

Growth-focused. Resilient. Sustainable.

Q4 Financial Report | December 31, 2023



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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 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 audited consolidated financial statements ("financial statements") as at and for the years ended December 31, 2023 and 2022.

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 February 21, 2024, 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.sedarplus.ca.

For definitions of certain acronyms and specialized terms we use in this document, refer to the "Glossary of Terms" on page 13.

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 as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and therefore may not be comparable to similar measures presented by other companies. See "Non-GAAP Financial Measures", starting on page 85, 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 89, 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 85, 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⁽¹⁾

Q4 2023
\$114,299
Q4 2022 \$110,061 +3.9%

Year 2023
\$440,939
Year 2022 \$428,079 +3.0%

The increase in property revenue in the quarter was due primarily to higher revenue from completed developments, renewals, and new leasing activity, offset in part by reduced revenue related to dispositions in 2022.

On an annual basis, property revenue increased due to factors discussed above as well as increased revenue from acquisitions, lease termination income, and modernizations. The increase was offset in part by reduced revenue related to dispositions in 2022 and higher tenant incentive amortization from modernizations and accelerated amortization.

Operating income attributable to Unitholders

Q4 2023
\$26,295
Q4 2022 \$87,718 -70.0%

Year 2023
\$98,821
Year 2022 \$167,800 -41.1%

The reduction in operating income in the quarter resulted mainly from gain on disposal of investment properties in the fourth quarter of 2022, higher interest expense on floating rate debt and senior unsecured notes, reduced property revenue related to dispositions in 2022, and increased depreciation and amortization due to completed developments and acquisitions, and accelerated depreciation on properties scheduled for redevelopment. The decrease in operating income was offset in part by growth in property revenue from completed developments, renewals, new leasing activity, reduced mortgage interest from the impact of mortgage repayments, and revenue from management and development services.

On an annual basis, operating income variance was negatively impacted by gain on disposal of investment properties in 2022, higher general and administrative expenses resulting from employee transition costs in the second quarter of 2023, increased interest on floating rate debt and senior unsecured notes, reduced property revenue related to dispositions in 2022, and increased tenant incentive amortization. Gain on distribution from equity-accounted investments in 2022 further increased the variance in annual operating income. Offsetting this decrease, there were no impairments in 2023. Increased income from the sale of land within equity-accounted joint ventures, decreased mortgage interest from the impact of mortgage repayments and dispositions, growth in property revenue as discussed above, higher property revenue from acquisitions, lease termination income, modernizations, revenue from management and development services, and lower depreciation and amortization further offset the decrease in operating income in the year.

(1) Consistent with the current year presentation, property revenue for the three months and year ended December 31, 2022 has been increased by \$2,122 and \$8,488, respectively, to reflect a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

FINANCIAL METRICS (CONTINUED)

Net property income^(*)

Q4 2023
\$75,869
Q4 2022 \$70,816 +7.1%

Year 2023
\$287,412
Year 2022 \$281,818 +2.0%

Net property income increased during the quarter due to property revenue increases from development activity, renewals, and new leasing, offset in part by reduced property revenue related to dispositions in 2022.

Higher property revenue from completed developments, renewals, new leasing, acquisitions, lease termination income, and modernizations positively impacted net property income on an annual basis. This was partially offset by reduced property revenue related to dispositions in 2022 and increased tenant incentive amortization primarily from modernizations and accelerated amortization.

Same-asset property cash NOI^(*)

Q4 2023
\$77,519
Q4 2022 \$74,567 +4.0%

Year 2023
\$287,010
Year 2022 \$278,679 +3.0%

The increase in same-asset property cash NOI for the quarter was primarily driven by increased property revenue from renewals and new leasing.

In addition to the factors noted above, higher revenue from lease termination income, modernizations, and capital improvements contributed to the increase on an annual basis compared to the prior year.

FFO^(*) per Unit

Q4 2023
\$0.30
Q4 2022 \$0.29 +3.4%

Year 2023
\$1.17
Year 2022 \$1.16 +0.9%

The increase in FFO on a dollar basis in the quarter was driven primarily by higher property revenue from development activity, renewals, and new leasing. Reduced mortgage interest expense and revenue from management and development services further contributed to FFO growth. This was offset in part by an increase in interest expense on floating rate debt and senior unsecured notes and reduced property revenue related to dispositions in 2022.

On an annual basis, FFO was positively impacted by increased income from the sale of land within equity-accounted joint ventures, reduced mortgage interest, growth in property revenue as discussed above, and higher property revenue from acquisitions, lease termination income, and modernizations. FFO growth was partially offset by higher general and administrative expenses resulting from employee transition costs in the second quarter of 2023, increased interest on floating rate debt and senior unsecured notes, and reduced property revenue related to dispositions in 2022.

FFO^(*) per Unit excluding employee transition costs of \$7,386 in 2023 was \$1.21, a 4.3% increase over 2022.

FFO^(*) payout ratio

Q4 2023
73.7%
Q4 2022 76.2% -2.5%

Year 2023
76.2%
Year 2022 77.5% -1.3%

Items affecting FFO, as stated above, drove the improvement in FFO payout ratio in both the quarter and the year compared to the same periods in 2022. The improvement was offset in part by higher distributions due to an increase in Units outstanding.

FINANCIAL METRICS (CONTINUED)

AFFO^(*) per Unit

Q4 2023	Year 2023
\$0.26	\$1.01
Q4 2022 \$0.25 +4.0%	Year 2022 \$1.01 —%

AFFO on a dollar basis increased in the quarter primarily due to higher property revenue from development activity, renewals, and new leasing, reduced mortgage interest expense, and revenue from management and development services. This was partially offset by increased interest on floating rate debt and senior unsecured notes, and reduced property revenue related to dispositions in 2022.

On an annual basis, AFFO growth was primarily impacted by increased income from the sale of land within equity-accounted joint ventures, reduced mortgage interest, growth in property revenue as discussed above, higher property revenue from acquisitions, lease termination income, and modernizations. This was offset in part by higher general and administrative expenses resulting from employee transition costs in the second quarter of 2023, and increased interest on floating rate debt and senior unsecured notes. Reduced property revenue related to dispositions in 2022 and an increase in the maintenance capital expenditure charge for 2023 further offset the increase in AFFO.

AFFO^(*) per Unit excluding employee transition costs of \$7,386 in 2023 was \$1.05, a 4.0% increase over 2022.

AFFO^(*) payout ratio

Q4 2023	Year 2023
87.3%	88.4%
Q4 2022 88.1% -0.8%	Year 2022 89.0% -0.6%

Items affecting AFFO, as stated above, drove the decrease in AFFO payout ratio in both the quarter and the year compared to the same periods in 2022. The improvement was offset in part by higher distributions due to an increase in Units outstanding.

OPERATIONAL METRICS

Renewals (GLA sq. ft.)

Q4 2023

246,000

Q4 2022 374,000 **-34.2%**

Year 2023

1,269,000

Year 2022 1,056,000 **+20.2%**

Renewal activity in the quarter consisted of 115,000 square feet in VECTOM, 78,000 square feet in Rest of Canada, and 53,000 square feet in Major Markets.

Full year renewal activity consisted of 642,000 square feet in Rest of Canada, 324,000 square feet in VECTOM, and 303,000 square feet in Major Markets. At December 31, 2023, 612,000 square feet of Empire Company Limited ("Empire") renewals were completed.

Renewal spreads

Q4 2023

8.4%

Q4 2022 12.9% **-4.5%**

Year 2023

5.9%

Year 2022 7.0% **-1.1%**

The primary driver of renewal growth in the quarter and year was retail renewals at an increase of 8.5% and 6.4% over expiring rental rates, respectively.

Committed occupancy

Year 2023

96.5%

Year 2022 96.9% **-0.4%**

Strong committed occupancy of 96.5% included 97,000 square feet of space committed in the quarter. Approximately 42,000 square feet of committed space was in VECTOM and Major Markets, including 31,000 square feet in Burlington, Ontario. The slight decrease in committed occupancy compared to December 31, 2022 is due to natural lease expiries and attrition including early lease terminations and tenants downsizing.

Economic occupancy

Year 2023

96.0%

Year 2022 94.8% **+1.2%**

Crombie's economic occupancy was primarily influenced by new leases of 477,000 square feet outpacing lease expiries and other changes by 305,000 square feet. Notable new leases included Empire's Voilà CFC 3 in Calgary, Alberta, and two new Dollarama leases totalling 20,000 square feet. This was partially offset by natural lease expiries and attrition including early lease terminations and tenants downsizing.

FINANCIAL CONDITION METRICS

Interest coverage ratio^(*)

Q4 2023	Year 2023
3.06x	3.16x
Q4 2022 3.26x -0.20x	Year 2022 3.28x -0.12x

The reduction in interest coverage ratio for both the quarter and the year was primarily due to higher finance costs from operations resulting from higher interest rates and the issuance of senior unsecured notes, offset in part by improved adjusted EBITDA. The increase in adjusted EBITDA resulted primarily from higher property revenue from development activity, renewals, new leasing, and revenue from management and development services.

On an annual basis, in addition to the factors noted above, higher general and administrative expenses due to employee transition costs in the second quarter of 2023, and increased finance costs in equity-accounted joint ventures further contributed to the reduction in the ratio. This was partly offset by increased income from the sale of land within equity-accounted joint ventures.

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

Q4 2023	Q4 2022
43.0%	41.8%
Q4 2022 41.8% +1.2%	Q4 2021 45.3% -3.5%

Higher outstanding debt, primarily from the issuance of senior unsecured notes in the first quarter of 2023, drove the increase in D/GFV since the fourth quarter of 2022. This was offset in part by an increase in gross fair value of investment properties compared to the fourth quarter of 2022.

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

Q4 2023
8.03x
Q4 2022 8.02x +0.01x

The increase in D/EBITDA ratio compared to the same period in 2022 was due to higher outstanding debt compared to the fourth quarter of 2022, primarily from the issuance of senior unsecured notes in the first quarter of 2023. This was offset by an increase in trailing adjusted EBITDA.

Available liquidity - unutilized credit facilities

Q4 2023
\$583,770
Q4 2022 \$583,003 +0.1%

The increase in available liquidity resulted from lower outstanding/drawn balances of credit facilities offset by a reduction in unrestricted cash compared to the fourth quarter of 2022.

2. OUR BUSINESS

Crombie invests in real estate that enriches local communities and enables long-term sustainable growth. As one of the country's leading owners, operators, and developers of quality real estate, Crombie's portfolio primarily includes grocery-anchored retail, retail-related industrial, and mixed-use residential properties. Crombie is an unincorporated, open-ended real estate investment trust established under, and governed by, the laws of the Province of Ontario.

Empire, through a subsidiary, holds a 41.5% economic and voting interest in Crombie at December 31, 2023. Crombie Units trade on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

BUSINESS MODEL

Resilient, Growing Portfolio: 19.2 million square feet⁽²⁾ of GLA concentrated in the country's three most desirable asset classes - **Grocery-anchored Retail**, **Industrial**, and **Residential**. Crombie's intentionally curated portfolio provides stability with opportunities for growth.

National Grocery Partnership: Strategic relationship with Empire enables the planning and delivery of value creation and growth initiatives that further enhance the quality of our portfolio.

Solid Financial Position: Healthy balance sheet with well-laddered debt maturities, ample liquidity, multiple sources of capital, and investment grade credit rating.

Well-structured Development: Focused on building sustainable Unitholder value through measured execution against a pipeline of both major and non-major development projects, with major development projects focused on industrial and residential assets in growth-oriented markets.

Purpose-driven Team: Talented team that has a proven long-term track record of delivering our strategy with a genuine care for our properties, tenants, communities, the environment, and our Unitholders.

OUR VALUES

Embody Integrity

Care Passionately

Deliver Excellence Together

Empower One Another

Outperform Expectations

\$5.6 billion

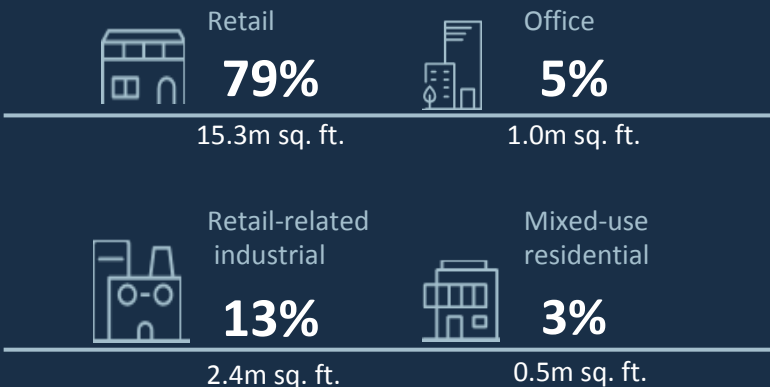
fair value of investment properties inclusive of joint ventures^{(*) (1)}
(+1.2% vs. 2022)

304 properties

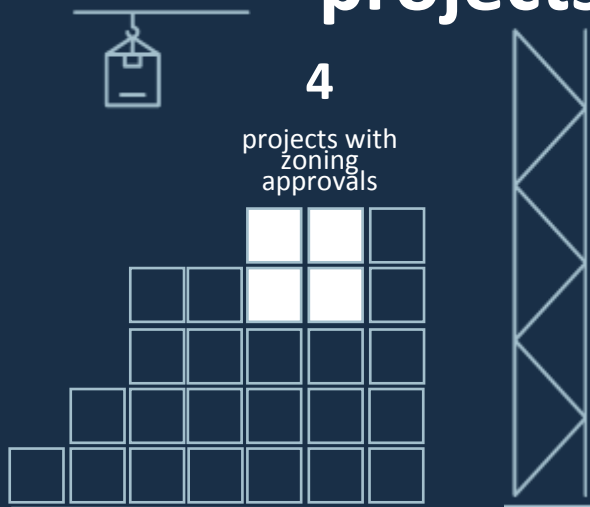
including properties under development and 4 properties owned in joint ventures

19.2m sq. ft.

ASSET TYPE⁽³⁾



26 development projects



(1) This is a non-GAAP measure which includes fair value of properties held in joint ventures, at Crombie's share. See the "Non-GAAP Financial Measures" section of this MD&A, starting on page 85, for a reconciliation to the most comparable IFRS Accounting Standards measure.

(2) Inclusive of joint ventures, at Crombie's share.

(3) Updated from filed version to correct labelling error.

OWN AND OPERATE

Crombie owns properties in the country's three most desirable asset classes: Grocery-anchored Retail, Industrial, and Residential, totalling 19.2 million square feet of GLA with a fair value of \$5.6 billion⁽¹⁾, inclusive of joint ventures. Crombie has intentionally curated a resilient portfolio comprised of primarily necessity-based tenants.

The team is in persistent pursuit of delivering operational excellence and consistent results through stable occupancy, healthy renewal spreads, and solid same-asset property cash NOI^(*) growth.

KEY HIGHLIGHTS DURING THE YEAR

Crombie ended the year with strong committed occupancy at 96.5%. New leases increased occupancy by 477,000 sq.ft. at a weighted average first year rate of \$22.71 per square foot. Additionally, 1,269,000 sq.ft. was renewed at a 5.9% increase over expiring rental rates. When comparing the expiring rental rates to the weighted average rental rate for the renewal term, Crombie achieved an increase of 7.3%. Crombie completed the acquisition of three income-producing properties for a total aggregate purchase price of \$26,482 excluding transaction and closing costs. All were acquired from Empire, our strategic partner, adding 139,000 sq. ft., located in Rest of Canada.



NET PROPERTY INCOME^(*)



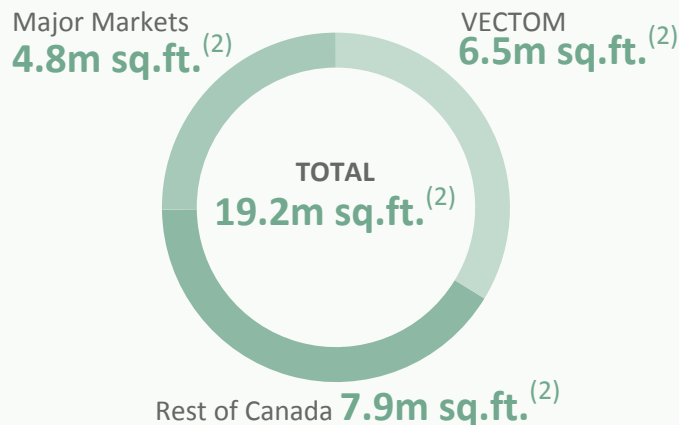
SAME-ASSET PROPERTY CASH NOI^(*)



84% Grocery-anchored properties

72% Annual Minimum Rent ("AMR") from grocery-anchored properties

72% AMR from essential service tenants



1.3m sq.ft. leases renewed

+5.9% renewal leasing spread

8.8 years weighted average lease term

(1) Fair value of investment properties inclusive of joint ventures^(*) is a non-GAAP measure which includes fair value of properties held in joint ventures, at Crombie's share. See the "Non-GAAP Financial Measures" section of this MD&A, starting on page 85, for a reconciliation to the most comparable IFRS Accounting Standards measure.

(2) Inclusive of joint ventures, at Crombie's share.

PARTNERS

Crombie actively evaluates partnerships and collaborative opportunities to grow and enhance its portfolio.

Our strategic partnership with Empire is a sustainable competitive advantage. Crombie and Empire have a history of collaborating to deliver the best possible solutions for each location and market, working together to complete projects that enable operational stability, resilience, and growth for both entities.

Crombie has formed multiple joint venture partnerships across the country to unlock value embedded within its major development pipeline as assets are transformed to reflect highest and best use.

KEY HIGHLIGHTS DURING THE YEAR

Bronte Village Joint Venture: Leasing momentum continued during the year as committed occupancy of the residential portion of the property reached 91.9% at December 31, 2023. Full occupancy and stabilization of NOI for the property, is expected in the first half of 2024.

Opal Ridge Joint Venture: Throughout 2023, Crombie sold the remaining parcels of land, contributing to the growth in income from equity-accounted investments of \$5,098.

Empire: Voilà CFC 3, our second industrial customer fulfillment centre in Calgary, Alberta, entered economic occupancy and commenced paying rent in the second quarter of 2023 as Empire began grocery home-delivery to customers in Calgary, Edmonton, and surrounding areas.

Crombie executed right-to-develop agreements at Lynn Valley and Kingsway and Tyne, located in Vancouver British Columbia, investing approximately \$34 million to unencumber these assets. With these right-to-develop agreements, we will continue to receive rental income at both sites, as well as revenue for development services during the entitlement phase. These agreements provide Crombie with the necessary flexibility to unlock the highest and best use potential of these sites as we move through the entitlement process.



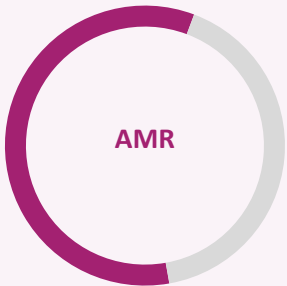
EMPIRE COMPANY LIMITED



41.5%

59%

of AMR generated by Empire
+50 bps vs. 2022



60%

11.3m sq.ft. of committed portfolio GLA

JOINT VENTURE PROPERTIES (at 100%)

947,000 sq. ft. residential

113,000 sq. ft. retail



94% residential

96% retail

OPTIMIZE

Development and reinvestment in our properties remains an important component of our long-term strategy to accelerate AFFO^(*) and NAV^(*) growth. Our prudent and disciplined approach to development investment divides our program into Major Developments, projects greater than \$50 million estimated cost to complete, and Non-major Developments, projects below \$50 million estimated cost to complete. Our Major Development pipeline currently includes 26 projects, with one active development, The Marlstone. Non-major Developments, including land-use intensification, property redevelopment, and modernizations, have shorter project durations overall and as a result are generally lower risk.

Entitlements play a critical role in establishing a well-structured development ladder. Our team is laser-focused on advancing projects through the approval process, providing optionality and flexibility for our development planning and creating value with low capital outlay.

KEY HIGHLIGHTS DURING THE YEAR

The Marlstone - Crombie committed to The Marlstone, a major development project in Halifax, Nova Scotia. This 291-unit residential rental development will be built to LEED Gold Standard with an operational net zero ready design and will be a Rick Hansen Foundation certified property. The project is expected to reach completion in the first half of 2026 with an estimated total cost of \$134 million⁽¹⁾ and expected yield on cost of 4.5% to 5.5%⁽¹⁾.

Entitlement Update - Our team continues the hard work of moving projects through the entitlement process. At the end of 2023, eight projects had zoning approval in place or rezoning applications submitted compared to six in 2022. These projects have the potential to contribute approximately 4.6 million sq.ft. of commercial and residential GLA, comprising over 5,000 residential units in growing markets across the country.

