursuant to the terms of the lease.
CFC	Customer fulfillment centre.
CMA	Census metropolitan area.
Committed occupancy	Represents current economic occupancy plus future occupancy of currently vacant space for which lease contracts are currently in place.
D/GFV(*)	Debt to gross fair value.
Economic occupancy	Represents space currently occupied (excluding space held in equity-accounted joint ventures).
ESG	Environmental, social, and governance.
Fair value	The amount at which an asset or liability could be exchanged between two knowledgeable, willing and unconnected parties in an arm's length transaction.
FFO(*)	Funds from operations. Crombie follows the recommendations of REALPAC's January 2022 guidance in determining FFO.
GLA	Gross leasable area (excluding residential unless noted as proportionately consolidated).
IFRS	International Financial Reporting Standards.
Joint operations	Properties in which Crombie owns partial interests. These co-owned properties are subject to proportionate consolidation, the results of which are reflected in Crombie's operating and financial results, based on the proportionate interest in such joint operations.
Lease termination income	Revenue derived from the early termination of a lease. Lease termination occurs when a tenant desires to end occupancy prior to the lease end date.
Major Markets	A Crombie-specific definition that includes Abbotsford-Mission, Barrie, Chilliwack, Halifax, Hamilton, Kitchener-Cambridge-Waterloo, Oshawa, Quebec City, Regina, Saskatoon, Victoria, and Winnipeg, as defined by Statistics Canada 2021 CMA/CA boundaries.
Modernization	A capital investment to modernize/renovate Crombie-owned grocery store properties in exchange for a defined return and potential extended lease term.
NAV(*)	Net asset value.
Net property income	Property revenue less property operating expenses, which exclude certain expenses such as interest expense and indirect operating expenses.
Property cash NOI(*)	Property NOI on a cash basis, excluding non-cash straight-line rent recognition and non-cash tenant incentive amortization.
Proportionate ownership	Represents Crombie's proportionate interest in the financial position and results of operations of its entire portfolio, taking into account the difference in accounting for joint ventures using proportionate consolidation versus equity accounting as required under IFRS.
REALPAC	Real Property Association of Canada.
Rest of Canada (RoC)	A Crombie-specific definition that includes all remaining geographies outside of VECTOM and Major Markets.
Retail	Includes our substantial retail portfolio, with commercial reflecting a certain few additional properties that comprise both retail and office space. These properties have been consistently included in our retail category.
Retail-related industrial	Retail-related industrial includes retail distribution centres, customer fulfillment centres ("CFC"), and spokes.
Same-asset properties(*)	Properties owned and operated throughout the current and comparative reporting periods, excluding any property that was designated for redevelopment or was subject to disposition of a portion of its GLA during either the current or comparative period.
Spokes	Spokes are cross-dock distribution facilities developed to support CFCs, the hubs of Empire's hub-and-spoke network, by expediting the movement of merchandise to customers with minimal storage time.
Sq. ft.	Square footage.

Unencumbered assets	Represents assets that have not been pledged as security or collateral under a secured credit agreement or mortgage.
VECTOM	Vancouver, Edmonton, Calgary, Toronto, Ottawa-Gatineau, Montreal, as defined by Statistics Canada 2021 boundaries for census metropolitan areas and census agglomeration.
WATM	Weighted average term to maturity.
Zoning applications submitted	A formal municipal rezoning application has been submitted for the purpose of achieving a new land use (i.e. residential, mixed-use) and generally to obtain higher levels of density and building height.

(*) See "Non-GAAP Financial Measures", starting on page 60, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

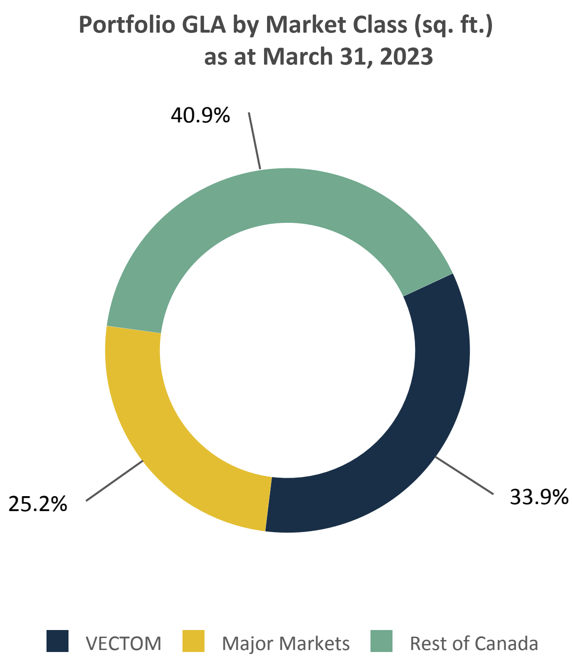
3. PORTFOLIO REVIEW

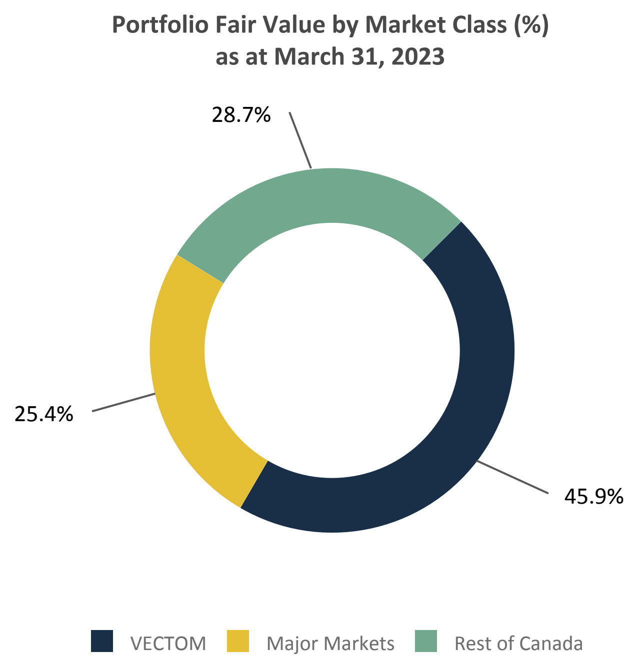
Total Portfolio Review Inclusive of Joint Ventures

Crombie holds partial ownership interests in six joint ventures, five of which currently hold properties. These joint ventures are all subject to equity accounting. The results of these equity-accounted investments are not included in certain financial metrics, such as net property income, property cash NOI(*), or same-asset property cash NOI(*), unless it is specifically indicated that such metrics are presented on a proportionate consolidation basis. Below are select operating metrics presented on a proportionate consolidation basis.

Market Class

Crombie's portfolio of GLA and fair value, inclusive of joint ventures at Crombie's share, consisted of the following as at March 31, 2023:





The table below provides details of the average capitalization rate (weighted by stabilized trailing NOI including joint ventures) by market class:

	March 31, 2023	December 31, 2022	March 31, 2022
VECTOM	**4.79 %**	4.75 %	4.54 %
Major Markets	**6.15 %**	6.18 %	5.91 %
Rest of Canada	**6.90 %**	6.94 %	6.54 %
Weighted average portfolio capitalization rate	**5.74 %**	5.74 %	5.48 %

Crombie's weighted average capitalization rate has remained stable compared to December 31, 2022. Since March 31, 2022, capitalization rates in general have expanded due to uncertainty in real estate and capital markets. However, due to our core grocery-anchored and retail-related industrial properties, the impact on Crombie's weighted average capitalization rate for the March 31, 2022 to March 31, 2023 period was affected to a lesser degree than the overall real estate market.

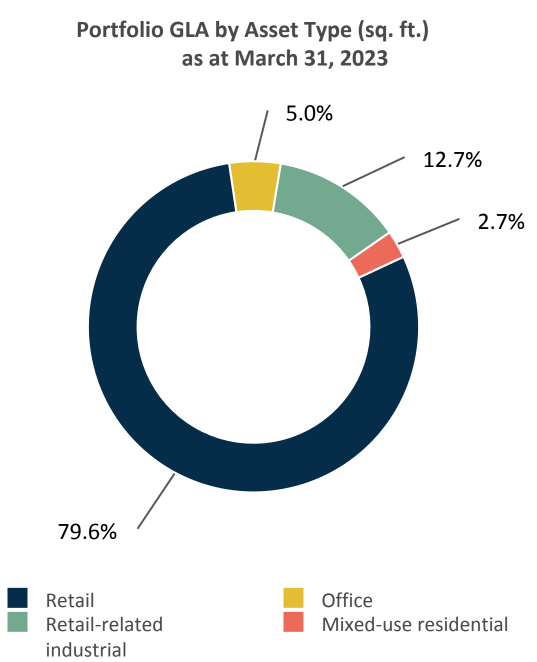
For an explanation of the determination of capitalization rates, see the "Other Disclosures" section of this MD&A, under "Investment Property Valuation" in the "Use of Estimates and Judgments" section.

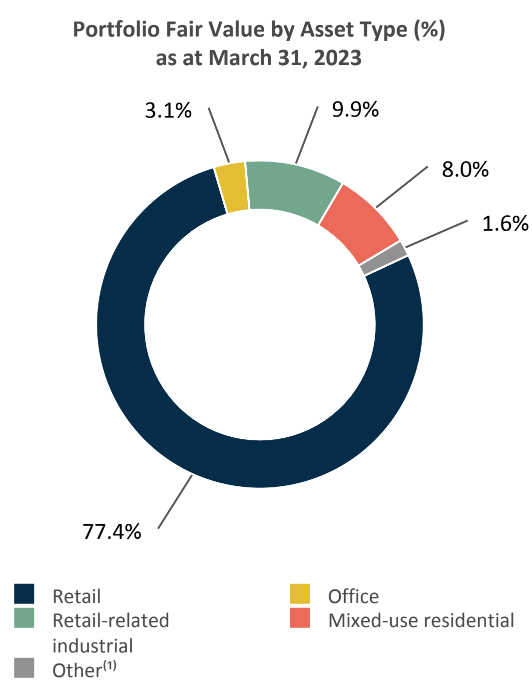
	GLA (sq. ft.)	
	March 31, 2023	March 31, 2022
VECTOM	**6,470,000**	6,232,000
Major Markets	**4,811,000**	4,983,000
Rest of Canada	**7,799,000**	7,803,000
Total	**19,080,000**	19,018,000

When compared to March 31, 2022, VECTOM GLA increased by 238,000 square feet primarily due to the substantial completion of Voilà CFC 3, in Calgary, during the fourth quarter of 2022. Major Markets decreased by 172,000 square feet largely due to disposition activity in 2022.

Asset Type

Crombie's portfolio of GLA and fair value, inclusive of joint ventures at Crombie's share, consisted of the following as at March 31, 2023:





(1) Other includes properties under development (PUD) and land.

Retail properties represent 79.6% of Crombie's GLA and 77.4% of fair value at March 31, 2023, compared to 81.2% of Crombie's GLA and 79.4% of fair value at March 31, 2022.

	GLA (sq. ft.)	
	March 31, 2023	March 31, 2022
Retail	**15,198,000**	15,440,000
Office	**954,000**	954,000
Retail-related industrial	**2,414,000**	2,110,000
Mixed-use residential	**514,000**	514,000
Total	**19,080,000**	19,018,000

When compared to March 31, 2022, retail-related industrial increased 304,000 square feet due to the substantial completion of Voilà CFC 3, in Calgary, Alberta, in the fourth quarter of 2022. Retail decreased by 242,000 square feet largely due to disposition activity in 2022.

Portfolio Review - Excluding Joint Ventures

As at March 31, 2023, Crombie's property portfolio consisted of full ownership interests in 230 investment properties, and partial ownership interests in 61 investment properties held in joint operations. In addition to investment properties, Crombie also has full ownership interests in five properties under development ("PUD"), and a partial ownership in two properties under development held in joint operations. Together, Crombie's share of these 291 investment properties contains approximately 18.6 million square feet of GLA in all 10 provinces.

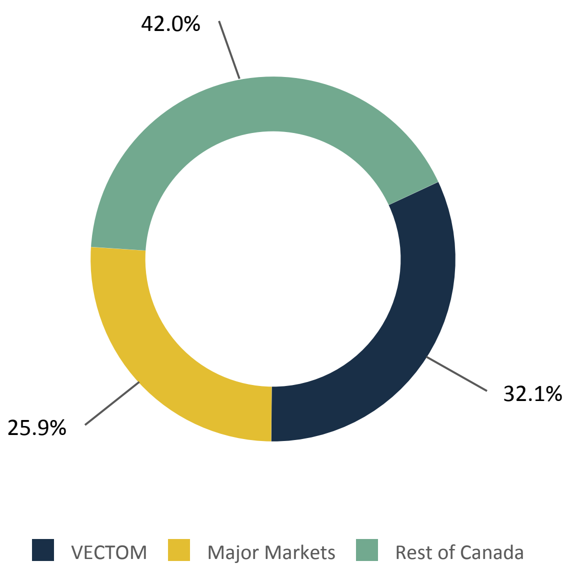
Partial ownership interests are reflected in our consolidated balance sheet and income statement, based on our proportionate ownership in such joint operations.

Crombie's partial ownership interests in six joint ventures, five of which currently hold properties, are not included in the following sections.

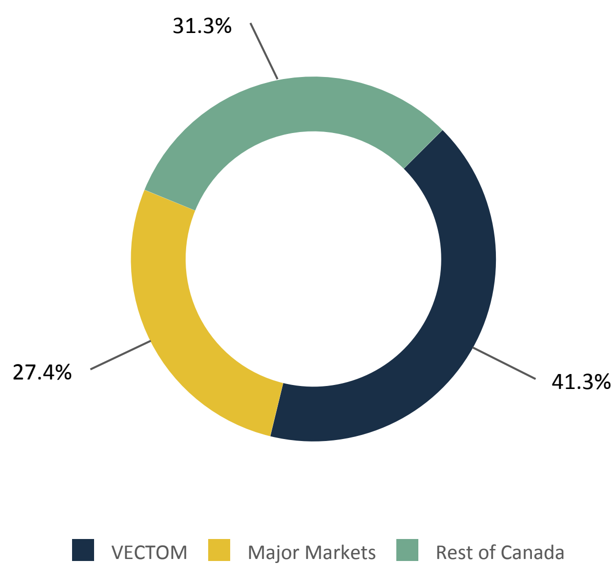
Market Class

Crombie's presence in high-growth VECTOM and Major Markets has been increasing through acquisitions and large-scale developments to strategically elevate portfolio quality and strength.

Portfolio GLA by Market Class (sq. ft.) as at March 31, 2023



Portfolio Fair Value by Market Class (%) as at March 31, 2023



The table below provides details of the average capitalization rate (weighted by stabilized trailing NOI) by market class:

	March 31, 2023	December 31, 2022	March 31, 2022
VECTOM	**5.04 %**	5.03 %	4.76 %
Major Markets	**6.15 %**	6.18 %	5.91 %
Rest of Canada	**6.90 %**	6.94 %	6.54 %
Weighted average portfolio capitalization rate	**5.93 %**	5.94 %	5.65 %

Crombie's weighted average capitalization rate has remained stable compared to December 31, 2022. Since March 31, 2022, capitalization rates in general have expanded due to uncertainty in real estate and capital markets. However, due to our core grocery-anchored and retail-related industrial properties, the impact on Crombie's weighted average capitalization rate for the March 31, 2022 to March 31, 2023 period was affected to a lesser degree than the overall real estate market.

For an explanation of the determination of capitalization rates, see the "Other Disclosures" section of this MD&A, under "Investment Property Valuation" in the "Use of Estimates and Judgments" section.

Crombie's portfolio diversification by market class of its investment properties as at March 31, 2023 and 2022 is as follows:

	GLA (sq. ft.)								
	January 1, 2023	Net Acquisitions	Other[1]	**March 31, 2023**	Number of Investment Properties	% of AMR	% NOI[2]	Economic Occupancy	Committed Occupancy
VECTOM	5,956,000	—	—	**5,956,000**	88	33.9 %	33.9 %	94.1 %	99.3 %
Major Markets	4,794,000	—	1,000	**4,795,000**	63	27.2 %	28.3 %	96.2 %	97.3 %
Rest of Canada	7,695,000	81,000	23,000	**7,799,000**	140	38.9 %	37.8 %	93.8 %	94.4 %
Total	**18,445,000**	**81,000**	**24,000**	**18,550,000**	**291**	**100.0 %**	**100.0 %**	**94.5 %**	**96.7 %**

	GLA (sq. ft.)								
	January 1, 2022	Net Acquisitions	Other[1]	March 31, 2022	Number of Investment Properties	% of AMR	% NOI[2]	Economic Occupancy	Committed Occupancy
VECTOM	5,418,000	273,000	27,000	5,718,000	89	34.2 %	34.2 %	99.6 %	99.7 %
Major Markets	4,723,000	16,000	228,000	4,967,000	66	27.2 %	27.5 %	94.4 %	96.5 %
Rest of Canada	7,720,000	229,000	(146,000)	7,803,000	139	38.6 %	38.3 %	93.4 %	93.9 %
Total	17,861,000	518,000	109,000	18,488,000	294	100.0 %	100.0 %	95.5 %	96.4 %

(1) Changes in GLA include increases for completed developments and additions/expansions to GLA on existing properties and decreases primarily related to GLA removal in preparation for property redevelopment.
(2) Property cash NOI for the three months ended March 31.

For the three months ended March 31, 2023, two investment properties, at full interest totalling 81,000 square feet, were acquired in the Rest of Canada. Retail development expansions occurred at two grocery-anchored properties adding 22,000 square feet of GLA to Rest of Canada. These additions to GLA are included in "Other" changes.

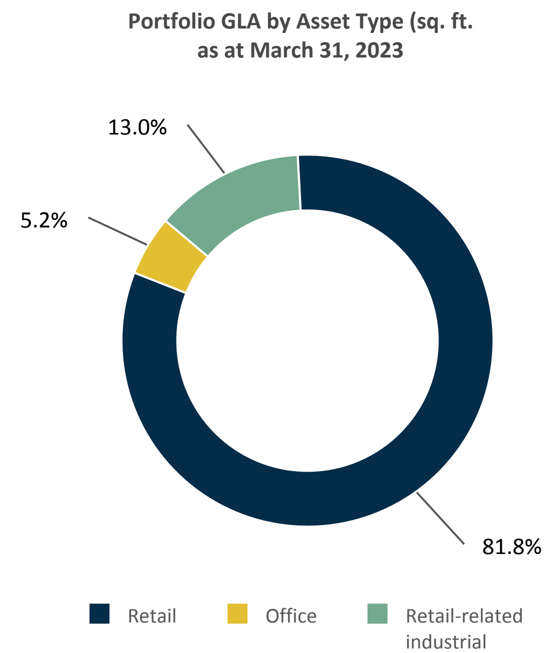
When compared to March 31, 2022, the percentage of annual minimum rent ("AMR") generated from VECTOM decreased by 30 basis points, while Major Markets AMR remained flat and Rest of Canada increased by 30 basis points. The increase in Rest of Canada is primarily due to new leasing activity over the last twelve months.

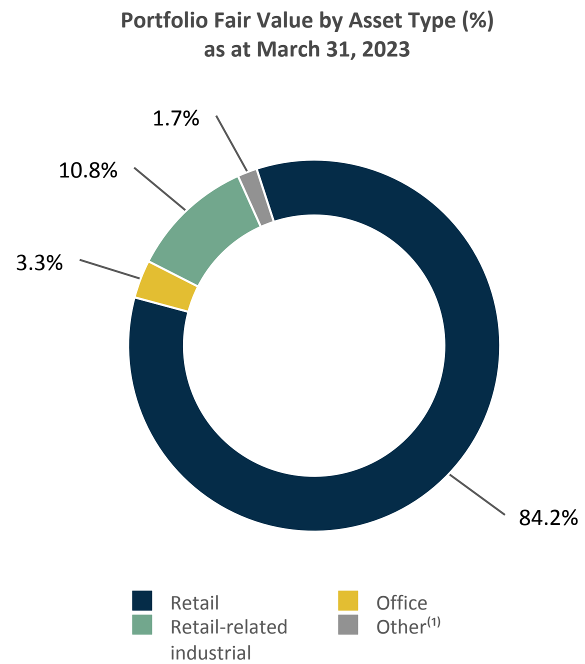
As at March 31, 2023, committed and economic occupancy stand at 96.7% and 94.5%, respectively. Committed occupancy increased by 30 basis points compared to March 31, 2022. Economic occupancy decreased by 100 basis points compared to March 31, 2022. Adjusting for the impact of Voilà CFC 3, which reached substantial completion in the fourth quarter of 2022 and is expected to enter economic occupancy mid-2023, economic occupancy would be 96.1%.

Over the last twelve months, 62,000 net square feet of GLA was added to the portfolio. The net increase in GLA is due to 152,000 square feet of acquisitions, and 249,000 square feet of other changes throughout the portfolio, primarily from development activity. This is partially offset by the disposition of 339,000 square feet.

Asset Type

Retail properties represent 81.8% of Crombie's GLA and 84.2% of fair value at March 31, 2023, compared to 83.4% of GLA and 86.2% of fair value at March 31, 2022.





(1) Other includes properties under development (PUD) and land.

Crombie's portfolio diversification of its investment properties by asset type, as at March 31, 2023 and 2022, is as follows:

	GLA (sq. ft.)								
	January 1, 2023	Net Acquisitions	Other(1)	**March 31, 2023**	Number of Investment Properties	% of AMR	% of NOI(2)	Economic Occupancy	Committed Occupancy
Retail	15,077,000	81,000	24,000	**15,182,000**	280	89.5 %	89.2 %	95.9 %	96.5 %
Office	954,000	—	—	**954,000**	5	3.9 %	4.1 %	90.6 %	91.1 %
Retail-related industrial	2,414,000	—	—	**2,414,000**	6	6.6 %	6.7 %	87.4 %	100.0 %
Total	**18,445,000**	**81,000**	**24,000**	**18,550,000**	**291**	**100.0 %**	**100.0 %**	**94.5 %**	**96.7 %**

	GLA (sq. ft.)								
	January 1, 2022	Net Acquisitions	Other(1)	March 31, 2022	Number of Investment Properties	% of AMR	% of NOI(2)	Economic Occupancy	Committed Occupancy
Retail	15,052,000	283,000	89,000	15,424,000	284	89.6 %	90.1 %	95.4 %	96.1 %
Office	954,000	—	—	954,000	5	3.8 %	3.7 %	87.7 %	92.4 %
Retail-related industrial	1,855,000	235,000	20,000	2,110,000	5	6.6 %	6.2 %	100.0 %	100.0 %
Total	17,861,000	518,000	109,000	18,488,000	294	100.0 %	100.0 %	95.5 %	96.4 %

(1) Changes in GLA include increases for completed developments and additions/expansions to GLA on existing properties, decreases primarily related to GLA removal in preparation for property redevelopment, and reclassifications within asset types.
(2) Property cash NOI for the three months ended March 31.

For the three months ended March 31, 2023, retail GLA had a net increase of 81,000 square feet due to the acquisition of two investment properties at full interest. Additionally, Crombie completed retail development expansions at grocery-anchored plazas in Riverview and Moncton, both in New Brunswick, totalling 22,000 square feet. These additions to GLA are included in "Other" changes.

Economic occupancy decreased by 100 basis points compared to March 31, 2022 and committed occupancy increased by 30 basis points. A significant amount of acquisition and development activity occurred over the last twelve months, resulting in an increase of portfolio GLA of 62,000 square feet. Adjusting for the impact of Voilà CFC 3, which reached substantial completion in the fourth quarter of 2022 and is expected to enter economic occupancy mid-2023, economic occupancy would be 96.1%. Committed occupancy in our retail portfolio is 96.5%, an increase from 96.1% at March 31, 2022 primarily due to new leasing and development activity. Committed occupancy in our office portfolio is at 91.1%, a decrease from 92.4% at March 31, 2022, primarily due to tenants vacating.

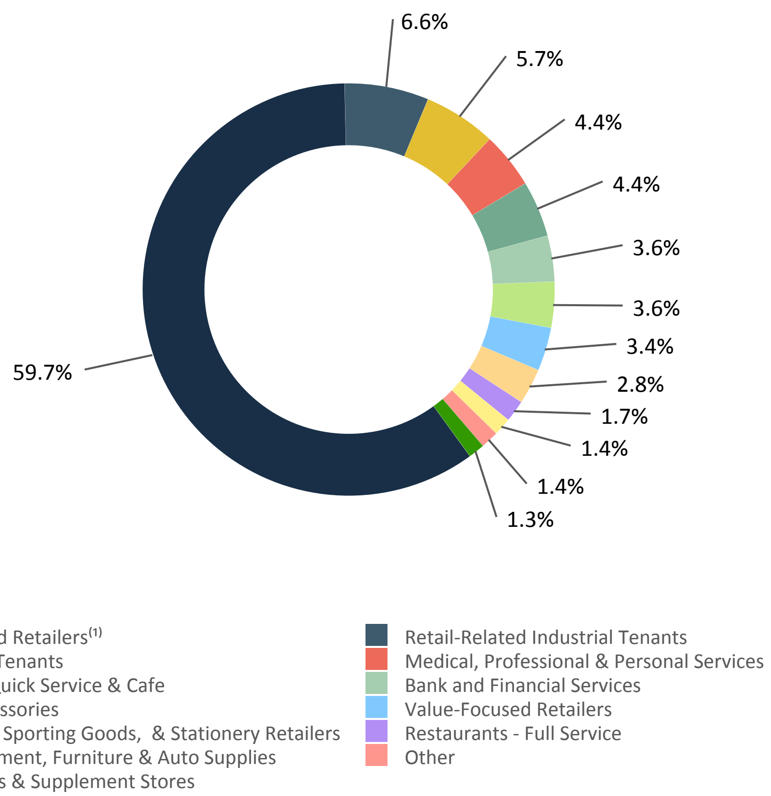
Crombie continues to evolve from defensive grocery-anchored retail to a balance of grocery-anchored retail and retail-related industrial, as well as large-scale mixed-use residential properties, creating long-term value for local communities and Unitholders. Grocery-anchored retail will continue to grow, however, as a result of our development strategy, we expect our residential and retail-related industrial asset types to make up a greater percentage of our total portfolio in the future.

As equity-accounted joint ventures are not reflected in this information, the applicable residential square footage, occupancy, and asset mix details of these joint ventures are reflected in the "Total Portfolio Review Inclusive of Joint Ventures" section of this MD&A on page 8 and the "Joint Ventures" section of the MD&A on page 51.

Tenant Profile

We build and own a high-quality, resilient, and diversified portfolio, backed primarily by grocery tenants, that delivers consistent long-term earnings and cash flow stability. As at March 31, 2023, 80% of our AMR was generated from grocery-anchored properties, inclusive of retail-related industrial, compared to 79% at March 31, 2022. The increase is primarily due to the acquisition of grocery-anchored assets, contractual rent step-ups, and new leasing. These necessity-based tenants have stable underlying income and cash flows, are more resilient to changes in economic cycles and evolving retail trends, and form a solid foundation for organic same-asset property cash NOI(*) and AFFO(*) growth.

Tenants by Industry (% of AMR)



(1) Necessity-based retailers include tenants that provide essential products and services, and predominantly fall into the following categories: grocery, pharmacy, liquor, cannabis, convenience store, gasoline, and pet supplies.

The following table illustrates the 20 largest tenants in Crombie's portfolio of investment properties, as measured by their percentage contribution to total AMR, as at March 31, 2023.

Tenant	% of AMR	GLA (sq. ft.)	Weighted Average Remaining Lease Term	DBRS Morningstar ("DBRS") Credit Rating
Empire Company Limited [(1)]	58.1 %	10,847,000	11.5 years	BBB
Shoppers Drug Mart	2.5 %	228,000	5.5 years	BBB (high)
Dollarama	1.8 %	366,000	5.4 years	BBB
Province of Nova Scotia	1.6 %	356,000	6.9 years	A (high)
Bank of Nova Scotia	1.1 %	173,000	3.0 years	AA
Cineplex	1.0 %	207,000	7.9 years	-
GoodLife Fitness	1.0 %	190,000	5.5 years	-
Canadian Tire Corporation	1.0 %	158,000	3.8 years	BBB
Canadian Imperial Bank of Commerce	0.9 %	132,000	13.8 years	AA
Government of Canada	0.9 %	130,000	4.7 years	AAA
Restaurant Brands International	0.7 %	66,000	5.1 years	-
Royal Bank of Canada	0.6 %	49,000	4.1 years	AA (high)
SAQ/Province of Quebec	0.6 %	65,000	6.5 years	AA (low)
Halifax Regional Municipality	0.5 %	127,000	7.6 years	-
Metro	0.5 %	88,000	6.1 years	BBB
Pet Valu	0.5 %	69,000	4.9 years	-
TJX Companies	0.5 %	120,000	5.4 years	-
Toronto Dominion Bank	0.5 %	45,000	2.8 years	AA (high)
Giant Tiger	0.4 %	188,000	3.7 years	-
Staples	0.4 %	86,000	4.5 years	-
Total	**75.1 %**	**13,690,000**	10.3 years	

(1) Includes Sobeys and all other subsidiaries of Empire Company Limited.

Other than Empire, which accounts for 58.1% of AMR and Shoppers Drug Mart, which accounts for 2.5% of AMR, no other tenant accounts for more than 1.8% of Crombie's AMR. Empire's percent of AMR increased by 30 basis points compared to March 31, 2022 as a result of the acquisition of Empire properties over the last twelve months, modernizations, renewals, and contractual rent step-ups.

For the three months ended March 31, 2023, Empire also represents 52.6% of total property revenue. Total property revenue includes 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 9.0 years, which decreased 0.4 years as compared to March 31, 2022. This remaining lease term is influenced by the weighted average Empire remaining lease term of 11.5 years, which decreased 0.6 years from March 31, 2022.

Same-asset properties

Crombie measures certain performance and operating metrics on a same-asset basis to evaluate the period-over-period performance of those properties owned and operated by Crombie. "Same-asset" refers to those properties that were owned and operated by Crombie for the current and comparative reporting periods. Properties that will be undergoing a redevelopment in a future period and those for which planning activities are underway are also in this category until such development activities commence and/or tenant leasing/ renewal activity is suspended. Same-asset property cash NOI[(*)] reflects Crombie's proportionate ownership of jointly operated properties (and excludes any properties held in joint ventures).

	Crombie-owned Properties				
	Investment Properties ("IP")	Properties Under Development ("PUD")	Sub-total	Additional Properties in Joint Ventures ("JV")	Total(1)
Same-asset properties	281	—	281	2	283
Non same-asset properties:					
Acquisitions - 2023	2	—	2	—	2
Acquisitions - 2022	3	1	4	—	4
Other(2)	3	6	9	1	10
Active and completed major developments(3)	2	—	2	2	4
	10	7	17	3	20
Total Properties	**291**	**7**	**298**	**5**	**303**

(1) Same-asset metrics throughout the MD&A do not include properties held in joint ventures.
(2) Other includes investment properties that have been designated for repositioning, land parcels included in PUD, or non-active major developments within a JV.
(3) Active and completed major development includes:
Avalon Mall retail (IP)
Voilà CFC 3 (IP)
Le Duke (JV)
Bronte Village (JV)

Davie Street was developed as both a retail (Crombie-owned) and residential (joint venture-owned) development. Davie Street is treated as two properties, one being a Crombie-owned investment property (retail), and the other a separate completed major development (residential rental property) within the 1600 Davie Limited Partnership Joint Venture (additional properties in joint ventures - same-asset properties).

The following table illustrates the movement in Crombie's same-asset properties as at March 31, 2023.

	Investment Properties ("IP")	Additional Properties in Joint Ventures ("JV")	Total(1)
Same-asset properties December 31, 2022	274	1	275
Transfers from acquisitions(2)	7	—	7
Transfers to dispositions	—	—	—
Transfers to/from other non same-asset properties	—	1	1
Transfers to/from active and completed major developments	—	—	—
Total same-asset properties March 31, 2023	**281**	**2**	**283**

(1) Same-asset metrics throughout the MD&A do not include properties held in joint ventures.
(2) Acquisitions transferred to same-asset were acquired in 2022, and have a full 12 months of comparative results.

Strategic Acquisitions and Dispositions

As at March 31, 2023, GLA at Crombie's interest in its investment properties was 18.6 million square feet compared to 18.5 million square feet as at March 31, 2022. The net increase in GLA is due to 152,000 square feet of acquisitions, and 249,000 square feet of other changes throughout the portfolio, primarily from development activity. This is partially offset by the disposition of 339,000 square feet.

Strategic Acquisitions

Through strategic and selective acquisitions of high-quality, primarily grocery-anchored assets, Crombie intends to continue to enhance overall portfolio quality. Crombie's acquisitions are intended to add strategic value to the portfolio, while leading to strong AFFO(*) accretion and NAV(*) growth. During the three months ended March 31, 2023, Crombie completed acquisitions of two income-producing properties, for a total aggregate purchase price of $16,722 excluding transaction and closing costs. Both were acquired from Empire, our strategic partner, adding 81,000 square feet, located in Rest of Canada.

					Ownership				
Date	**Property**	**Location**	**Vendor**	**Strategy**	**Number of Investment Properties**	**Interest**	**Sq. ft.**		**Price[1]**
2023 First Quarter									
January 19, 2023	Main Street North	Mount Forest, ON	Related Party	Income-producing	1	100 %	21,000	$	2,122
February 27, 2023	Port O'Call	Red Deer, AB	Related Party	Income-producing	1	100 %	60,000		14,600
Total acquisitions for the three months ended March 31, 2023					**2**		**81,000**	**$**	**16,722**
Total acquisitions for the three months ended March 31, 2022[2]					9		518,000	$	90,472

(1) Prices are stated before transaction and closing costs.
(2) Includes acquisition of a parcel of retail land developed by Crombie and acquisition of the remaining 50% interest in a pre-existing retail-related industrial property.

Strategic Dispositions

Over the years, Crombie has worked to optimize our portfolio through traditional dispositions and innovative partnerships. In line with our strategy of recycling capital through dispositions at or above IFRS fair values, Crombie uses the proceeds for debt reduction, to fund development projects, to increase Crombie's concentration in VECTOM and Major Markets, and to seize other higher-value opportunities. Some of these opportunities include supporting Empire's growth and acceleration of e-commerce, and completion of major mixed-use developments. This disposition strategy has resulted in a reduction of our in-place mortgage debt, which enabled growth in our unencumbered asset pool.

There has been no disposition activity in the first quarter of 2023 or the comparative period.

Non-major Development

Property development is a strategic priority for Crombie, and included in that is non-major development. Non-major developments are accretive with shorter project durations and less overall risk than our major development projects. For the three months ended March 31, 2023, Crombie added 22,000 square feet of GLA, at Empire-anchored sites, enhancing overall portfolio quality.

Property Name	Location	Market Class	**March 31, 2023**	Tenants
Findlay Boulevard	Riverview, NB	Rest of Canada	**10,000**	Dollarama
Elmwood Drive	Moncton, NB	Rest of Canada	**12,000**	A&W and Pet Valu
Total			**22,000**	

4. OPERATIONAL PERFORMANCE REVIEW

Occupancy and Leasing Activity

The portfolio occupancy and committed space activity by market class and asset type for the three months ended March 31, 2023 was as follows:

	Occupied Space (sq. ft.)									
	January 1, 2023	Net Acquisitions	New Leases(1)	Lease Expiries	Other(2)	**March 31, 2023**	Economic Occupancy	Committed Space (sq. ft.)(3)	Total Committed Space (sq. ft.)	Committed Occupancy
VECTOM	5,611,000	—	2,000	(1,000)	(10,000)	**5,602,000**	94.1 %	309,000	5,911,000	99.3 %
Major Markets	4,606,000	—	52,000	(8,000)	(40,000)	**4,610,000**	96.2 %	54,000	4,664,000	97.3 %
Rest of Canada	7,267,000	81,000	8,000	(15,000)	(24,000)	**7,317,000**	93.8 %	43,000	7,360,000	94.4 %
Total	**17,484,000**	**81,000**	**62,000**	**(24,000)**	**(74,000)**	**17,529,000**	**94.5 %**	**406,000**	**17,935,000**	**96.7 %**

	Occupied Space (sq. ft.)									
	January 1, 2023	Net Acquisitions	New Leases(1)	Lease Expiries	Other(2)	**March 31, 2023**	Economic Occupancy	Committed Space (sq. ft.)(3)	Total Committed Space (sq. ft.)	Committed Occupancy
Retail	14,495,000	81,000	27,000	(10,000)	(38,000)	**14,555,000**	95.9 %	97,000	14,652,000	96.5 %
Office	879,000	—	35,000	(14,000)	(36,000)	**864,000**	90.6 %	5,000	869,000	91.1 %
Retail-related industrial	2,110,000	—	—	—	—	**2,110,000**	87.4 %	304,000	2,414,000	100.0 %
Total	**17,484,000**	**81,000**	**62,000**	**(24,000)**	**(74,000)**	**17,529,000**	**94.5 %**	**406,000**	**17,935,000**	**96.7 %**

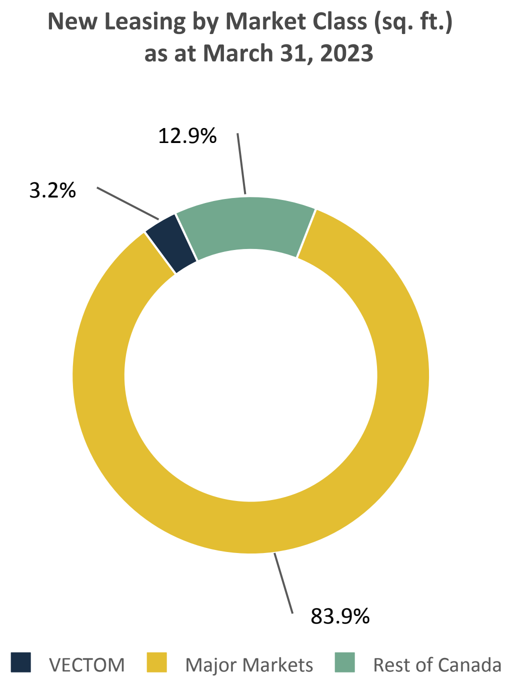
(1) New leases include new lease and expansions to existing properties.
(2) Other includes amendments to existing leases; lease terminations and surrenders; bankruptcies; space certifications; and reclassifications within asset types.
(3) Committed space represents lease contracts for future occupancy of currently vacant space. Management believes such reporting, along with reported lease maturities, provides more balanced reporting of overall vacant space.

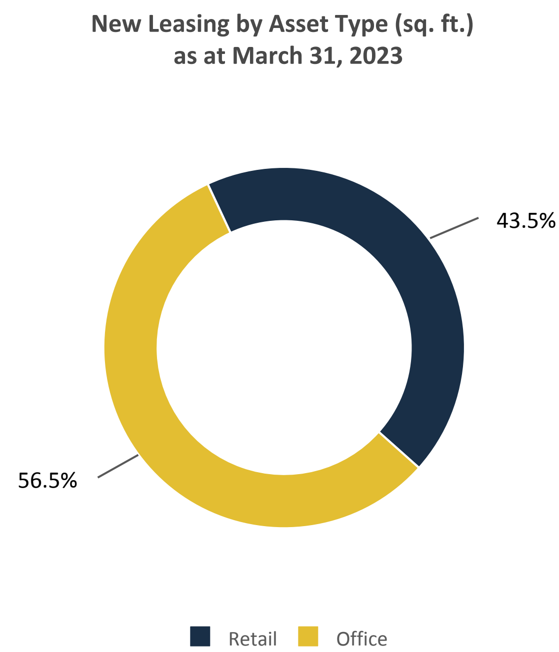
Committed occupancy has increased from 96.4% at March 31, 2022 to 96.7% at March 31, 2023. During the first quarter of 2023, Crombie had an increase from acquisition activity of 81,000 square feet and had new leases outpace lease expiries by 38,000 square feet.

Committed space in our retail properties portfolio was 96.5% at March 31, 2023, an increase from 96.1% at March 31, 2022, primarily due to strong new leasing activity across the portfolio. Committed space in office properties was 91.1% at March 31, 2023, which decreased from 92.4% at March 31, 2022. This was primarily due to tenants vacating at our office properties. Committed space in retail-related industrial properties of 100.0% at March 31, 2023 remained constant from 100.0% at March 31, 2022. Adjusting for the impact of Voilà CFC 3, which reached substantial completion in the fourth quarter of 2022 and is expected to enter economic occupancy mid-2023, economic occupancy would be 96.1% overall and 100.0% for retail-related industrial. Retail-related industrial provides stability, with solid NOI growth and long lease terms, and also provides growth opportunities through an increased presence in e-commerce.

The portfolio average AMR per occupied square foot for our income-producing properties was $17.11 as at March 31, 2023, an increase of 1.5%, compared to $16.86 as at March 31, 2022.

New Leasing Activity



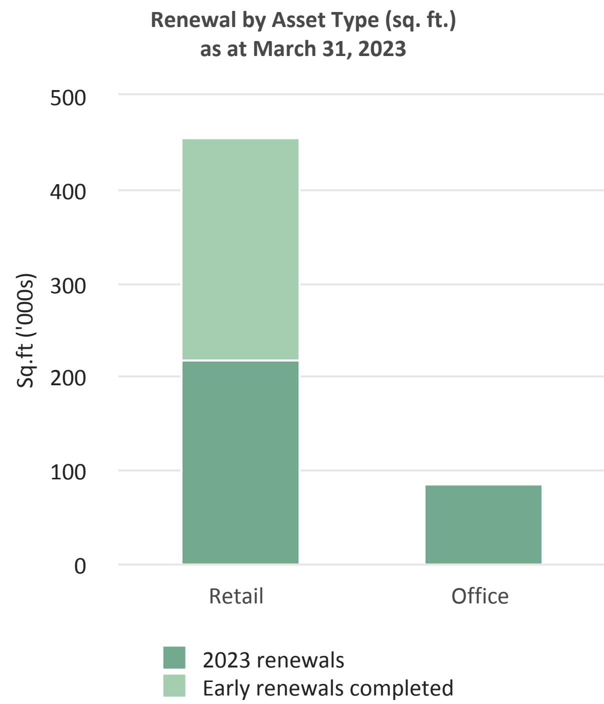


New leases increased occupancy by 62,000 square feet at March 31, 2023, at an average first year rate of $18.91 per square foot.

Crombie is focused on increasing its presence in VECTOM and Major Markets. For the three months ended March 31, 2023, 87.1% of new leases, equivalent to 54,000 square feet, were completed in these markets. New leases of 8,000 square feet occurred in Rest of Canada markets during the three months ended March 31, 2023. The vast majority of the portfolio's vacancy is within this market, as a few Rest of Canada properties have material vacancy.

At March 31, 2023, 406,000 square feet of GLA at an average first year rate of $20.42 per square foot was committed, with tenants expected to take possession throughout 2023. VECTOM and Major Markets represent 363,000 square feet of committed space, including 304,000 square feet in Calgary, Alberta, and 31,000 square feet in Burlington, Ontario.

Renewal Activity



For the three months ended March 31, 2023, renewal activity for our portfolio was as follows:

	Three months ended March 31, 2023		
	Square Feet	Rate PSF	Growth %
2023 Renewals	303,000	$17.20	6.3 %
Future Year Renewals	237,000	$22.93	5.1 %
Total	**540,000**	**$19.72**	**5.7 %**

Crombie's renewal activity for the three months ended March 31, 2023 included retail renewals of 455,000 square feet with an increase of 6.6% over expiring rental rates. Driving this growth was 257,000 square feet of renewals at freestanding retail properties, with an increase of 6.8% over expiring rental rates. Also contributing to this growth was 105,000 square feet of retail plaza renewals at an increase of 7.0% over expiring rental rates. Renewal spreads are based on the first year rate and do not factor in any additional rent step-ups that may take place throughout the lease term. When comparing the expiring rental rates to the weighted average rental rate for the renewal term, Crombie achieved an increase of 7.0% for the three months ended March 31, 2023.

Crombie continues to demonstrate portfolio stability with approximately 62.0% of total renewals occurring in VECTOM and Major Markets. Total renewal growth was positively impacted by the 144,000 square feet of renewals in VECTOM at an average first year rate of $30.73 per square foot, an increase of 4.9% over expiring rental rates. Major Markets saw renewals of 191,000 square feet, with an increase of 4.2% over expiring rental rates or an average first year rate of $18.65 per square foot. The remaining 205,000 square feet of renewals was in Rest of Canada at an average first year rate of $12.96, with an increase of 9.2% over expiring rental rates.

Crombie proactively manages its lease maturities, taking advantage of opportunities to renew tenants prior to expiration. During the three months ended March 31, 2023, approximately 237,000 square feet of renewals related to future year expiries were completed.

Lease Maturities

The following table sets out, as at March 31, 2023, 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 AMR per square foot at the time of expiry.

Year	Number of Leases[1]	Renewal Area (sq. ft.)	% of Total GLA	Average AMR per sq. ft. at Expiry
2023	220	765,000	4.1 %	$ 16.84
2024	193	897,000	4.8 %	17.41
2025	160	973,000	5.2 %	17.18
2026	165	943,000	5.1 %	17.74
2027	170	1,309,000	7.1 %	17.99
2028	99	885,000	4.8 %	17.50
2029	93	1,084,000	5.8 %	18.89
2030	45	610,000	3.3 %	16.48
2031	86	1,041,000	5.6 %	19.83
2032	81	596,000	3.2 %	20.96
Thereafter	278	8,832,000	47.7 %	20.45
Total	**1,590**	**17,935,000**	**96.7 %**	**$ 19.25**

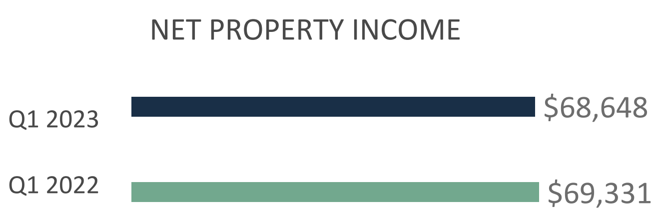
(1) Assuming tenants do not holdover on a month-to-month basis or exercise renewal options or termination rights.

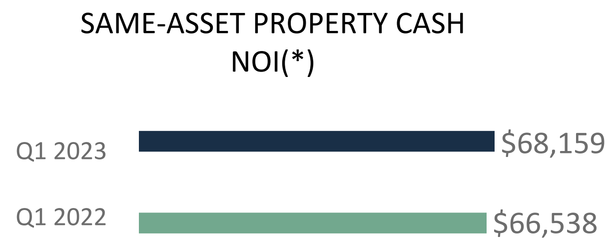
The following table sets out, as at March 31, 2023, the number of Empire leases maturing during the periods indicated, the renewal area, the percentage of the total GLA of the properties represented by such maturities, and the estimated average AMR per square foot at the time of expiry.

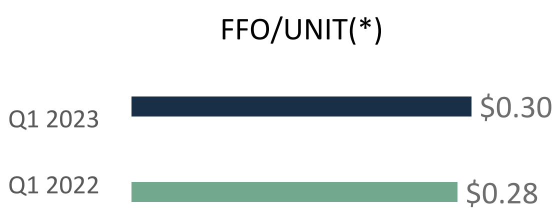
Year	Number of Leases[1]	Renewal Area (sq. ft.)	% of Total GLA	Average AMR per sq. ft. at Expiry
2023	9	52,000	0.3 %	$ 12.00
2024	3	100,000	0.5 %	9.29
2025	7	255,000	1.4 %	13.34
2026	14	255,000	1.4 %	14.07
2027	16	500,000	2.7 %	12.08
2028	13	321,000	1.7 %	15.89
2029	16	543,000	2.9 %	16.02
2030	8	294,000	1.6 %	13.62
2031	13	463,000	2.5 %	16.67
2032	5	194,000	1.0 %	18.68
Thereafter	210	8,205,000	44.3 %	20.39
Total[2]	**314**	**11,182,000**	**60.3 %**	**$ 18.87**

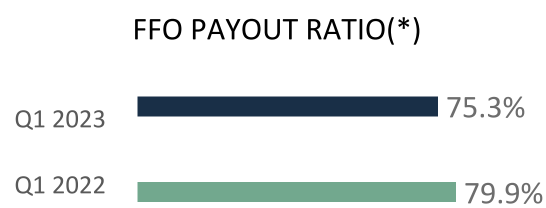
(1) Assuming tenants do not holdover on a month-to-month basis or exercise renewal options or termination rights.
(2) Two Empire leases, totalling approximately 335,000 square feet, included in committed occupancy.