Non-major Developments - These developments are accretive shorter-duration projects that carry relatively lower risk. For the year ended December 31, 2023, Crombie added 83,000 sq.ft. of GLA to its portfolio from completed non-major developments.



(1) Please see the "Development" section for explanatory disclosure.

10.6m sq. ft.

of development potential

26 DEVELOPMENT PROJECTS

3

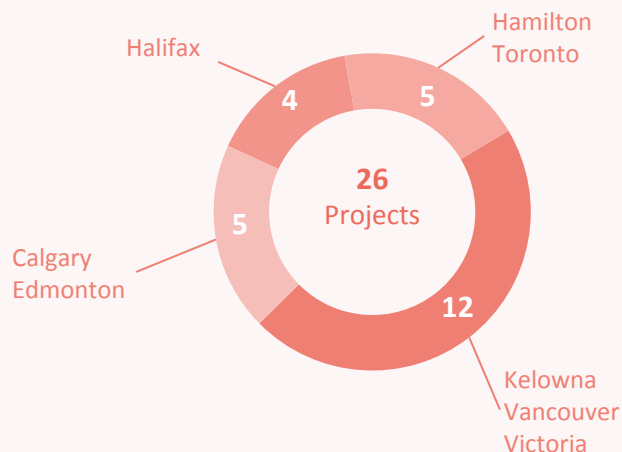
Near-term projects

105,000 sq.ft. commercial GLA
960,000 sq.ft. residential GLA
1,461 residential units

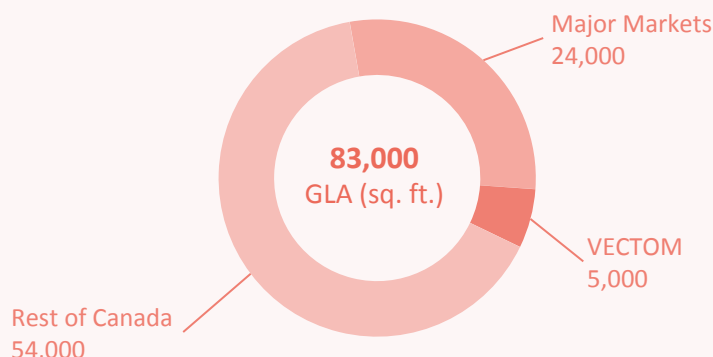
23

Medium/
Long-term projects

1,039,000 sq.ft. commercial GLA
8,500,000 sq.ft. residential GLA
9,830 residential units



COMPLETED NON-MAJOR DEVELOPMENTS



FINANCIAL STRENGTH

Crombie's financial strength, underpinned by a healthy balance sheet, provides the stability and foundation to enable us to advance key initiatives purposefully and strategically. Our proactive management of key metrics enabled Crombie to exit 2023 with ample liquidity, well-laddered debt maturities with balanced near-term expiries, and a low leverage profile. This positioning both ensures that Crombie can comfortably navigate external pressures such as higher interest rates and inflation, while prudently allocating capital to continue generating value for Unitholders.

KEY HIGHLIGHTS DURING THE YEAR

Strong and Flexible Balance Sheet - Crombie continues to reduce risk and maintain financial strength from increased adjusted EBITDA^(*), despite higher interest rates and the issuance of senior unsecured notes resulting in reduced interest coverage of -0.12x and slightly higher (+0.01x) debt to trailing 12 months adjusted EBITDA^(*). We have maintained ample available liquidity, with \$584 million of unutilized credit facilities at December 31, 2023. In 2023, Crombie continued to grow its unencumbered asset pool, increasing its fair value from \$2.2 billion as at December 31, 2022 to \$2.6 billion as at December 31, 2023, representing 21% growth.

Senior Unsecured Notes - In March 2023, Crombie issued, on a private placement basis, \$200 million of Series K senior unsecured notes maturing September 28, 2029. The net proceeds were used to repay existing indebtedness, including repayment of outstanding credit facilities, and for general trust purposes.



FAIR VALUE OF UNENCUMBERED ASSETS

\$2.6 billion

+21.0% vs. 2022

WEIGHTED AVERAGE TERM TO DEBT MATURITY

4.9 years

4.7 years in 2022

AVAILABLE LIQUIDITY - UNUTILIZED CREDIT FACILITIES

\$584 million

\$583 million in 2022

INTEREST COVERAGE RATIO^(*)

3.06x

3.26x in Q4 2022 -0.20x

D/GFV^(*)

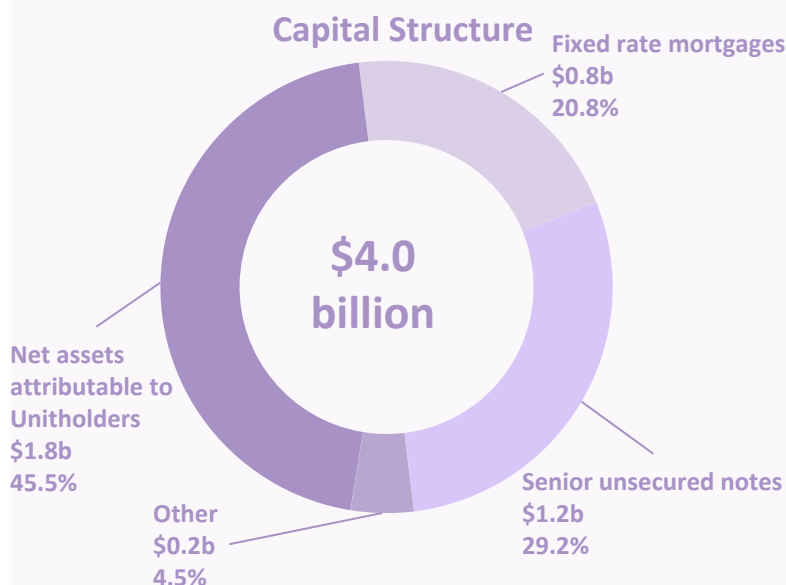
43.0%

+1.2% vs. 2022

DEBT TO ADJUSTED EBITDA^(*) (TTM)

8.03x

8.02x in 2022 +0.01x



ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (“ESG”)

Crombie's ESG focus is guided by its 2021 materiality assessment. Our key topics are:

- Environmental
 - Climate action
 - Leasing and operations
 - Design and development
- Social
 - Diversity, equity, and inclusion
 - Building and attracting talent
 - Health, safety, and well-being
- Governance
 - Board composition and governance
 - Risk management

ENVIRONMENTAL

Crombie is focused on reducing the greenhouse gas (“GHG”) intensity of both its operations and supply chain to address the growing challenge of climate change. Crombie continues to make significant progress in building out its energy, water, and waste data collection and reporting. In 2023, we created our Climate Action Plan, including a commitment to achieve net zero by 2050 for scopes 1, 2, and 3, with a near-term commitment of reducing scope 1 and 2 emissions by a minimum of 50% from a 2019 baseline by 2030.

Our team continues to identify ways to incorporate ESG considerations through efficiency and green lease programs for both our existing portfolio and newly acquired assets. Crombie understands the importance of a sustainable design and development process in asset development and ownership. We are committed to integrating ESG considerations into the design and development of new and existing assets, including pursuing building ratings and certifications, where appropriate.

SOCIAL

Our team is core to our success and we actively recruit people with diverse backgrounds who share in our values, embrace our culture, and help the organization evolve and benefit from their unique viewpoints. Crombie encourages education and professional development opportunities for our employees, helping them thrive in their careers. We are also committed to fostering a culture that supports the physical and mental health and wellness of our team. Crombie will continue to leverage its competent, experienced, and diverse workforce to achieve strategic objectives ensuring our culture, brand, and values are aligned to drive sustainable growth and innovation.

GOVERNANCE

A diverse, largely independent Board ensures strong governance and accountability, allowing Crombie to move forward with purpose and achieve its business strategy ethically and with integrity. All trustees and employees are required to reaffirm their commitment to a comprehensive Code of Business Conduct and Ethics annually.

Crombie's Board of Trustees is comprised of both elected and Empire-appointed members. To mitigate potential conflicts of interest, Crombie and Empire have set limits on the number of appointed trustees, provided guidelines on dealing with potential conflicts, and identified those matters requiring the approval of a majority of the independent elected trustees.

An extensive risk management framework is reviewed annually by the Board and its committees, with the goal of monitoring and mitigating ESG, operating, and enterprise-level risks.

ENVIRONMENTAL

Green Lease Gold awarded to Crombie by Green Lease Leaders in April 2023

SBTi validation and approval achieved July 2023⁽¹⁾

The Marlstone development is designed as operational net zero ready

BOMA BEST Platinum certification achieved at our Scotia Square office complex in Halifax, Nova Scotia



SOCIAL

32% of executives and vice presidents are members of diverse groups⁽²⁾

90% employee satisfaction scores

9% voluntary employee turnover

<2% lost-time injury frequency rate per 100 employees

Top Employer Awards



GOVERNANCE

100% independent Board chair and committee chairs

33% of the Board of Trustees are members of diverse groups⁽²⁾

Audit, Governance, and HR committees are fully independent

(1) Science Based Targets initiative

(2) Diverse groups include, but are not limited to, Black, Asian, Indigenous Peoples, other racialized communities in Canada, members of the LGBTQ2S+ community, people with disabilities, and women.

3. 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 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 (excludes space held in equity-accounted joint ventures).
D/GFV^(*)	Debt to gross fair value.
Economic occupancy	Represents space currently occupied (excludes 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.
GHG	Greenhouse gas emissions.
GLA	Gross leasable area (excludes space held in equity-accounted joint ventures unless noted as proportionately consolidated).
GRESB	An industry-led organization which collects, validates, scores, and independently benchmarks ESG data for financial markets.
IFRS Accounting Standards	International Financial Reporting Standards as issued by the International Accounting Standards Board.
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.
Joint ventures	Entities over which Crombie shares joint control with other parties and where the joint venture parties have rights to the net assets of the joint venture. Crombie accounts for investments in joint ventures using the equity method.
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 boundaries for census metropolitan areas and census agglomeration.
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. Net property income excludes revenue from management and development services and 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 Accounting Standards.
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, including certain 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.

Revenue from management and development services	Represents revenue from co-owners, related parties, and third parties for development, construction, and property management services.
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, and 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 85, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

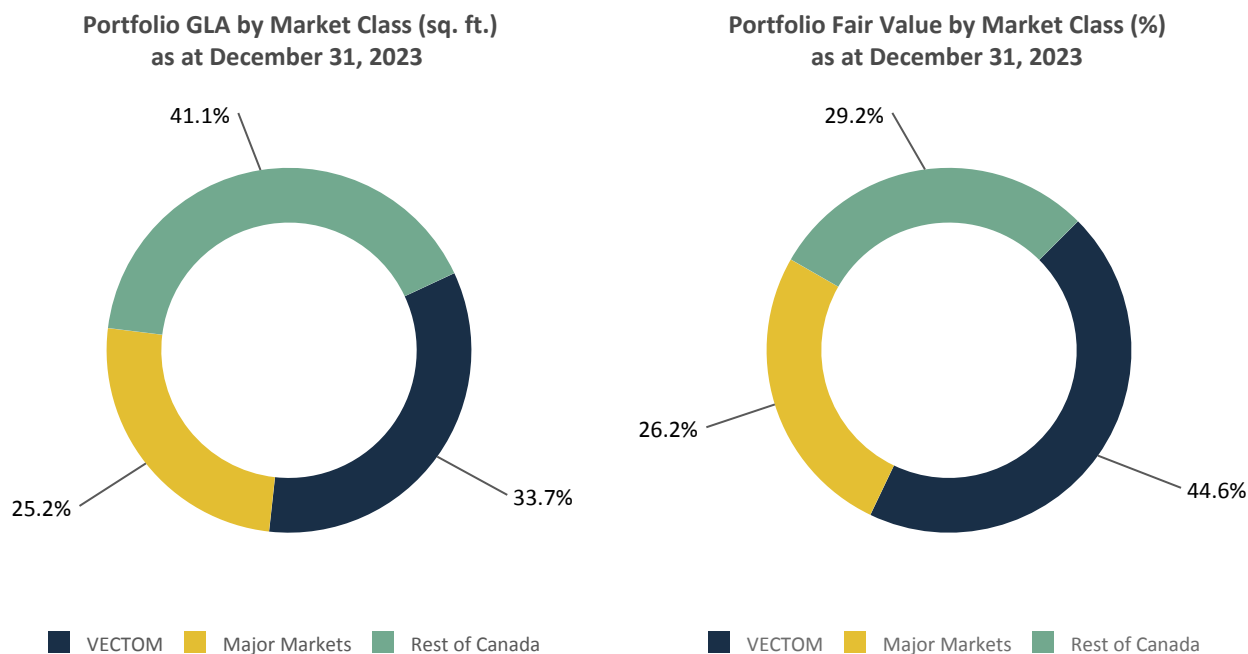
4. PORTFOLIO REVIEW

Total Portfolio Review Inclusive of Joint Ventures

Crombie holds partial ownership interests in eight joint ventures, four of which currently hold property. 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 for the full portfolio 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 December 31, 2023:



The table below provides details of the average capitalization rate (weighted by stabilized trailing NOI including joint ventures) by market class used by Crombie in assessing fair value. 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, and the "Risk Management" section of this MD&A, under "Capitalization Rate Risk" in the "Risk Factors Related to the Business of Crombie" section.

	December 31, 2023	December 31, 2022
VECTOM	5.10 %	4.75 %
Major Markets	6.16 %	6.18 %
Rest of Canada	6.93 %	6.94 %
Weighted average portfolio capitalization rate	5.92 %	5.74 %

Crombie's weighted average capitalization rate has increased compared to December 31, 2022. Since December 31, 2022, market capitalization rates in general have expanded despite solid fundamentals. The increase in capitalization rates is largely the result of tight financial conditions, including higher borrowing costs and uncertainty around monetary policy.

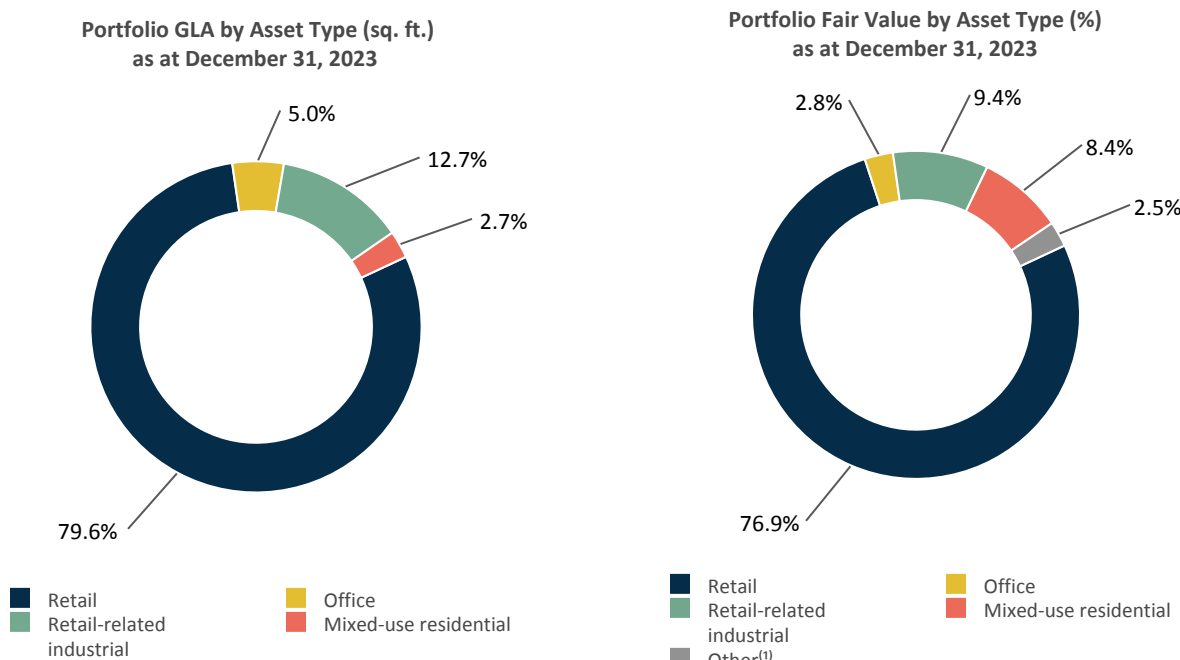
PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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	GLA (sq. ft.)	
	December 31, 2023	December 31, 2022
VECTOM	6,480,000	6,470,000
Major Markets	4,843,000	4,810,000
Rest of Canada	7,888,000	7,695,000
Total	19,211,000	18,975,000

When compared to December 31, 2022, Rest of Canada GLA increased by 193,000 square feet largely due to acquisition activity in the first two quarters of 2023 and non-major development. Major Markets and VECTOM increased by 33,000 square feet and 10,000 square feet, respectively, primarily driven by non-major development activity.

Asset Type

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



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

Retail properties represent 79.6% of Crombie's GLA at December 31, 2023, which remained constant from December 31, 2022. At December 31, 2023, retail properties represent 76.9% of Crombie's fair value compared to 77.2% at December 31, 2022.

	GLA (sq. ft.)	
	December 31, 2023	December 31, 2022
Retail	15,301,000	15,093,000
Office	962,000	954,000
Retail-related industrial	2,434,000	2,414,000
Mixed-use residential	514,000	514,000
Total	19,211,000	18,975,000

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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When compared to December 31, 2022, retail increased 208,000 square feet largely due to acquisition activity in the first two quarters of 2023 and non-major development activity. Retail-related industrial increased 20,000 square feet due to the substantial completion of a warehouse in Burlington, Ontario in the third quarter of 2023.

Portfolio Review - Excluding Joint Ventures

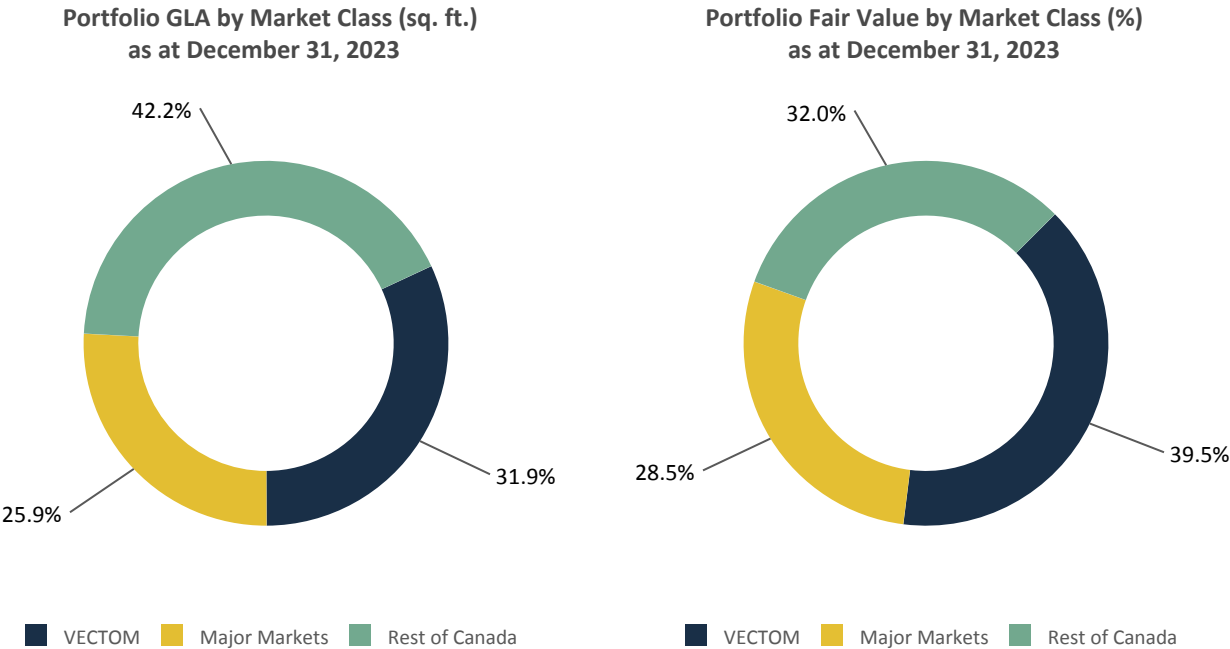
As at December 31, 2023, Crombie’s property portfolio consisted of full ownership interests in 233 investment properties, and partial ownership interests in 61 investment properties held in joint operations. In addition to investment properties, Crombie also has full ownership interests in four properties under development (“PUD”), and partial ownership in two properties under development held in joint operations. Together, Crombie’s share of these 294 investment properties contains approximately 18.7 million square feet of GLA in all 10 provinces.

Partial ownership interests are reflected in our financial statements, based on our proportionate ownership in such joint operations.