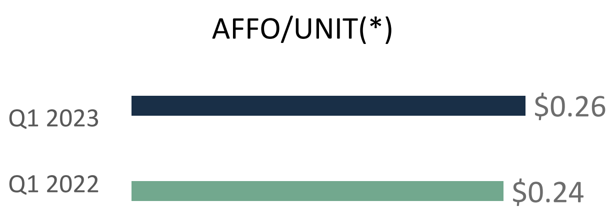
5. FINANCIAL PERFORMANCE REVIEW

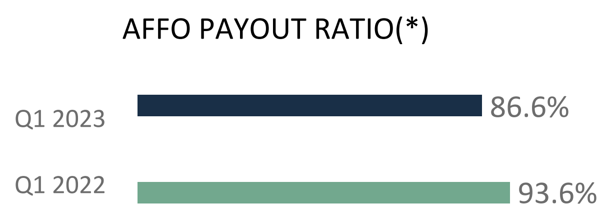












	Three months ended March 31,		
	2023	2022	Variance
Property revenue	**$ 107,551**	$ 104,946	$ 2,605
Property operating expenses	**38,903**	35,615	(3,288)
Net property income	**68,648**	69,331	(683)
Net property income margin percentage	**63.8 %**	66.1 %	(2.3)%
Other items:			
Gain on disposal of investment properties	**111**	—	111
Depreciation and amortization	**(19,420)**	(18,879)	(541)
General and administrative expenses	**(5,075)**	(4,853)	(222)
Finance costs - operations	**(20,764)**	(20,745)	(19)
Gain on distribution from equity-accounted investments	**—**	1,933	(1,933)
Income (loss) from equity-accounted investments	**1,673**	(1,539)	3,212
Operating income attributable to Unitholders	**25,173**	25,248	(75)
Distributions to Unitholders	**(39,775)**	(39,236)	(539)
Change in fair value of financial instruments	**603**	211	392
Decrease in net assets attributable to Unitholders	**$ (13,999)**	$ (13,777)	$ (222)
Operating income attributable to Unitholders per Unit, basic	**$ 0.14**	$ 0.15	$ (0.01)
Basic weighted average Units outstanding (in 000's)	**178,669**	172,664	6,005
Distributions per Unit to Unitholders	**$ 0.22**	$ 0.22	$ —
Other Non-GAAP Performance Metrics			
Same-asset property cash NOI(*)	**$ 68,159**	$ 66,538	$ 1,621
FFO(*)	**$ 52,835**	$ 49,091	$ 3,744
FFO(*) per Unit - basic	**$ 0.30**	$ 0.28	$ 0.02
FFO(*) payout ratio (%)	**75.3 %**	79.9 %	(4.6)%
AFFO(*)	**$ 45,909**	$ 41,898	$ 4,011
AFFO(*) per Unit - basic	**$ 0.26**	$ 0.24	$ 0.02
AFFO(*) payout ratio (%)	**86.6 %**	93.6 %	(7.0)%

Operating income attributable to Unitholders

Operating income attributable to Unitholders decreased by $75, or 0.3%, primarily due to a gain on distribution from equity-accounted investments of $1,933 in the first quarter of 2022 resulting from cash distributions received from 1600 Davie Limited Partnership in excess of our investment in the joint venture and a reduction of $683 in net property income. The reduction in operating income was offset in part by growth in income from equity-accounted investments of $3,212 resulting from the sale of two parcels of land at our Opal Ridge property in Dartmouth, Nova Scotia, in the first quarter of 2023.

A decrease in net property income of $683 was primarily due to higher tenant incentive amortization of $1,228 resulting from new leases, modernizations, and accelerated amortization caused by certain leases being terminated in the first quarter of 2023. The reduction in net property income is partially offset by rental revenue of $1,304 from renewals and new leasing, $540 from modernizations, and $509 from acquisitions since the first quarter of 2022. The increase in rental revenue was reduced by $1,543 due to dispositions. Parking revenue improved $626 compared to the same period in 2022.

Same-asset Property Cash NOI(*)

Management uses net property income on a cash basis (property cash NOI(*)) as a measure of performance as it reflects the cash generated by properties period-over-period. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 60, for a more detailed discussion on property cash NOI(*).

Net property income 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,		
	2023	2022	Variance
Net property income	**$ 68,648**	$ 69,331	$ (683)
Non-cash straight-line rent	**(1,305)**	(2,079)	774
Non-cash tenant incentive amortization(1)	**6,792**	5,564	1,228
Property cash NOI(*)	**74,135**	72,816	1,319
Acquisitions and dispositions property cash NOI(*)	**994**	1,790	(796)
Development property cash NOI(*)	**4,982**	4,488	494
Acquisitions, dispositions, and development property cash NOI(*)	**5,976**	6,278	(302)
Same-asset property cash NOI(*)	**$ 68,159**	$ 66,538	$ 1,621

(1) Refer to "Amortization of Tenant Incentives" on page 27 for a breakdown of tenant incentive amortization.

Development properties include properties earning cash NOI that are currently being developed and/or have recently completed 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 result in operations being impacted minimally in some instances, and more significantly in others. Consequently, comparison of period-over-period development operating results may not be meaningful.

Same-asset property cash NOI(*) by asset type and market class is as follows:

	Three months ended March 31,			
	2023	2022	Variance	%
VECTOM	**$ 24,413**	$ 24,217	$ 196	0.8 %
Major Markets	**20,627**	19,182	1,445	7.5 %
Rest of Canada	**23,119**	23,139	(20)	(0.1)%
Same-asset property cash NOI(*)	**$ 68,159**	$ 66,538	$ 1,621	2.4 %

	Three months ended March 31,			
	2023	2022	Variance	%
Retail(1)	**$ 60,483**	$ 59,278	$ 1,205	2.0 %
Office	**3,103**	2,752	351	12.8 %
Retail-related industrial(2)	**4,573**	4,508	65	1.4 %
Same-asset property cash NOI(*)	**$ 68,159**	$ 66,538	$ 1,621	2.4 %

(1) Retail includes our substantial retail portfolio and reflects certain additional properties which comprise both retail and office space. These properties have been consistently included in our retail category.

(2) Retail-related industrial same-asset properties include retail distribution centres owned in Toronto (100%), Ottawa (100%), Calgary (50%), Montreal (one 50% owned and one 100% owned).

Same-asset property cash NOI increased by $1,621, or 2.4%, compared to the first quarter of 2022 primarily due to renewals and new leasing, increased parking revenue of $626, and higher supplemental rent of $441 from modernizations and capital improvements.

Funds from Operations (FFO)(*)

Crombie follows the recommendations of the January 2022 guidance of the Real Property Association of Canada ("REALPAC") in calculating FFO(*). Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 60, for a more detailed discussion on FFO(*).

The reconciliation of FFO(*) for the three months ended March 31, 2023 and 2022 is as follows:

	Three months ended March 31,		
	2023	2022	Variance
Decrease in net assets attributable to Unitholders	**$ (13,999)**	$ (13,777)	$ (222)
Add (deduct):			
Amortization of tenant incentives	**6,792**	5,564	1,228
Gain on disposal of investment properties	**(111)**	—	(111)
Gain on distribution from equity-accounted investments	**—**	(1,933)	1,933
Depreciation and amortization of investment properties	**19,069**	18,524	545
Adjustments for equity-accounted investments	**1,257**	942	315
Principal payments on right-of-use assets	**57**	56	1
Internal leasing costs	**598**	690	(92)
Finance costs - distributions to Unitholders	**39,775**	39,236	539
Finance costs (income) - change in fair value of financial instruments(1)	**(603)**	(211)	(392)
FFO(*) as calculated based on REALPAC recommendations	**$ 52,835**	$ 49,091	$ 3,744
Basic weighted average Units (in 000's)	**178,669**	172,664	6,005
FFO(*) per Unit - basic	**$ 0.30**	$ 0.28	$ 0.02
FFO(*) payout ratio (%)	**75.3 %**	79.9 %	(4.6)%

(1) Includes the fair value changes of Crombie's deferred unit plan.

The increase in FFO of $3,744 is primarily due to an increase in income from equity-accounted investments of $3,212 as a result of the sale of land inventory at our Opal Ridge property in Dartmouth, Nova Scotia, increased rental revenue compared to the first quarter of 2022 of $1,813 from renewals, new leasing, and acquisitions, improved parking revenue of $626, and higher supplemental rent from modernizations of $540. FFO growth is offset in part by lost rental revenue of $1,543 due to dispositions.

Adjusted Funds from Operations (AFFO)(*)

Crombie follows the recommendations of REALPAC's January 2022 guidance in calculating AFFO(*) and has applied these recommendations to the AFFO(*) amounts included in this MD&A. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 60, for a more detailed discussion.

The reconciliation of AFFO(*) for the three months ended March 31, 2023 and 2022 is as follows:

	Three months ended March 31,		
	2023	2022	Variance
FFO(*) as calculated based on REALPAC recommendations	**$ 52,835**	$ 49,091	$ 3,744
Add (deduct):			
Straight-line rent adjustment	**(1,305)**	(2,079)	774
Straight-line rent adjustment included in loss from equity-accounted investments	**120**	161	(41)
Internal leasing costs	**(598)**	(690)	92
Maintenance expenditures on a square footage basis	**(5,143)**	(4,585)	(558)
AFFO(*) as calculated based on REALPAC recommendations	**$ 45,909**	$ 41,898	$ 4,011
Basic weighted average Units (in 000's)	**178,669**	172,664	6,005
AFFO(*) per Unit - basic	**$ 0.26**	$ 0.24	$ 0.02
AFFO(*) payout ratio (%)	**86.6 %**	93.6 %	(7.0)%

For further details on Crombie's maintenance expenditures, refer to the "Non-GAAP Financial Measures" section of this MD&A.

The improvement in AFFO is primarily due to the same factors impacting FFO as described above. This is offset in part by the impact of the increase in the maintenance expenditure charge in the quarter from $1.00 to $1.10 per square foot of weighted average GLA, an increased charge of $468.

Distributions to Unitholders

A trust that satisfies the criteria of a real estate investment trust ("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 2022 and continues to do so. The relevant tests apply throughout the taxation year and, as such, the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

Pursuant to Crombie's Declaration of Trust, cash distributions are to be determined by the trustees at their discretion. Subject to approval of the Board of Trustees, Crombie intends 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 we will not be liable for income taxes.

Details of distributions to Unitholders are as follows:

	Three months ended March 31,		
	2023	2022	Variance
Distributions to Unitholders	**$ 23,484**	$ 23,145	$ 339
Distributions to Class B Voting Unitholder(1)	**16,291**	16,091	200
Total distributions	**$ 39,775**	$ 39,236	$ 539
FFO(*) payout ratio	**75.3 %**	79.9 %	(4.6)%
AFFO(*) payout ratio	**86.6 %**	93.6 %	(7.0)%

(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.

Pursuant to the requirement of National Policy 41-201, Income Trusts and Other Indirect Offerings, the tables below outline the differences between cash provided by operating activities and cash distributions, and operating income attributable to Unitholders and cash distributions, respectively, in accordance with the policy guidelines.

	Three months ended March 31,		
	2023	2022	Variance
Cash provided by operating activities	**$ 60,579**	$ 63,055	$ (2,476)
Monthly distributions paid and payable	**(39,775)**	(39,236)	(539)
Cash provided by operating activities in excess of distributions paid and payable	**$ 20,804**	$ 23,819	$ (3,015)

	Three months ended March 31,		
	2023	2022	Variance
Operating income attributable to Unitholders	**$ 25,173**	$ 25,248	$ (75)
Monthly distributions paid and payable	**(39,775)**	(39,236)	(539)
Operating income attributable to Unitholders in shortfall of distributions paid and payable	**$ (14,602)**	$ (13,988)	$ (614)

Monthly distributions paid for the three months ended March 31, 2023 and 2022 were funded with cash flows from operating activities and borrowing on the bank credit facilities.

On April 14, 2023, Crombie declared distributions of 7.417 cents per Unit for the period from April 1, 2023 up to and including April 30, 2023. The distributions will be paid on May 15, 2023, to Unitholders of record as at April 30, 2023.

Amortization of Tenant Incentives

Tenant incentives are amortized on a straight-line basis over the term of existing leases and the amortization is shown as a reduction in property revenue. From time to time, Crombie invests in value-enhancing property modernizations that result in lease amendments. These investments are amortized over the lease term and reduce the associated increase in property revenue.

	Three months ended March 31,		
	2023	2022	Variance
Regular tenant incentive amortization	**$ 4,053**	$ 3,048	$ 1,005
Modernization tenant incentive amortization	**2,739**	2,516	223
Total amortization of tenant incentives	**$ 6,792**	$ 5,564	$ 1,228

General and Administrative Expenses

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

	Three months ended March 31,		
	2023	2022	Variance
Salaries and benefits	**$ 2,716**	$ 1,793	$ (923)
Unit-based compensation(1)	**858**	1,503	645
Professional fees	**400**	341	(59)
Public company costs	**381**	434	53
Rent and occupancy	**164**	142	(22)
Other	**556**	640	84
General and administrative expenses	**$ 5,075**	$ 4,853	$ (222)
As a percentage of property revenue	**4.7 %**	4.6 %	(0.1)%

(1) Unit-based compensation includes both employees and trustees.

The increased general and administrative expenses in the quarter are due to higher salaries and benefits of $923 resulting from filling roles that had been vacant in the same quarter of 2022, pay equity adjustments, and leadership and retirement transitions. This is partially offset by a decrease in Unit-based compensation costs of $645 driven by a decline in Unit price. General and administrative expenses excluding Unit-based compensation of $858 is 3.9% of property revenue (March 31, 2022 - 3.2%).

Finance Costs - Operations

	Three months ended March 31,		
	2023	2022	Variance
Fixed rate mortgages	**$ 9,091**	$ 10,234	$ 1,143
Floating rate term, revolving, and demand facilities	**2,930**	493	(2,437)
Capitalized interest	**(949)**	(1,146)	(197)
Senior unsecured notes	**8,681**	10,098	1,417
Interest income on finance lease receivable	**(137)**	(143)	(6)
Interest on lease liability	**526**	521	(5)
Finance costs	**20,142**	20,057	(85)
Amortization of deferred financing charges	**622**	688	66
Finance costs - operations	**$ 20,764**	$ 20,745	$ (19)

Finance costs increased by $85 primarily due to an increase in interest of $2,437 on floating rate debt resulting from higher interest rates and higher average loan balances compared to the same period in 2022 and a reduction of capitalized interest of $197. This is partially offset by decreased interest on senior unsecured notes of $1,417 from the redemption of Series D notes in the fourth quarter of 2022 and reduced mortgage interest expense of $1,143 resulting from the deleveraging impact of mortgage repayments and dispositions.

Depreciation, Amortization, and Impairment

Crombie's total fair value of investment properties exceeds carrying value by $1,148,345 at March 31, 2023 (March 31, 2022 - $1,208,606). Crombie uses the cost method of 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 the carrying value may not be recoverable.

	Three months ended March 31,		
	2023	2022	Variance
Same-asset(*) depreciation and amortization	**$ 17,163**	$ 17,133	$ (30)
Acquisitions, dispositions and development depreciation/amortization	**2,257**	1,746	(511)
Depreciation and amortization	**$ 19,420**	$ 18,879	$ (541)

The increase in depreciation and amortization of $541 is due to acquisitions and completed developments, offset in part by dispositions.

6. DEVELOPMENT

Property development is a strategic priority for Crombie to improve 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 residential, commercial, and/or retail-related industrial ("Major Developments"). This discussion of Crombie's development activities contains forward-looking information. Refer to the "Forward-looking Information" section of this MD&A starting on page 64 for additional information regarding such statements and the related risks and uncertainties.

Crombie has the potential to unlock significant value within its current pipeline of 27 major development properties over the next 15 years or longer. Crombie benefits from having solid income (NOI, FFO(*), and AFFO(*)) generated by most of these properties while working through the various approvals, entitlements, and advance preparations required before each major development can commence.

Crombie has a strategic relationship with Empire. The majority of our development properties currently have Empire as an anchor tenant. Our strategic relationship enables us to unlock value and transition from existing operating properties to construction/development of these sites on mutually agreeable terms.

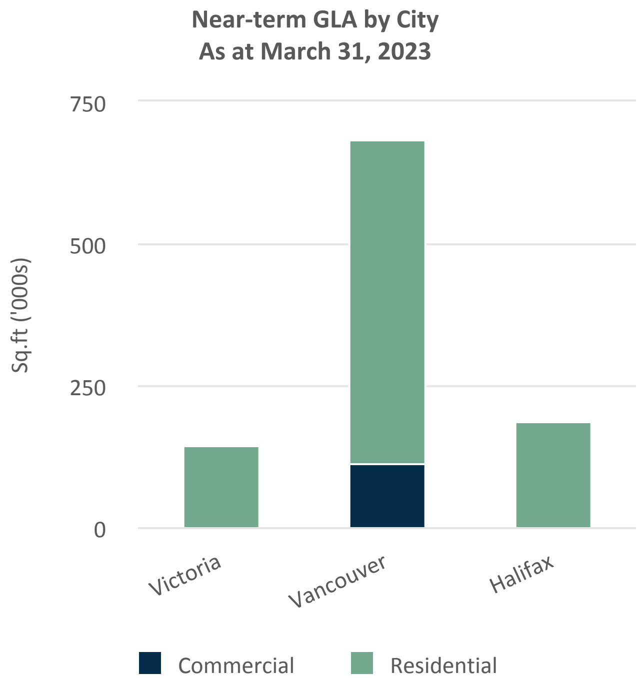
Our major development plans include the development of mixed-use properties with a focus on grocery-anchored retail and, wherever practical, primarily purpose-built residential rental accommodations that provide revenue, diversification, and growth to Crombie. We view this approach as the optimal way to drive both NAV(*) and AFFO(*) growth. From time to time, Crombie may enter into partnerships to complete developments to share knowledge, risk, and expertise. In certain cases, residential condominium uses may also be considered, as will certain other uses (e.g. retail-related industrial), to satisfy municipal requirements and/or market opportunities.

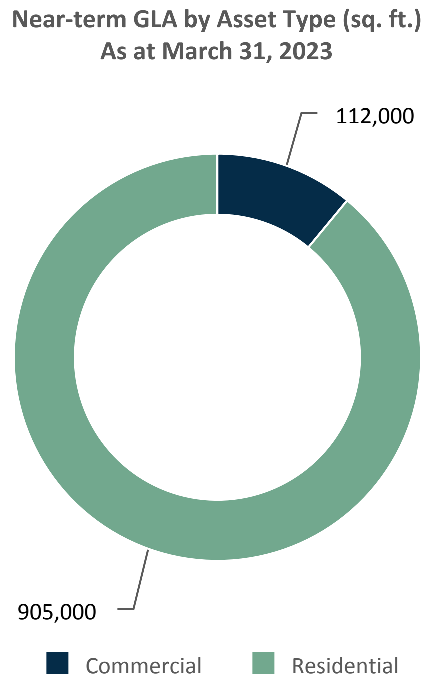
Development Pipeline

Crombie has identified 27 major development projects as at March 31, 2023 (March 31, 2022 - 29). Management uses current project assumptions to calculate the pipeline cost range, factoring in a degree of uncertainty that comes with a diverse pipeline that spans 15 years or longer. Uncertainty can come in the form of changing project scopes, moving certain properties in or out of the pipeline, variations in the entitlement process, the potential of engaging joint venture partners, dispositions of pipeline properties, and a variety of external factors that may affect project costing. Costs presented in Crombie's pipeline are reflective of current construction cost estimates on a market-by-market basis. Crombie monitors inflationary pressures impacting construction costs and adjusts pipeline assumptions when necessary. Given that some of these projects may not reach the full potential of the original scope, management discloses a low and high range to reasonably estimate the pipeline costs. As at March 31, 2023, total project costs to develop the pipeline range from $5,100,000 to $6,900,000 (March 31, 2022 - $4,800,000 to $6,500,000). Year-over-year changes in the pipeline can be attributed to changing project scopes, changing project costs, the ongoing refinement of development assumptions, completions and removals of properties from the pipeline, and evolving opportunities in our pipeline. Crombie may enter joint ventures or other partnership arrangements for these properties to share cost, revenue, risk, and development expertise, depending upon the nature of each project. Each selected project remains subject to normal development approvals, achieving required economic hurdles, and Board of Trustees' approval. In conjunction with our strategic partner, Empire, Crombie management continuously reviews and prioritizes development opportunities that drive NAV(*) and AFFO(*) growth, including high-density urban redevelopment, new grocery-anchored retail, retail-related industrial e-commerce facilities, and land-use intensification.

Crombie divides its development pipeline into three timing-based segments. Near-term projects indicate that a decision to commit financially is expected to be determined within the next two years. Medium-term projects have a timeline to commitment of two years to five years, and long-term projects are expected to be committed within five to 15 years. Many projects in the current pipeline are large, multi-phased endeavors where the project timeline could span several years. In these instances, Crombie recognizes the project in the time period where financial commitment to the initial phase is expected.

Near-term Projects





The table below provides additional detail on Crombie's near-term development opportunities.

			Full Project Density		
Property	City	% Ownership	Commercial GLA	Residential GLA	Residential Units
The Marlstone[1]	Halifax	100%	—	188,000	291
1780 East Broadway (Broadway and Commercial)	Vancouver	50% [2]	112,000	572,000	890
Belmont Market - Phase II	Victoria	100%	—	145,000	200
Total Near-term Developments			**112,000**	**905,000**	**1,381**

(1) The Marlstone was previously referred to as Westhill on Duke.
(2) Crombie will own 100% of the commercial portion of this development.

Full project density reflects estimated GLA upon completion. Estimated GLA on completion is based on applicable standards of area measurement determined through internal site plans and drawings, and using external massing studies, where applicable.

Near-term Project Update

The Marlstone, formerly Westhill on Duke, Halifax, Nova Scotia
Type: Residential
Ownership: 100**%**
Project status: The Marlstone is a planned 291-unit residential rental project in the heart of downtown Halifax, located within the Scotia Square mixed-use retail, office, and hotel complex. The site is entitled and a development application has been submitted. The project is expected to be ready for commencement in mid-2023.

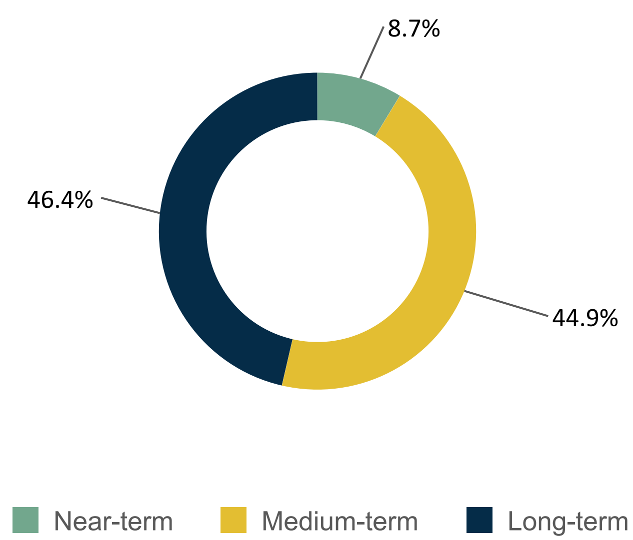
1780 East Broadway (Broadway and Commercial), Vancouver, British Columbia
Type: Retail/Residential
Ownership: 100% retail, 50% residential and office
Project status: East Broadway is a proposed major mixed-use redevelopment on 2.43 acres of land located at the busiest transit node in Western Canada. A rezoning application is in process with the City of Vancouver that comprises a mix of grocery-anchored retail, rental residential, and office. Crombie anticipates completion of rezoning in 2024 and construction tendering could commence in 2025.

Belmont Market - Phase II, Victoria, British Columbia
Type: Residential
Ownership: 100%
Project status: Belmont Market - Phase II envisions the development of approximately 200 residential units on the remaining 1.70 acres of land within the Belmont Market development area. The lands are fully entitled and could be ready for construction tendering in 2024.

Total Development Pipeline

In addition to near-term projects, Crombie is actively working on its pipeline to ensure a consistent inventory of projects. A number of potential major developments in Crombie's pipeline are large, multi-phased projects spanning over a decade in total duration. For the charts and tables outlined throughout this section, Crombie has summarized total project costs and GLA data at the date of its financial commitment to Phase 1. The following chart and table details total project cost estimates by category at March 31, 2023:

Crombie Development Spending by Project Timeline
As at March 31, 2023



		At Crombie's Share ($ in millions)					
Project Timeline	Number of Projects		Total Estimated Costs(1)		Total Spend to Date(2)		Estimated Cost to Complete
Near-term	3	$	500-600	$	40	$	460-560
Medium-term	8		2,300-3,100		70		2,230-3,030
Long-term	16		2,300-3,200		160		2,140-3,040
Total Pipeline	**27**	**$**	**5,100-6,900**	**$**	**270**	**$**	**4,830-6,630**

(1) Many projects in the pipeline are multi-phased. Project costs are shown to align with the first phase of project commencement. Project timelines are subject to change.
(2) Total spend to date includes Crombie's total investment in land at these properties.

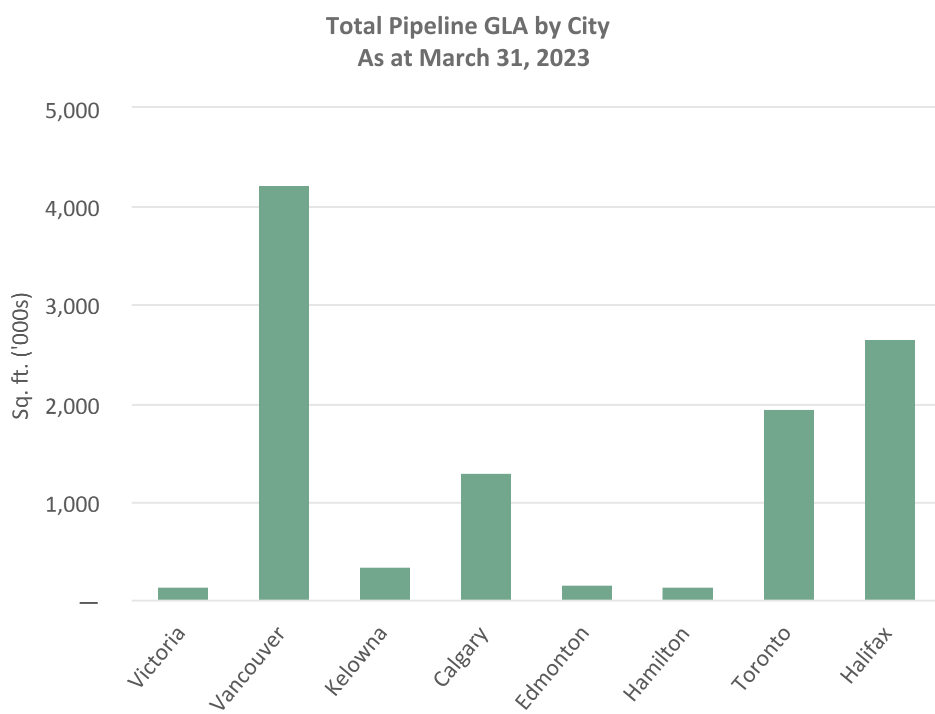
Crombie continuously monitors and evaluates the potential pipeline to optimize value creation. With a strong commitment to portfolio growth, Crombie actively analyzes costs and market opportunities within the potential pipeline in order to maximize NOI and NAV(*) creation.

Total estimated costs include land cost on the existing income-producing properties upon transfer to the development, soft and hard construction costs, tenant inducements, external leasing costs, finance costs, and capitalized interest and other carrying costs, such as capitalized construction and development wages, and property taxes. These costs are determined by using internal knowledge and external professional resources, where applicable. Project capital cost uncertainty exists, and project cost estimates contain a contingency for capital cost exceedances in the ordinary course. Historically, capital cost exceedances in the 5%-10% range are reflective of such contingencies.

For joint venture projects, our partners may provide estimates, which Crombie reviews and analyzes to determine final estimates.

These estimates and assumptions are reviewed and updated regularly and are subject to changes that could be material. Estimated total costs are based on assumptions that are updated regularly, based on revised site plans, cost tendering processes, market studies and continuing tenant negotiations. These assumptions are based on access to job sites, supplies and labour availability, ability to attract tenants, estimated GLA, tenant rents, building sizes, and availability and cost of construction financing. Within specific projects, scheduling and/or completion timing uncertainty exists, and project economics can handle reasonable delays in the range of 10%. Estimations included in the chart are believed to be reasonable, but there can be no assurance that actual results will be consistent with these projections.

Crombie's current pipeline has the potential to add up to 1,171,000 square feet of commercial GLA, and up to 9,768,000 square feet (up to 11,511 units) of residential GLA (which may include a combination of rental or condominium units).



	Total Pipeline Density by Project Timeline		
Project Timeline[1]	Commercial GLA	Residential GLA	Residential Units
Near-term	112,000	905,000	1,381
Medium-term	277,000	4,685,000	5,360
Long-term	782,000	4,178,000	4,770
Total Pipeline	**1,171,000**	**9,768,000**	**11,511**

(1) Many projects in the pipeline are multi-phased. GLA is shown to align with the first phase. Project timelines are subject to change.

An important part of creating a sustainable development program is a systematic approach to proactively moving potential development lands through the entitlement process to obtain zoning approvals. Crombie currently has six of these 27 potential major projects either already zoned or identified for rezoning and is currently in various stages of entitlement pursuit as noted in the following chart:

	Crombie's Entitled Projects				
	Number of Projects	Estimated Commercial Sq. ft.[1]	Estimated Residential Sq. ft.[1]	Estimated Total Sq. ft.[1]	Residential Units[1]
Zoned	4	55,000	1,466,000	1,521,000	1,821
Application Submitted	2	153,000	1,591,000	1,744,000	1,880
Future	21	963,000	6,711,000	7,674,000	7,810
Total	**27**	**1,171,000**	**9,768,000**	**10,939,000**	**11,511**

(1) Square footage and unit information presented in the table are estimates only and are subject to change. Design, municipal approvals and market conditions may influence estimates provided.

Zoning is in place for the following development sites: The Marlstone, formerly Westhill on Duke (Halifax), Belmont Market - Phase II (Victoria), Barrington Residential, formerly Triangle Lands, (Halifax), and Brunswick Place (Halifax). Rezoning applications have been submitted and are in process for Broadway and Commercial (Vancouver), and McCowan and Ellesmere (Toronto).

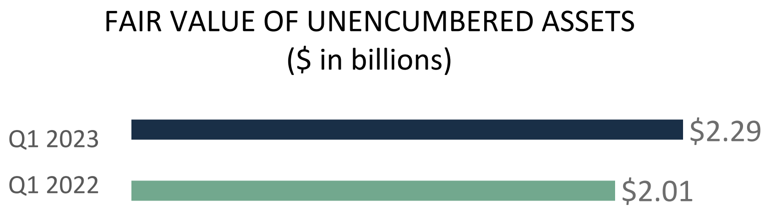
The following table lists the 27 identified Potential Major Development locations and certain key features of each property. Potential developments in the following table are organized in order of potential construction commencement:

Major Development Pipeline

	Existing Property[(1)]	CMA	Site Size (acres)	Existing Tenants	Potential Commercial Expansion	Entitlement Status	Project Timing
1	The Marlstone[(2)]	Halifax	0.46 [(3)]	N/A	Yes	Zoned	Near-term
2	Belmont Market - Phase II	Victoria	1.70	Land	No	Zoned	Near-term
3	1780 East Broadway (Broadway and Commercial)	Vancouver	2.43	Safeway	Yes	Application Submitted	Near-term
4	Brunswick Place	Halifax	0.75 [(4)]	Office/Parkade	Yes	Zoned	Medium-term
5	McCowan & Ellesmere	Toronto	4.48	FreshCo/Other	Yes	Application Submitted	Medium-term
6	1170 East 27 Street (Lynn Valley)	Vancouver	2.82	Safeway	Yes	Future	Medium-term
7	Park West	Halifax	19.66	Sobeys	Yes	Future	Medium-term
8	Toronto East	Toronto	0.14	Land	Yes	Future	Medium-term
9	Broadview	Toronto	1.43	Dollarama	Yes	Future	Medium-term
10	Barrington Residential[(5)]	Halifax	0.68	Land	Yes	Zoned	Medium-term
11	Fleetwood	Vancouver	4.45	Safeway	Yes	Future	Medium-term
12	1818 Centre Street	Calgary	2.18	Safeway	Yes	Future	Long-term
13	Port Coquitlam	Vancouver	5.31	Safeway	Yes	Future	Long-term
14	3130 Danforth	Toronto	0.79	The Beer Store	Yes	Future	Long-term
15	2733 West Broadway	Vancouver	1.95	Safeway	Yes	Future	Long-term
16	Centennial Parkway	Hamilton	2.75	Retail	Yes	Future	Long-term
17	990 West 25 Avenue (King Edward)	Vancouver	1.80	Safeway	Yes	Future	Long-term
18	524 Elbow Drive SW (Mission)	Calgary	1.60	Safeway	Yes	Future	Long-term
19	Robson Street	Vancouver	1.15	Safeway	Yes	Future	Long-term
20	410 10 Street NW (Kensington)	Calgary	1.73	Safeway	Yes	Future	Long-term
21	813 11 Avenue SW (Beltline)	Calgary	2.59	Safeway	Yes	Future	Long-term
22	3410 Kingsway (Kingsway and Tyne)	Vancouver	3.74	Safeway/Other	Yes	Future	Long-term
23	East Hastings	Vancouver	3.30	Safeway/Other	Yes	Future	Long-term
24	Bernard Ave	Kelowna	1.83	Safeway	Yes	Future	Long-term
25	10930 82 Avenue (Whyte Ave)	Edmonton	2.44	Safeway/Other	Yes	Future	Long-term
26	New Westminster	Vancouver	2.82	Safeway	Yes	Future	Long-term
27	Brampton Mall	Toronto	8.74	Office/Retail	Yes	Future	Long-term

(1) All projects in the pipeline are transit-oriented and have the potential for residential expansion.
(2) The Marlstone was previously referred to as Westhill on Duke.
(3) The Marlstone can be developed through densification on 0.46 acres of the existing 9.05-acre Scotia Square site.
(4) Brunswick Place can be developed through densification on the existing 0.75-acre Brunswick Place Parkade.
(5) Barrington Residential was formerly referred to as Triangle Lands.

7. CAPITAL MANAGEMENT



We continue to reduce risk and build financial strength by strategically managing our capital structure and optimizing capital allocation to generate long-term value for our stakeholders. Our continued success is underpinned by a strong balance sheet, more than adequate liquidity, and an investment-grade credit rating profile providing the company with a solid financial foundation and great financial flexibility.

Capital Management Framework

Crombie's strategic capital management objectives consist of four main priorities:

1. to maintain multiple sources of both debt and equity financing;
2. to reduce risk by prefunding capital commitments;
3. to source capital with the lowest cost on a long-term basis and to maintain overall indebtedness at reasonable levels, utilize staggered debt maturities, minimize long-term exposure to excessive levels of floating rate debt; and
4. maintain conservative payout ratios.

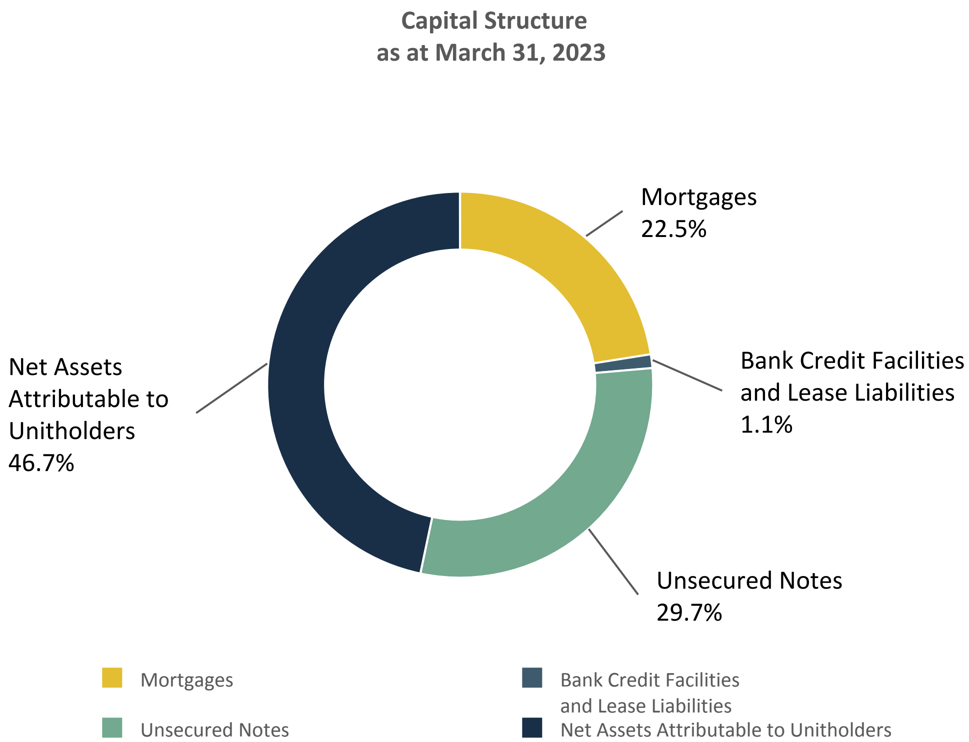
At a minimum, Crombie's capital structure is managed to ensure that it complies with the limitations pursuant to its Declaration of Trust, the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT, and existing debt covenants.

Crombie's Declaration of Trust sets out the investment guidelines for Crombie's capital deployment. The Declaration of Trust outlines the minimum due diligence that must be completed prior to a project being approved by the Investment Committee and/or Board. Crombie's Board ensures continued compliance with the Declaration of Trust through the review and approval of the annual operating and capital budgets, annual confirmation of Crombie's strategic plan, and approval of individual projects. The annual budget will detail the level of projected capital spend for a given year and how the required capital will be funded, as well as various key performance indicators and impacts on debt covenants. The Board monitors performance quarterly, or on a more frequent basis if needed. In addition, the Board and management regularly review unspent committed capital (i.e. unfunded capital requirements of partially completed projects), with a lens towards Crombie's available liquidity, leverage metrics, and sources of financing.

Crombie expects to be able to satisfy all of its financing requirements through the use of some or all of the following:

- cash on hand;
- cash flow generated from operating the property portfolio;
- cash distributions from our joint ventures;
- bank credit facilities;
- proceeds from partial or full disposition of select non-core investment properties;
- traditional construction financing;
- CMHC insured mortgages on residential properties;
- secured mortgages and term debt on unencumbered properties;
- issuance of senior unsecured notes;
- issuance of new Units; and
- issuance of Units under its distribution reinvestment plan ("DRIP").

Strong Capital Structure



Crombie's capital structure consists of the following carrying values, inclusive of deferred financing costs where applicable:

		March 31, 2023			December 31, 2022	
Fixed rate mortgages[(1)]	**$**	**887,994**	**22.5 %**	$	913,706	23.2 %
Drawn credit facilities		**10,370**	**0.2 %**		160,264	4.1 %
Senior unsecured notes[(1)]		**1,171,447**	**29.7 %**		972,003	24.7 %
Lease liabilities		**34,982**	**0.9 %**		35,000	0.9 %
Net assets attributable to Crombie REIT Unitholders		**1,092,994**	**27.7 %**		1,097,070	27.9 %
Net assets attributable to Special Voting Units and Class B Limited Partnership Unitholders		**750,721**	**19.0 %**		753,470	19.2 %
Total capital structure	**$**	**3,948,508**	**100.0 %**	$	3,931,513	100.0 %

(1) Net of deferred financing charges.

Debt Metrics

We monitor our debt by utilizing a number of key metrics, including the following:

	March 31, 2023	December 31, 2022	March 31, 2022
Unencumbered investment properties(1)	**$ 2,291,396**	$ 2,154,468	$ 2,009,252
Unencumbered investment properties(1) as a % of unsecured debt(*)	**195.0 %**	191.5 %	178.6 %
Debt to gross fair value(*)	**41.9 %**	41.8 %	42.5 %
Weighted average interest rate(2)	**4.0 %**	3.8 %	3.8 %
Debt to trailing 12 months adjusted EBITDA(*)	**7.96x**	8.02x	8.72x
Interest coverage ratio(*)	**3.24x**	3.26x	3.27x

(1) Represents fair value of unencumbered properties.
(2) Weighted average interest rate is calculated based on interest rates for all outstanding fixed rate debt.

Crombie has continued to grow its unencumbered asset pool, increasing its fair value from $2,154,468 as at December 31, 2022 to $2,291,396 as at March 31, 2023. This increase is primarily due to mortgage maturities.

Debt to Gross Fair Value(*)

When calculating debt to gross fair 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 trade payables and accruals in the ordinary course of business, and distributions payable. Debt includes Crombie's share of debt held in equity-accounted joint ventures.

Gross fair value includes investment properties measured at fair value, including Crombie's share of those held within joint ventures. All other components of gross fair value are measured at the carrying value included in Crombie's financial statements. Crombie's methodology for determining the fair value of investment properties includes capitalization of trailing 12 months net property 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. Valuation techniques are more fully described in Crombie's year-end audited financial statements.

The fair value included in this calculation reflects the fair value of the properties as at March 31, 2023 and December 31, 2022, respectively, based on each property's current use as a revenue-generating investment property. As at March 31, 2023, Crombie's weighted average capitalization rate used in the determination of the fair value of its investment properties was 5.93%, a decrease of one basis point from December 31, 2022. Crombie's weighted average capitalization rate used in the determination of the fair value of its share of investment properties held in equity-accounted joint ventures was 3.48% as at March 31, 2023, an increase of one basis point from December 31, 2022. For an explanation of how Crombie determines capitalization rates, see the "Other Disclosures" section of this MD&A, under "Investment Property Valuation" in the "Use of Estimates and Judgments" section.

Debt to gross fair value(*) was 41.9% at March 31, 2023 compared to 41.8% at December 31, 2022.

The increase in this leverage ratio during the three months ended March 31, 2023 was due to an increase in outstanding debt of $23,773 from December 31, 2022, resulting primarily from the issuance of $200,000 of senior unsecured notes and a reduction in gross fair value of investment properties held in equity-accounted investments of $7,000 from property NOI fluctuations. This was offset in part by repayment of the non-revolving credit facility of $150,000 and an increase of $47,000 in gross fair value of investment properties, primarily as a result of acquisitions and property NOI fluctuations.

		March 31, 2023		December 31, 2022
Fixed rate mortgages	$	892,734	$	918,552
Senior unsecured notes		1,175,000		975,000
Non-revolving credit facility		—		150,000
Joint operation credit facility		10,370		10,264
Debt held in joint ventures, at Crombie's share(1) (2)		270,145		270,642
Lease liabilities		34,982		35,000
Adjusted debt(*)	$	2,383,231	$	2,359,458
Investment properties, fair value	$	5,097,000	$	5,050,000
Investment properties held in joint ventures, fair value, at Crombie's share(2)		447,000		454,000
Other assets, cost(3)		93,235		99,728
Other assets, cost, held in joint ventures, at Crombie's share(2) (3) (4)		26,304		26,974
Cash and cash equivalents		9,050		6,117
Cash and cash equivalents held in joint ventures, at Crombie's share(2)		5,612		2,487
Deferred financing charges		8,293		7,843
Gross fair value	$	5,686,494	$	5,647,149
Debt to gross fair value(*)		41.9 %		41.8 %

(1) Includes Crombie's share of fixed and floating rate mortgages, construction loans, revolving credit facility, and lease liabilities held in joint ventures.
(2) See the "Joint Ventures" section of this MD&A.
(3) Other assets exclude tenant incentives, accumulated amortization, and accrued straight-line rent receivable.
(4) Other assets held in joint ventures include deferred financing charges.

Debt to Adjusted EBITDA(*) and Interest Coverage(*) Ratios

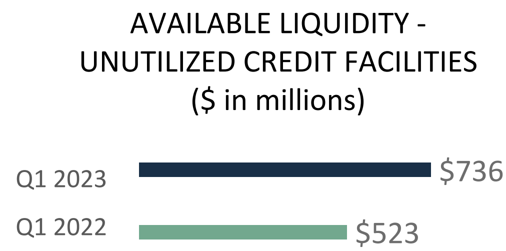
The following table presents a reconciliation of property revenue to adjusted EBITDA(*). Adjusted EBITDA(*) is a non-GAAP measure and should not be considered an alternative to operating income attributable to Unitholders, and may not be comparable to that used by other entities. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 60, for more information.

In 2022, as a result of completing a number of developments in joint ventures, Crombie changed its methodology in calculating adjusted EBITDA(*) to include Crombie's share of revenue, operating expenses, and general and administrative expenses in joint ventures. Interest service coverage(*) and debt service coverage(*) calculations now include Crombie's share of finance costs - operations and debt repayments in joint ventures. This is consistent with the treatment under the unsecured notes bond indenture. Prior quarters have been restated to reflect this new methodology.

	Three months ended							
	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
Operating income attributable to Unitholders	**$ 25,173**	$ 87,718	$ 26,410	$ 28,424	$ 25,248	$ 78,730	$ 23,851	$ 19,605
Amortization of tenant incentives	**6,792**	5,940	5,795	5,690	5,564	5,249	5,187	4,840
Gain on disposal of investment properties	**(111)**	(62,584)	(13,357)	(4,863)	—	(42,762)	(2,619)	—
Gain on distribution from equity-accounted investments	**—**	—	(1,000)	—	(1,933)	(15,525)	—	—
Impairment of investment properties	**—**	—	10,400	—	—	1,300	1,239	—
Depreciation and amortization	**19,420**	18,991	22,744	19,222	18,879	18,805	19,109	19,054
Finance costs - operations	**20,764**	20,623	20,884	20,762	20,745	22,639	23,070	23,618
(Income) loss from equity-accounted investments	**(1,673)**	1	1,787	1,627	1,539	685	923	562
Property revenue in joint ventures, at Crombie's share	**11,269**	7,271	3,258	2,616	2,356	2,100	1,578	968
Property operating expenses in joint ventures, at Crombie's share	**(5,170)**	(3,022)	(1,296)	(1,002)	(903)	(724)	(695)	(483)
General and administrative expenses in joint ventures, at Crombie's share	**(107)**	(77)	(31)	(21)	(150)	(32)	(47)	(110)
Taxes - current	**—**	4	—	—	—	163	—	2
Adjusted EBITDA(*) [1]	**$ 76,357**	$ 74,865	$ 75,594	$ 72,455	$ 71,345	$ 70,628	$ 71,596	$ 68,056
Trailing 12 months adjusted EBITDA(*) [4]	**$ 299,271**	$ 294,259	$ 290,022	$ 286,024	$ 281,626	$ 280,057	$ 276,643	$ 270,324
Finance costs - operations	**$ 20,764**	$ 20,623	$ 20,884	$ 20,762	$ 20,745	$ 22,639	$ 23,070	$ 23,618
Finance costs - operations in joint ventures, at Crombie's share	**3,430**	2,961	2,564	2,157	1,776	1,157	1,031	568
Amortization of deferred financing charges	**(622)**	(654)	(675)	(668)	(688)	(742)	(759)	(764)
Adjusted interest expense(*) [2]	**$ 23,572**	$ 22,930	$ 22,773	$ 22,251	$ 21,833	$ 23,054	$ 23,342	$ 23,422
Debt principal repayments	**$ 9,041**	$ 9,172	$ 9,349	$ 9,599	$ 9,979	$ 11,304	$ 11,343	$ 11,229
Debt principal repayments in joint ventures, at Crombie's share	**1,738**	307	305	306	2,864	12	15	15
Debt principal repayments [3]	**$ 10,779**	$ 9,479	$ 9,654	$ 9,905	$ 12,843	$ 11,316	$ 11,358	$ 11,244
Debt outstanding (see Debt to Gross Fair Value(*)) [5](1)	**$ 2,383,231**	$ 2,359,458	$ 2,463,882	$ 2,502,845	$ 2,456,686	$ 2,517,392	$ 2,659,702	$ 2,629,569
Interest service coverage(*) ratio {[1]/[2]}	**3.24x**	3.26x	3.32x	3.26x	3.27x	3.06x	3.07x	2.91x
Debt service coverage(*) ratio {[1]/([2]+[3])}	**2.22x**	2.31x	2.33x	2.25x	2.06x	2.05x	2.06x	1.96x
Debt to trailing 12 months adjusted EBITDA(*) {[5]/[4]}	**7.96x**	8.02x	8.50x	8.75x	8.72x	8.99x	9.61x	9.73x

(1) Includes debt held in joint ventures, at Crombie's share.