Below are select operating metrics for the full portfolio presented without inclusion of Crombie’s partial ownership interests in eight joint ventures, four of which currently hold property.

Market Class

Crombie’s portfolio of GLA and fair value consisted of the following as at December 31, 2023:



PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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The table below provides details of the average capitalization rate (weighted by stabilized trailing NOI) by market class used by Crombie in assessing fair value. 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, and the “Risk Management” section of this MD&A, under “Capitalization Rate Risk” in the “Risk Factors Related to the Business of Crombie” section.

	December 31, 2023	December 31, 2022
VECTOM	5.44 %	5.03 %
Major Markets	6.16 %	6.18 %
Rest of Canada	6.93 %	6.94 %
Weighted average portfolio capitalization rate	6.12 %	5.94 %

Crombie’s weighted average capitalization rate has increased compared to December 31, 2022. Since December 31, 2022, market capitalization rates in general have expanded despite solid fundamentals. The increase in capitalization rates is largely the result of tight financial conditions, including higher borrowing costs and uncertainty around monetary policy.

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

	GLA (sq. ft.)								
	January 1, 2023	Net Acquisitions	Other ⁽¹⁾	December 31, 2023	Number of Investment Properties	% of AMR	% NOI ⁽²⁾	Economic Occupancy	Committed Occupancy
VECTOM	5,956,000	—	10,000	5,966,000	88	35.1 %	33.8 %	99.3 %	99.4 %
Major Markets	4,794,000	—	33,000	4,827,000	64	26.7 %	27.8 %	96.2 %	97.0 %
Rest of Canada	7,695,000	139,000	54,000	7,888,000	142	38.2 %	38.4 %	93.3 %	94.0 %
Total	18,445,000	139,000	97,000	18,681,000	294	100.0 %	100.0 %	96.0 %	96.5 %

	GLA (sq. ft.)								
	January 1, 2022	Net Acquisitions	Other ⁽¹⁾	December 31, 2022	Number of Investment Properties	% of AMR	% NOI ⁽²⁾	Economic Occupancy	Committed Occupancy
VECTOM	5,418,000	267,000	271,000	5,956,000	88	34.0 %	33.5 %	94.2 %	99.3 %
Major Markets	4,723,000	(157,000)	228,000	4,794,000	63	27.2 %	28.1 %	96.1 %	97.5 %
Rest of Canada	7,720,000	140,000	(165,000)	7,695,000	138	38.8 %	38.4 %	94.4 %	94.7 %
Total	17,861,000	250,000	334,000	18,445,000	289	100.0 %	100.0 %	94.8 %	96.9 %

(1) Changes in GLA include increases for completed developments and additions/expansions to GLA on existing properties and reclassifications within market class.

(2) Property cash NOI for the year ended December 31.

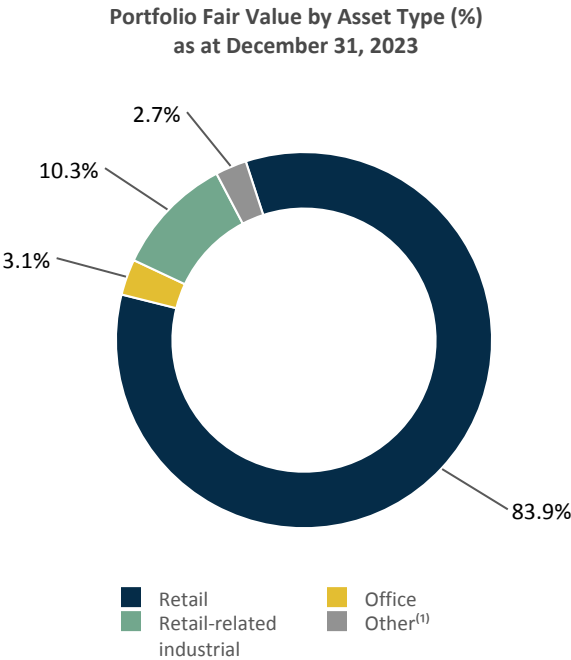
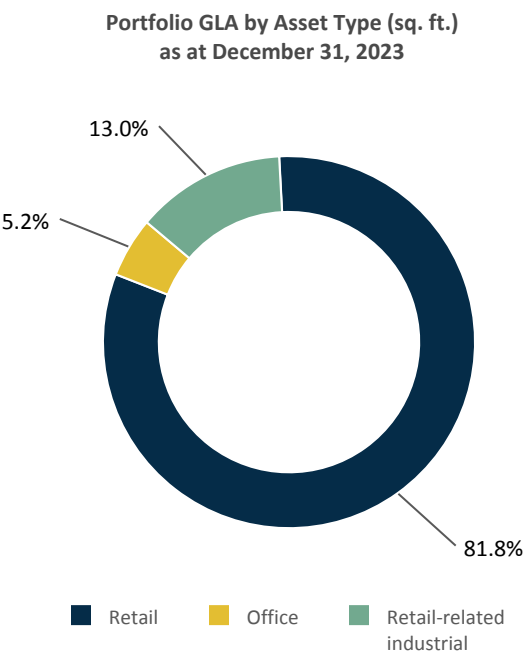
For the year ended December 31, 2023, three investment properties, at full interest totalling 139,000 square feet, were acquired in the Rest of Canada. Additionally, retail development expansions occurred at six properties adding 54,000 square feet of GLA to Rest of Canada, 5,000 square feet of GLA to VECTOM, and 4,000 square feet of GLA to Major Markets. Crombie completed the development of one retail-related industrial asset totalling 20,000 square feet in Major Markets. These additions to GLA are included in “Other” changes.

When compared to December 31, 2022, the percentage of annual minimum rent (“AMR”) generated from VECTOM increased by 110 basis points, while Major Markets AMR decreased by 50 basis points and Rest of Canada AMR decreased by 60 basis points. The increase in VECTOM and the corresponding decrease in Major Markets and Rest of Canada is primarily due to new leasing and development activity over the last 12 months, including Voilà CFC 3 in Calgary, Alberta.

Please see the “Operational Performance” section of this MD&A, under “Occupancy and Leasing Activity” for additional information on economic and committed occupancy.

Asset Type

Retail properties represent 81.8% of Crombie’s GLA and 83.9% of fair value at December 31, 2023, compared to 81.7% of GLA and 84.0% of fair value at December 31, 2022.



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

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

	GLA (sq. ft.)				Number of Investment Properties	% of AMR	% of NOI ⁽²⁾	Economic Occupancy	Committed Occupancy
	January 1, 2023	Net Acquisitions	Other ⁽¹⁾	December 31, 2023					
Retail	15,077,000	139,000	69,000	15,285,000	282	87.4 %	88.3 %	95.6 %	96.3 %
Office	954,000	—	8,000	962,000	5	3.8 %	4.0 %	90.9 %	91.0 %
Retail-related industrial	2,414,000	—	20,000	2,434,000	7	8.8 %	7.7 %	100.0 %	100.0 %
Total	18,445,000	139,000	97,000	18,681,000	294	100.0 %	100.0 %	96.0 %	96.5 %

	GLA (sq. ft.)				Number of Investment Properties	% of AMR	% of NOI ⁽²⁾	Economic Occupancy	Committed Occupancy
	January 1, 2022	Net Acquisitions	Other ⁽¹⁾	December 31, 2022					
Retail	15,052,000	15,000	10,000	15,077,000	278	89.5 %	89.5 %	96.1 %	96.7 %
Office	954,000	—	—	954,000	5	3.9 %	3.9 %	92.1 %	92.5 %
Retail-related industrial	1,855,000	235,000	324,000	2,414,000	6	6.6 %	6.6 %	87.4 %	100.0 %
Total	17,861,000	250,000	334,000	18,445,000	289	100.0 %	100.0 %	94.8 %	96.9 %

(1) Changes in GLA include increases for completed developments and additions/expansions to GLA on existing properties and reclassifications within asset types.

(2) Property cash NOI for the year ended December 31.

For the year ended December 31, 2023, retail GLA increased by 139,000 square feet due to the acquisition of three investment properties at full interest. Crombie completed retail development expansions at grocery-anchored properties in Riverview and Moncton, both in New Brunswick, Timberlea, Nova Scotia, Mount Forest, Ontario, and Chestermere, Alberta, totalling 56,000 square feet. Crombie also completed retail development at a non-grocery-anchored site in Summerside, Prince Edward Island, totalling 7,000 square feet. Additionally, one retail-related industrial asset was completed in the third quarter of 2023 in Burlington, Ontario, totalling 20,000 square feet. These additions to GLA are included in "Other" changes.

Crombie continues to enhance its portfolio asset mix with 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.

Please see the "Operational Performance" section of this MD&A, under "Occupancy and Leasing Activity" for additional information on economic and committed occupancy.

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 15 and the "Joint Ventures" section of the MD&A on page 74.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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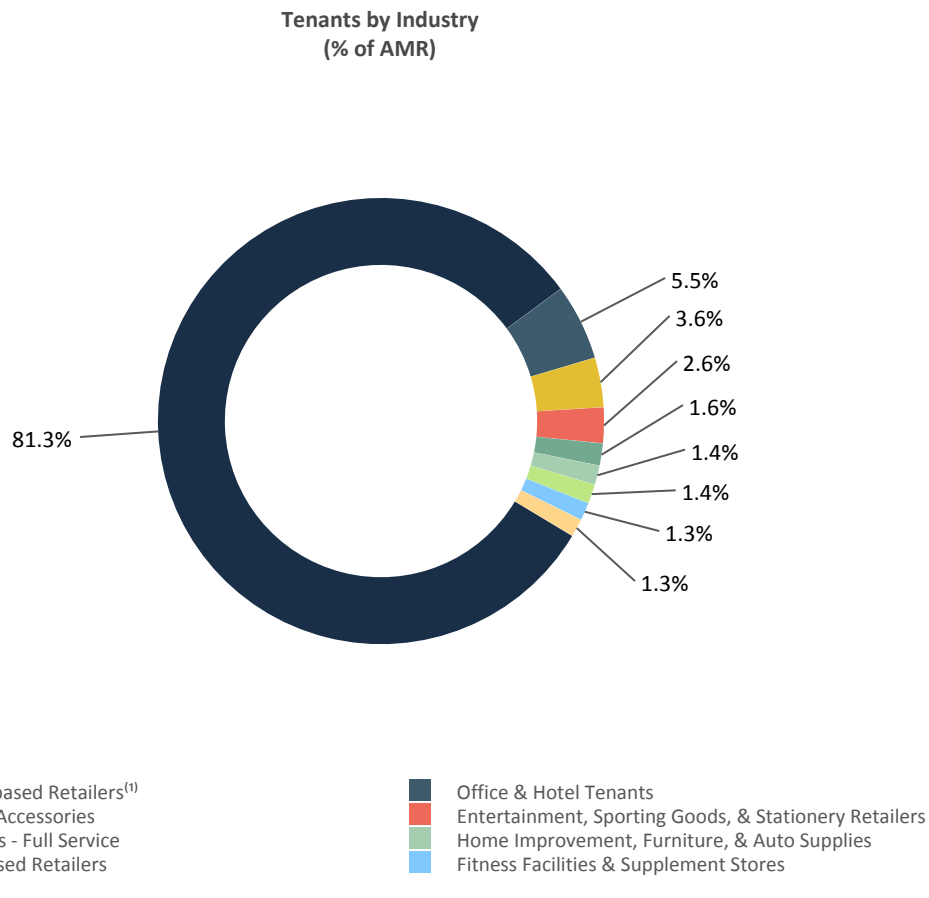
Non-major Development - Completed

Property development is a strategic priority for Crombie and included in that is non-major development projects with expected costs of less than \$50,000. Non-major developments are accretive with shorter project durations and less overall risk than our major development projects. For the year ended December 31, 2023, Crombie added 83,000 square feet of GLA to its portfolio.

Property Name	Location	Market Class	Three months ended				Total GLA	Tenants
			March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023		
Findlay Boulevard	Riverview, NB	Rest of Canada	10,000	—	—	—	10,000	Dollarama
Elmwood Drive	Moncton, NB	Rest of Canada	12,000	—	—	—	12,000	A&W and Pet Valu
Chestermere Station Way	Chestermere, AB	VECTOM	—	5,000	—	—	5,000	McDonald's
Granville Street	Summerside, PE	Rest of Canada	—	5,000	2,000	—	7,000	Bank of Nova Scotia and Dairy Queen
Marketway Lane	Timberlea, NS	Major Markets	—	—	4,000	—	4,000	Pet Valu
Harvester Road	Burlington, ON	Major Markets	—	—	20,000	—	20,000	Empire
Mount Forest	Mount Forest, ON	Rest of Canada	—	—	—	25,000	25,000	Empire
Total			22,000	10,000	26,000	25,000	83,000	

Tenant Profile

We build and own a high-quality, resilient, and diversified portfolio, backed primarily by grocery tenants, which delivers consistent long-term earnings and cash flow stability. As at December 31, 2023, 81% of our AMR was generated from grocery-anchored properties, inclusive of retail-related industrial, compared to 80% at December 31, 2022. The increase is primarily due to the development of retail-related industrial assets, 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.



- (1) Necessity-based retailers include tenants that provide essential products and services, and predominantly fall into the following categories: grocery, pharmacy, liquor, dollar store, cannabis, convenience store, gasoline, pet supplies, grocery distribution centres, restaurants QSR, medical, professional and personal services, bank and financial services.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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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 December 31, 2023.

Tenant	% of AMR	GLA (sq. ft.)	Weighted Average Remaining Lease Term	Morningstar DBRS Credit Rating
Empire Company Limited ⁽¹⁾	58.5 %	11,214,000	11.3 years	BBB
Shoppers Drug Mart	2.4 %	228,000	5.2 years	BBB(high)
Dollarama	1.8 %	386,000	5.2 years	BBB
Province of Nova Scotia	1.5 %	355,000	6.4 years	A(high)
Bank of Nova Scotia	1.1 %	173,000	2.5 years	AA
Shell Canada	1.1 %	19,000	12.4 years	AA(low)
Cineplex	1.0 %	207,000	7.2 years	—
GoodLife Fitness	0.9 %	190,000	4.7 years	—
Canadian Imperial Bank of Commerce	0.9 %	132,000	12.9 years	AA
Government of Canada	0.9 %	130,000	4.0 years	AAA
Canadian Tire Corporation	0.8 %	158,000	3.1 years	BBB
Restaurant Brands International	0.7 %	66,000	4.6 years	—
Royal Bank of Canada	0.5 %	49,000	3.3 years	AA(high)
Pet Valu	0.5 %	73,000	4.8 years	—
SAQ/Province of Quebec	0.5 %	65,000	5.7 years	AA(low)
Halifax Regional Municipality	0.5 %	127,000	7.0 years	—
Metro	0.5 %	88,000	5.4 years	BBB(high)
Giant Tiger	0.4 %	188,000	3.0 years	—
Toronto Dominion Bank	0.4 %	45,000	2.8 years	AA(high)
BC Liquor/Province of British Columbia	0.4 %	40,000	1.9 years	AA(high)
Total	75.3 %	13,933,000	10.2 years	

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

Other than Empire, which accounts for 58.5% of AMR, and Shoppers Drug Mart, which accounts for 2.4% of AMR, no other tenant accounts for more than 1.8% of Crombie's AMR. Empire's percent of AMR increased by 50 basis points compared to December 31, 2022 as a result of the acquisition of Empire properties over the last 12 months, the development of retail-related industrial assets, modernizations, renewals, and contractual rent step-ups. This is partially offset by Empire's assignment to Crombie of Shell Canada retail fuel site subleases in Western Canada. For more information regarding this assignment, see the "Other Disclosures" section of this MD&A, starting on page 79.

For the year ended December 31, 2023, Empire represents 54.1% 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 costs.

The weighted average remaining term of all Crombie leases is approximately 8.8 years, which decreased 0.2 years as compared to December 31, 2022. This remaining lease term is influenced by the weighted average Empire remaining lease term of 11.3 years, which decreased 0.3 years from December 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/

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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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	Properties in Joint Ventures ("JV")	Total ⁽¹⁾
Same-asset properties	287	—	287	2	289
Non-same-asset properties:					
Acquisitions - 2023	3	—	3	—	3
Other ⁽²⁾	3	5	8	—	8
Active and completed major developments ⁽³⁾	1	1	2	2	4
	7	6	13	2	15
Total Properties	294	6	300	4	304

(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 joint venture.

(3) Active and completed major developments include:

Voilà CFC 3 (IP)
The Marlstone (PUD)
Le Duke (JV)
Bronte Village (JV)

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

	Investment Properties ("IP")	Properties in Joint Ventures ("JV")	Total ⁽¹⁾
Same-asset properties December 31, 2022	274	1	275
Transfers from acquisitions ⁽²⁾	10	—	10
Transfers to/from other non-same-asset properties	2	1	3
Transfers to/from active and completed major developments	1	—	1
Total same-asset properties December 31, 2023	287	2	289

(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 December 31, 2023, GLA, at Crombie's interest, of its investment properties was 18.7 million square feet compared to 18.4 million square feet as at December 31, 2022. The net increase in GLA is due to 139,000 square feet of acquisitions, and 97,000 square feet of other changes throughout the portfolio, primarily from non-major development activity.

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 year ended December 31, 2023, Crombie completed acquisitions of three income-producing properties, for a total aggregate purchase price of \$26,482 excluding transaction and closing costs. All were acquired from Empire, our strategic partner, adding 139,000 square feet, located in Rest of Canada.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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Date	Property	Location	Vendor	Strategy	Ownership			
					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
					2		81,000	16,722
2023 Second Quarter								
May 1, 2023	Arthur Street West	Thunder Bay, ON	Related Party	Income-producing	1	100 %	58,000	9,760
Total acquisitions for the year ended December 31, 2023					3		139,000	\$ 26,482
Total acquisitions for the year ended December 31, 2022 ⁽²⁾								
					11		589,000	\$ 107,761

(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

From time to time, in line with Crombie's strategy on capital recycling, Crombie will participate in strategic dispositions. Proceeds from dispositions can be used for debt reduction, to fund development projects, 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. For the year ended December 31, 2023, Crombie did not dispose of any assets.

Date	Property	Location	Ownership				
			Number of Investment Properties	Interest	Sq. ft.	Net Property Income ^(*)	Price
Total dispositions for the year ended December 31, 2023			—	—	—	\$ —	\$ —
Total dispositions for the year ended December 31, 2022 ⁽¹⁾			8	—	339,000	\$ 6,176 ⁽²⁾	\$ 175,794

(1) Includes a parcel of land adjacent to existing retail properties disposed of to a joint venture.

(2) Reflects actual net property income^(*) earned on 2022 dispositions for the full year ended December 31, 2021. Total actual net property income^(*) for the year ended December 31, 2022 for the disposed properties prior to disposition was \$4,470, as reflected in our consolidated results.

5. OPERATIONAL PERFORMANCE REVIEW

Occupancy and Leasing Activity

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

	Occupied Space (sq. ft.)					December 31, 2023	Economic Occupancy	Committed Space (sq. ft.) ⁽³⁾	Total Committed Space (sq. ft.)	Committed Occupancy
	January 1, 2023	Net Acquisitions	New Leases ⁽¹⁾	Lease Expiries	Other ⁽²⁾					
VECTOM	5,611,000	—	320,000	(2,000)	(5,000)	5,924,000	99.3 %	4,000	5,928,000	99.4 %
Major Markets	4,606,000	—	111,000	(21,000)	(51,000)	4,645,000	96.2 %	38,000	4,683,000	97.0 %
Rest of Canada	7,267,000	139,000	46,000	(33,000)	(60,000)	7,359,000	93.3 %	55,000	7,414,000	94.0 %
Total	17,484,000	139,000	477,000	(56,000)	(116,000)	17,928,000	96.0 %	97,000	18,025,000	96.5 %

	Occupied Space (sq. ft.)					December 31, 2023	Economic Occupancy	Committed Space (sq. ft.) ⁽³⁾	Total Committed Space (sq. ft.)	Committed Occupancy
	January 1, 2023	Net Acquisitions	New Leases ⁽¹⁾	Lease Expiries	Other ⁽²⁾					
Retail	14,495,000	139,000	103,000	(40,000)	(78,000)	14,619,000	95.6 %	96,000	14,715,000	96.3 %
Office	879,000	—	50,000	(16,000)	(38,000)	875,000	90.9 %	1,000	876,000	91.0 %
Retail-related industrial	2,110,000	—	324,000	—	—	2,434,000	100.0 %	—	2,434,000	100.0 %
Total	17,484,000	139,000	477,000	(56,000)	(116,000)	17,928,000	96.0 %	97,000	18,025,000	96.5 %

(1) New leases include new leases and expansions at 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.

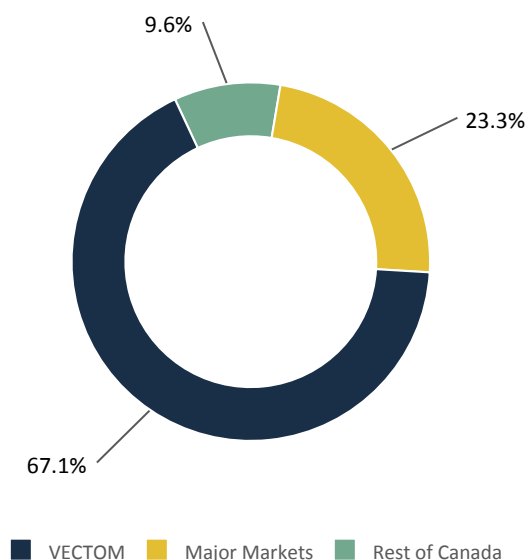
Committed occupancy has decreased from 96.9% at December 31, 2022 to 96.5% at December 31, 2023. For the year ended December 31, 2023, Crombie had an increase from acquisition activity of 139,000 square feet and had new leases outpace lease expiries by 421,000 square feet, primarily due to Voilà CFC 3 entering economic occupancy.

Committed space in our retail properties portfolio was 96.3% at December 31, 2023, a decrease from 96.7% at December 31, 2022, primarily due to natural lease expiries and attrition including early lease terminations and tenants downsizing. Committed space in office properties was 91.0% at December 31, 2023, which decreased from 92.5% at December 31, 2022. This was primarily due to natural lease expiries and attrition including a tenant downsizing at our office properties. Committed space in retail-related industrial properties of 100.0% at December 31, 2023 remained constant from 100.0% at December 31, 2022.

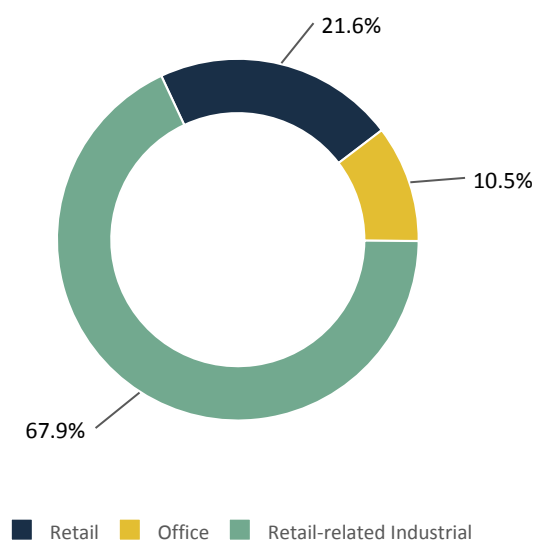
The portfolio average AMR per occupied square foot for our income-producing properties was \$17.58 as at December 31, 2023, an increase of 3.0%, compared to \$17.07 as at December 31, 2022.

New Leasing Activity

**New Leasing by Market Class (sq. ft.)
as at December 31, 2023**



**New Leasing by Asset Type (sq. ft.)
as at December 31, 2023**

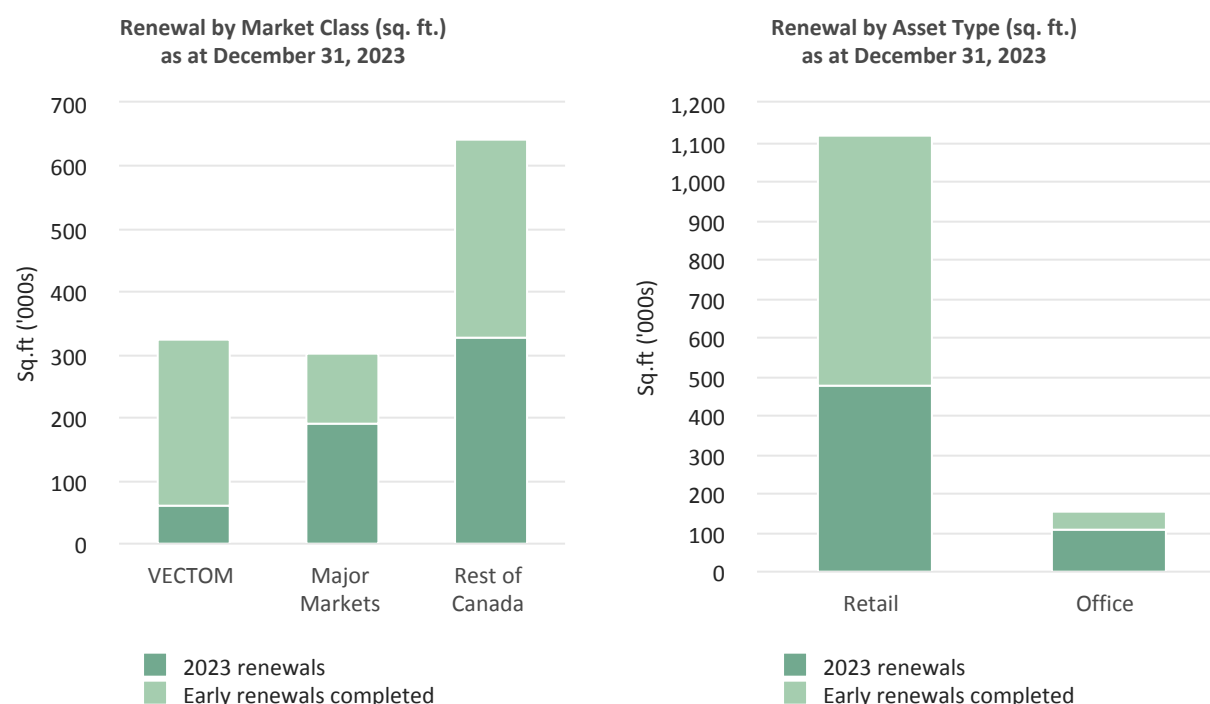


New leases increased occupancy by 477,000 square feet at December 31, 2023, at an average first year rate of \$22.71 per square foot.

For the year ended December 31, 2023, 90.4% of new leases, equivalent to 431,000 square feet, were completed in VECTOM and Major Markets. New leases of 46,000 square feet occurred in Rest of Canada markets during the year ended December 31, 2023.

At December 31, 2023, 97,000 square feet of GLA at an average first year rate of \$23.07 per square foot was committed, with tenants expected to take possession throughout 2024. VECTOM and Major Markets represent 42,000 square feet of committed space, including 31,000 square feet in Burlington, Ontario.

Renewal Activity



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

	Three months ended December 31, 2023			Year ended December 31, 2023		
	Square Feet	Rate PSF	Growth %	Square Feet	Rate PSF	Growth %
2023 Renewals	73,000	\$22.50	8.5 %	582,000	\$18.14	5.9 %
Future Year Renewals	173,000	\$18.46	8.3 %	687,000	\$18.14	5.9 %
Total	246,000	\$19.67	8.4 %	1,269,000	\$18.14	5.9 %

Crombie's renewal activity for the three months ended December 31, 2023 included retail renewals of 220,000 square feet with an increase of 8.5% 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 8.9% for the three months ended December 31, 2023.

For the year ended December 31, 2023, Crombie renewed 1,117,000 square feet of retail renewals with an increase of 6.4% over expiring rental rates. When comparing the expiring rental rates to the weighted average rental rate for the renewal term, Crombie achieved an increase of 7.3% for the year ended December 31, 2023.

Total renewal growth was positively impacted by the 324,000 square feet of renewals in VECTOM at an average first year rate of \$24.22 per square foot, an increase of 5.4% over expiring rental rates. Major Markets saw renewals of 303,000 square feet, with an increase of 5.1% over expiring rental rates or an average first year rate of \$18.09 per square foot. The remaining 642,000 square feet of renewals was in Rest of Canada at an average first year rate of \$15.09, with an increase of 6.8% over expiring rental rates.

Crombie proactively manages its lease maturities, taking advantage of opportunities to renew tenants prior to expiration. During the year ended December 31, 2023, approximately 687,000 square feet of renewals related to future year expiries were completed.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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Lease Maturities

The following table sets out, as at December 31, 2023, the total 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
2024	286	1,108,000	5.9 %	\$ 16.39
2025	182	1,150,000	6.2 %	15.99
2026	179	998,000	5.3 %	17.45
2027	177	1,362,000	7.3 %	18.53
2028	135	968,000	5.2 %	18.77
2029	113	1,233,000	6.6 %	18.80
2030	49	593,000	3.2 %	16.83
2031	89	1,055,000	5.6 %	19.76
2032	81	551,000	3.0 %	21.36
2033	97	1,936,000	10.4 %	24.11
Thereafter	226	7,071,000	37.8 %	20.18
Total	1,614	18,025,000	96.5 %	\$ 19.56

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

The following table sets out, as at December 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
2024	11	100,000	0.5 %	\$ 10.71
2025	7	255,000	1.4 %	13.34
2026	14	255,000	1.4 %	14.05
2027	17	537,000	2.9 %	13.41
2028	11	285,000	1.5 %	15.67
2029	17	574,000	3.1 %	15.71
2030	7	269,000	1.4 %	13.68
2031	13	463,000	2.5 %	16.67
2032	4	145,000	0.8 %	18.91
2033	40	1,610,000	8.6 %	22.77
Thereafter	159	6,777,000	36.2 %	19.81
Total⁽²⁾	300	11,270,000	60.3 %	\$ 18.97

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

(2) Two Empire leases, totalling approximately 56,000 square feet, are included in committed occupancy.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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6. FINANCIAL PERFORMANCE REVIEW

	Three months ended December 31,			Year ended December 31,			
	2023	2022 ⁽¹⁾	Variance	2023	2022 ⁽¹⁾	Variance	2021
Property revenue	\$ 114,299	\$ 110,061	\$ 4,238	\$ 440,939	\$ 428,079	\$ 12,860	\$ 408,892
Revenue from management and development services	1,087	—	1,087	3,430	—	3,430	—
Property operating expenses	(38,430)	(39,245)	815	(153,527)	(146,261)	(7,266)	(125,861)
Gain on disposal of investment properties	—	62,584	(62,584)	588 ⁽²⁾	80,804	(80,216)	56,525
Impairment of investment properties	—	—	—	—	(10,400)	10,400	(2,539)
Depreciation and amortization	(20,087)	(18,991)	(1,096)	(78,835)	(79,836)	1,001	(75,763)
General and administrative expenses	(5,749)	(6,063)	314	(27,644)	(19,547)	(8,097)	(25,484)
Finance costs - operations	(23,839)	(20,623)	(3,216)	(86,268)	(83,014)	(3,254)	(92,788)
Gain on distribution from equity-accounted investments	—	—	—	—	2,933	(2,933)	15,525
Income (loss) from equity-accounted investments	(980)	(1)	(979)	144	(4,954)	5,098	(2,941)
Operating income before taxes	26,301	87,722	(61,421)	98,827	167,804	(68,977)	155,566
Taxes - current	(6)	(4)	(2)	(6)	(4)	(2)	(165)
Operating income attributable to Unitholders	26,295	87,718	(61,423)	98,821	167,800	(68,979)	155,401
Distributions to Unitholders	(40,237)	(39,697)	(540)	(160,010)	(157,840)	(2,170)	(144,559)
Change in fair value of financial instruments	(1,400)	(1,704)	304	1,911	2,323	(412)	(2,972)
Increase (decrease) in net assets attributable to Unitholders	\$ (15,342)	\$ 46,317	\$ (61,659)	\$ (59,278)	\$ 12,283	\$ (71,561)	\$ 7,870
Operating income attributable to Unitholders per Unit, basic	\$ 0.15	\$ 0.49	\$ (0.34)	\$ 0.55	\$ 0.95	\$ (0.40)	\$ 0.96
Basic weighted average Units outstanding (in 000's)	180,728	178,095	2,633	179,684	176,325	3,359	162,130
Distributions per Unit to Unitholders	\$ 0.22	\$ 0.22	\$ —	\$ 0.89	\$ 0.89	\$ —	\$ 0.89
Other Non-GAAP Performance Metrics							
Same-asset property cash NOI ^(*)	\$ 77,519	\$ 74,567	\$ 2,952	\$ 287,010	\$ 278,679	\$ 8,331	\$ 267,240
FFO ^(*)	\$ 54,590	\$ 52,104	\$ 2,486	\$ 210,003	\$ 203,737	\$ 6,266	\$ 185,032
FFO ^(*) per Unit - basic	\$ 0.30	\$ 0.29	\$ 0.01	\$ 1.17	\$ 1.16	\$ 0.01	\$ 1.14
FFO ^(*) payout ratio (%)	73.7 %	76.2 %	(2.5)%	76.2 %	77.5 %	(1.3)%	78.1 %
AFFO ^(*)	\$ 46,111	\$ 45,061	\$ 1,050	\$ 181,100	\$ 177,297	\$ 3,803	\$ 157,532
AFFO ^(*) per Unit - basic	\$ 0.26	\$ 0.25	\$ 0.01	\$ 1.01	\$ 1.01	\$ —	\$ 0.97
AFFO ^(*) payout ratio (%)	87.3 %	88.1 %	(0.8)%	88.4 %	89.0 %	(0.6)%	91.8 %

(1) Consistent with the current year presentation, property revenue and property operating expenses for the three months and year ended December 31, 2022 have been increased by \$2,122 and \$8,488, respectively, to reflect a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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- (2) In the third quarter of 2022, Crombie sold land to a joint venture that resulted in a deferred gain. The deferred gain was realized in 2023 upon sale of that land to a third party.

Operating Income Attributable to Unitholders

For the three months ended:

Operating income attributable to Unitholders decreased by \$61,423, or 70.0%, primarily due to a gain on disposal of investment properties of \$62,584 in the fourth quarter of 2022. Higher interest rates combined with higher average loan balances compared to the same period in 2022 resulted in increased interest on floating rate debt of \$2,421, and interest on senior unsecured notes increased by \$1,800 from the issuance of Series K notes in the first quarter of 2023 and the redemption of Series D notes in the fourth quarter of 2022. Additionally, depreciation and amortization increased by \$1,096 due to completed developments, acquisitions, and accelerated depreciation on properties scheduled for redevelopment. Property revenue was reduced by \$1,031 related to dispositions in 2022. The decrease in operating income was offset in part by growth in property revenue of \$2,257 from new developments, \$1,597 from renewals and new leasing, and reduced mortgage interest expense of \$1,208 from mortgage repayments. The decrease in operating income was further offset by revenue from management and development services of \$1,087.

For the year ended:

Operating income attributable to Unitholders decreased by \$68,979, or 41.1%, on an annual basis primarily due to lower gain on disposal of investment properties of \$80,216, higher general and administrative expenses resulting from employee transition costs of \$7,386 in the second quarter of 2023, increased interest on floating rate debt of \$4,922 due to higher interest rates and higher average loan balances compared to 2022, reduced property revenue of \$3,827 related to dispositions in 2022, and increased tenant incentive amortization of \$3,527 primarily from modernizations and accelerated amortization related to lease amendments as a result of the assignment of subleases to Crombie from a subsidiary of Empire. Also contributing to the variance year over year was a gain on distribution from equity-accounted investments of \$2,933 in 2022 as a result of cash distributions received from 1600 Davie Limited Partnership in excess of our investment in the joint venture. Interest on senior unsecured notes increased by \$2,515 from the issuance of Series K notes in the first quarter of 2023 and the redemption of Series D notes in the fourth quarter of 2022. The decrease in operating income was offset in part by \$10,400 in impairment of investment properties in 2022, and growth in income from equity-accounted investments of \$5,098, of which the main driver was the sale of land at our Opal Ridge joint venture in Dartmouth, Nova Scotia in 2023. Further offsetting the decrease in operating income was a reduction in mortgage interest of \$4,977 from mortgage repayments and dispositions, growth in property revenue from new developments of \$4,864, renewals and new leasing of \$3,966, higher property revenue of \$2,003 from acquisitions, \$1,394 from lease terminations, and \$1,387 in supplemental rent from modernization investments. Revenue from management and development services of \$3,430 also contributed to the offset. A reduction in depreciation and amortization of \$1,001 was due to accelerated depreciation recorded in the third quarter of 2022 on a property that was demolished, net of depreciation on completed developments and acquisitions in 2023.

Operating income attributable to Unitholders excluding employee transition costs^(*) of \$7,386 was \$106,207 (December 31, 2022 - \$169,011 excluding payment in respect of an executive retirement arrangement of \$1,211).

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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Net Property Income^(*)

Management uses net property income^(*) as a measure of performance of properties period over period. Refer to the “Non-GAAP Financial Measures” section of this MD&A, starting on page 85, for a more detailed discussion on net property income^(*).

Net property income^(*), which excludes revenue from management and development services and certain expenses such as interest expense and indirect operating expenses, is as follows:

	Three months ended December 31,			Year ended December 31,		
	2023	2022 ⁽¹⁾	Variance	2023	2022 ⁽¹⁾	Variance
Property revenue	\$ 114,299	\$ 110,061	\$ 4,238	\$ 440,939	\$ 428,079	\$ 12,860
Property operating expenses	(38,430)	(39,245)	815	(153,527)	(146,261)	(7,266)
Net property income^(*)	\$ 75,869	\$ 70,816	\$ 5,053	\$ 287,412	\$ 281,818	\$ 5,594
Net property income^(*) margin percentage	66.4 %	64.3 %	2.1 %	65.2 %	65.8 %	(0.6)%

(1) Consistent with the current year presentation, property revenue and property operating expenses for the three months and year ended December 31, 2022 have been increased by \$2,122 and \$8,488, respectively, to reflect a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

For the three months ended:

An increase in net property income of \$5,053 was primarily due to growth in property revenue of \$2,257 from new developments and \$1,597 from renewals and new leasing. This was partially offset by reduced property revenue of \$1,031 related to dispositions in 2022.

For the year ended:

An increase in net property income of \$5,594, compared to the same period in 2022, was primarily due to higher property revenue of \$4,864 from new developments, \$3,966 from renewals and new leasing, \$2,003 from acquisitions, \$1,394 from lease terminations, and \$1,387 in supplemental rent from modernization investments. The growth in net property income was partially offset by reduced property revenue of \$3,827 related to dispositions in 2022 and increased tenant incentive amortization of \$3,527 primarily from modernizations and accelerated amortization related to lease amendments as a result of the assignment of subleases to Crombie from a subsidiary of Empire. The increase in recoverable property operating expenses was offset by recoveries in property revenue.

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 85, 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 December 31,			Year ended December 31,		
	2023	2022	Variance	2023	2022	Variance
Net property income ^(*)	\$ 75,869	\$ 70,816	\$ 5,053	\$ 287,412	\$ 281,818	\$ 5,594
Non-cash straight-line rent	(2,498)	(1,648)	(850)	(5,415)	(5,432)	17
Non-cash tenant incentive amortization ⁽¹⁾	6,529	5,940	589	26,516	22,989	3,527
Property cash NOI^(*)	79,900	75,108	4,792	308,513	299,375	9,138
Acquisitions and dispositions property cash NOI ^(*)	530	502	28	2,596	4,836	(2,240)
Development property cash NOI ^(*)	1,851	39	1,812	18,907	15,860	3,047
Acquisitions, dispositions, and development property cash NOI ^(*)	2,381	541	1,840	21,503	20,696	807
Same-asset property cash NOI^(*)	\$ 77,519	\$ 74,567	\$ 2,952	\$ 287,010	\$ 278,679	\$ 8,331

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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(1) Refer to “Amortization of Tenant Incentives” on page 37 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 results 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 December 31,				Year ended December 31,			
	2023	2022	Variance	%	2023	2022	Variance	%
VECTOM	\$ 25,526	\$ 24,894	\$ 632	2.5 %	\$ 100,115	\$ 98,681	\$ 1,434	1.5 %
Major Markets	21,815	20,763	1,052	5.1 %	84,756	80,845	3,911	4.8 %
Rest of Canada	30,178	28,910	1,268	4.4 %	102,139	99,153	2,986	3.0 %
Same-asset property cash NOI^(*)	\$ 77,519	\$ 74,567	\$ 2,952	4.0 %	\$ 287,010	\$ 278,679	\$ 8,331	3.0 %

	Three months ended December 31,				Year ended December 31,			
	2023	2022	Variance	%	2023	2022	Variance	%
Retail ⁽¹⁾	\$ 69,314	\$ 66,666	\$ 2,648	4.0 %	\$ 255,510	\$ 247,866	\$ 7,644	3.1 %
Office	3,171	2,968	203	6.8 %	12,425	11,890	535	4.5 %
Retail-related industrial	5,034	4,933	101	2.0 %	19,075	18,923	152	0.8 %
Same-asset property cash NOI^(*)	\$ 77,519	\$ 74,567	\$ 2,952	4.0 %	\$ 287,010	\$ 278,679	\$ 8,331	3.0 %

(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.