Debt Profile



Mortgages

Crombie had outstanding fixed rate mortgages consisting of:

	March 31, 2023	December 31, 2022
Fixed rate mortgages[(1)]	$ 892,517	$ 918,321
Unamortized fair value debt adjustment and interest rate subsidy	217	231
	892,734	918,552
Deferred financing charges on fixed rate mortgages	(4,740)	(4,846)
Total mortgage debt	$ 887,994	$ 913,706
Long-term portion	$ 555,063	$ 666,748
Current portion	$ 332,931	$ 246,958
Weighted average interest rate	4.13 %	4.07 %
Weighted average term to maturity	5.2 years	4.6 years

(1) Includes the fixed portion of the interest expense for mortgages under swap agreements.

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 "Interest Rate Risk"). Crombie currently has $105,656 of floating rate debt that is classified as fixed rate due to interest rate swap agreements in place.

Senior Unsecured Notes ("Notes")

The following series of senior unsecured notes were outstanding as at March 31, 2023 and December 31, 2022:

	Maturity Date	Effective Interest Rate	March 31, 2023	December 31, 2022
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
Series H	March 31, 2028	2.686 %	150,000	150,000
Series I	October 9, 2030	3.211 %	150,000	150,000
Series J	August 12, 2031	3.133 %	150,000	150,000
Series K	September 28, 2029	5.244 %	200,000	—
Deferred financing charges			(3,553)	(2,997)
Total senior unsecured notes			$ 1,171,447	$ 972,003
Long-term portion			$ 1,171,447	$ 972,003
Weighted average interest rate			3.89 %	3.61 %
Weighted average term to maturity			5.2 years	5.1 years

On March 28, 2023, Crombie issued, on a private placement basis, $200,000 of Series K notes (senior unsecured) maturing September 28, 2029. The net proceeds were used to repay existing indebtedness, including repayment of outstanding credit facilities, and for general trust purposes. The Series K notes were priced with an effective yield to maturity of 5.244%. Interest is payable in equal semi-annual installments on March 28 and September 28.

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

Credit Facilities

The following floating rate credit facilities had balances drawn as at March 31, 2023 and December 31, 2022:

	Total Available Facility	Weighted Average Term to Maturity	**March 31, 2023**	December 31, 2022
Revolving credit facility	$ 400,000	3.3 years	**$ —**	$ —
Non-revolving credit facility	200,000	2.6 years	**—**	150,000
Unsecured bilateral credit facility	130,000	1.2 years	**—**	—
Joint operation credit facility I(1) (2)	7,167	1.1 years	**7,167**	7,167
Joint operation credit facility II(1) (2)	3,520	1.5 years	**3,203**	3,097
Total credit facilities	$ 740,687	1.2 years	**$ 10,370**	$ 160,264
Weighted average interest rate for drawn credit facilities			**3.48 %**	6.06 %

(1) Availability is limited by mortgages held in the joint operations.
(2) Includes the fixed portion of the interest expense for credit facilities under swap agreements.

The revolving credit facility is secured by a pool of first mortgages on certain properties and has a maturity date of June 30, 2026. The unsecured non-revolving credit facility was amended in the first quarter of 2023, concurrent with the repayment of the balance outstanding, to reinstate the full $200,000 maximum principal amount. The facility has a maturity date of November 18, 2025 and is intended to be used for mortgage repayments. The unsecured bilateral credit facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. The unsecured bilateral credit facility has a maturity date of June 28, 2024. Joint operation credit facility I consists of term loan and revolving credit facilities which are secured by first mortgages on select properties. Joint operation credit facility II also consists of term loan and revolving credit facilities which are secured by first and second mortgages on select properties. Crombie and its co-ownership partners entered into fixed for floating interest rate swaps, effectively fixing the interest rate on both joint operation facilities. Borrowings under all credit facilities are possible 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.

For information on the amended terms governing the revolving credit facility, see the "Available Credit Line Liquidity" section in the 2022 Annual MD&A.

As at March 31, 2023, the remaining amount available under the revolving credit facility was approximately $400,000 (prior to reduction for standby letters of credit outstanding of $2,942) and was not limited by the aggregate borrowing base. Crombie has remained in compliance with all debt covenants.

The terms of the unsecured bilateral revolving credit facility and the unsecured non-revolving 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 cash distributions to Unitholders to be limited to 100% of funds from operations as defined in the credit facilities.

Our liquidity is impacted by contractual debt commitments. Our contractual debt commitments for the next five years are as follows:

	Twelve months ending March 31,						
	Contractual Cash Flows[1]	2024	2025	2026	2027	2028	Thereafter
Fixed rate mortgages - principal and interest[2]	$ 318,321	$ 61,995	$ 41,277	$ 32,883	$ 29,309	$ 20,895	$ 131,962
Fixed rate mortgages - maturities	732,190	303,436	107,812	20,476	98,634	33,652	168,180
Senior unsecured notes	1,404,138	45,664	219,264	37,264	232,870	325,341	543,735
Trade and other payables	120,804	99,667	3,874	3,166	2,590	2,455	9,052
Lease liabilities	151,422	3,044	2,996	2,950	2,833	2,467	137,132
	2,726,875	513,806	375,223	96,739	366,236	384,810	990,061
Credit facilities[2]	10,803	362	10,441	—	—	—	—
Other	1,143	1,143	—	—	—	—	—
Total estimated payments	**$ 2,738,821**	**$ 515,311**	**$ 385,664**	**$ 96,739**	**$ 366,236**	**$ 384,810**	**$ 990,061**

(1) Contractual cash flows include principal and interest and exclude extension options.
(2) Includes the fixed portion of the interest expense for mortgages and credit facilities under swap agreements.

Crombie intends to finance near-term mortgage repayments on the non-revolving credit facility.

Crombie's contractual debt obligations and projected development expenditures can be funded from the following financing sources:

- secured and unsecured short-term financing subject to available borrowing base;
- recycling capital through the disposition of select investment properties;
- secured mortgage and term debt on unencumbered properties;
- issuance of additional senior unsecured notes;
- issuance of new Units; and
- entering into new joint arrangements.

Debt Maturities

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

	Maturing Debt Balances							
12 Months Ending	Mortgages	Senior Unsecured Notes	Credit Facilities	Total	% of Total	Payments of Principal	Total Required Payments	% of Total
Remainder of 2023	$ 149,452	$ —	$ —	$ 149,452	7.8 %	$ 23,702	$ 173,154	8.3 %
December 31, 2024	251,209	—	10,370	261,579	13.6 %	21,761	283,340	13.6 %
December 31, 2025	30,596	175,000	—	205,596	10.7 %	16,854	222,450	10.7 %
December 31, 2026	12,401	200,000	—	212,401	11.1 %	14,871	227,272	10.9 %
December 31, 2027	111,854	150,000	—	261,854	13.7 %	11,205	273,059	13.2 %
Thereafter	176,678	650,000	—	826,678	43.1 %	71,934	898,612	43.3 %
Total[1]	**$ 732,190**	**$ 1,175,000**	**$ 10,370**	**$ 1,917,560**	**100.0 %**	**$ 160,327**	**$ 2,077,887**	**100.0 %**

(1) Excludes fair value debt adjustment of $217 and deferred financing charges of $(4,740) on mortgages and $(3,553) on unsecured notes (December 31, 2022 - $231, $(4,846), and $(2,997), respectively).

Outstanding Unit Data

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

For the three months ended March 31, 2023, Crombie issued 349,048 REIT Units and 247,263 Class B LP Units under its DRIP. Units issued under the DRIP are issued at a price equal to 97% of the volume-weighted average trading price of the REIT Units on the Toronto Stock Exchange for the five trading days immediately preceding the relevant distribution payment date.

Total Units outstanding at April 30, 2023, were as follows:

Units	105,795,491
Special Voting Units(1)	73,392,022

(1) Crombie Limited Partnership, a subsidiary of Crombie, has issued 73,392,022 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.

Cash Flows

	Three months ended March 31,		
	2023	2022	Variance
Cash provided by (used in):(1)			
Operating activities	**$ 60,579**	$ 63,055	$ (2,476)
Financing activities	**(27,658)**	64,571	(92,229)
Investing activities	**(29,988)**	(127,626)	97,638
Net change during the period	**$ 2,933**	$ —	$ 2,933

(1) Cash provided by (used in) operating and investing activities for the period ended March 31, 2022 updated from previously reported figures.

Operating Activities

The decrease in cash provided by operating activities in the quarter is primarily due to a decrease in the net change in non-cash working capital items of $10,094. This is offset in part by lower additions to tenant incentives ($11,112 compared to $17,599 in the first quarter of 2022).

Financing Activities

The decrease in cash provided by financing activities is due primarily to the Unit issuance of $194,903 net of issue costs in the first quarter of 2022 and an increase in the amount drawn on floating rate credit facilities of $150,000 compared to $15,437 in the same period in 2022. This is offset in part by the $200,000 issuance of Series K unsecured notes in the first quarter of 2023 and $48,000 in a new mortgage issuance.

Investing Activities

The decrease in cash used in investing activities results primarily from a decrease in acquisitions ($18,752 compared to $97,225 in the first quarter of 2022) and $21,904 lower additions to investment properties.

Off-Balance Sheet Commitments and Guarantees

There are claims and litigation in which Crombie is involved, 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 standby 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, 2023, Crombie has a total of $2,942 (December 31, 2022 - $2,883) in outstanding letters of credit related to construction work being performed on investment properties. Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

As at March 31, 2023, Crombie had signed construction contracts totalling $198,621, of which $165,368 has been paid. This includes contracts signed within joint ventures at Crombie's ownership percentage.

Crombie has provided 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, 2023, Crombie has provided guarantees of approximately $105,330 (December 31, 2022 - $111,022) 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 2.1 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.

As at March 31, 2023, Crombie has committed to contributing $1,143 to 1700 East Broadway Limited Partnership as part of the ongoing predevelopment work in the joint venture.

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 during the three months ended March 31, 2023.

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
- Accounts receivable
- Trade and other payables.

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 that have a fair value different from their carrying value:

	March 31, 2023		December 31, 2022	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value
Financial liabilities				
Investment property debt	**$ 872,635**	**$ 903,104**	$ 1,035,216	$ 1,078,816
Senior unsecured notes	**1,088,353**	**1,175,000**	877,058	975,000
Total financial liabilities	**$ 1,960,988**	**$ 2,078,104**	$ 1,912,274	$ 2,053,816

Financial assets are derecognized when the contractual rights to benefits from the financial asset expire.

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

8. RISK MANAGEMENT

Risk Management Framework

Management of the REIT is vested in the Board of Trustees, subject to the provisions of applicable statutes and the Declaration of Trust. The Board of Trustees of the REIT shall have explicit responsibility for the stewardship of the REIT including the strategic planning process, approval of the strategic plan, the identification of principal risks and implementation of systems to manage these risks, succession planning, operations, communications and reporting, and the integrity of the REIT's internal control and management information systems. The Board discharges certain of its responsibilities through delegation to its committees as more particularly set out in the committee mandates.

Risk Factors Related to the Business of Crombie

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 risk discussion under the "Risk Management" section in the 2022 Annual MD&A, and the "Risks" section of Crombie's 2022 Annual Information Form available at www.crombie.ca, we are providing the following specific risk update for March 31, 2023:

<u>Rent Control Risk</u>

Crombie has interests in equity-accounted investments which hold residential properties in locations where there is risk that municipalities have, or will, impose rent caps. Such rent control regulations will limit Crombie's ability to charge market rents, which could adversely affect Crombie's property revenue and net property income from affected properties and adversely affect the fair value of properties subject to rent control regulations, and may negatively affect Crombie's financial condition, results of operations, and cash flows.

<u>Significant Relationship</u>

As at March 31, 2023, Empire, through its wholly owned subsidiary ECL Developments Limited ("ECLD"), holds a 41.5% indirect interest in Crombie. Crombie's anchor tenants are concentrated in a relatively small number of retail operators. Specifically, for the three months ended March 31, 2023, 58.1% of the AMR and 52.6% of total property revenue generated from Crombie's properties is derived from anchor tenants that are owned and/or operated by Empire (including Sobeys and all other subsidiaries of Empire). Therefore, Crombie is reliant on the sustainable operation by Empire in these locations.

<u>Environmental Matters</u>

Environmental issues can cover a broad range of topics, including energy usage, water conservation, pollution, waste management, or climate change, among many others. Each of these topics comes with their own specific risks including increased energy costs, the price of carbon, and pollution liability. To effectively manage environmental risk, it is critical to operate the business in a sustainable manner. This includes measuring, managing, and reporting on our sustainability performance through the lens of ESG deliverables. Our President and Chief Executive Officer ("CEO") is responsible for developing Crombie's sustainability strategy and the day-to-day oversight and implementation of ESG at Crombie. He also leads our Sustainability Committee, which is charged with developing a roadmap that expands our sustainability commitments and identifies key actions, milestones, and targets that will drive performance improvements. The Sustainability Committee meets quarterly and is responsible for Crombie's analysis and response to the impacts of climate change on the company's operations and portfolio of assets. Recently, Crombie completed updates to its Sustainable Development Policy, including a community engagement program that includes ESG specific issues, introduced portfolio-wide ESG risk assessments, and finalized ESG specific language in standard lease contracts. Crombie continues to improve its energy, water, and waste data coverage, having set internal targets, and is in the process of finalizing an inventory of its GHG emissions. Crombie plans to publish its third annual Sustainability Report later in 2023.

Crombie is not aware of any material non-compliance with environmental laws at any of its properties and is not aware of any material pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties. Crombie has implemented policies and procedures to assess, manage, and monitor environmental conditions at its properties and developments to manage exposure to liability.

Financial Risk Management

The following table outlines our financial risks, how we manage these risks, and whether there was a change in risk exposure compared to the prior year.

Credit Risk

Risk Description	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 and other adjustments to net property income are taken for all anticipated collectability risks.
Risk Management	Crombie mitigates credit risk by geographical diversification, diversifying both its tenant mix and asset mix, and conducting credit assessments for new and renewing tenants. The residential component of Crombie's investment in joint ventures further diversifies our portfolio. In measuring tenant concentration, Crombie considers both the AMR and total property revenue of major tenants. • Crombie's largest tenant, Empire (including Sobeys and all other subsidiaries of Empire), represents 58.1% of AMR. No other tenant accounts for more than 2.5% of Crombie's AMR; • total property revenue includes base rent as well as 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 $56,609 for the three months ended March 31, 2023 (March 31, 2022 - $53,975) from Sobeys and other subsidiaries of Empire; and • over the next five years, leases on no more than 7.1% of the gross leasable area of Crombie will expire in any one year. Receivables are substantially comprised of current balances due from tenants and past due receivables. The balance of accounts receivable past due is usually not significant. Historically low receivable balances increased significantly over the past few years as a result of the impacts of the COVID-19 pandemic but have since returned to their pre-pandemic collection rates. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoicing, and 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 assesses, on a forward-looking basis, the expected credit losses associated with its rent receivables. In determining the expected credit losses, Crombie takes into account, on a tenant-by-tenant basis, the payment history, future expectations, and knowledge gathered through discussions for rental concessions and ongoing discussions with tenants. During the three months ended March 31, 2023, Crombie recorded bad debt expense of $116 (March 31, 2022 - recovery of $(356)). Our trade receivables and allowance for doubtful accounts balances at March 31, 2023 were $21,842 and $(2,414), respectively (December 31, 2022 - $21,645 and $(2,328), respectively). 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.

Liquidity Risk

Risk Description	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.
Risk Management	The real estate industry is capital intensive and most assets are non-current in nature. These assets produce income through long-term leases, which funds current liabilities as they come due. While rents are contractually committed, they are not recognized as current assets, and this imbalance creates a working capital deficit, despite cash flows from contractually committed rents and credit facilities being more than adequate to satisfy current liabilities. 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 issuance from Crombie with financial terms acceptable to Crombie. Access to debt and equity capital markets may also be affected by national and international events, and economic conditions beyond Crombie's control. Crombie mitigates its exposure to liquidity risk utilizing a disciplined approach to capital management. There is a risk that credit ratings may change. No ratings agency has issued a credit rating with respect to the Units, and no credit rating of the Units will be sought or obtained by Crombie. As at March 31, 2023, Crombie has maintained its credit rating on outstanding senior unsecured notes of "BBB(low)" with a "Stable" trend from DBRS. Credit ratings may not reflect all risks associated with an investment in Crombie's securities. Any credit ratings applied to the notes are an assessment of Crombie's ability to pay its obligations generally. Consequently, real or anticipated changes in the credit ratings will generally affect the market value of the notes. The credit ratings, however, may not reflect the potential impact on the value of the notes of risks related to structure, market, or other factors discussed under the heading "Risk Factors" in Crombie's 2022 Annual Information Form dated March 29, 2023. Crombie is under no obligation to maintain any specified level of credit rating with credit rating agencies, and there is no assurance that any credit rating assigned to the notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering, withdrawal, or failure to maintain any credit ratings applied to the notes may have an adverse effect on the market price or value and the liquidity of the notes. Credit ratings are not recommendations to purchase, hold, or sell the notes or other securities of Crombie. Any future lowering of Crombie's ratings is likely to make it more difficult or more expensive for Crombie to obtain additional debt financing. Access to the $400,000 revolving credit facility is limited by the amount utilized under the facility and the amount of any outstanding letters of credit, and it cannot exceed the borrowing base security provided by Crombie. Refer to the "Debt Maturities" section of this MD&A for a maturity analysis of our recognized financial liabilities and purchase obligations.

Interest Rate Risk

Risk Description	Interest rate risk is the potential for financial loss arising from increases in interest rates.
Risk Management	Canadian prime interest rates have increased significantly over the past year. Crombie mitigates this risk of rising interest rates by utilizing staggered debt maturities and limiting the use of permanent floating rate debt and, on occasion, utilizing interest rate swap agreements. The interest swap rates would be based on Canadian bond yields, plus a premium, called the swap spread, which reflects the risk of trading with a private counterparty as opposed to the Canadian government. Under interest rate swap arrangements, Crombie would agree to pay the counterparty an amount if market interest rates decline, in return for the counterparty’s agreement to pay Crombie an amount if market interest rates increase. As a result, the combined effect of variable interest rates on certain debt arrangements coupled with the payment obligations under interest rate swap agreements is to stabilize Crombie’s net interest expense, as increased interest payments are partially offset by the right to receive payments under the interest rate swap agreements, while decreased interest payments are partially offset by the obligation to make payments under the interest rate swap agreements. In the event that interest rates change by more than was anticipated in the interest rate swap agreements, payment obligations under interest rate swap agreements could adversely impact Crombie’s financial condition and results of operations and decrease the amount of cash available for distribution. Crombie does not enter into these interest rate swaps on a speculative basis. Crombie is prohibited by its Declaration of Trust in purchasing, selling, or trading in interest rate future contracts other than for hedging purposes.

The table below summarizes Crombie's financial instruments in which hedge accounting was applied on financial instruments:

As at March 31, 2023					Three months ended March 31, 2023	
Hedge type	**Maturity date**	**Fixed interest rate**	**Notional amount of the hedging instrument[(1)]**	**Fair value of hedging instrument[(1)]**	**Change in fair value gain (loss) recognized in Other Comprehensive Income[(1)]**	**Hedge ineffectiveness recognized in Statements of Comprehensive Loss**
Cash flow hedge[(2)]	Dec. 20, 2024	3.72 %	$ 90,515	$ 3,399	$ 873	$ —
Cash flow hedge[(2)]	Mar. 18, 2025	3.52 %	4,771	184	39	—
Cash flow hedge[(2)]	Apr. 25, 2024	3.58 %	7,167	215	54	—
Cash flow hedge[(2)]	Oct. 7, 2024	3.27 %	3,203	145	27	—
Cash flow hedge[(3)]	Mar. 1, 2029	3.15 %	52,000	2,944	1,048	—
			$ 157,656	$ 6,887	$ 2,041	$ —

(1) Amounts are shown at Crombie's ownership percentage.
(2) Amounts are included in other assets on Crombie's interim condensed consolidated balance sheets.
(3) Amounts are included in investment in joint ventures on Crombie's interim condensed consolidated balance sheets.

As at March 31, 2023:

- Crombie’s weighted average term to maturity of its fixed rate mortgages is 5.2 years;
- Crombie’s weighted average term to maturity of its unsecured notes is 5.2 years;
- Crombie has a floating rate revolving credit facility available to a maximum of $400,000, subject to available borrowing base, with no balance outstanding/drawn;
- Crombie has an unsecured non-revolving credit facility available to a maximum of $200,000 with no balance outstanding/drawn;
- Crombie has a floating rate bilateral credit facility available to a maximum of $130,000 with no balance outstanding/drawn;
- Crombie has joint operation credit facilities available to a maximum of $10,687 at Crombie’s share with a balance of $10,370 outstanding;
- Crombie has interest rate swap agreements in place on $105,656 of floating rate debt and an interest rate swap agreement in place held in equity-accounted investments on $52,000 of floating rate debt, at Crombie’s share; and
- Crombie has floating rate credit facilities, included in debt held in equity-accounted investments, available to a maximum of $133,000 with a balance of $116,342 outstanding, at Crombie’s share.

Risk Management

A fluctuation in interest rates would have an impact on Crombie's operating and other comprehensive income related to the use of floating rate debt. The following tables look at the impacts of selected interest rate moves on operating and other comprehensive income:

	Three months ended March 31, 2023	
Impact on operating income attributable to Unitholders of interest rate changes on the revolving credit facility	**Increase in rate**	**Decrease in rate**
Impact of a 0.5% interest rate change	**$ (198)**	**$ 198**
Impact of a 1.0% interest rate change	**$ (396)**	**$ 396**
Impact of a 1.5% interest rate change	**$ (594)**	**$ 594**

	As at March 31, 2023	
Impact on other comprehensive income of interest rate changes on interest rate swap agreements at Crombie's share	**Increase in rate**	**Decrease in rate**
Impact of a 0.5% interest rate change	**$ 1,900**	**$ (2,000)**
Impact of a 1.0% interest rate change	**$ 4,000**	**$ (4,300)**
Impact of a 1.5% interest rate change	**$ 6,000**	**$ (6,400)**

9. JOINT VENTURES

As at March 31, 2023, Crombie holds partial ownership interests in six joint ventures, five of which currently hold properties. These joint ventures are all subject to equity accounting. As such, the results of these equity-accounted investments are not included in certain financial metrics, such as net property income, property cash NOI(*), and same-asset property cash NOI(*), or in operational metrics such as occupancy and GLA, unless specifically indicated that such metrics are presented on a proportionate consolidation basis. The figures presented below represent only the results of these joint ventures, at 100%, with the exception of FFO(*).