For the three months ended:

Same-asset property cash NOI increased by \$2,952, or 4.0%, compared to the fourth quarter of 2022 primarily due to renewals, new leasing, and lease termination income.

For the year ended:

On an annual basis, same-asset property cash NOI increased by \$8,331, or 3.0%, compared to the same period in 2022, primarily due to renewals, new leasing, increased lease termination income of \$1,394, and higher supplemental rent of \$1,364 from modernizations and capital improvements.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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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 85, for a more detailed discussion on FFO^(*).

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

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Variance	2023	2022	Variance
Increase (decrease) in net assets attributable to Unitholders	\$ (15,342)	\$ 46,317	\$ (61,659)	\$ (59,278)	\$ 12,283	\$ (71,561)
Add (deduct):						
Amortization of tenant incentives	6,529	5,940	589	26,516	22,989	3,527
Gain on disposal of investment properties	—	(62,584)	62,584	(588) ⁽¹⁾	(80,804)	80,216
Gain on distribution from equity-accounted investments	—	—	—	—	(2,933)	2,933
Impairment of investment properties	—	—	—	—	10,400	(10,400)
Depreciation and amortization of investment properties	19,715	18,630	1,085	77,352	78,383	(1,031)
Adjustments for equity-accounted investments	1,259	1,426	(167)	4,774	4,697	77
Principal payments on right-of-use assets	155	59	96	330	230	100
Internal leasing costs	637	915	(278)	2,798	2,975	(177)
Finance costs - distributions to Unitholders	40,237	39,697	540	160,010	157,840	2,170
Finance costs (income) - change in fair value of financial instruments ⁽²⁾	1,400	1,704	(304)	(1,911)	(2,323)	412
FFO^(*) as calculated based on REALPAC recommendations	\$ 54,590	\$ 52,104	\$ 2,486	\$ 210,003	\$ 203,737	\$ 6,266
Basic weighted average Units (in 000's)	180,728	178,095	2,633	179,684	176,325	3,359
FFO ^(*) per Unit - basic	\$ 0.30	\$ 0.29	\$ 0.01	\$ 1.17	\$ 1.16	\$ 0.01
FFO ^(*) payout ratio (%)	73.7 %	76.2 %	(2.5)%	76.2 %	77.5 %	(1.3)%

(1) In the third quarter of 2022, Crombie sold land to a joint venture that resulted in a deferred gain. The deferred gain was realized in 2023 upon sale of that land to a third party.

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

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For the three months ended:

The increase in FFO of \$2,486 was primarily due to growth in property revenue of \$2,257 from new developments, \$1,597 from renewals and new leasing, reduced mortgage interest expense of \$1,208 from mortgage repayments, and revenue from management and development services of \$1,087. This was partially offset by increased interest on floating rate debt of \$2,421 resulting from higher interest rates combined with higher average loan balances compared to the same period in 2022, and higher interest on senior unsecured notes of \$1,800 from the issuance of Series K notes in the first quarter of 2023 and the redemption of Series D notes in the fourth quarter of 2022. The growth in FFO in the quarter was further offset by reduced property revenue of \$1,031 related to dispositions in 2022.

For the year ended:

On an annual basis, FFO increased by \$6,266 primarily driven by growth in income from equity-accounted investments of \$5,098, of which the main driver was the sale of land at our Opal Ridge joint venture in Dartmouth, Nova Scotia in 2023, and a reduction in mortgage interest of \$4,977 from mortgage repayments and dispositions. Growth in property revenue from new developments of \$4,864, renewals and new leasing of \$3,966, higher property revenue of \$2,003 from acquisitions, \$1,394 from lease terminations, and \$1,387 in supplemental rent from modernization investments further contributed to the increase in FFO. Additionally, revenue from management and development services increased FFO by \$3,430. FFO growth was offset in part by higher general and administrative expenses resulting from employee transition costs of \$7,386 in the second quarter of 2023, increased interest on floating rate debt of \$4,922 due to higher interest rates and higher average loan balances compared to 2022, and reduced property revenue of \$3,827 related to dispositions in 2022. Further offsetting the increase in FFO year over year was an increase in interest on senior unsecured notes of \$2,515 from the issuance of Series K notes in the first quarter of 2023 and the redemption of Series D notes in the fourth quarter of 2022.

FFO excluding employee transition costs of \$7,386 was \$217,389 or \$1.21 per Unit, with a payout ratio of 73.6% (December 31, 2022 - FFO of \$204,948 or \$1.16 per Unit, with a payout ratio of 77.0% excluding payment in respect of an executive retirement arrangement of \$1,211).

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 85, for a more detailed discussion.

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

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Variance	2023	2022	Variance
FFO ^(*) as calculated based on REALPAC recommendations	\$ 54,590	\$ 52,104	\$ 2,486	\$ 210,003	\$ 203,737	\$ 6,266
Add (deduct):						
Straight-line rent adjustment	(2,498)	(1,648)	(850)	(5,415)	(5,432)	17
Straight-line rent adjustment included in income (loss) from equity-accounted investments	(98)	140	(238)	67	493	(426)
Internal leasing costs	(637)	(915)	278	(2,798)	(2,975)	177
Maintenance expenditures on a square footage basis	(5,246)	(4,620)	(626)	(20,757)	(18,526)	(2,231)
AFFO^(*) as calculated based on REALPAC recommendations	\$ 46,111	\$ 45,061	\$ 1,050	\$ 181,100	\$ 177,297	\$ 3,803
Basic weighted average Units (in 000's)	180,728	178,095	2,633	179,684	176,325	3,359
AFFO ^(*) per Unit - basic	\$ 0.26	\$ 0.25	\$ 0.01	\$ 1.01	\$ 1.01	\$ —
AFFO ^(*) payout ratio (%)	87.3 %	88.1 %	(0.8)%	88.4 %	89.0 %	(0.6)%

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

For the three months ended:

The increase in AFFO was primarily due to the same factors impacting FFO for the quarter.

For the year ended:

The growth in AFFO on an annual basis was driven primarily by the same factors impacting FFO. Additionally, it was offset in part by the increase in the maintenance expenditure charge for 2023, from \$1.00 to \$1.10 per square foot of weighted average GLA, an increased charge of \$1,887 for the period.

AFFO excluding employee transition costs of \$7,386 was \$188,486 or \$1.05 per Unit, with a payout ratio of 84.9% (December 31, 2022 - AFFO of \$178,508 or \$1.01 per Unit, with a payout ratio of 88.4% excluding payment in respect of an executive retirement arrangement of \$1,211).

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 2023 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 December 31,			Year ended December 31,		
	2023	2022	Variance	2023	2022	Variance
Distributions to Unitholders	\$ 23,755	\$ 23,459	\$ 296	\$ 94,470	\$ 93,190	\$ 1,280
Distributions to Class B Voting Unitholder ⁽¹⁾	16,482	16,238	244	65,540	64,650	890
Total distributions	\$ 40,237	\$ 39,697	\$ 540	\$ 160,010	\$ 157,840	\$ 2,170
FFO ^(*) payout ratio	73.7 %	76.2 %	(2.5)%	76.2 %	77.5 %	(1.3)%
AFFO ^(*) payout ratio	87.3 %	88.1 %	(0.8)%	88.4 %	89.0 %	(0.6)%

(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.

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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 December 31,			Year ended December 31,		
	2023	2022	Variance	2023	2022	Variance
Cash provided by operating activities	\$ 69,095	\$ 66,338 ⁽¹⁾	\$ 2,757	\$ 239,915	\$ 234,776 ⁽¹⁾	\$ 5,139
Monthly distributions paid and payable	(40,237)	(39,697)	(540)	(160,010)	(157,840)	(2,170)
Cash provided by operating activities in excess of distributions paid and payable	\$ 28,858	\$ 26,641	\$ 2,217	\$ 79,905	\$ 76,936	\$ 2,969

(1) Cash provided by operating activities for the three months and year ended December 31, 2022 was updated from the previously reported figures to show finance costs - operations net of non-cash items.

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Variance	2023	2022	Variance
Operating income attributable to Unitholders	\$ 26,295	\$ 87,718	\$ (61,423)	\$ 98,821	\$ 167,800	\$ (68,979)
Monthly distributions paid and payable	(40,237)	(39,697)	(540)	(160,010)	(157,840)	(2,170)
Operating income attributable to Unitholders in excess (shortfall) of distributions paid and payable	\$ (13,942)	\$ 48,021	\$ (61,963)	\$ (61,189)	\$ 9,960	\$ (71,149)

Monthly distributions paid for the three months and year ended December 31, 2023 and 2022 were funded with cash flows from operating activities and borrowing on the bank credit facilities. Operating income attributable to Unitholders includes depreciation and amortization, which does not directly impact the level of income Crombie generates that can be paid out in distributions.

On January 15, 2024, Crombie declared distributions of 7.417 cents per Unit for the period from January 1, 2024 up to and including January 31, 2024. The distributions were paid on February 15, 2024, to Unitholders of record as at January 31, 2024.

On February 15, 2024, Crombie declared distributions of 7.417 cents per Unit for the period from February 1, 2024 up to and including February 29, 2024. The distributions will be paid on March 15, 2024, to Unitholders of record as at February 29, 2024.

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 December 31,			Year ended December 31,		
	2023	2022	Variance	2023	2022	Variance
Regular tenant incentive amortization	\$ 3,325	\$ 3,196	\$ 129	\$ 14,691	\$ 12,524	\$ 2,167
Modernization tenant incentive amortization	3,204	2,744	460	11,825	10,465	1,360
Total amortization of tenant incentives	\$ 6,529	\$ 5,940	\$ 589	\$ 26,516	\$ 22,989	\$ 3,527

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General and Administrative Expenses

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

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Variance	2023	2022	Variance
Salaries and benefits	\$ 2,535	\$ 2,656	\$ 121	\$ 13,549	\$ 10,387	\$ (3,162)
Unit-based compensation ⁽¹⁾	1,282	1,447	165	6,854	2,888	(3,966)
Professional fees	579	365	(214)	2,223	1,494	(729)
Public company costs	343	303	(40)	1,577	1,461	(116)
Rent and occupancy	148	173	25	632	619	(13)
Other	862	1,119	257	2,809	2,698	(111)
General and administrative expenses	\$ 5,749	\$ 6,063	\$ 314	\$ 27,644	\$ 19,547	\$ (8,097)
As a percentage of property revenue	5.0 %	5.5 % ⁽²⁾	0.5 %	6.3 %	4.6 % ⁽²⁾	(1.7)%

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

(2) Consistent with the current year presentation, property revenue for the three months and year ended December 31, 2022 has been increased by \$2,122 and \$8,488, respectively, to reflect a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

For the three months ended:

The lower general and administrative expenses in the quarter are primarily due to a decrease of \$121 in salaries and benefits and lower Unit-based compensation costs of \$165 due to a decrease in Crombie's Unit price compared to the same period in 2022. Additionally, other costs decreased by \$257 primarily as a result of costs in the fourth quarter of 2022 related to succession planning.

For the year ended:

On an annual basis, the increase in general and administrative expenses was driven by higher Unit-based compensation costs of \$3,966 and higher salaries and benefits of \$3,162. These increases resulted primarily from employee transition costs in the second quarter of 2023, contributing \$4,625 to Unit-based compensation costs and \$2,761 to salaries and benefits expense. General and administrative expenses excluding employee transition costs of \$7,386 were 4.6% of property revenue (December 31, 2022 - 4.3% excluding payment in respect of an executive retirement arrangement of \$1,211).

Finance Costs - Operations

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Variance	2023	2022	Variance
Fixed rate mortgages	\$ 8,189	\$ 9,397	\$ 1,208	\$ 34,206	\$ 39,183	\$ 4,977
Floating rate term, revolving, and demand facilities	4,300	1,879	(2,421)	9,197	4,275	(4,922)
Capitalized interest	(1,273)	(1,389)	(116)	(4,433)	(5,264)	(831)
Senior unsecured notes	11,495	9,695	(1,800)	43,120	40,605	(2,515)
Interest income on finance lease receivable	(132)	(139)	(7)	(537)	(562)	(25)
Interest on lease liability	672	526	(146)	2,260	2,092	(168)
Finance costs	23,251	19,969	(3,282)	83,813	80,329	(3,484)
Amortization of deferred financing charges	588	654	66	2,455	2,685	230
Finance costs - operations	\$ 23,839	\$ 20,623	\$ (3,216)	\$ 86,268	\$ 83,014	\$ (3,254)

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For the three months ended:

Finance costs increased by \$3,282 primarily due to an increase of \$2,421 on floating rate debt resulting from higher interest rates and higher average loan balances compared to the same period in 2022. Interest on senior unsecured notes increased by \$1,800 due to the issuance of Series K notes in the first quarter of 2023 and the redemption of Series D notes in the fourth quarter of 2022. This was offset in part by reduced mortgage interest expense of \$1,208 from the impact of mortgage repayments.

For the year ended:

On an annual basis, finance costs increased by \$3,484 primarily due to an increase of \$4,922 in interest on floating rate debt resulting from higher interest rates and higher average loan balances during the year. The issuance of Series K notes in the first quarter of 2023 and the redemption of Series D notes in the fourth quarter of 2022 resulted in an increase of \$2,515 in interest on senior unsecured notes. A reduction of capitalized interest of \$831 further contributed to the higher finance costs. This was partially offset by reduced mortgage interest expense of \$4,977 from the impact of mortgage repayments and dispositions.

Depreciation, Amortization, and Impairment

Crombie's total fair value of investment properties exceeds carrying value by 1,109,289 at December 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.

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Variance	2023	2022	Variance
Same-asset ⁽¹⁾ depreciation and amortization	\$ 19,273	\$ 18,793	\$ (480)	\$ 71,559	\$ 71,101	\$ (458)
Acquisitions, dispositions, and development depreciation/amortization	814	198	(616)	7,276	8,735	1,459
Depreciation and amortization	\$ 20,087	\$ 18,991	\$ (1,096)	\$ 78,835	\$ 79,836	\$ 1,001
Impairment	\$ —	\$ —	\$ —	\$ —	\$ 10,400	\$ 10,400

For the three months ended:

The increase in depreciation and amortization of \$1,096 was due to completed developments, acquisitions, and accelerated depreciation on properties scheduled for redevelopment.

For the year ended:

The \$1,001 decrease in depreciation and amortization on an annual basis was primarily due to accelerated depreciation recorded on a property that was demolished in 2022 and dispositions in 2022. This is offset in part by completed developments and acquisitions.

Selected Balance Sheet Information

	As at December 31,			
	2023	2022	Variance	2021
Total Assets	\$ 4,148,568	\$ 4,078,398	\$ 70,170	\$ 4,023,041
Investment properties, carrying value	\$ 3,986,711	\$ 3,936,427	\$ 50,284	\$ 3,875,442
Investment properties, fair value	\$ 5,096,000	\$ 5,050,000	\$ 46,000	\$ 5,026,000
Investment properties held in joint ventures, carrying value	\$ 283,281	\$ 286,077	\$ (2,796)	\$ 288,153
Investment properties held in joint ventures, fair value	\$ 472,500	\$ 454,000	\$ 18,500	\$ 387,000
Total Debt ⁽¹⁾	\$ 2,323,855	\$ 2,227,858	\$ 95,997	\$ 2,425,549
Total non-current financial liabilities	\$ 1,994,125	\$ 1,861,702	\$ 132,423	\$ 1,960,143
Number of Units outstanding (in 000's)	181,084	178,377	2,707	164,803

(1) Total debt consists of total liabilities in Crombie's financial statements excluding the financial liabilities to REIT Unitholders and to holders of Class B LP Units, shown on the balance sheet as net assets attributable to Unitholders.

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The higher total assets balance (a difference of \$70,170 compared to the prior year) is driven primarily by additions to prepaid development costs arising from the payment of right-to-develop fees totalling \$34,300 and acquisitions of investment properties of \$31,642. The increase of \$46,000 in fair value of investment properties resulted from acquisitions, completed developments, and the assignment of subleases to Crombie by a subsidiary of Empire, partially offset by increases in capitalization rates throughout the year. Investment properties held in joint ventures increased in fair value (\$18,500 compared to the prior year) due to NOI nearing stabilization at Bronte Village. The increase in total debt of \$95,997 is driven by the \$200,000 issuance of Series K senior unsecured notes in the first quarter of 2023 and mortgage issuances of \$120,660, offset in part by repayment of mortgages during the year of \$199,973 and net repayments on credit facilities of \$15,873.

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7. 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 and non-major developments at certain properties, where development may include residential, commercial, and/or retail-related industrial. 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 89 for additional information regarding such statements and the related risks and uncertainties.

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. In conjunction with our strategic partner, 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.

Major Development Pipeline

Crombie has the potential to unlock significant value within its current pipeline of 26 major development projects as at December 31, 2023 (December 31, 2022 - 27). 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. The pipeline count was reduced from 27 to 26 during the quarter as Crombie has determined it will not pursue its Broadview development opportunity in Toronto as it explores other options for the site, which could include future disposition.

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.

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 December 31, 2023, total project costs to develop the pipeline range from \$5,000,000 to \$6,800,000 (December 31, 2022 - \$5,000,000 to \$6,800,000). 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, 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.

Crombie divides its development pipeline into three timing-based segments. Near-term projects are either under active construction or 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.

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Active Major Developments

Crombie currently has one active major development underway, The Marlstone, located in downtown Halifax, which is Crombie's first self-developed residential project. Key project metrics are summarized in the below table.

Property	CMA	Use	Ownership %	Residential GLA on Completion	Residential Units	Estimated Substantial Completion Date	\$ in millions		
							Estimated Total Cost	Estimated Cost to Complete	Estimated Yield on Cost
The Marlstone	Halifax	Residential	100%	189,000	291	Q1/Q2 2026	\$ 134 ⁽¹⁾	\$ 115	4.5% - 5.5%
Total Active Major Developments				189,000	291		\$ 134	\$ 115	4.5% - 5.5%

(1) Costs presented for The Marlstone are exclusive of land costs.

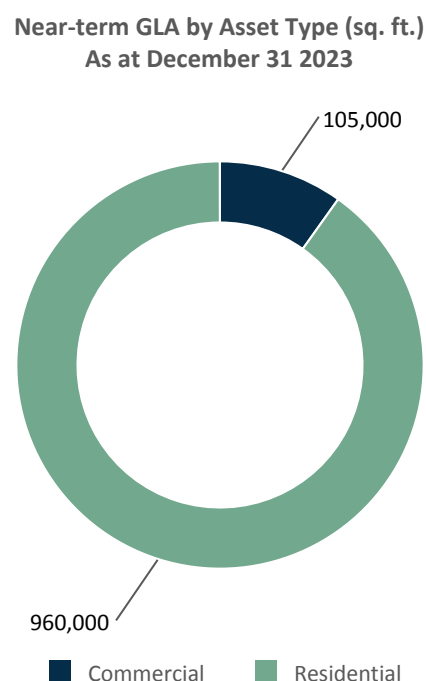
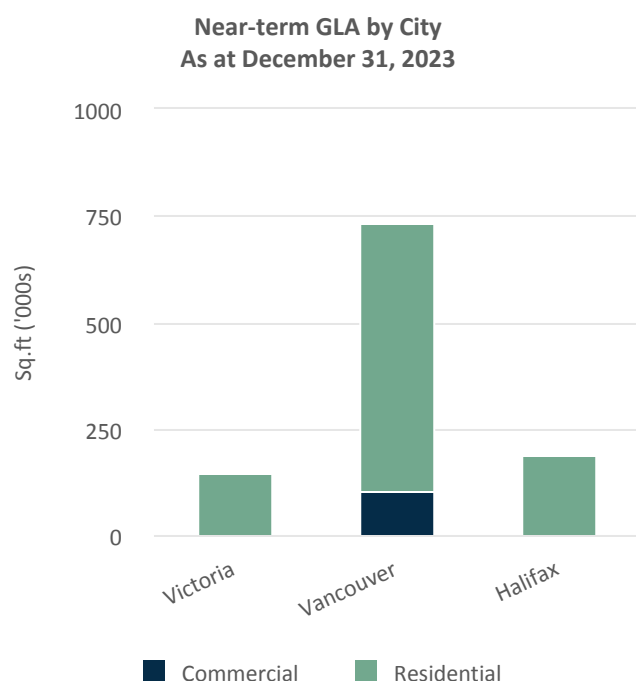
Total estimated costs include soft and hard construction costs, tenant inducements, external leasing costs, finance costs, and capitalized interest and other carrying costs, such as capitalized construction and development wages, and property taxes. These costs are determined by using internal knowledge 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.

These estimates and assumptions are reviewed and updated regularly and are subject to changes, which 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, supply and labour availability, ability to attract tenants, estimated GLA, and tenant mix among rental, air rights sale, 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.

Estimated annual net operating income is calculated using first year stabilized annual rent for each tenant, assuming 100% occupancy. These estimates are established using market rents, Crombie's market knowledge, and/or using externally generated market studies. The estimated yield on cost is derived from dividing the estimated annual net operating income by the estimated total project costs. Crombie determines the yield on cost range from the approved pro forma while factoring in a margin of uncertainty on both sides of the approved yield.

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Near-term Projects



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

Property	City	% Ownership	Full Project Density		
			Commercial GLA	Residential GLA	Residential Units
The Marlstone ⁽¹⁾	Halifax	100%	—	189,000	291
1780 East Broadway (Broadway and Commercial) ⁽²⁾	Vancouver	50% ⁽³⁾	105,000	626,000	970
Belmont Market - Phase II	Victoria	100%	—	145,000	200
Total Near-term Developments			105,000	960,000	1,461

(1) The Marlstone was previously referred to as Westhill on Duke. The Marlstone is an active construction project.

(2) Square footage and units at 1780 East Broadway (Broadway and Commercial) were adjusted to reflect latest architectural design work in progress. Square footage is at 100%.

(3) 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 291-unit residential rental project in the heart of downtown Halifax, located within the Scotia Square mixed-use retail, office, and hotel complex. Demolition and existing building upgrades commenced in May 2023 and construction continues to progress well. Completion is expected in the first half of 2026.

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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. If rezoning is completed in 2024 as expected, construction tendering could commence in 2025.

Belmont Market - Phase II, Victoria, British Columbia

Type: Residential

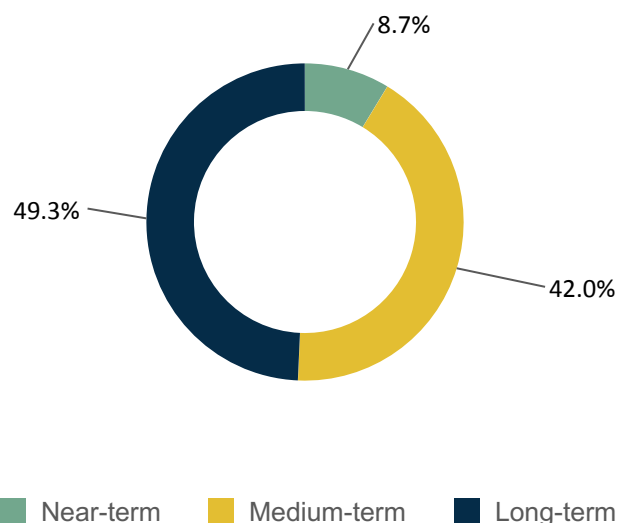
Ownership: 100%

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 detail total project cost estimates by category at December 31, 2023:

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



Project Timeline	Number of Projects	At Crombie's Share (\$ in millions)			
		Total Estimated Costs ⁽¹⁾		Total Spend to Date ⁽²⁾	Estimated Cost to Complete
Near-term	3	\$	500-600	\$ 50	\$ 450-550
Medium-term	7		2,200-2,900	90	2,110-2,810
Long-term	16		2,300-3,300	160	2,140-3,140
Total Pipeline	26	\$	5,000-6,800	\$ 300	\$ 4,700-6,500

(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, with the exception of the Marlstone.

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 NAV and AFFO growth.

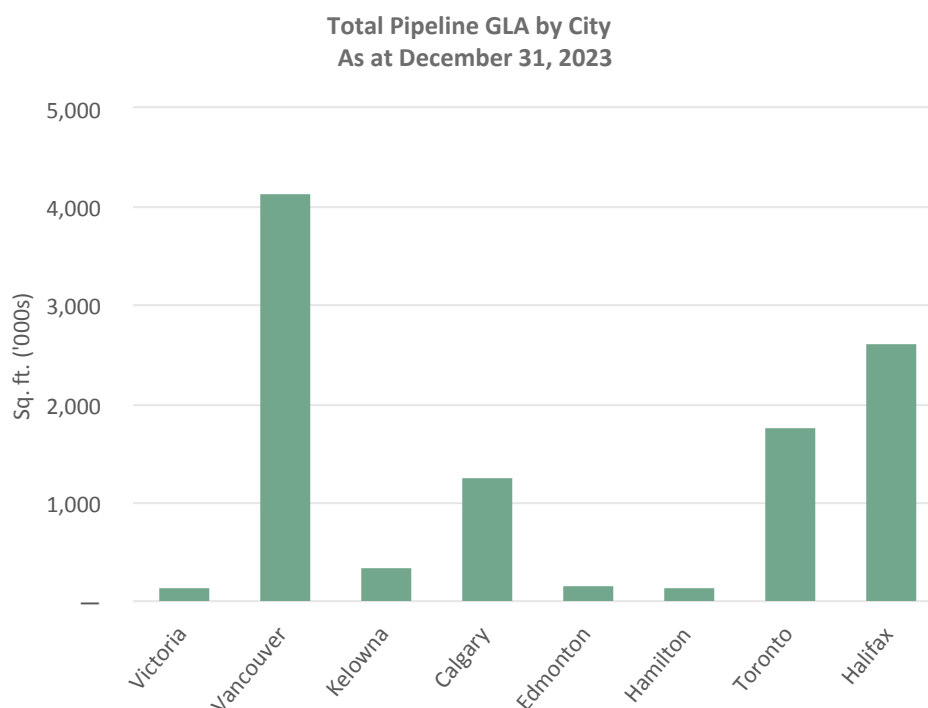
PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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Total estimated costs usually include land cost on the existing income-producing 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 supply 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 1,144,000 square feet of commercial GLA, and up to 9,460,000 square feet (up to 11,291 units) of residential GLA (which may include a combination of rental or condominium units).



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Total Pipeline Density by Project Timeline

Project Timeline ⁽¹⁾	Commercial GLA	Residential GLA	Residential Units
Near-term	105,000	960,000	1,461
Medium-term	259,000	4,407,000	5,080
Long-term	780,000	4,093,000	4,750
Total Pipeline	1,144,000	9,460,000	11,291

(1) Many projects in the pipeline are multi-phased. GLA and units are 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 eight of these 26 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	1,444,000	1,499,000	1,801
Application Submitted	4	197,000	2,893,000	3,090,000	3,460
Future	18	892,000	5,123,000	6,015,000	6,030
Total	26	1,144,000	9,460,000	10,604,000	11,291

(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.

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), McCowan and Ellesmere (Toronto), Park West (Halifax), and Toronto East. During the quarter, Broadview was removed from the application submitted count as the development will not be pursued, while a zoning application was submitted for the development opportunity at Toronto East.

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The following table lists the 26 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	No	Zoned	Near-term	
2 Belmont Market - Phase II	Victoria	1.70	Land	No	Zoned	Near-term	
3 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 and Ellesmere	Toronto	4.48	FreshCo/Other	Yes	Application Submitted	Medium-term	
6 Lynn Valley	Vancouver	2.82	Safeway	Yes	Future	Medium-term	
7 Park West	Halifax	19.66	Sobeys	Yes	Application Submitted	Medium-term	
8 Toronto East	Toronto	0.14	Land	Yes	Application Submitted	Medium-term	
9 Barrington Residential ⁽⁵⁾	Halifax	0.68	Land	Yes	Zoned	Medium-term	
10 Fleetwood	Vancouver	4.45	Safeway	Yes	Future	Medium-term	
11 1818 Centre Street	Calgary	2.18	Safeway	Yes	Future	Long-term	
12 Port Coquitlam	Vancouver	5.31	Safeway	Yes	Future	Long-term	
13 Danforth	Toronto	0.79	The Beer Store	Yes	Future	Long-term	
14 West Broadway	Vancouver	1.95	Safeway	Yes	Future	Long-term	
15 Centennial Parkway	Hamilton	2.75	Retail	Yes	Future	Long-term	
16 King Edward	Vancouver	1.80	Safeway	Yes	Future	Long-term	
17 Elbow Drive	Calgary	1.60	Safeway	Yes	Future	Long-term	
18 Robson Street	Vancouver	1.15	Safeway	Yes	Future	Long-term	
19 Kensington	Calgary	1.73	Safeway	Yes	Future	Long-term	
20 Beltline	Calgary	2.59	Safeway	Yes	Future	Long-term	
21 Kingsway and Tyne	Vancouver	3.74	Safeway/Other	Yes	Future	Long-term	
22 East Hastings	Vancouver	3.30	Safeway/Other	Yes	Future	Long-term	
23 Bernard Ave	Kelowna	1.83	Safeway	Yes	Future	Long-term	
24 Whyte Ave	Edmonton	2.44	Safeway/Other	Yes	Future	Long-term	
25 New Westminster	Vancouver	2.82	Safeway	Yes	Future	Long-term	
26 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 is being 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.

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Non-major Developments

Non-major developments, including land-use intensification, property redevelopments, and modernizations, include projects with a total estimated cost below \$50,000 at Crombie's share. Projects in the non-major category are shorter in duration and thus boast less overall risk as compared to our major development pipeline. Current non-major developments have a yield range of 5.3% to 7.0%. These projects have the ability to create value while enhancing the overall quality of the portfolio. The below table summarizes active non-major developments within Crombie's portfolio at December 31, 2023.

At Crombie's Share (\$ in millions)				
Type	GLA on Completion	Estimated Total Cost	Estimated Cost to Complete	
Land-use intensification	28,000	\$ 20	\$ 8	
Modernizations ⁽¹⁾ , Redevelopments, and Other	—	30	2	
Total Non-major Developments	28,000	\$ 50	\$ 10	
Yield on Cost Projections	5.3% - 7.0%			

(1) Modernizations are a capital investment to modernize/renovate Crombie-owned grocery store properties in exchange for a defined return and potential extended lease term. Annual spend on modernizations totals \$25,201 (December 31, 2022 - \$14,932).

Total estimated costs include land cost on the existing income-producing properties in certain occasions such as greenfield non-major developments, 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.

These estimates and assumptions are reviewed and updated regularly and are subject to changes, which 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, supply and labour availability, ability to attract tenants, estimated GLA, and tenant mix among rental, air rights sale, 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.

Estimated annual net operating income is calculated using first year stabilized annual rent for each tenant, assuming 100% occupancy. These estimates are established using market rents, Crombie's market knowledge, and/or using externally generated market studies. The estimated yield on cost range is derived from dividing the estimated annual NOI by the estimated total project costs, factoring in a margin for uncertainty.

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8. 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").

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Our guiding principles for managing capital are as follows:

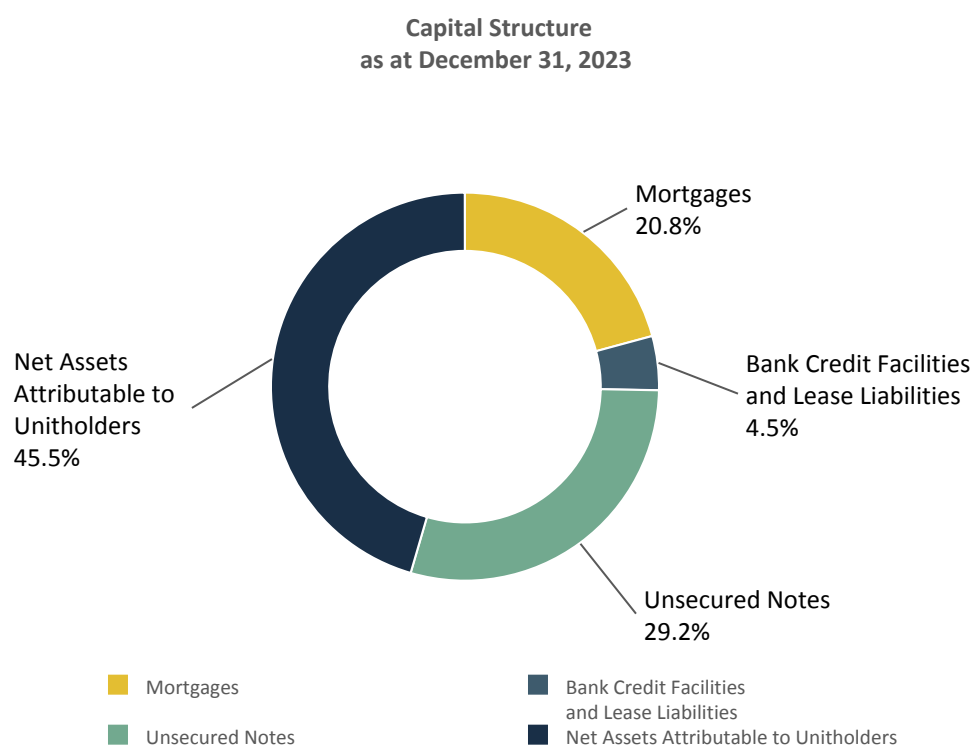
Guiding Principles	Current Status
Reduce total leverage over the medium/long-term	D/GFV ^(*) is 43.0% at December 31, 2023 compared to 41.8% at December 31, 2022.
Maintain minimum of \$250 million liquidity	Increased liquidity to \$583.8M, up \$0.8M from 2022.
Improve weighted average term to maturity	Increase to 4.9 years at December 31, 2023 versus 4.7 years at December 31, 2022.
Lower cost of capital through equity raises and/or innovative funding solutions, such as capital recycling	No equity raises or capital recycling in 2023, other than reinvestment of distributions through Crombie's DRIP.
Maintain balance sheet strength during current period of rising interest rates	Reduced mortgage debt outstanding by \$79M from December 31, 2022. During 2023, Crombie issued, on a private placement basis, \$200M of Series K senior unsecured notes maturing September 28, 2029.
Increase unencumbered asset pool	Expanded unencumbered asset pool by approximately 21% to \$2.6B since December 31, 2022.

Investment Grade Credit Rating

Crombie's ability to raise debt financing and the cost associated with that debt financing depends on its ability to access the public debt capital markets, which are reliant on assigned credit ratings, as well as the bank credit market. A credit rating generally indicates the rating agency's assessment of the relative risk that the borrower will not fulfill its obligations in a timely manner with respect to both interest and principal commitments. In 2013, Crombie successfully applied to Morningstar DBRS for a credit rating in order to access the unsecured note markets.⁽¹⁾

- (1) The credit ratings are not recommendations to buy, sell, or hold any of the securities referred to, and they may be revised or withdrawn at any time by the assigning rating agency. Ratings are determined by the rating agencies based on criteria established from time to time by them, and they do not comment on market price or suitability for a particular investor. Each credit rating should be evaluated independently of any other credit rating.

Strong Capital Structure



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

	December 31, 2023			December 31, 2022	
Fixed rate mortgages ⁽¹⁾	\$	834,628	20.8 %	\$	913,706 23.2 %
Drawn credit facilities		144,391	3.6 %		160,264 4.1 %
Senior unsecured notes ⁽¹⁾		1,171,769	29.2 %		972,003 24.7 %
Lease liabilities		36,292	0.9 %		35,000 0.9 %
Net assets attributable to Crombie REIT Unitholders		1,081,631	27.0 %		1,097,070 27.9 %
Net assets attributable to Special Voting Units and Class B Limited Partnership Unitholders		743,082	18.5 %		753,470 19.2 %
Total capital structure	\$	4,011,793	100.0 %	\$	3,931,513 100.0 %

(1) Net of deferred financing charges.

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Debt Metrics

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

	December 31, 2023	December 31, 2022
Unencumbered investment properties ⁽¹⁾	\$ 2,607,934	\$ 2,154,468
Unencumbered investment properties ⁽¹⁾ as a % of unsecured debt ^(*)	205.6 %	191.5 %
Debt to gross fair value ^(*)	43.0 %	41.8 %
Weighted average interest rate ⁽²⁾	4.1 %	3.8 %
Debt to trailing 12 months adjusted EBITDA ^(*)	8.03x	8.02x
Interest coverage ratio ^(*)	3.06x	3.26x

(1) Represents fair value of unencumbered properties.

(2) 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 \$2,607,934 as at December 31, 2023. This increase is primarily due to mortgage maturities and development, offset in part by increases in capitalization rates throughout the year.

Debt to Gross Fair Value^(*)

When calculating debt to gross fair value^(*), debt is defined 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 equity-accounted 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 valuers. 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 December 31, 2023 and December 31, 2022, respectively, based on each property's current use as a revenue-generating investment property. Additionally, as properties are prepared for redevelopment, Crombie considers each property's progress through entitlement in determining the fair value of a property. As at December 31, 2023, Crombie's weighted average capitalization rate used in the determination of the fair value of its investment properties was 6.12%, an increase of 18 basis points 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 3.67% as at December 31, 2023, an increase of 20 basis points 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 43.0% at December 31, 2023 compared to 41.8% at December 31, 2022.

The increase in this leverage ratio during the year ended December 31, 2023 was due to an increase in outstanding debt of \$109,297 from December 31, 2022, resulting primarily from the issuance of \$200,000 of senior unsecured notes, offset in part by reduced balances of mortgages outstanding of \$79,595, a decrease of \$15,873 in outstanding balances of credit facilities, and an increase of \$46,000 in gross fair value of investment properties. The increase in gross fair value of investment properties was primarily due to development, acquisitions, and the assignment of subleases to Crombie by a subsidiary of Empire, partially offset by increases in capitalization rates throughout the year.

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	December 31, 2023	December 31, 2022
Fixed rate mortgages	\$ 838,957	\$ 918,552
Senior unsecured notes	1,175,000	975,000
Unsecured non-revolving credit facility	93,297	150,000
Revolving credit facility	47,591	—
Joint operation credit facility	3,503	10,264
Debt held in joint ventures, at Crombie's share ^{(1) (2)}	274,115	270,642
Lease liabilities	36,292	35,000
Adjusted debt ^(*)	\$ 2,468,755	\$ 2,359,458
Investment properties, fair value	\$ 5,096,000	\$ 5,050,000
Investment properties held in joint ventures, fair value, at Crombie's share ⁽²⁾	472,500	454,000
Other assets, cost ⁽³⁾	136,081	99,728
Other assets, cost, held in joint ventures, at Crombie's share ^{(2) (3) (4)}	26,214	26,974
Cash and cash equivalents	—	6,117
Cash and cash equivalents held in joint ventures, at Crombie's share ⁽²⁾	3,004	2,487
Deferred financing charges	7,560	7,843
Gross fair value	\$ 5,741,359	\$ 5,647,149
Debt to gross fair value ^(*)	43.0 %	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) Excludes tenant incentives, accumulated amortization, and accrued straight-line rent receivable.

(4) Includes deferred financing charges.

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

The following table presents a reconciliation of operating income attributable to Unitholders 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 85, for more information.

In calculating adjusted EBITDA^(*), Crombie includes its share of revenue, operating expenses, and general and administrative expenses in joint ventures. Interest coverage^(*) and debt service coverage^(*) calculations also include Crombie's share of finance costs - operations and debt repayments in joint ventures.

Crombie's debt to adjusted EBITDA^(*) increased to 8.03x for the trailing 12 months ended December 31, 2023 from 8.02x for the trailing 12 months ended December 31, 2022. The increase was due to higher outstanding debt of \$109,297 resulting primarily from the issuance of \$200,000 of senior unsecured notes, offset in part by reduced balances of mortgages outstanding of \$79,595 and a decrease of \$15,873 in outstanding balances of credit facilities. An increase of \$13,097 in adjusted EBITDA over the trailing 12 months ended December 31, 2023 when compared to the trailing 12 months ended December 31, 2022 further offset the increase in the ratio. The increase in adjusted EBITDA resulted mainly from higher net property income^(*) due to completed developments, renewals, new leasing, acquisitions, revenue from management and development services, and increased income from the sale of land within equity-accounted joint ventures.

The interest coverage^(*) ratio for the quarter ended December 31, 2023 decreased to 3.06x compared to 3.26x for the quarter ended December 31, 2022 due to higher finance costs from operations, offset in part by increased adjusted EBITDA. Finance costs increased by \$3,282 compared to the fourth quarter of 2022 primarily due to increased interest on floating rate debt resulting from higher interest rates and higher average loan balances, and increased interest on unsecured notes due to the issuance of Series K notes in the first quarter of 2023 and the redemption of Series D senior unsecured notes in the fourth quarter of 2022. These increases were partially offset by reduced mortgage interest from repayments and dispositions in the prior year. The increase of \$6,386 in adjusted EBITDA compared to the fourth quarter of 2022 resulted primarily from higher net property income^(*) due to completed developments, renewals, new leasing, and revenue from management and development services.

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Crombie's debt service coverage^(*) increased to 2.36x for the quarter ended December 31, 2023 from 2.31x for the quarter ended December 31, 2022 due primarily to improved adjusted EBITDA as described above, offset in part by higher interest expense.