Joint Venture Summary

The following represents Crombie's interest in joint venture investments:

	March 31, 2023	December 31, 2022
1600 Davie Limited Partnership	**50.0 %**	50.0 %
Bronte Village Limited Partnership	**50.0 %**	50.0 %
The Duke Limited Partnership	**50.0 %**	50.0 %
Penhorn Residential Holdings Limited Partnership	**50.0 %**	50.0 %
140 CPN Limited	**50.0 %**	50.0 %
1700 East Broadway Limited Partnership	**50.0 %**	50.0 %

1600 Davie Limited Partnership
Davie Street is a retail/residential mixed-used property consisting of 330 residential units and 54,000 square feet of retail GLA in Vancouver, British Columbia. Crombie retains 100% ownership of the retail GLA, which is anchored by a 44,500 square foot Safeway. Stabilization of NOI was reached in September 2021 and the residential property is 98.2% leased at March 31, 2023. The joint venture retains ownership of the 330 residential units.

Bronte Village Limited Partnership
Bronte Village is a retail/residential mixed-used property located in Oakville, Ontario. It is comprised of two residential towers incorporating 481 residential rental units and 54,000 square feet of grocery-anchored retail GLA that is owned by the joint venture. Substantial completion was reached on tower one in the third quarter of 2021, with the remaining residential tower completed during the first quarter of 2022. The residential portion of the property is 53.4% leased at March 31, 2023. Tower one is expected to be fully leased by December 2023, with full occupancy of tower two, and stabilization of NOI for the property, expected in the second quarter of 2024.

The Duke Limited Partnership
Le Duke is a retail/residential mixed-use property in Montreal, Quebec, with an existing heritage building integrated into the ground floor of the property. The property incorporates 387 residential units, a 25,000 square foot IGA on the ground floor, and an additional 1,000 square feet of retail space that is all owned by the joint venture. Stabilization of NOI was reached in December 2022 and the residential tower is 96.9% leased at March 31, 2023.

Penhorn Residential Holdings Limited Partnership
Opal Ridge (Penhorn), formerly referred to as Penhorn Lands, is a 26-acre parcel in Dartmouth, Nova Scotia, with zoning proposed for the development of multi-family parceled building lots. Entitlement and development agreements were approved in June 2022. The sale of a 3-acre parcel occurred in the fourth quarter of 2022 with a further two parcels totalling 4.4 acres sold in the first quarter of 2023.

140 CPN Limited
Centennial Parkway is a retail plaza in Hamilton, Ontario, consisting of 33,000 square feet of retail GLA, which is fully leased and owned by the joint venture.

1700 East Broadway Limited Partnership
1700 East Broadway (Broadway and Commercial) is a proposed major mixed-use redevelopment in Vancouver, British Columbia, located at the busiest transit node in Western Canada. It will include grocery-anchored retail, office, residential rental, and condominiums. The project is currently being rezoned and construction tendering could commence in 2025. The joint venture will own the residential and office components, with Crombie retaining 100% ownership of the retail.

Occupancy Metrics

	Retail GLA	Retail Occupancy % as at March 31, 2023	Residential GLA	Residential Occupancy % as at March 31, 2023	Total GLA	Number of Residential Units	Number of Committed Units
Stabilized properties[1]	59,000	100.0 %	481,000	97.5 %	540,000	717	699
Lease-up in progress:							
Bronte Village	54,000	90.5 %	466,000	53.4 %	520,000	481	257
Total	**113,000**	**92.4 %**	**947,000**	**79.8 %**	**1,060,000**	**1,198**	**956**

(1) Comprised of Davie Street Residential, Le Duke, and Centennial Parkway.

Total average residential rent is $3.82 per square foot.

Financial Performance

	Three months ended									
	March 31, 2023					March 31, 2022				
	Davie LP	**Bronte LP**	**Duke LP**	**Other**	**Total**	Davie LP	Bronte LP	Duke LP	Other	Total
Property revenue	**$ 2,843**	**$ 2,564**	**$ 2,175**	**$ 14,956**	**$ 22,538**	$ 2,702	$ 985	$ 861	$ 164	$ 4,712
Property operating expenses	**(718)**	**(1,062)**	**(581)**	**(7,978)**	**(10,339)**	(587)	(782)	(368)	(68)	(1,805)
Net property income	**2,125**	**1,502**	**1,594**	**6,978**	**12,199**	2,115	203	493	96	2,907
General and administrative expenses	**(40)**	**(95)**	**—**	**(78)**	**(213)**	(25)	(33)	(33)	(209)	(300)
Depreciation and amortization	**(884)**	**(1,213)**	**(488)**	**(14)**	**(2,599)**	(872)	(980)	(493)	(14)	(2,359)
Finance costs - operations	**(2,021)**	**(3,938)**	**(814)**	**(87)**	**(6,860)**	(1,445)	(1,390)	(693)	(24)	(3,552)
Net income (loss)	**$ (820)**	**$ (3,744)**	**$ 292**	**$ 6,799**	**$ 2,527**	$ (227)	$ (2,200)	$ (726)	$ (151)	$ (3,304)
Contribution to Crombie's FFO[(*)] [(1)]	**$ 331**	**$ (1,210)**	**$ 402**	**$ 3,407**	**$ 2,930**	$ 136	$ (561)	$ (105)	$ (69)	$ (599)

(1) FFO line above is included in Crombie's total FFO numbers.

	Three months ended					
	March 31, 2023			March 31, 2022		
	Retail	**Residential**	**Total**	Retail	Residential	Total
Net property income	**$ 7,408**	**$ 4,791**	**$ 12,199**	$ 490	$ 2,417	$ 2,907
Non-cash straight-line rent	**(18)**	**257**	**239**	(33)	355	322
Non-cash tenant incentive amortization	**136**	**—**	**136**	124	—	124
Property cash NOI[(*)]	**$ 7,526**	**$ 5,048**	**$ 12,574**	$ 581	$ 2,772	$ 3,353

Fair Value

The estimated fair value of the investment properties in Crombie's equity-accounted joint ventures at 100% is as follows:

	Fair Value	Carrying Value
March 31, 2023	**$ 894,000**	**$ 568,259**
December 31, 2022	$ 908,000	$ 572,153

The fair value included in this summary reflects the fair value of the properties as at March 31, 2023 and December 31, 2022, respectively, based on each property's current use as a revenue-generating property or property under development. The fair value of properties under development is assumed to equal cost until the property is substantially completed. As at March 31, 2023, properties held within 1600 Davie Limited Partnership, Bronte Village Limited Partnership, The Duke Limited Partnership, Penhorn Residential Holdings Limited Partnership, and 140 CPN Limited are revenue-generating properties.

Crombie has utilized the following weighted average capitalization rates for its joint venture properties:

	March 31, 2023	December 31, 2022
Weighted average capitalization rate	**3.48 %**	3.47 %

Capitalization rate sensitivity

Crombie has determined that a change in this applied capitalization rate at March 31, 2023 would result in an (increase) decrease in the fair value of the properties as follows:

Capitalization rate change		Increase in Rate		Decrease in Rate
0.25%	**$**	**(45,000)**	**$**	**84,000**
0.50%	**$**	**(97,000)**	**$**	**166,000**
0.75%	**$**	**(143,000)**	**$**	**264,000**

Debt to Gross Fair Value(*)

		March 31, 2023		December 31, 2022
Fixed and floating rate mortgages and construction loans	**$**	**507,700**	$	506,143
Revolving credit facilities		**15,100**		17,256
Partnership loans		**10,364**		10,364
Lease liabilities		**7,127**		7,521
Total debt outstanding	**$**	**540,291**	$	541,284
Investment properties, fair value	**$**	**894,000**	$	908,000
Other assets, cost(1)		**52,607**		53,948
Cash and cash equivalents		**11,224**		4,974
Gross fair value	**$**	**957,831**	$	966,922
Debt to gross fair value(*)		**56.4 %**		56.0 %

(1) Other assets include deferred financing costs, and exclude tenant incentives and related accumulated amortization, and accrued straight-line rent receivable.

Debt Profile

	March 31, 2023				December 31, 2022			
	Mortgages(1)	**Revolving Credit Facilities(2)**	**Partnership Loans**	**Total Borrowings**	Mortgages(1)	Revolving Credit Facilities(2)	Partnership Loans	Total Borrowings
Opening balance, beginning of period	**$ 506,143**	**$ 17,256**	**$ 10,364**	**$ 533,763**	$ 465,027	$ 1,200	$ 15,533	$ 481,760
Additions to existing mortgages	**2,176**	**—**	**—**	**2,176**	43,511	—	—	43,511
Net (repayments) advances	**—**	**700**	**—**	**700**	—	16,056	—	16,056
Principal repayments	**(619)**	**(2,856)**	**—**	**(3,475)**	(2,395)	—	(5,169)	(7,564)
Closing balance, end of period	**$ 507,700**	**$ 15,100**	**$ 10,364**	**$ 533,164**	$ 506,143	$ 17,256	$ 10,364	$ 533,763

(1) Includes construction financing.
(2) The unsecured revolving term credit facility is used by the joint venture to finance development activity of the partnership during rezoning.

	March 31, 2023	December 31, 2022
Total borrowings	**$ 533,164**	$ 533,763
Long-term portion	**$ 312,080**	$ 314,875
Current portion	**$ 221,084**	$ 218,888
Weighted average fixed interest rate	**3.17 %**	3.17 %
Weighted average floating interest rate(1)	**6.70 %**	7.00 %
Weighted average term to maturity of fixed rate debt	**5.1 years**	5.4 Years
Weighted average term to maturity of floating rate debt(1)	**2.0 years**	0.3 Years

(1) Includes construction financing and credit facilities of $232,684 at March 31, 2023 (December 31, 2022- $233,640).

From time to time, our joint ventures have entered into interest rate swap agreements to manage the interest rate profile of their current or future debts without an exchange of the underlying principal amount. Our joint ventures currently have an interest rate swap agreement in place on $104,000 of floating rate debt.

10. OTHER DISCLOSURES

Related Party Transactions

As at March 31, 2023, 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 trustees, and post-employment benefit plans.

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

Crombie's transactions with related parties are as follows:

	Three months ended March 31,	
	2023	2022
Property revenue		
Property revenue	**$ 56,609**	$ 53,975
Head lease income	**$ 313**	$ 269
Lease termination income	**$ —**	$ 34
Property operating expenses	**$ (34)**	$ (34)
General and administrative expenses		
Property management services recovered	**$ 57**	$ 118
Other general and administrative expenses	**$ (44)**	$ (44)
Finance costs - operations		
Interest rate subsidy	**$ —**	$ 53
Finance costs - distributions to Unitholders	**$ (16,493)**	$ (16,293)

Crombie provides property management, project 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, 2023, Crombie issued 247,263 (March 31, 2022 - 191,166) Class B LP Units to ECLD under the DRIP.

During the three months ended March 31, 2023, Crombie purchased two retail properties from a subsidiary of Empire for a total purchase price of $16,722 before transaction costs.

During the three months ended March 31, 2023, Crombie invested $6,907 (March 31, 2022 - $3,035) in properties anchored by subsidiaries of Empire, which resulted in amended lease terms. These amounts have been included in tenant incentive additions or income property additions, depending on the nature of the work completed. The costs are being amortized over the amended lease terms or the useful life of the projects, as applicable.

Crombie has a mortgage payable of $25,125 (December 31, 2022 - $25,207) due 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.

Amounts due from related parties include $10,364 (December 31, 2022 - $10,364) in a 6% subordinated note receivable due from Bronte Village Limited Partnership.

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 "Critical Accounting Estimates and Assumptions" section of the 2022 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:

<u>Fair Value Measurement</u>

A number of assets and liabilities included in Crombie's 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 market-observable data is 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.

<u>Investment Properties</u>

Investment properties are properties which are held to earn rental income. Investment properties include land, buildings and intangible assets. Investment properties are carried at cost less accumulated depreciation and are reviewed periodically for impairment.

Depreciation of buildings is calculated using the straight-line method with reference to each property's cost, the estimated useful life of the building (not exceeding 40 years) and its components, significant parts and residual value.

Repairs and maintenance improvements are expensed as incurred or, in the case of major items that constitute a capital asset, are capitalized to the building and amortized on a straight-line basis over the expected useful life of the improvement.

<u>Investment Property Valuation</u>

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. On a periodic basis, Crombie obtains independent appraisals such that approximately 85% of our properties, by value, will be externally appraised over a four-year period. 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 annual net property income recognized from leasing the property, that is stabilized for any major tenant movement. Biannual capitalization rates are obtained from an independent valuation company, which reflect the specific risks inherent in the net property income, to arrive at property valuations. As at March 31, 2023, management's determination of fair value was updated for current market assumptions, including net property income, market capitalization rates, and recent appraisals provided by independent appraisal professionals.

<u>Expected Credit Loss</u>

Crombie assesses, on a tenant-by-tenant basis, losses expected with its rent receivables. In determining the provision for doubtful accounts, Crombie takes into account the payment history and future expectations of likely default events (tenants asking for rental concessions/abatements or stating they will not be making rental payments on the due date), based on actual or expected insolvency filings or company voluntary arrangements and likely deferrals of payments due, and potential abatements to be granted by the landlord through tenant negotiations.

Critical Judgments

Critical judgments are discussed under the “Critical Judgments” section of the 2022 Annual MD&A.

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. Controls and procedures are designed to ensure that information required to be disclosed by Crombie is accumulated and communicated to Crombie’s management, including its President and CEO and 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 at March 31, 2023. 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 March 31, 2023, and have concluded that our current ICFR are effective based on that evaluation. There have been no material changes to Crombie’s internal controls during the period.

Quarterly Information

	Three months ended							
	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
Property revenue	**$ 107,551**	$ 107,939	$ 103,642	$ 103,064	$ 104,946	$ 103,832	$ 101,517	$ 100,006
Property operating expenses	**38,903**	37,123	32,068	32,967	35,615	32,430	30,216	29,814
Net property income	**68,648**	70,816	71,574	70,097	69,331	71,402	71,301	70,192
Operating income	**25,173**	87,718	26,410	28,424	25,248	78,730	23,851	19,605
Finance costs - distributions to Unitholders	**(39,775)**	(39,697)	(39,513)	(39,394)	(39,236)	(36,637)	(36,578)	(36,124)
Finance income (costs) - change in fair value of financial instruments	**603**	(1,704)	1,782	2,034	211	(1,018)	291	(1,219)
Increase (decrease) in net assets attributable to Unitholders	**$ (13,999)**	$ 46,317	$ (11,321)	$ (8,936)	$ (13,777)	$ 41,075	$ (12,436)	$ (17,738)
Operating income per Unit - basic	**$ 0.14**	$ 0.49	$ 0.15	$ 0.16	$ 0.15	$ 0.48	$ 0.15	$ 0.12
Distributions								
Distributions	**$ 39,775**	$ 39,697	$ 39,513	$ 39,394	$ 39,236	$ 36,637	$ 36,578	$ 36,124
Per Unit	**$ 0.22**	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22
FFO(*)								
Basic	**$ 52,835**	$ 52,104	$ 52,665	$ 49,877	$ 49,091	$ 46,948	$ 47,830	$ 44,201
Per Unit - basic	**$ 0.30**	$ 0.29	$ 0.30	$ 0.28	$ 0.28	$ 0.29	$ 0.29	$ 0.27
Payout ratio	**75.3 %**	76.2 %	75.0 %	79.0 %	79.9 %	78.0 %	76.5 %	81.7 %
AFFO(*)								
Basic	**$ 45,909**	$ 45,061	$ 46,788	$ 43,551	$ 41,898	$ 40,468	$ 41,052	$ 37,109
Per Unit - basic	**$ 0.26**	$ 0.25	$ 0.26	$ 0.25	$ 0.24	$ 0.25	$ 0.25	$ 0.23
Payout ratio	**86.6 %**	88.1 %	84.5 %	90.5 %	93.6 %	90.5 %	89.1 %	97.3 %
Operating information								
Number of investment properties	**291**	289	290	294	294	284	287	287
Gross leasable area	**18,550,000**	18,445,000	18,331,000	18,500,000	18,488,000	17,861,000	18,232,000	18,235,000
Economic occupancy	**94.5 %**	94.8 %	96.2 %	95.9 %	95.5 %	95.6 %	95.8 %	95.6 %
Committed occupancy	**96.7 %**	96.9 %	96.8 %	96.3 %	96.4 %	96.2 %	96.5 %	96.2 %
Debt metrics								
Unencumbered investment properties(1)	**$2,291,396**	$2,154,468	$2,200,890	$2,155,326	$2,009,252	$1,752,927	$1,461,775	$1,445,423
Available liquidity	**$ 735,877**	$ 583,003	$ 445,372	$ 444,262	$ 523,159	$ 507,777	$ 512,168	$ 368,483
Debt to gross fair value(*) (2)	**41.9 %**	41.8 %	42.0 %	42.7 %	42.5 %	45.3 %	47.3 %	47.5 %
Weighted average interest rate(3)	**4.0 %**	3.8 %	3.8 %	3.8 %	3.8 %	3.8 %	3.8 %	3.9 %
Debt to trailing 12 months adjusted EBITDA(*) (2) (4)	**7.96x**	8.02x	8.50x	8.75x	8.72x	8.99x	9.61x	9.73x
Interest coverage ratio(*) (4)	**3.24x**	3.26x	3.32x	3.26x	3.27x	3.06x	3.07x	2.91x

(1) Represents fair value of unencumbered properties.
(2) Calculations for comparative quarters have been restated to include Crombie’s share of debt and assets held in joint ventures.
(3) Weighted average interest rate is calculated based on interest rates for all outstanding fixed rate debt.
(4) The prior year calculations have been restated to include Crombie’s share of revenue and expenses in joint ventures.

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, 2023 - acquisition of two retail properties for a total purchase price of $16,722;
    - December 31, 2022 - disposition of two retail properties for proceeds of $113,418;
    - September 30, 2022 - acquisition of one retail property for a total purchase price of $1,350 and disposition of five retail properties and a parcel of land adjacent to existing retail properties for proceeds of $52,126;
    - June 30, 2022 - acquisition of one retail property and one development property for a total purchase price of $15,939 and disposition of one retail property for proceeds of $10,250;
    - March 31, 2022 - acquisition of nine retail properties, including a parcel of land subsequently developed by Crombie in the quarter, and acquisition of the remaining 50% interest in one retail-related industrial property for a total purchase price of $90,472;
    - December 31, 2021 - disposition of three retail properties, disposition of portions of two retail properties, and disposition of a 50% interest in one retail-related industrial property for proceeds of $152,218;
    - September 30, 2021 - acquisition of one retail property for a total purchase price of $4,710 and disposition of one retail property for proceeds of $15,000;
    - June 30, 2021 - acquisition of one development property for a total purchase price of $11,885; and
    - March 31, 2021 - acquisition of six retail properties and one development property for a total purchase price of $46,292 and disposition of three retail properties for proceeds of $41,970.
- 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.

11. NON-GAAP FINANCIAL MEASURES

There are financial measures included in this MD&A that do not have a standardized meaning under IFRS. 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. These measures are defined below and are cross-referenced, as applicable, to a reconciliation elsewhere in this MD&A to the most comparable IFRS measure.

Non-GAAP Measure	**Description and Purpose**	**Reconciliation**
Property NOI on a cash basis	• Property NOI on a cash basis, which excludes non-cash straight-line rent recognition and non-cash tenant incentive amortization. • Management believes that Property NOI on a cash basis is an important measure of operating performance as it reflects the cash generated by the properties period-over-period.	“Same-asset Property Cash NOI(*)” starting on page 24
Same-asset property cash NOI	• 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, or was subject to disposition, during either the current or comparative period. Same-asset property cash NOI includes Crombie’s proportionate ownership of jointly operated properties but currently excludes properties owned in joint ventures. • Management believes this is a useful measure in understanding period-over-period changes in property cash NOI before considering the changes in NOI that can be attributed to the certain transactions such as acquisitions and dispositions. • The number of same-asset properties was 281 as at March 31, 2023.	“Same-asset Property Cash NOI(*)” starting on page 24
Funds from operations (“FFO”)	• Crombie follows the recommendations of REALPAC’s January 2022 guidance 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; ◦ gain on distribution from equity-accounted investments; ◦ 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 and 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 calculates FFO per Unit using the basic weighted average Units outstanding for the period. Management believes this is a useful measure in comparing period-over-period operating results.	“Funds from Operations (FFO)(*)” starting on page 25

Non-GAAP Measure	Description and Purpose	Reconciliation
FFO payout ratio	• FFO payout ratio shows the proportion of FFO paid to Unitholders in the form of distributions for the period, expressed as a percentage of FFO. • FFO payout ratio is calculated by dividing finance costs - distributions to Unitholders by FFO for the period. • Management uses this key metric in evaluating the sustainability of Crombie's distribution payments to Unitholders.	"Funds from Operations (FFO)(*)" starting on page 25
Adjusted funds from operations ("AFFO")	• 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. • Crombie follows the recommendations of REALPAC's January 2022 guidance in calculating AFFO. • 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, maintenance capital expenditures, and maintenance tenant incentives and leasing costs. • Crombie calculates AFFO per Unit using the basic weighted average Units outstanding for the period. Management believes this is a useful measure in comparing period-over-period operating results.	"Adjusted Funds from Operations (AFFO)(*)" starting on page 25
AFFO payout ratio	• AFFO payout ratio shows the proportion of AFFO paid to Unitholders in the form of distributions for the period, expressed as a percentage of AFFO. • AFFO payout ratio is calculated by dividing finance costs - distributions to Unitholders by AFFO for the period. • Management uses this key metric in evaluating the sustainability of Crombie's distribution payments to Unitholders.	"Adjusted Funds from Operations (AFFO)(*)" starting on page 25
Net asset value ("NAV")	• NAV represents total assets less total liabilities excluding net assets attributable to Unitholders.	"Development" starting on page 30
Unencumbered investment properties as a percentage of unsecured debt	• Unencumbered investment properties represents the fair value of investment properties that have not been pledged as security for any debt obligations. • Unsecured debt currently consists of Crombie's senior unsecured notes and its bilateral and non-revolving credit facilities. • This ratio is used to assess the aggregate unencumbered investment properties currently available for secured financing to satisfy all outstanding unsecured debt obligations.	"Debt Metrics" starting on page 38
Debt to gross fair value	• Used to evaluate Crombie's flexibility to incur additional financial leverage.	"Debt Metrics" starting on page 38
Adjusted debt	• Represents debt excluding transaction costs, which Crombie feels is a more relevant presentation of indebtedness. It includes Crombie's share of debt held in equity-accounted joint ventures. • Adjusted debt is used in the calculation of our debt to gross fair value and debt to trailing 12 months adjusted EBITDA.	"Debt Metrics" starting on page 38

Non-GAAP Measure	**Description and Purpose**	**Reconciliation**
Earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA")	• Represents earnings before interest, taxes, depreciation, and amortization adjusted for certain items such as amortization of tenant incentives, impairment of investment properties, gain (loss) on disposal of investment properties, and gain on distribution from equity-accounted investments. It includes Crombie's share of revenue, operating expenses, and general and administrative expenses from equity-accounted joint ventures. • Adjusted EBITDA is used as an input in several of our debt metrics, providing information with respect to certain financial ratios that we use in measuring our debt profile and assessing our ability to satisfy obligations, including servicing our debt. • Crombie believes adjusted EBITDA is an indicative measure of its ability to service debt requirements, fund capital projects and acquire properties.	"Debt Metrics" starting on page 38
Debt to adjusted EBITDA	• Used to assess Crombie's financial leverage, to measure its ability to meet financial obligations and measure its balance sheet strength.	"Debt Metrics" starting on page 38
Adjusted interest expense	• Represents finance costs from operations, excluding amortization of deferred financing costs. It includes Crombie's share of interest from equity-accounted joint ventures. • Adjusted interest expense is used in the calculation of our interest service coverage and debt service coverage ratios.	"Debt Metrics" starting on page 38
Interest service coverage Debt service coverage	• These ratios are useful in determining Crombie's ability to service the interest requirements of its outstanding debt.	"Debt Metrics" starting on page 38

Maintenance Capital Expenditures, Maintenance Tenant Incentives 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 net property income by a minimum threshold, or otherwise enhance the property's overall value.