	Three months ended							
	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022
Operating income attributable to Unitholders	\$ 26,295	\$ 27,796	\$ 19,557	\$ 25,173	\$ 87,718	\$ 26,410	\$ 28,424	\$ 25,248
Amortization of tenant incentives	6,529	7,838	5,357	6,792	5,940	5,795	5,690	5,564
Gain on disposal of investment properties ⁽¹⁾	—	(477)	—	(111)	(62,584)	(13,357)	(4,863)	—
Gain on distribution from equity-accounted investments	—	—	—	—	—	(1,000)	—	(1,933)
Impairment of investment properties	—	—	—	—	—	10,400	—	—
Depreciation and amortization	20,087	19,834	19,494	19,420	18,991	22,744	19,222	18,879
Finance costs - operations	23,839	20,665	21,000	20,764	20,623	20,884	20,762	20,745
(Income) loss from equity-accounted investments	980	(876)	1,425	(1,673)	1	1,787	1,627	1,539
Property revenue in joint ventures, at Crombie's share	7,222	9,691	4,144	11,269	7,271	3,258	2,616	2,356
Property operating expenses in joint ventures, at Crombie's share	(3,684)	(4,270)	(1,231)	(5,170)	(3,022)	(1,296)	(1,002)	(903)
General and administrative expenses in joint ventures, at Crombie's share	(23)	(145)	(54)	(107)	(77)	(31)	(21)	(150)
Taxes - current	6	—	—	—	4	—	—	—
Adjusted EBITDA^(*) [1]	\$ 81,251	\$ 80,056	\$ 69,692	\$ 76,357	\$ 74,865	\$ 75,594	\$ 72,455	\$ 71,345
Trailing 12 months adjusted EBITDA^(*) [4]	\$ 307,356	\$ 300,970	\$ 296,508	\$ 299,271	\$ 294,259	\$ 290,022	\$ 286,024	\$ 281,626
Finance costs - operations	\$ 23,839	\$ 20,665	\$ 21,000	\$ 20,764	\$ 20,623	\$ 20,884	\$ 20,762	\$ 20,745
Finance costs - operations in joint ventures, at Crombie's share	3,279	3,428	3,293	3,430	2,961	2,564	2,157	1,776
Amortization of deferred financing charges	(588)	(604)	(641)	(622)	(654)	(675)	(668)	(688)
Adjusted interest expense^(*) [2]	\$ 26,530	\$ 23,489	\$ 23,652	\$ 23,572	\$ 22,930	\$ 22,773	\$ 22,251	\$ 21,833
Debt principal repayments	\$ 7,606	\$ 7,703	\$ 8,357	\$ 9,041	\$ 9,172	\$ 9,349	\$ 9,599	\$ 9,979
Debt principal repayments in joint ventures, at Crombie's share	317	315	312	1,738	307	305	306	2,864
Debt principal repayments [3]	\$ 7,923	\$ 8,018	\$ 8,669	\$ 10,779	\$ 9,479	\$ 9,654	\$ 9,905	\$ 12,843
Debt outstanding (see Debt to Gross Fair Value^(*)) [5]⁽²⁾	\$ 2,468,755	\$ 2,448,384	\$ 2,421,240	\$ 2,383,231	\$ 2,359,458	\$ 2,463,882	\$ 2,502,845	\$ 2,456,686
Interest coverage^(*) ratio {[1]/[2]}	3.06x	3.41x	2.95x	3.24x	3.26x	3.32x	3.26x	3.27x
Debt service coverage^(*) ratio {[1]/([2]+[3])}	2.36x	2.54x	2.16x	2.22x	2.31x	2.33x	2.25x	2.06x
Debt to trailing 12 months adjusted EBITDA^(*) {[5]/[4]}	8.03x	8.13x	8.17x	7.96x	8.02x	8.50x	8.75x	8.72x

(1) Gain on disposal of investment properties in 2023 consists of deferred gain on the sale of land sold to a joint venture in the third quarter of 2022, which has been subsequently sold to a third party.

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

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Debt Profile

A continuity of Crombie's fixed rate mortgages, senior unsecured notes, and credit facilities for the years ended December 31, 2023 and December 31, 2022 is as follows:

	Year ended December 31, 2023			Year ended December 31, 2022		
	Mortgages	Senior Unsecured Notes	Credit Facilities	Mortgages	Senior Unsecured Notes	Credit Facilities
Opening balance, beginning of year	\$ 918,321	\$ 975,000	\$ 160,264	\$ 1,073,553	\$ 1,125,000	\$ 29,124
Additions to existing mortgages	—	—	—	—	—	—
New borrowings or issuances	120,660	200,000	—	7,000	—	150,000
Principal repayments	(32,707)	—	—	(38,099)	—	—
Repayments on maturity	(167,266)	—	—	(124,133)	—	—
Redemption	—	—	—	—	(150,000)	—
Net (repayments) advances	—	—	(15,873)	—	—	(18,860)
Closing balance, end of year	\$ 839,008 ⁽¹⁾	\$ 1,175,000	\$ 144,391	\$ 918,321 ⁽¹⁾	\$ 975,000	\$ 160,264

(1) Excludes unamortized fair value debt adjustment of \$(51) (December 31, 2022 - \$231).

Mortgages

Crombie had outstanding fixed rate mortgages consisting of:

	December 31, 2023	December 31, 2022
Fixed rate mortgages ⁽¹⁾	\$ 839,008	\$ 918,321
Unamortized fair value debt adjustment and interest rate subsidy	(51)	231
	838,957	918,552
Deferred financing charges on fixed rate mortgages	(4,329)	(4,846)
Total mortgage debt	\$ 834,628	\$ 913,706
Long-term portion	\$ 617,717	\$ 666,748
Current portion	\$ 216,911	\$ 246,958
Weighted average interest rate	4.30 %	4.07 %
Weighted average term to maturity	5.9 years	4.6 years

(1) Includes floating rate mortgages that are fixed 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 \$83,398 of floating rate debt that is classified as fixed rate due to interest rate swap agreements in place.

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Senior Unsecured Notes (“Notes”)

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

	Maturity Date	Effective Interest Rate	December 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			(3,231)	(2,997)
Total senior unsecured notes			\$ 1,171,769	\$ 972,003
Long-term portion			\$ 1,171,769	\$ 972,003
Weighted average interest rate			3.89 %	3.61 %
Weighted average term to maturity			4.4 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 bear interest at a rate of 5.244% per annum and were priced at par. 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 December 31, 2023 and December 31, 2022:

	Total Available Facility	Weighted Average Term to Maturity	December 31, 2023	December 31, 2022
Revolving credit facility	\$ 400,000	3.5 years	\$ 47,591	\$ —
Unsecured non-revolving credit facility	200,000	1.9 years	93,297	150,000
Unsecured bilateral credit facility	130,000	1.5 years	—	—
Joint operation credit facility I	—	—	—	7,167
Joint operation credit facility II ^{(1) (2)}	3,520	0.8 years	3,503	3,097
Total credit facilities	\$ 733,520	2.4 years	\$ 144,391	\$ 160,264
Long-term portion			\$ 140,888	\$ 160,264
Current portion			\$ 3,503	\$ —
Weighted average interest rate for drawn credit facilities			6.78 %	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.

Revolving Credit Facility

Crombie has in place an authorized floating rate Revolving credit facility of up to \$400,000 (the “Revolving credit facility”). It has been amended to extend the maturity date to June 30, 2027 and has a balance drawn of \$47,591 at December 31, 2023 (\$52,933 including outstanding letters of credit). The Revolving credit facility is secured by a pool of first mortgages on certain properties. Borrowings under the Revolving credit facility can be by way of Bankers’ Acceptance or prime rate 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 Morningstar DBRS and whether the facility remains secured or migrates to an unsecured status.

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Unsecured Non-revolving Credit Facility

The Unsecured non-revolving credit facility has been amended to reinstate the full \$200,000 maximum principal amount. The facility has a maturity date of November 18, 2025, of which \$93,297 was drawn at December 31, 2023. 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 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 Morningstar DBRS.

Unsecured Bilateral Credit Facility

The Unsecured bilateral credit facility has a maximum principal amount of \$130,000 and has been amended to extend the maturity date to June 30, 2025. No balance was drawn as at December 31, 2023. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. Borrowings under the Unsecured bilateral credit facility can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with Morningstar DBRS.

Joint Operation Credit Facilities

The Joint operation credit facility I, which consisted of term loan and revolving credit facilities, was repaid in the second quarter of 2023. Concurrently, the fixed-for-floating interest rate swap was also retired.

The Joint operation credit facility II was entered into in conjunction with the 89% sale of a portfolio of assets in the fourth quarter of 2019. Crombie and its co-ownership partner entered into a credit agreement with a Canadian chartered bank for a \$16,500 term loan facility and a \$15,500 revolving credit facility. Both facilities are secured by first and second mortgages on select properties and have a term of five years maturing on October 7, 2024. Borrowings under both facilities can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into the facility, Crombie and its co-ownership partner entered into a fixed-for-floating interest rate swap, effectively fixing the interest rate on both facilities at 3.27%. At December 31, 2023, Crombie's portion of the term and revolving credit facilities was \$1,815 and \$1,688, respectively.

Debt Maturities

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

12 Months Ending	Maturing Debt Balances					Payments of Mortgage Principal	Total Required Payments	
	Mortgages	Senior Unsecured Notes	Credit Facilities	Total	% of Total			% of Total
December 31, 2024	\$ 189,194	\$ —	\$ 3,503	\$ 192,697	9.7 %	\$ 27,716	\$ 220,413	10.2 %
December 31, 2025	30,596	175,000	93,297	298,893	15.0 %	23,068	321,961	14.9 %
December 31, 2026	12,401	200,000	—	212,401	10.7 %	21,401	233,802	10.8 %
December 31, 2027	111,759	150,000	47,591	309,350	15.6 %	18,160	327,510	15.2 %
December 30, 2028	19,372	150,000	—	169,372	8.5 %	16,435	185,807	8.6 %
Thereafter	304,953	500,000	—	804,953	40.5 %	63,952	868,905	40.3 %
Total⁽¹⁾	\$ 668,275	\$ 1,175,000	\$ 144,391	\$ 1,987,666	100.0 %	\$ 170,732	\$ 2,158,398	100.0 %

(1) Excludes fair value debt adjustment of \$(51) and deferred financing charges of \$(4,329) on mortgages and \$(3,231) 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 year ended December 31, 2023, Crombie issued 1,584,347 REIT Units and 1,122,338 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.

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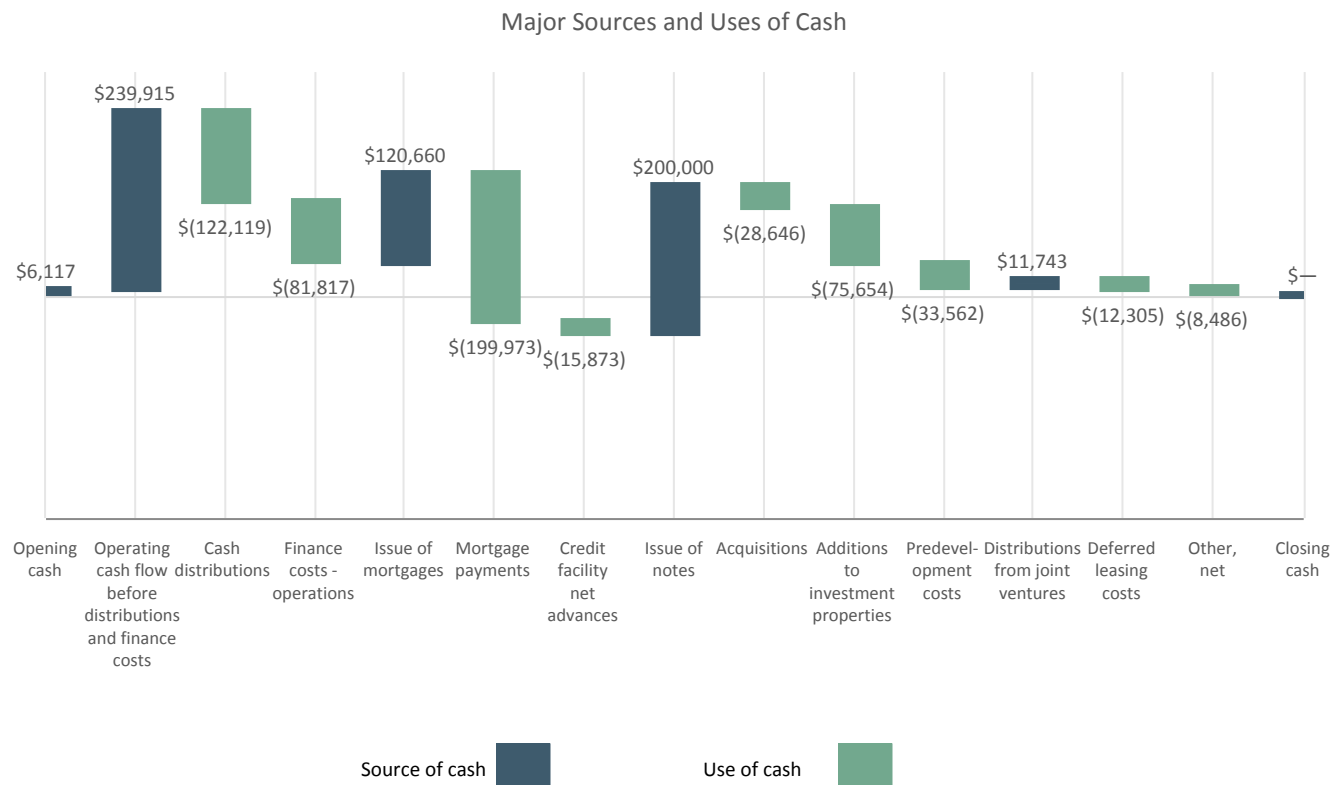
Total Units outstanding at January 31, 2024, were as follows:

Units	107,045,712
Special Voting Units ⁽¹⁾	74,277,668

(1) Crombie Limited Partnership, a subsidiary of Crombie, has issued 74,277,668 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

The following shows the major sources and uses of cash for the year ended December 31, 2023:



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	Three months ended December 31,			Year ended December 31,		
	2023	2022 ⁽¹⁾	Variance	2023	2022 ⁽¹⁾	Variance
Cash provided by (used in):						
Operating activities	\$ 69,095	\$ 66,338	\$ 2,757	\$ 239,915	\$ 234,776	\$ 5,139
Financing activities	(30,165)	(152,720)	122,555	(102,145)	(185,290)	83,145
Investing activities	(39,040)	90,977	(130,017)	(143,887)	(47,284)	(96,603)
Net change during the period	\$ (110)	\$ 4,595	\$ (4,705)	\$ (6,117)	\$ 2,202	\$ (8,319)

(1) Cash provided by (used in) operating and financing activities for the periods ended December 31, 2022 was updated from the previously reported figures to show finance costs - operations net of non-cash items.

Operating Activities

For the three months ended:

The increase in cash provided by operating activities in the quarter was primarily due to higher property cash NOI⁽¹⁾ of \$4,792 compared to the prior year, an increase in the net change in non-cash working capital items of \$2,214, and revenue from management and development services of \$1,087. This increase in cash was offset in part by higher additions to tenant incentives of \$5,671.

For the year ended:

The increase in cash provided by operating activities on an annual basis was primarily due to higher property cash NOI⁽¹⁾ of \$9,138 compared to 2022, an increase in the net change in non-cash working capital items of \$8,434, and revenue from management and development services of \$3,430. This was partially offset by higher additions to tenant incentives of \$7,889 and higher general and administration expenses resulting from employee transition costs of \$7,386 in the second quarter of 2023.

Financing Activities

For the three months ended:

The decrease in cash used in financing activities was due primarily to the \$150,000 redemption of Series D unsecured notes in the fourth quarter of 2022 and \$72,000 in new mortgage issuances in 2023. This was offset in part by net repayments on floating rate credit facilities of \$21,329 compared to the net amount drawn of \$69,011 in the same period in 2022. Additionally, mortgage repayments were \$9,929 higher compared to the fourth quarter of 2022.

For the year ended:

The decrease in cash used in financing activities on an annual basis was primarily driven by the \$200,000 issuance of Series K unsecured notes in the first quarter of 2023 and the \$150,000 redemption of Series D unsecured notes in the fourth quarter of 2022. Additionally, new mortgage issuances were \$113,660 higher compared to 2022. This was offset in part by the Unit issuance of \$194,741 net of issue costs in the first quarter of 2022 and net repayments on floating rate credit facilities of \$9,112 compared to the net amount drawn of \$130,780 in the prior year. Mortgage repayments were \$37,741 higher than in 2022 and net repayment of joint operation credit facilities was \$7,121 higher due to the repayment of Joint operation credit facility I in the second quarter of 2023.

Investing Activities

For the three months ended:

The increase in cash used in investing activities resulted primarily from lower proceeds from disposition of investment properties of \$111,022, higher predevelopment costs of \$19,701, and repayments of \$10,100 from a related party in the fourth quarter of 2022. This was partially offset by a decrease in additions to investment properties of \$7,487, and an increase in distributions from equity-accounted investments of \$6,011.

For the year ended:

The increase in cash used in investing activities was primarily due to lower proceeds from disposition of investment properties of \$171,702 compared to 2022, higher predevelopment costs of \$27,363, an increase in additions to deferred leasing costs of \$11,032, and lower collections of notes receivable from related parties of \$7,923. This was partially offset by a decrease in acquisitions of investment properties of \$86,681, fewer additions to investment properties of \$28,725, and an increase in distributions from equity-accounted investments of \$6,350.

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Available Credit Line Liquidity

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

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Revolving credit facility	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Amount drawn	(47,591)	(84,820)	(52,491)	—	—
Outstanding letters of credit	(5,342)	(2,880)	(2,417)	(2,942)	(2,883)
Available liquidity	347,067	312,300	345,092	397,058	397,117
Unsecured revolving bilateral credit facility	130,000	130,000	130,000	130,000	130,000
Amount drawn	—	—	—	—	—
Available liquidity	130,000	130,000	130,000	130,000	130,000
Unsecured non-revolving credit facility	200,000	200,000	200,000	200,000	200,000
Amount drawn	(93,297)	(77,397)	(61,020)	—	(150,000)
Available liquidity	106,703	122,603	138,980	200,000	50,000
Unrestricted cash	—	—	—	8,819	5,886
Total available liquidity ⁽¹⁾	\$ 583,770	\$ 564,903	\$ 614,072	\$ 735,877	\$ 583,003

(1) Joint facilities with joint operation partners are excluded from the calculation of available liquidity since they can only be drawn upon as payments are made on the mortgages pertaining to the related properties.

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

- annualized NOI for the prescribed properties must be a minimum of 1.3 times the coverage of the related annualized debt service requirements;
- annualized NOI on all properties must be a minimum of 1.4 times the coverage of all annualized debt service requirements; and
- cash distributions to Unitholders are limited to 100% of funds from operations.

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

As at December 31, 2023, the remaining amount available under the Revolving credit facility was approximately \$352,409 (prior to reduction for standby letters of credit outstanding of \$5,342) 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.

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

	Twelve months ending December 31,						
	Contractual Cash Flows ⁽¹⁾	2024	2025	2026	2027	2028	Thereafter
Fixed rate mortgages - principal and interest ⁽²⁾	\$ 352,602	\$ 60,150	\$ 48,741	\$ 44,930	\$ 38,008	\$ 33,817	\$ 126,956
Fixed rate mortgages - maturities	668,275	189,194	30,596	12,401	111,759	19,372	304,953
Senior unsecured notes	1,369,889	45,664	212,964	234,708	176,810	171,012	528,731
Trade and other payables	113,715	92,749	4,138	2,748	2,477	2,477	9,126
Lease liabilities	151,345	3,135	4,725	2,936	2,676	2,457	135,416
	2,655,826	390,892	301,164	297,723	331,730	229,135	1,105,182
Credit facilities ⁽²⁾	167,877	13,251	102,156	3,253	49,217	—	—
Total estimated payments	\$ 2,823,703	\$ 404,143	\$ 403,320	\$ 300,976	\$ 380,947	\$ 229,135	\$ 1,105,182

(1) Includes principal and interest and excludes extension options.

(2) Includes the fixed portion of the interest expense for mortgages and credit facilities under swap agreements.

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;
- the issuance of additional senior unsecured notes;
- the issuance of new Units; and
- entering into new joint arrangements.

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 December 31, 2023, Crombie has a total of \$5,342 (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 December 31, 2023, Crombie had signed construction contracts totalling \$254,880, of which \$168,407 has been paid. This includes contracts signed within joint ventures at Crombie's ownership percentage. Crombie has committed to funding the next \$37,926 in development costs at 1700 East Broadway Limited Partnership.

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 December 31, 2023, Crombie has provided guarantees of approximately \$81,781 (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 1.8 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.