Crombie's policy is to charge AFFO[(*)] with a reserve amount for 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 excludes newly constructed and developed properties from its maintenance charge for the first year until a baseline of actual expenditures is obtained as little to no maintenance expense is incurred in the first year of operation. Crombie also discloses actual maintenance expenditures for comparative purposes. The rate per square foot is a proxy for actual historical 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 2023, Crombie has increased the normalized rate from $1.00 to $1.10 per square foot of weighted average GLA, based on the actual spend for the previous three years and estimated spend for 2023. Additionally, Crombie combines maintenance capital expenditures with maintenance tenant incentive ("TI") and deferred leasing costs in arriving at the 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

	Three months ended	Year ended	Three months ended				Year ended
	Mar. 31, 2023	Dec. 31, 2022	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021
Total additions to investment properties	**$ 13,729**	$ 104,379	$ 29,182	$ 21,129	$ 18,435	$ 35,633	$ 76,771
Less: revenue-enhancing expenditures	**(9,972)**	(95,032)	(25,543)	(19,726)	(17,086)	(32,677)	(69,051)
Maintenance capital expenditures	**3,757**	9,347	3,639	1,403	1,349	2,956	7,720
Total additions to TI and deferred leasing costs	**11,521**	43,408	7,561	6,521	11,064	18,262	73,514
Less: revenue-enhancing expenditures	**(8,341)**	(32,721)	(6,738)	(3,634)	(8,018)	(14,331)	(65,086)
Maintenance TI and deferred leasing costs	**3,180**	10,687	823	2,887	3,046	3,931	8,428
Total maintenance expenditures - actual	**$ 6,937**	$ 20,034	$ 4,462	$ 4,290	$ 4,395	$ 6,887	$ 16,148
Reserve amount charged against AFFO(*)	**$ 5,143**	$ 18,526	$ 4,620	$ 4,662	$ 4,659	$ 4,585	$ 16,043

Obligations for expenditures for TIs 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 2023, 2022, and 2021.

Revenue-enhancing expenditures are capitalized and depreciated or charged against revenue over their useful lives. Revenue-enhancing expenditures during the three months ended March 31, 2023 consisted primarily of development work and modernization investments.

12. FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements about expected future events and the financial and operating performance of Crombie. These statements, and the related estimates and assumptions used by management, can be found in several sections of the MD&A, including, but not limited to, "Portfolio Review - Strategic Acquisitions", "Portfolio Review - Strategic Dispositions", "Development", "Capital Management", and "Other Disclosures". Forward-looking 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 cautionary statements under "Risk Factors Related to the Business of Crombie", as well as the additional statements in the "Risks" section of Crombie's 2022 Annual Information Form available at www.crombie.ca. Forward-looking statements in this MD&A and the principal related risks include statements regarding:

(i) annual expenditures with Empire on investments in the modernization, acquisition, expansion, and conversion of their grocery stores, which may be impacted by the development of Empire's business and the resulting availability of suitable investment opportunities for Crombie;
(ii) AFFO[(*)] accretion and NAV[(*)] growth from strategic acquisitions, which may be affected by future occupancy and rental performance, and/or redevelopment activity of acquired properties;
(iii) disposition of properties and the anticipated reinvestment of net proceeds ("recycling capital"), which could be impacted by the availability of purchasers, the availability of accretive property acquisitions, the timing of property development activities or other accretive uses for net proceeds and real estate market conditions;
(iv) anticipated growth in grocery-anchored retail, residential, and retail-related industrial asset types as a percentage of our total portfolio, which depends on successful execution of our current development strategy, our relationship with Empire, availability of suitable properties and development opportunities, and general economic conditions;
(v) statements under the heading "Development" including the locations identified, timing, cost, development size and nature, and anticipated impact on portfolio quality and diversification, cash flow growth, Unitholder value, or other financial measures, all of which may be impacted by real estate market cycles, future capitalization rates, the availability of financing opportunities and labour, actual development costs, ability to achieve lease-up stabilization at current market rents, and general economic conditions and factors described under the "Development" section, and which assume 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;
(vi) fair value of investment properties, which is based on assumptions such as cash flow projections, and estimates of future cash flows and anticipated trends and economic conditions;
(vii) 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;
(viii) estimated GLA, estimated completion dates, and estimated total costs, which are subject to changes in site plans, cost tendering processes, and continuing tenant negotiations, as well as access to job sites, supplies and labour availability, ability to attract tenants, tenant mix, building sizes, and availability and cost of construction financing;
(ix) 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;
(x) 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, e-commerce, and supply of competitive locations in proximity to Crombie locations;
(xi) estimated payments on derivative and non-derivative financial liabilities, which could be impacted by interest rates on floating rate debt and fluctuations in the settlement value and settlement timing of any derivative financial liabilities;
(xii) investment in joint ventures and the income contributed by those investments, which could be impacted by the risk and uncertainty from dependence on partners that are not under Crombie's control, including risk of default by a partner on financing obligations or non-performance of a partner's obligations on a project, which may include development, construction, management, or leasing;
(xiii) tax exempt status, which can be impacted by regulatory changes enacted by governmental authorities;
(xiv) anticipated distributions and payout ratios, which could be impacted by results of operations and capital resource allocation decisions; and
(xv) the effect that any contingencies or guarantees would have on Crombie's financial statements, which could be impacted by their eventual outcome.

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.

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.

CROMBIE REAL ESTATE INVESTMENT TRUST
Interim Condensed Consolidated Financial Statements
March 31, 2023

Unaudited Interim Condensed Consolidated Balance Sheets

(In thousands of Canadian dollars)

	Note	March 31, 2023	December 31, 2022
Assets			
Non-current assets			
Investment properties	3	$ 3,600,818	$ 3,590,211
Investment in joint ventures	4	39,058	40,397
Other assets	5	394,710	394,148
		4,034,586	4,024,756
Current assets			
Cash and cash equivalents	15	9,050	6,117
Other assets	5	42,137	47,525
		51,187	53,642
Total Assets		4,085,773	4,078,398
Liabilities			
Non-current liabilities			
Fixed rate mortgages	6	555,063	666,748
Credit facilities	6	10,370	160,264
Senior unsecured notes	7	1,171,447	972,003
Employee future benefits obligation		6,884	6,819
Trade and other payables	8	21,137	21,811
Lease liabilities	19	34,031	34,057
		1,798,932	1,861,702
Current liabilities			
Fixed rate mortgages	6	332,931	246,958
Employee future benefits obligation		271	271
Trade and other payables	8	108,973	117,984
Lease liabilities	19	951	943
		443,126	366,156
Total liabilities excluding net assets attributable to Unitholders		2,242,058	2,227,858
Net assets attributable to Unitholders		$ 1,843,715	$ 1,850,540
Net assets attributable to Unitholders represented by:			
Crombie REIT Unitholders		$ 1,092,994	$ 1,097,070
Special Voting Units and Class B Limited Partnership Unitholders		750,721	753,470
		$ 1,843,715	$ 1,850,540

Commitments, contingencies and guarantees	20
Subsequent events	21

See accompanying notes to the interim condensed consolidated financial statements.

(In thousands of Canadian dollars)

		Three months ended March 31,	
	Note	**2023**	2022
Property revenue	9	**$ 107,551**	$ 104,946
Property operating expenses	10	**38,903**	35,615
Net property income		**68,648**	69,331
Gain on disposal of investment properties	3	**111**	—
Depreciation and amortization	3,5	**(19,420)**	(18,879)
General and administrative expenses	12	**(5,075)**	(4,853)
Finance costs - operations	13	**(20,764)**	(20,745)
Gain on distribution from equity-accounted investments	4	**—**	1,933
Income (loss) from equity-accounted investments	4	**1,673**	(1,539)
Operating income attributable to Unitholders		**25,173**	25,248
Distributions to Unitholders		**(39,775)**	(39,236)
Change in fair value of financial instruments	12	**603**	211
		(39,172)	(39,025)
Decrease in net assets attributable to Unitholders		**(13,999)**	(13,777)
Other comprehensive income (loss)			
Items that will be subsequently reclassified to increase net assets attributable to Unitholders:			
Share of net change in derivatives designated as cash flow hedges of equity-accounted investments	4	**(1,048)**	—
Net change in derivatives designated as cash flow hedges		**(993)**	3,111
Other comprehensive income (loss)		**(2,041)**	3,111
Comprehensive loss		**$ (16,040)**	$ (10,666)

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 Canadian dollars)

	REIT Units, Special Voting Units and Class B LP Units (Note 14)	Net Assets Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to Class B LP Units
Balance, January 1, 2023	**$ 2,196,040**	**$ (356,148)**	**$ 10,648**	**$ 1,850,540**	**$ 1,097,070**	**$ 753,470**
Comprehensive loss	**—**	**(13,999)**	**(2,041)**	**(16,040)**	**(9,470)**	**(6,570)**
Units issued under Distribution Reinvestment Plan ("DRIP")	**9,215**	**—**	**—**	**9,215**	**5,394**	**3,821**
Balance, March 31, 2023	**$ 2,205,255**	**$ (370,147)**	**$ 8,607**	**$ 1,843,715**	**$ 1,092,994**	**$ 750,721**

	REIT Units, Special Voting Units and Class B LP Units (Note 14)	Net Assets Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to Class B LP Units
Balance, January 1, 2022	$ 1,966,481	$ (368,431)	$ (558)	$ 1,597,492	$ 950,271	$ 647,221
Adjustments related to Employee Unit Purchase Plan ("EUPP")	9	—	—	9	9	—
Comprehensive income (loss)	—	(13,777)	3,111	(10,666)	(6,266)	(4,400)
Units issued under DRIP	7,917	—	—	7,917	4,613	3,304
Unit issue proceeds, net of costs	194,903	—	—	194,903	112,032	82,871
Balance, March 31, 2022	$ 2,169,310	$ (382,208)	$ 2,553	$ 1,789,655	$ 1,060,659	$ 728,996

See accompanying notes to the interim condensed consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

	Note	Three months ended March 31, 2023	2022 (1)
Cash flows provided by (used in)			
Operating Activities			
Increase in net assets attributable to Unitholders		**$ (13,999)**	$ (13,777)
Additions to tenant incentives	5	**(11,112)**	(17,599)
Items not affecting operating cash	15	**22,520**	21,725
Change in other non-cash operating items	15	**2,631**	12,725
Finance costs - operations	13	**20,764**	20,745
Distributions to Unitholders		**39,775**	39,236
Cash provided by operating activities		**60,579**	63,055
Financing Activities			
Issuance of mortgages	6	**48,000**	—
Financing - other		**(463)**	669
Repayment of mortgages - principal		**(9,041)**	(9,979)
Repayment of mortgages - maturity	6	**(64,763)**	(53,390)
Finance costs - operations	13	**(20,764)**	(20,745)
Repayment of floating rate credit facilities		**(150,000)**	(15,437)
Advance of joint operation credit facilities	6	**106**	95
Issuance of senior unsecured notes	7	**200,000**	—
Cash distributions to Unitholders		**(30,516)**	(31,319)
REIT Units and Class B LP Units issued	14	**—**	200,002
REIT Units and Class B LP Units issue costs	14	**—**	(5,099)
Payments of lease liabilities		**(217)**	(226)
Cash (used in) provided by financing activities		**(27,658)**	64,571
Investing Activities			
Acquisition of investment properties and intangible assets	3	**(18,752)**	(97,225)
Additions to investment properties	3	**(13,729)**	(35,633)
Change in predevelopment costs		**795**	(2,116)
Contributions to joint ventures	4	**—**	(1,200)
Distributions from joint ventures	4	**2,077**	4,343
Additions to fixtures and computer equipment		**(60)**	(18)
Additions to deferred leasing costs	3	**(409)**	(663)
Collections on long-term receivables	5	**90**	4,886
Cash used in investing activities		**(29,988)**	(127,626)
Net change in cash and cash equivalents		**2,933**	—
Cash and cash equivalents, beginning of period		**6,117**	3,915
Cash and cash equivalents, end of period		**$ 9,050**	$ 3,915

(1) Consolidated Statements of Cash Flows for the three months ended March 31, 2022 was updated from the previously reported figure to show cash distributions net of amounts paid under the DRIP.

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, retail-related industrial, mixed-use, and office 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, 2023 and March 31, 2022 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, 2023 interim condensed consolidated financial statements were authorized for issue by the Board of Trustees on May 10, 2023.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as otherwise indicated hereunder, these financial statements have been prepared using the same policies and methods of computation as the audited consolidated financial statements for the year ended December 31, 2022.

(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 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, 2022.

(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. Critical estimates and judgments disclosed in the annual audited consolidated financial statements also apply to these financial statements. 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 market-observable data is 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.

(In thousands of Canadian dollars)

(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 annual net property income recognized from leasing the property, that is stabilized for any major tenant movement. Biannual capitalization rates/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, 2023, management's determination of fair value was updated for current market assumptions, informed by property income, market capitalization rates, and recent appraisals provided by independent appraisal professionals.

(iv) Purchase price allocation

Investment properties are properties which are held to earn rental income. Investment properties include land, buildings, and intangible assets. Upon acquisition, management allocates the purchase price of the acquisition. This allocation contains a number of estimates and underlying assumptions including, but not limited to, highest and best use and fair value of the properties, estimated cash flows, discount rates, lease-up rates, inflation rates, renewal rates, tenant incentive allowances, cost recoveries, and leasing costs and termination costs.

3) INVESTMENT PROPERTIES

	March 31, 2023	December 31, 2022
Income properties	$ 3,530,835	$ 3,523,067
Properties under development	69,983	67,144
Total investment properties	$ 3,600,818	$ 3,590,211

Income properties

	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2023	$ 1,148,829	$ 3,043,096	$ 75,945	$ 10,703	$ 4,278,573
Acquisitions	4,449	15,872	1,408	—	21,729
Additions	285	4,481	—	342	5,108
Write-off of fully depreciated assets	—	(4,628)	(2,830)	(413)	(7,871)
Balance, March 31, 2023	1,153,563	3,058,821	74,523	10,632	4,297,539
Accumulated depreciation, amortization, and impairment					
Opening balance, January 1, 2023	10,422	705,420	35,076	4,588	755,506
Depreciation and amortization	79	17,386	1,183	421	19,069
Write-off of fully depreciated assets	—	(4,628)	(2,830)	(413)	(7,871)
Balance, March 31, 2023	10,501	718,178	33,429	4,596	766,704
Net carrying value, March 31, 2023	$ 1,143,062	$ 2,340,643	$ 41,094	$ 6,036	$ 3,530,835

Included in land are right-of-use assets of $15,377 net of accumulated depreciation of $1,345 for land held under lease.

(In thousands of Canadian dollars)

Properties under development

	Land	Buildings	Total
Opening balance, January 1, 2023	$ 52,852	$ 14,292	$ 67,144
Additions	570	2,269	2,839
Balance, March 31, 2023	$ 53,422	$ 16,561	$ 69,983

Fair Value

Crombie's total fair value of investment properties exceeds carrying value by $1,148,345 at March 31, 2023 (December 31, 2022 - $1,113,573). Crombie uses the cost method of 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 the carrying value may not be recoverable.

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

	Fair Value	Carrying Value
March 31, 2023	$ 5,097,000	$ 3,948,655
December 31, 2022	$ 5,050,000	$ 3,936,427

Carrying value consists of the net carrying value of:

	Note	March 31, 2023	December 31, 2022
Income properties	3	$ 3,530,835	$ 3,523,067
Properties under development	3	69,983	67,144
Accrued straight-line rent receivable	5	99,644	98,338
Tenant incentives	5	248,193	247,878
Total carrying value		$ 3,948,655	$ 3,936,427

Crombie has utilized the following weighted average capitalization rate on its income properties. Crombie reports the weighted average capitalization rate excluding properties under development. Once development is completed on these properties and they become income producing, Crombie includes them in the calculation of its weighted average capitalization rate.

	March 31, 2023	December 31, 2022
Weighted average capitalization rate	5.93 %	5.94 %

Capitalization rate sensitivity

Crombie has determined that a change in this applied capitalization rate at March 31, 2023 would result in an (increase) decrease in the fair value of the investment properties as follows:

Capitalization rate change	Increase in Rate	Decrease in Rate
0.25%	$ (204,000)	$ 224,000
0.50%	$ (392,000)	$ 470,000
0.75%	$ (565,000)	$ 741,000

(In thousands of Canadian dollars)

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	Approximate Square Footage		Initial Acquisition Price[1]
January 19, 2023	Related Party	1	**21,000**	**$**	**2,122**
February 27, 2023	Related Party	1	**60,000**	**$**	**14,600**

(1) The initial acquisition prices exclude closing and transaction costs.

Investment property disposals

	Three months ended March 31,			
		2023		2022
Recognition of deferred gain[1]	**$**	**113**	$	—
Provisions		**(2)**		—
Total gain on disposal	**$**	**111**	$	—

(1) Deferred gain on the sale of a parcel of land sold to a joint venture in the fourth quarter of 2022, which has been subsequently sold to a third party.

Co-owned properties

Crombie owns partial interests in a number of properties. These co-owned properties are subject to proportionate consolidation, the results of which are reflected in Crombie's interim condensed consolidated financial statements, based on the proportionate interest in such joint operations.

	March 31, 2023		December 31, 2022	
	Number of co-owned properties	**Ownership**	Number of co-owned properties	Ownership
Retail	**61**	**11 %-50 %**	61	11 %-50 %
Retail-related industrial	**2**	**50 %**	2	50 %
Total co-owned properties	**63**		63	

4) INVESTMENT IN JOINT VENTURES

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

	March 31, 2023	December 31, 2022
1600 Davie Limited Partnership	**50.0 %**	50.0 %
Bronte Village Limited Partnership	**50.0 %**	50.0 %
The Duke Limited Partnership	**50.0 %**	50.0 %
Penhorn Residential Holdings Limited Partnership	**50.0 %**	50.0 %
140 CPN Limited	**50.0 %**	50.0 %
1700 East Broadway Limited Partnership	**50.0 %**	50.0 %

(In thousands of Canadian dollars)

The following tables represent 100% of the financial position and financial results of the equity-accounted entities:

	March 31, 2023					December 31, 2022				
	Davie LP	**Bronte LP**	**Duke LP**	**Other**	**Total**	Davie LP	Bronte LP	Duke LP	Other	Total
Non-current assets	**$ 186,484**	**$ 256,851**	**$ 113,826**	**$ 35,930**	**$ 593,091**	$181,820	$ 257,765	$ 114,288	$ 35,223	$589,096
Current assets	**14,670**	**1,726**	**10,083**	**9,627**	**36,106**	15,707	2,032	11,369	10,306	39,414
Non-current liabilities	**(203,829)**	**—**	**(104,000)**	**(25,480)**	**(333,309)**	(204,313)	—	(104,000)	(25,183)	(333,496)
Current liabilities	**(9,415)**	**(232,680)**	**(667)**	**(479)**	**(243,241)**	(4,484)	(230,157)	(560)	(3,492)	(238,693)
Net assets	**(12,090)**	**25,897**	**19,242**	**19,598**	**52,647**	(11,270)	29,640	21,097	16,854	56,321
Crombie’s share at 50%	**(6,045)**	**12,948**	**9,621**	**9,799**	**26,323**	(5,635)	14,820	10,549	8,427	28,161
Reconciling items:										
Deferred gain	**(7,441)**	**—**	**—**	**(481)**	**(7,922)**	(7,441)	—	—	(595)	(8,036)
Partnership loans	**(6,000)**	**5,182**	**2,560**	**(571)**	**1,171**	(6,000)	5,182	2,585	(571)	1,196
Gain	**18,458**	**—**	**—**	**—**	**18,458**	18,458	—	—	—	18,458
Unrecognized losses	**1,028**	**—**	**—**	**—**	**1,028**	618	—	—	—	618
Crombie's investment in joint ventures	**$ —**	**$ 18,130**	**$ 12,181**	**$ 8,747**	**$ 39,058**	$ —	$ 20,002	$ 13,134	$ 7,261	$ 40,397

	Three months ended March 31,									
	2023					2022				
	Davie LP	**Bronte LP**	**Duke LP**	**Other**	**Total**	Davie LP	Bronte LP	Duke LP	Other	Total
Revenue	**$ 2,843**	**$ 2,564**	**$ 2,175**	**$ 14,956**	**$ 22,538**	$ 2,702	$ 985	$ 861	$ 164	$ 4,712
Property operating expenses	**(718)**	**(1,062)**	**(581)**	**(7,978)**	**(10,339)**	(587)	(782)	(368)	(68)	(1,805)
General and administrative expenses	**(40)**	**(95)**	**—**	**(78)**	**(213)**	(25)	(33)	(33)	(209)	(300)
Depreciation and amortization	**(884)**	**(1,213)**	**(488)**	**(14)**	**(2,599)**	(872)	(980)	(493)	(14)	(2,359)
Finance costs - operations	**(2,021)**	**(3,938)**	**(814)**	**(87)**	**(6,860)**	(1,445)	(1,390)	(693)	(24)	(3,552)
Net income (loss)	**(820)**	**(3,744)**	**292**	**6,799**	**2,527**	$ (227)	$ (2,200)	$ (726)	$ (151)	$ (3,304)
Crombie's income (loss) from equity-accounted investments	**$ —**	**$ (1,872)**	**$ 146**	**$ 3,399**	**$ 1,673**	$ —	$ (1,100)	$ (363)	$ (76)	$ (1,539)

(In thousands of Canadian dollars)

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

		March 31, 2023		December 31, 2022
Opening balance	$	40,397	$	44,210
Contributions		—		2,077
Distributions		(2,077)		(5,393)
Dispositions		—		(1,873)
Deferred gain		113		(595)
Gain on distribution from equity-accounted investments		—		2,933
Share of income (loss)		1,673		(4,954)
Share of other comprehensive income		(1,048)		3,992
Closing balance	$	39,058	$	40,397

Fair Value

The estimated fair value of the investment properties in Crombie's equity-accounted joint ventures at 100% is as follows:

		Fair Value		Carrying Value
March 31, 2023	**$**	**894,000**	**$**	**568,259**
December 31, 2022	$	908,000	$	572,153

Carrying value consists of the net carrying value at 100% of:

		March 31, 2023		December 31, 2022
Income properties	$	532,752	$	529,520
Properties under development		30,402		37,330
Accrued straight-line rent receivable		628		690
Tenant incentives		4,477		4,613
Total carrying value	$	568,259	$	572,153

The fair value of joint venture properties is a Level 3 fair value measurement. The fair value represents the estimated 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.

The fair value included in this summary reflects the fair value of the properties as at March 31, 2023 and December 31, 2022, respectively, based on each property's current use as a revenue-generating property or property under development. The fair value of properties under development is assumed to equal cost until the property is substantially completed. As at March 31, 2023, 1600 Davie Limited Partnership, Bronte Village Limited Partnership, The Duke Limited Partnership, and 140 CPN Limited are revenue-generating properties.

(In thousands of Canadian dollars)

Crombie has utilized the following weighted average capitalization rates for its joint venture properties.

	March 31, 2023	December 31, 2022
Weighted average capitalization rate	**3.48 %**	3.47 %

Capitalization rate sensitivity

Crombie has determined that a change in this applied capitalization rate at March 31, 2023 would result in an (increase) decrease in the fair value of the properties as follows:

Capitalization rate change	**Increase in Rate**	**Decrease in Rate**
0.25%	**$ (45,000)**	**$ 84,000**
0.50%	**$ (97,000)**	**$ 166,000**
0.75%	**$ (143,000)**	**$ 264,000**

5) OTHER ASSETS

	March 31, 2023			December 31, 2022		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Trade receivables	**$ 21,842**	**$ —**	**$ 21,842**	$ 21,645	$ —	$ 21,645
Provision for doubtful accounts	**(2,414)**	**—**	**(2,414)**	(2,328)	—	(2,328)
Net trade receivables	**19,428**	**—**	**19,428**	19,317	—	19,317
Prepaid expenses and deposits	**6,182**	**14,252**	**20,434**	10,346	15,329	25,675
Fair value of interest rate swap agreements	**3,943**	**—**	**3,943**	4,936	—	4,936
Other fixed assets[(1) (2)]	**—**	**10,280**	**10,280**	—	10,365	10,365
Finance lease receivable	**612**	**11,784**	**12,396**	605	11,940	12,545
Accrued straight-line rent receivable	**—**	**99,644**	**99,644**	—	98,338	98,338
Tenant incentives	**—**	**248,193**	**248,193**	—	247,878	247,878
Amounts receivable from related parties	**11,972**	**10,557**	**22,529**	12,321	10,298	22,619
Total other assets	**$ 42,137**	**$ 394,710**	**$ 436,847**	$ 47,525	$ 394,148	$ 441,673

(1) For the three months ended March 31, 2023, depreciation of other fixed assets was $351 (March 31, 2022 - $355).
(2) Other fixed assets include right-of-use assets of $2,375 (December 31, 2022 - $2,306) net of accumulated depreciation of $1,249 (December 31, 2022 - $1,331) relating to office and vehicle leases.

Tenant Incentives	**Cost**	**Accumulated Amortization**	**Net Carrying Value**
Balance, January 1, 2023	**$ 342,305**	**$ 94,427**	**$ 247,878**
Additions	**7,107**	**—**	**7,107**
Amortization	**—**	**6,792**	**(6,792)**
Write-off of fully depreciated assets	**(4,976)**	**(4,976)**	**—**
Balance, March 31, 2023	**$ 344,436**	**$ 96,243**	**$ 248,193**

(In thousands of Canadian dollars)

6) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	March 31, 2023	December 31, 2022
Fixed rate mortgages	**2.70 %-6.89 %**	**4.13 %**	**5.2 years**	**$ 892,734**	$ 918,552
Non-revolving credit facility			**2.6 years**	**—**	150,000
Joint operation credit facility I			**1.1 years**	**7,167**	7,167
Joint operation credit facility II			**1.5 years**	**3,203**	3,097
Deferred financing charges on fixed rate mortgages				**(4,740)**	(4,846)
Total investment property debt				**$ 898,364**	$ 1,073,970
Mortgages					
Non-current				**$ 555,063**	$ 666,748
Current				**332,931**	246,958
Credit facilities					
Non-current				**10,370**	160,264
				$ 898,364	$ 1,073,970
Weighted average interest rate for drawn credit facilities				**3.48 %**	6.06 %

Specific investment properties with a carrying value of $2,181,795 as at March 31, 2023 (December 31, 2022 - $2,255,470) are currently pledged as security for mortgages or provided as security for the 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	Rate	Terms in Years	Amortization Period in Years	**Proceeds (Repayments)**
March 31, 2023	New	1	5.25 %	13.3	30.0	**$ 48,000**
	Repaid	7	4.06 %			**$ (64,763)**

Non-revolving credit facility

The non-revolving credit facility was amended in the first quarter of 2023. The amendment reinstated the maximum principal amount of $200,000 and matures November 18, 2025. The facility is intended to be used for mortgage repayments. Borrowings under the unsecured non-revolving credit facility can be by way of Bankers' Acceptance or prime rate advance, and the floating interest is contingent on the type of advance plus the applicable spread or margin.

(In thousands of Canadian dollars)

7) SENIOR UNSECURED NOTES

	Maturity Date(1)	Contractual Interest Rate	March 31, 2023	December 31, 2022
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
Series H	March 31, 2028	2.686 %	**150,000**	150,000
Series I	October 9, 2030	3.211 %	**150,000**	150,000
Series J	August 12, 2031	3.133 %	**150,000**	150,000
Series K	September 28, 2029	5.244 %	**200,000**	—
Deferred financing charges			**(3,553)**	(2,997)
Total senior unsecured notes			$ **1,171,447**	$ 972,003
Non-current			$ **1,171,447**	$ 972,003
Weighted average interest rate			**3.89 %**	3.61 %

(1) The weighted average term to maturity as at March 31, 2023 was 5.2 years (December 31, 2022 - 5.1 years).

On March 28, 2023, Crombie issued, on a private placement basis, $200,000 of Series K notes (senior unsecured) maturing September 28, 2029. The net proceeds were used to repay existing indebtedness, including repayment of outstanding credit facilities, and for general trust purposes. The notes were priced with a contractual interest rate of 5.244%. Interest is payable in equal semi-annual installments on September 28 and March 28.

8) TRADE AND OTHER PAYABLES

	March 31, 2023			December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Tenant incentives and capital expenditures	$ **34,737**	$ **—**	$ **34,737**	$ 42,723	$ —	$ 42,723
Property operating costs	**33,572**	**—**	**33,572**	30,031	—	30,031
Prepaid rents	**14,482**	**—**	**14,482**	15,448	—	15,448
Finance costs on investment property debt and notes	**9,306**	**—**	**9,306**	13,021	—	13,021
Amounts payable to related party	**156**	**—**	**156**	156	—	156
Distributions payable	**13,274**	**—**	**13,274**	13,230	—	13,230
Unit-based compensation plans	**3,313**	**17,015**	**20,328**	3,257	17,672	20,929
Deferred revenue	**133**	**4,122**	**4,255**	118	4,139	4,257
Total trade and other payables	$ **108,973**	$ **21,137**	$ **130,110**	$ 117,984	$ 21,811	$ 139,795

(In thousands of Canadian dollars)

9) PROPERTY REVENUE

	Three months ended March 31, 2023	2022
Operating lease revenue		
Rental revenue contractually due from tenants[1]	$ 92,887	$ 90,651
Contingent rental revenue	513	736
Straight-line rent recognition	1,305	2,079
Tenant incentive amortization	(6,792)	(5,564)
Lease termination income	359	47
Revenue from contracts with customers		
Common area cost recoveries	17,922	16,266
Parking revenue	1,357	731
Total property revenue	$ 107,551	$ 104,946

(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, 2023		2022	
Sobeys Inc. (including all subsidiaries of Empire)	$ 56,609	52.6 %	$ 53,975	51.4 %

10) PROPERTY OPERATING EXPENSES

	Three months ended March 31, 2023	2022
Recoverable property taxes	$ 18,283	$ 17,535
Recoverable operating expenses	18,743	17,138
Other operating costs	1,877	942
Total property operating expenses	$ 38,903	$ 35,615

11) 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, 2023, is as follows:

	Remaining 2023	Year ending December 31, 2024	2025	2026	2027	Thereafter	Total
Future minimum rental income	$ 214,413	$ 276,260	$ 260,918	$ 247,744	$ 231,586	$ 1,562,275	$ 2,793,196

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.

(In thousands of Canadian dollars)

12) GENERAL AND ADMINISTRATIVE EXPENSES AND CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) General and administrative expenses

	Three months ended March 31,	
	2023	2022
Salaries and benefits	**$ 3,390**	$ 3,126
Professional and public company costs	**965**	945
Occupancy and other	**720**	782
Total general and administrative expenses	**$ 5,075**	$ 4,853

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

	Three months ended March 31,	
	2023	2022
Deferred Unit (“DU”) Plan	**$ 603**	$ 211

13) FINANCE COSTS - OPERATIONS

	Three months ended March 31,	
	2023	2022
Fixed rate mortgages	**$ 9,406**	$ 10,580
Floating rate term, revolving, and demand facilities	**3,055**	644
Capitalized interest	**(949)**	(1,146)
Senior unsecured notes	**8,863**	10,289
Interest income on finance lease receivable	**(137)**	(143)
Interest on lease liability	**526**	521
Finance costs - operations, expense	**20,764**	20,745
Amortization of fair value debt adjustment and accretion income	**14**	68
Change in accrued finance costs	**3,715**	2,467
Capitalized interest(1)	**949**	1,146
Amortization of deferred financing charges	**(622)**	(688)
Finance costs - operations, paid	**$ 24,820**	$ 23,738

(1) For the three months ended March 31, 2023, interest was capitalized for qualifying development projects based on a weighted average interest rate of 3.90% (March 31, 2022 - 3.37%).

14) 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, 2023	105,321,000	$ 1,295,077	73,055,896	$ 900,963	178,376,896	$ 2,196,040
Units issued under DRIP	349,048	5,394	247,263	3,821	596,311	9,215
Balance, March 31, 2023	105,670,048	$ 1,300,471	73,303,159	$ 904,784	178,973,207	$ 2,205,255

(In thousands of Canadian dollars)

	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, 2022	97,364,481	$ 1,162,122	67,438,492	$ 804,359	164,802,973	$ 1,966,481
Net change in EUPP loans receivable	—	9	—	—	—	9
Units issued under DRIP	269,771	4,613	191,166	3,304	460,937	7,917
Units issued (proceeds are net of issue costs)	6,705,000	112,032	4,756,446	82,871	11,461,446	194,903
Balance, March 31, 2022	104,339,252	$ 1,278,776	72,386,104	$ 890,534	176,725,356	$ 2,169,310

15) SUPPLEMENTARY CASH FLOW INFORMATION

(a) Items not affecting operating cash

	Three months ended March 31,	
	2023	2022
Items not affecting operating cash:		
Straight-line rent recognition	**$ (1,305)**	$ (2,079)
Amortization of tenant incentives	**6,792**	5,564
Gain on disposal of investment properties	**(111)**	—
Gain on distribution from equity-accounted investments	**—**	(1,933)
Depreciation and amortization	**19,420**	18,879
Income (loss) from equity-accounted investments	**(1,673)**	1,539
Non-cash lease termination income	**—**	(34)
Change in fair value of financial instruments	**(603)**	(211)
	$ 22,520	$ 21,725

(b) Change in other non-cash operating items

	Three months ended March 31,	
	2023	2022 (1)
Cash provided by (used in):		
Trade receivables	**$ (111)**	$ 5,248
Prepaid expenses and deposits and other assets	**3,780**	7,969
Payables and other liabilities	**(1,038)**	(492)
	$ 2,631	$ 12,725

(1) Prepaid expenses and deposits and other assets for the three months ended March 31, 2022 was updated from the previously reported figure.

(In thousands of Canadian dollars)

(c) Cash and cash equivalents

	March 31, 2023	December 31, 2022
Restricted cash[1]	$ 231	$ 231
Cash	8,819	5,886
Total cash and cash equivalents	$ 9,050	$ 6,117

(1) In 2020, Crombie closed on a construction mortgage in which the proceeds were placed in escrow and drawn down as conditions are satisfied.

16) RELATED PARTY TRANSACTIONS

As at March 31, 2023, Empire, through its wholly owned subsidiary ECL Developments Limited ("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 amount of consideration established and agreed by the related parties.

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

	Three months ended March 31,	
	2023	2022
Property revenue		
Property revenue	$ 56,609	$ 53,975
Head lease income	$ 313	$ 269
Lease termination income	$ —	$ 34
Property operating expenses	$ (34)	$ (34)
General and administrative expenses		
Property management services recovered	$ 57	$ 118
Other general and administrative expenses	$ (44)	$ (44)
Finance costs - operations		
Interest rate subsidy	$ —	$ 53
Finance costs - distributions to Unitholders	$ (16,493)	$ (16,293)

Crombie provides property management, project 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, 2023, Crombie issued 247,263 (March 31, 2022 - 191,166) Class B LP Units to ECLD under the DRIP (Note 14).

During the three months ended March 31, 2023, Crombie acquired two retail properties from a subsidiary of Empire for a total purchase price of $16,722 before transaction costs.

During the three months ended March 31, 2023, Crombie invested $6,907 (March 31, 2022 - $3,035) in properties anchored by subsidiaries of Empire, which resulted in amended lease terms. These amounts have been included in tenant incentive additions or income property additions depending on the nature of the work completed. The costs are being amortized over the amended lease terms or the useful life of the projects, as applicable.

(In thousands of Canadian dollars)

Amounts due from related parties include $10,364 (December 31, 2022 - $10,364) in a 6% subordinated note receivable due from Bronte Village Limited Partnership.

Crombie has a mortgage payable due to 1600 Davie Limited Partnership of $25,125 (December 31, 2022 - $25,207). This mortgage relates to the commercial component of the Davie Street development, 100% of which is included in Crombie's financial statements.

17) 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, 2023.

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 that have a fair value different from their carrying value:

	March 31, 2023		December 31, 2022	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value
Financial liabilities				
Investment property debt	**$ 872,635**	**$ 903,104**	$ 1,035,216	$ 1,078,816
Senior unsecured notes	**1,088,353**	**1,175,000**	877,058	975,000
Total financial liabilities	**$ 1,960,988**	**$ 2,078,104**	$ 1,912,274	$ 2,053,816

The fair values of 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
- Accounts receivables
- Trade and other payables.

(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 Crombie's annual report.

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 and other NOI adjustments are taken for all anticipated collectability risks.

(In thousands of Canadian dollars)

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 and past due receivables. The balance of accounts receivable past due is usually not significant. Historically low receivable balances increased significantly over the past few years as a result of the impacts of the COVID-19 pandemic but have since returned to their pre-pandemic collection rates. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoicing, and 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 assesses, on a forward-looking basis, the expected credit losses associated with its rent receivables. In determining the expected credit losses, Crombie takes into account, on a tenant-by-tenant basis, the payment history, future expectations, and knowledge gathered through discussions for rental concessions and ongoing discussions with tenants.

Interest rate risk

Interest rate risk is the potential for financial loss arising from increasing interest rates. Canadian prime interest rates have increased significantly from 2.70% at March 3, 2022 to 6.70% effective January 25, 2023. 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.

Hedge accounting applied on financial instruments

The following table summarizes Crombie's financial instruments in which hedge accounting was applied.

			As at March 31, 2023		Three months ended March 31, 2023	
Hedge type	Maturity date	Fixed interest rate	Notional amount of the hedging instrument(1)	Fair value of hedging instrument(1)	Change in fair value gain (loss) recognized in OCI(1)	Hedge ineffectiveness recognized in Statements of Comprehensive Loss
Cash flow hedge(2)	December 20, 2024	3.72%	$ 90,515	$ 3,399	$ 873	$ —
Cash flow hedge(2)	March 18, 2025	3.52%	4,771	184	39	—
Cash flow hedge(2)	April 25, 2024	3.58%	7,167	215	54	—
Cash flow hedge(2)	October 7, 2024	3.27%	3,203	145	27	—
Cash flow hedge(3)	March 1, 2029	3.15%	52,000	2,944	1,048	—
			$ 157,656	$ 6,887	$ 2,041	$ —

(1) Amounts are shown at Crombie's ownership percentage.
(2) Included in Note 5 other assets in the interim condensed consolidated balance sheets.
(3) Included in Note 4 investment in joint ventures in the interim condensed consolidated balance sheets.

As at March 31, 2023

- Crombie’s weighted average term to maturity of its fixed rate mortgages is 5.2 years;
- Crombie’s weighted average term to maturity of its unsecured notes is 5.2 years;
- Crombie has an unsecured non-revolving credit facility available to a maximum of $200,000 with no balance outstanding/ drawn;
- Crombie has a floating rate revolving credit facility available to a maximum of $400,000 subject to available borrowing base, with no balance outstanding/drawn;
- Crombie has an unsecured bilateral credit facility available to a maximum of $130,000 with no balance outstanding/drawn;
- Crombie has joint operation credit facilities available to a maximum of $10,687 at Crombie’s share with a balance of $10,370

(In thousands of Canadian dollars)

outstanding;

- Crombie has interest rate swap agreements in place on $105,656 of floating rate debt and an interest rate swap agreement in place held in equity-accounting investments on $52,000 of floating rate debt, at Crombie's share; and

- Crombie has floating rate credit facilities, included in debt held in equity-accounted investments, available to a maximum of $133,000 with a balance of $116,342 outstanding, at Crombie's share.

A fluctuation in interest rates would have an impact on Crombie's operating and other comprehensive income related to the use of floating rate debt. The following tables look at the impacts of selected interest rate moves on operating and other comprehensive income:

	Three months ended March 31, 2023	
Impact on operating income attributable to Unitholders of interest rate changes on the revolving credit facility	**Increase in Rate**	**Decrease in Rate**
Impact of a 0.5% interest rate change	**$ (198)**	**$ 198**
Impact of a 1.0% interest rate change	**$ (396)**	**$ 396**
Impact of a 1.5% interest rate change	**$ (594)**	**$ 594**

	As at March 31, 2023	
Impact on other comprehensive income of interest rate changes on interest rate swap agreements at Crombie's share	**Increase in Rate**	**Decrease in Rate**
Impact of a 0.5% interest rate change	**$ 1,900**	**$ (2,000)**
Impact of a 1.0% interest rate change	**$ 4,000**	**$ (4,300)**
Impact of a 1.5% interest rate change	**$ 6,000**	**$ (6,400)**

Liquidity risk

The real estate industry is capital intensive and most assets are non-current in nature. These assets produce income through long-term leases, which funds current liabilities as they come due. While rents are contractually committed, they are not recognized as current assets, and this imbalance creates a working capital deficit, despite cash flows from contractually committed rents and credit facilities being more than adequate to satisfy current liabilities. 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 issuance from Crombie with financial terms acceptable to Crombie. Access to the $400,000 revolving credit facility is limited by the amount utilized under the facility and the amount of any outstanding letters of credit, and it cannot exceed the borrowing base security provided by Crombie. As at March 31, 2023, $397,058 was available on this facility.

(In thousands of Canadian dollars)

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

		Twelve months ending March 31,					
	Contractual Cash Flows(1)	**2024**	**2025**	**2026**	**2027**	**2028**	**Thereafter**
Fixed rate mortgages(2)	$ 1,050,511	$ 365,431	$ 149,089	$ 53,359	$ 127,943	$ 54,547	$ 300,142
Senior unsecured notes	1,404,138	45,664	219,264	37,264	232,870	325,341	543,735
Trade and other payables	120,804	99,667	3,874	3,166	2,590	2,455	9,052
Lease liabilities	151,422	3,044	2,996	2,950	2,833	2,467	137,132
	2,726,875	513,806	375,223	96,739	366,236	384,810	990,061
Credit facilities(2)	10,803	362	10,441	—	—	—	—
Total estimated payments	**$ 2,737,678**	**$ 514,168**	**$ 385,664**	**$ 96,739**	**$ 366,236**	**$ 384,810**	**$ 990,061**

(1) Contractual cash flows include principal and interest and exclude extension options.
(2) Includes the fixed portion of the interest expense for mortgages and credit facilities under swap agreements.

Crombie intends to finance near term mortgage repayments on the non-revolving credit facility.

18) 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, 2023	December 31, 2022
Fixed rate mortgages(1)	**$ 887,994**	$ 913,706
Credit facilities	**10,370**	160,264
Senior unsecured notes(1)	**1,171,447**	972,003
Crombie REIT Unitholders	**1,092,994**	1,097,070
SVU and Class B LP Unitholders(2)	**750,721**	753,470
Lease liabilities	**34,982**	35,000
	$ 3,948,508	$ 3,931,513

(1) Net of deferred financing charges.
(2) Crombie REIT Special Voting Units ("SVU") and Class B LP Units.

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. One of the restrictions pursuant to Crombie's Declaration of Trust would include, among other items, a restriction that Crombie shall not incur total indebtedness of more than 60% of gross book value.

For the 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 sheets as net assets attributable to Unitholders. Crombie's debt to gross book value is defined as the total obligation for borrowed funds and lease liabilities, including the proportionate share of any borrowings held within joint ventures, divided by the gross book value of Crombie's assets which includes its proportionate share of gross assets held within joint ventures.

(In thousands of Canadian dollars)

	March 31, 2023	December 31, 2022
Fixed rate mortgages	$ 892,734	$ 918,552
Senior unsecured notes	1,175,000	975,000
Non-revolving credit facility	—	150,000
Joint operation credit facilities	10,370	10,264
Debt held in joint ventures, at Crombie's share(1)	270,145	270,642
Lease liabilities	34,982	35,000
Total debt	$ 2,383,231	$ 2,359,458
Income properties, cost(2)	$ 4,288,382	$ 4,269,416
Properties under development, cost	69,983	67,144
Investment properties, held in joint ventures, cost, at Crombie's share	291,424	291,915
Below-market lease component, cost(3)	72,576	70,192
Other assets, cost(4)	537,315	540,371
Other assets, cost, held in joint ventures, at Crombie's share	29,876	30,714
Cash and cash equivalents	9,050	6,117
Cash and cash equivalents held in joint ventures, at Crombie's share	5,612	2,487
Deferred financing charges	8,293	7,843
Gross book value	$ 5,312,511	$ 5,286,199
Debt to gross book value - cost basis	44.9 %	44.6 %

(1) Includes Crombie's share of fixed and floating rate mortgages, construction loans, revolving credit facility, and lease liabilities held in joint ventures.
(2) Includes cumulative impairments on land of $9,157 (December 31, 2022 - $9,157).
(3) Below-market lease component is included in the carrying value of investment properties.
(4) Excludes accumulated amortization of tenant incentives and other fixed assets.

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 1.3 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
- annual cash distributions to Unitholders are limited to 100% of funds from operations.

As at March 31, 2023, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

(In thousands of Canadian dollars)

19) LEASE LIABILITIES

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

		Twelve months ending March 31,					
	Total	2024	2025	2026	2027	2028	Thereafter
Future minimum lease payments	$ 151,422	$ 3,044	$ 2,996	$ 2,950	$ 2,833	$ 2,467	$ 137,132
Finance charges	(116,440)	(2,093)	(2,062)	(2,032)	(2,002)	(1,981)	(106,270)
Present value of lease payments	$ 34,982	$ 951	$ 934	$ 918	$ 831	$ 486	$ 30,862

Lease liabilities are presented on the interim condensed consolidated balance sheets as follows:

	March 31, 2023	December 31, 2022
Non-current	**$ 34,031**	$ 34,057
Current	**951**	943
Total lease liabilities	**$ 34,982**	$ 35,000

Some of Crombie's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the interim condensed consolidated statements of comprehensive income (loss) as required when contingent criteria are met. The lease agreements contain renewal options and purchase options, none of which are reflected in the minimum lease payments in the above table. For the three months ended March 31, 2023, minimum lease payments of $744 were paid by Crombie.

20) COMMITMENTS, CONTINGENCIES, AND GUARANTEES

There are various claims and litigation in which Crombie is involved, 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 obtains standby 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, 2023, Crombie has $2,942 (December 31, 2022 - $2,883) in outstanding letters of credit related to construction work being performed on investment properties.

As at March 31, 2023, Crombie had signed construction contracts totalling $198,621, of which $165,368 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, 2023, Crombie has provided guarantees of approximately $105,330 (December 31, 2022 - $111,022) 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 2.1 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.

As at March 31, 2023, Crombie has committed to contributing $1,143 to 1700 East Broadway Limited Partnership as part of the ongoing predevelopment work in the joint venture.

21) SUBSEQUENT EVENTS

(a) On April 14, 2023, Crombie declared distributions of 7.417 cents per Unit for the period from April 1, 2023 up to and including April 30, 2023. The distributions will be paid on May 15, 2023, to Unitholders of record as at April 30, 2023.

(b) On May 1, 2023, Crombie acquired a 100% interest in a retail property from a subsidiary of Empire totalling 57,000 square feet for $9,760, excluding closing and transaction costs.

22) SEGMENT DISCLOSURE

Crombie owns and operates primarily retail, retail-related industrial, office, and mixed-use 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

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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, TSX Trust Company.

UNIT SYMBOL

REIT Trust Units – CRR.UN

STOCK EXCHANGE LISTING

Toronto Stock Exchange

TRANSFER AGENT

TSX Trust Company
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Crombie