During the year ended December 31, 2023, 1600 Davie Limited Partnership entered into a credit agreement with a Canadian chartered bank. The revolving credit facility has a maximum principal amount of \$4,000 and matures July 31, 2026. Crombie has guaranteed 100% of the loan.

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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 year ended December 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:

	December 31, 2023		December 31, 2022	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial liabilities				
Investment property debt	\$ 956,601	\$ 983,348	\$ 1,035,216	\$ 1,078,816
Senior unsecured notes	1,108,474	1,175,000	877,058	975,000
Total financial liabilities	\$ 2,065,075	\$ 2,158,348	\$ 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 investment property debt and senior unsecured notes are Level 2 measurements.

9. 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 risks that can affect its operating performance.

The more significant risks, and the action taken to manage them, are as follows (please see the "Risks" section of Crombie's 2022 Annual Information Form available at www.sedarplus.ca for additional information on risks related to Crombie):

Enterprise Risk Management

The impact on markets of the global pandemic, recent inflation, and rising interest rates, and the resulting effect on the available income of retail customers, may adversely impact our operations and development activities. Risks include, but are not limited to, increasing the credit risk associated with our receivables, limiting our ability to quickly respond to changes in credit risk, increased construction supply and labour costs, and extending the time to completion and occupancy of our major developments. There is also increased risk as to the extent of the impact of a possible economic recession on leasing, occupancy, tenant inducements, land-use intensification, market rents, and capital expenditures. The potential impact of this moderate economic uncertainty on Crombie's future financial results and valuation of assets is difficult to reliably measure.

Real Property Ownership and Tenant Risks

All real property investments are subject to elements of risk. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of the properties. In addition, certain significant expenditures, including property taxes, ground rent, mortgage payments, insurance costs, and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. Cash available for distribution will be adversely affected if a significant number of tenants are unable to meet their obligations under their lease or if a significant amount of available space in the properties becomes vacant and cannot be leased on economically favourable lease terms.

Upon the expiry of any lease, there can be no assurance that the lease will be renewed, or the tenant replaced. The terms of any subsequent lease may be less favourable to Crombie than those of an existing lease. The ability to rent unleased space in the properties in which Crombie has an interest will be affected by many factors, including general economic conditions, local real estate markets, changing demographics, supply and demand for leased premises, competition from other available premises, and various other factors. Management utilizes staggered lease maturities so that Crombie is not required to lease unusually large amounts of space in any given year. In addition, the diversification of our property portfolio by geographic location, tenant mix, and asset type also helps to mitigate this risk.

As technology and e-commerce continue to evolve and proliferate the daily business activities of certain of our tenants and resulting shopping options for their customers, tenants may need to alter the way they do business to remain relevant and successful. This could include reducing store footprints, rationalizing the number of properties they operate from and/or investing in a larger e-commerce presence to remain competitive in light of continued technology and e-commerce innovation. Any such changes could adversely affect tenant demand for our properties.

Fixed Costs

The failure to rent a material amount of unleased space on a timely basis, or at all, would likely have an adverse effect on Crombie's financial condition and results of operation and decrease the amount of cash available for distribution. Certain significant expenditures, including property taxes, ground rent, maintenance costs, mortgage payments, insurance costs, and related charges must be made

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throughout the period of ownership of real property regardless of whether a property is producing any income. If Crombie is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale or the landlord's exercise of remedies. Costs may also be incurred in making improvements or repairs to property required by a new tenant and income may be lost as a result of any prolonged delay in attracting suitable tenants to the vacant space.

The timing and amount of capital expenditures by Crombie will affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when Crombie deems it necessary to make significant capital or other expenditures.

Liquidity of Real Estate Investments

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit Crombie's ability to vary its portfolio promptly in response to changing economic or investment conditions. If Crombie were to be required to liquidate its real property investments, the proceeds might be significantly less than the aggregate carrying value of its properties, which could have an adverse effect on Crombie's financial condition and results of operation and decrease the amount of cash available for distribution.

Competition

The real estate business is competitive. Numerous other developers, managers, and owners of properties compete with Crombie in seeking tenants. Some of the properties located in the same markets as Crombie's properties may be newer, better located, less levered, or have stronger anchor tenants than Crombie's properties. Some property owners with properties located in the same markets as Crombie's properties may be better capitalized and may be stronger financially and hence better able to withstand an economic downturn. Competitive pressures in such markets could have a negative effect on Crombie's ability to lease space in its properties and on the rents charged or concessions granted, which could have an adverse effect on Crombie's financial condition and results of operations and decrease the amount of cash available for distribution. Competition for acquisitions of real properties can be intense and some competitors may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those that Crombie may be prepared to accept. An increase in the availability of investment funds, an increase in interest in real property investments or a decrease in interest rates may tend to increase competition for real property investments thereby increasing purchase prices and reducing the yield on them.

Development Risk

Crombie owns a number of investment properties at varying stages of development as well as a significant pipeline of potential future development properties.

Development risks associated with development projects underway include construction delays and their impact on financing and related costs as well as commitments from tenants for occupancy; cost overruns that could impact the profitability and/or financial viability of a project; and the inability to meet revenue projections upon completion, which could be impacted by unmet leasing assumptions on timing of tenant occupancy or rent per square foot. Management strives to mitigate these risks by undertaking certain projects with partners (see "Joint Arrangement Risk"); entering into fixed cost construction contracts with reputable contractors; entering into long-term financing at the most appropriate stage possible; and entering into long-term leases with reputable commercial tenants prior to construction wherever possible.

Development risks associated with potential future development properties include all of the above as well as the risks associated with the ability to develop the property at all. This may include waiting for all current leases to expire or negotiating favourable terms with current tenants, which could include costs associated with lease interruptions to permit development, and inability to receive various required municipal/provincial approvals for site plan, development, zoning, construction, etc.

Joint Arrangement Risk

Crombie has entered into joint arrangements or partnerships with other third party entities, including our mixed-use developments at Davie Street, Le Duke, Bronte Village, Opal Ridge, and Broadway and Commercial, where Crombie holds a 50% ownership. For more information on these developments, please see the "Development" section of this MD&A. Our joint arrangements also include ownership in joint operations, at varying percentages. As a result of these joint arrangements, Crombie may not have the same level of control over the operation or development of such properties that it ordinarily has, which may impact its ability to respond to conditions affecting such properties. Risks associated with these arrangements include 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. Crombie attempts to mitigate these risks by entering into arrangements with financially stable, reputable partners with a proven track record and by negotiating contractual rights in the event of a default.

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Capitalization Rate Risk

Crombie values its investment properties using the capitalized net operating income method. Under this method, capitalization rates are applied to trailing stabilized net operating income (property revenue less property operating expenses). The key assumptions are the capitalization rates for each specific property and stabilized net income. Crombie is responsible for the reasonableness of the assumptions and for the accuracy of inputs that are used to determine our valuation disclosures. Crombie receives biannual capitalization rate reports (June and December) from external knowledgeable property valuers. The capitalization rate reports provide a range of rates for various geographic regions and for various types and qualities of properties within each region. Management selects the rate for each property from the range provided that management believes is most appropriate in its judgment. In addition to this, Crombie uses the market information obtained in external appraisals each quarter and makes relevant adjustments to our input assumptions. If these input assumptions are not correct, our valuation disclosures may not accurately describe the fair value of our properties.

There has been upward pressure on capitalization rates for the past two years, largely in response to the dramatic increase in interest rates and bond yields, and the weakening Canadian economy. This, along with the lower level of comparable transactions in the market, has resulted in less reliable data for valuers, which may result in increased subjectivity in their capitalization rates provided to Crombie.

Retail and Geographic Concentration

Crombie's portfolio of properties is heavily weighted in retail properties. Consequently, changes in the retail environment and general consumer spending, including the growing trend in e-commerce, could adversely impact Crombie's financial condition. Crombie's portfolio of properties was historically heavily concentrated in Atlantic Canada. Through property acquisitions and dispositions over the last 10 years, Crombie has reduced its geographic concentration in Atlantic Canada, and thereby reduced the adverse impact an economic downturn in any one specific geographic region in Canada could have on Crombie's financial condition.

Environmental Matters

Environmental matters 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. In June 2023, Crombie made its third submission to GRESB for the Standing Investments and Development benchmarks, improving our score in both compared to the previous year, and was awarded GRESB's Green Star for excellence in both areas. Crombie published its third annual Sustainability Report in the fourth quarter of 2023.

Environmental legislation and regulations have become increasingly important in recent years. As an owner of interests in real property in Canada, Crombie is subject to various Canadian federal, provincial and municipal laws relating to environmental matters. Such laws provide that Crombie could become liable for environmental harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties. Further liability may be incurred by Crombie with respect to the release of such substances from Crombie's properties to properties owned by third parties, including properties adjacent to Crombie's properties. The failure to remove or otherwise address such substances or properties, if any, may adversely affect Crombie's ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in claims against Crombie by public or private parties by way of civil action.

Crombie's operating policy is to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have Phase II environmental site assessment work completed where recommended in a Phase I environmental site assessment. Although such environmental site assessments provide Crombie with some level of assurance about the condition of property, Crombie may become subject to liability for undetected contamination or other environmental conditions at its properties against which it cannot insure, or against which Crombie may elect not to insure where insurance premium costs are considered to be disproportionate to the assessed risk, which could negatively impact Crombie's financial condition and results of operations, and decrease the amount of cash available for distribution.

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Environmental laws can change and Crombie or its subsidiaries may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues, or an increase in the costs required to address a currently known condition may have an adverse effect on Crombie's business, financial condition and results of operation, and distributions.

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.

Climate Change Risk

Crombie has properties located in areas that are subject to natural disasters and severe weather conditions such as hurricanes, ice storms, floods, earthquakes, and fires, and the frequency of these natural disasters and severe weather conditions may increase due to climate change. The occurrence of natural disasters, severe weather conditions, and the effects of climate change can delay new development or redevelopment projects, increase investment costs to repair or replace damaged properties, increase operation costs, including the cost of energy at our properties, increase costs for future property insurance, impact the tenant demand for space, and cause substantial damages or losses to our properties which could exceed any applicable insurance coverage. The incurrence of any of these losses, costs, or business interruptions may adversely affect our financial condition, results of operations, and cash flows. In addition, changes in government legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require us to spend more on our development or redevelopment projects without a corresponding increase in revenues, which may adversely affect our financial condition, results of operations, and cash flows.

Potential Conflicts of Interest

The trustees will, from time to time, in their individual capacities, deal with parties with whom Crombie may be dealing, or may be seeking investments similar to those desired by Crombie. The interests of these persons could conflict with those of Crombie. The Declaration of Trust and Code of Conduct contain conflict of interest provisions requiring the trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. In addition, certain decisions regarding matters that may give rise to a conflict of interest must be made by a majority of independent elected trustees only.

Conflicts may exist due to the fact that certain trustees, senior officers, and employees of Crombie are directors and/or senior officers of Empire and/or its affiliates or will provide management or other services to Empire and its affiliates. Empire and its affiliates are engaged in a wide variety of real estate and other business activities. Crombie may become involved in transactions that conflict with the interests of the foregoing. The interests of these persons could conflict with those of Crombie. To mitigate these potential conflicts, Crombie and Empire have entered into a number of agreements to outline how potential conflicts of interest will be dealt with, including a Non-Competition Agreement, Management Agreement, and Development Agreement. As well, the Declaration of Trust contains a number of provisions to manage potential conflicts of interest including setting limits to the number of Empire appointees to the Board, "conflict of interest" guidelines, as well as outlining which matters require the approval of a majority of the independent elected trustees, such as any property acquisitions or dispositions between Crombie and Empire or another related party.

Reliance on Key Personnel

The management of Crombie depends on the services of certain key personnel. The loss of the services of any key personnel could have an adverse effect on Crombie and adversely impact Crombie's financial condition. Crombie does not have key-person insurance on any of its key employees.

Crombie has undergone a number of changes to its senior management team over the last 18 months, including the retirements of its Chief Executive Officer, Chief Operating Officer, and Chief Talent Officer, and the recently announced upcoming departure of its Chief Financial Officer, among others. While replacements for some of these roles have been identified and retained, there can be no assurance that Crombie will not experience adverse impact to its financial condition beyond the employee transition costs already disclosed.

Reliance on Empire, Sobeys, and Other Empire Affiliates

Crombie's ability to acquire new properties is dependent in part upon Empire and Sobeys Developments Limited Partnership ("SDLP") and the successful operation of the right of first offer agreement as described in the "Material Contracts" section of Crombie's 2022 Annual Information Form. Also, a significant portion of Crombie's rental income is received from tenants that are affiliates of Empire. In addition, Empire has obligations to indemnify Crombie in respect to the cost of environmental remediation of certain properties acquired by Crombie from Empire to a maximum permitted amount in relation to some properties and unlimited in relation to other properties. There

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is no certainty that Empire and SDLP will be able to perform their obligations to Crombie in connection with these agreements. Empire and specific subsidiaries have not provided any security to guarantee these obligations. If Empire, Sobeys, or such affiliates are unable or otherwise fail to fulfill their obligations to Crombie, such failure could adversely impact Crombie's financial condition.

Rent Control Risk

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.

Significant Relationship

As at December 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 year ended December 31, 2023, 58.5% of the AMR and 54.1% 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.

Cyber Security Risk

A cyber security incident includes any material adverse event that threatens the confidentiality, integrity and/or availability of Crombie's information resources. Such events, intentional or unintentional, could include malicious software attacks, unauthorized access to confidential data or information systems, or security breaches and could lead to a disruption of operations or unauthorized access to, and release of, confidential information. The organizational impact could include reputational damage with tenants and suppliers, financial costs, or a disruption to Crombie's business. Cyber incidents are becoming more frequent and more sophisticated. Crombie has implemented processes, technologies, procedures, and controls to help mitigate these risks, and has made it a priority to better educate and train all Crombie team members on cyber security awareness. These measures, however, as well as Crombie's enhanced awareness of risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by the occurrence of any such event.

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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	<p>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.</p> <p>In measuring tenant concentration, Crombie considers both the AMR and total property revenue of major tenants.</p> <ul style="list-style-type: none"> • Crombie's largest tenant, Empire (including Sobeys and all other subsidiaries of Empire), represents 58.5% of AMR. No other tenant accounts for more than 2.4% 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 costs. Crombie earned total property revenue of \$238,607 for the year ended December 31, 2023 (December 31, 2022 - \$230,752) from Sobeys and other subsidiaries of Empire; and • over the next five years, leases on no more than 7.3% of the gross leasable area of Crombie will expire in any one year. <p>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.</p> <p>Crombie determines the expected credit loss in accordance with IFRS 9 "Financial Instruments" 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.</p> <p>During the year ended December 31, 2023, Crombie recorded bad debt recovery of \$(104) (December 31, 2022 - recovery of \$(136)).</p> <p>Our trade receivables and provision for doubtful accounts balances at December 31, 2023 were \$18,605 and \$(1,396), respectively (December 31, 2022 - \$21,645 and \$(2,328), respectively).</p> <p>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.</p>

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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	<p>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.</p> <p>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.</p> <p>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 December 31, 2023, Crombie's credit rating on outstanding senior unsecured notes was "BBB(low)" with a "Stable" trend from Morningstar DBRS.</p> <p>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. 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.</p> <p>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.</p> <p>Refer to the "Debt Maturities" section of this MD&A for a maturity analysis of our recognized financial liabilities and purchase obligations.</p>

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Interest Rate Risk

Risk Description	Interest rate risk is the potential for financial loss arising from increases in interest rates.																																																																																																																																																				
Risk Management	<p>Canadian prime interest rates have increased 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.</p> <p>The tables below summarize Crombie's financial instruments in which hedge accounting was applied:</p> <table><tr><th colspan="6"></th><th colspan="4">As at December 31, 2023</th></tr><tr><th>Hedge type</th><th>Maturity date</th><th>Fixed interest rate</th><th colspan="2">Notional amount of the hedging instrument⁽¹⁾</th><th colspan="2">Fair value of hedging instrument⁽¹⁾</th></tr><tr><td>Cash flow hedge⁽²⁾</td><td>Dec. 20, 2024</td><td>3.72 %</td><td>\$</td><td>75,280</td><td>\$</td><td>1,983</td></tr><tr><td>Cash flow hedge⁽²⁾</td><td>Mar. 18, 2025</td><td>3.52 %</td><td></td><td>4,614</td><td></td><td>140</td></tr><tr><td>Cash flow hedge⁽²⁾</td><td>Oct. 7, 2024</td><td>3.27 %</td><td></td><td>3,503</td><td></td><td>96</td></tr><tr><td>Cash flow hedge⁽³⁾</td><td>Mar. 1, 2029</td><td>3.15 %</td><td></td><td>52,000</td><td></td><td>2,908</td></tr><tr><td colspan="3"></td><td>\$</td><td>135,397</td><td>\$</td><td>5,127</td></tr></table> <p>(1) Amounts are shown at Crombie's ownership percentage. (2) Included in other assets on Crombie's audited consolidated balance sheets. (3) Included in investment in joint ventures on Crombie's audited consolidated balance sheets.</p> <table><tr><th colspan="6"></th><th colspan="2">Three months ended December 31, 2023</th><th colspan="2">Year ended December 31, 2023</th></tr><tr><th>Hedge type</th><th>Maturity date</th><th>Fixed interest rate</th><th colspan="2">Change in fair value gain (loss) recognized in other comprehensive income (loss)⁽¹⁾</th><th colspan="2">Hedge recognized in statements of comprehensive income (loss)</th><th colspan="2">Change in fair value gain (loss) recognized in other comprehensive income (loss)⁽¹⁾</th><th colspan="2">Hedge recognized in statements of comprehensive income (loss)</th></tr><tr><td>Cash flow hedge⁽²⁾</td><td>Dec. 20, 2024</td><td>3.72 %</td><td>\$</td><td>(1,417)</td><td>\$</td><td>—</td><td>\$</td><td>(2,290)</td><td>\$</td><td>—</td></tr><tr><td>Cash flow hedge⁽²⁾</td><td>Mar. 18, 2025</td><td>3.52 %</td><td></td><td>(78)</td><td></td><td>—</td><td></td><td>(82)</td><td></td><td>—</td></tr><tr><td>Cash flow hedge⁽³⁾</td><td>Apr. 25, 2024</td><td>3.58 %</td><td></td><td>—</td><td></td><td>—</td><td></td><td>(269)</td><td></td><td>199</td></tr><tr><td>Cash flow hedge⁽²⁾</td><td>Oct. 7, 2024</td><td>3.27 %</td><td></td><td>(47)</td><td></td><td>—</td><td></td><td>(76)</td><td></td><td>—</td></tr><tr><td>Cash flow hedge⁽⁴⁾</td><td>Mar. 1, 2029</td><td>3.15 %</td><td></td><td>(2,854)</td><td></td><td>—</td><td></td><td>(1,083)</td><td></td><td>—</td></tr><tr><td colspan="3"></td><td>\$</td><td>(4,396)</td><td>\$</td><td>—</td><td>\$</td><td>(3,800)</td><td>\$</td><td>199</td></tr></table> <p>(1) Amounts are shown at Crombie's ownership percentage. (2) Included in other assets on Crombie's audited consolidated balance sheets. (3) Term loan, credit facility, and swap were settled on June 1, 2023, with the net settlement amount reducing finance costs. (4) Included in investment in joint ventures on Crombie's audited consolidated balance sheets.</p>																As at December 31, 2023				Hedge type	Maturity date	Fixed interest rate	Notional amount of the hedging instrument ⁽¹⁾		Fair value of hedging instrument ⁽¹⁾		Cash flow hedge ⁽²⁾	Dec. 20, 2024	3.72 %	\$	75,280	\$	1,983	Cash flow hedge ⁽²⁾	Mar. 18, 2025	3.52 %		4,614		140	Cash flow hedge ⁽²⁾	Oct. 7, 2024	3.27 %		3,503		96	Cash flow hedge ⁽³⁾	Mar. 1, 2029	3.15 %		52,000		2,908				\$	135,397	\$	5,127							Three months ended December 31, 2023		Year ended December 31, 2023		Hedge type	Maturity date	Fixed interest rate	Change in fair value gain (loss) recognized in other comprehensive income (loss) ⁽¹⁾		Hedge recognized in statements of comprehensive income (loss)		Change in fair value gain (loss) recognized in other comprehensive income (loss) ⁽¹⁾		Hedge recognized in statements of comprehensive income (loss)		Cash flow hedge ⁽²⁾	Dec. 20, 2024	3.72 %	\$	(1,417)	\$	—	\$	(2,290)	\$	—	Cash flow hedge ⁽²⁾	Mar. 18, 2025	3.52 %		(78)		—		(82)		—	Cash flow hedge ⁽³⁾	Apr. 25, 2024	3.58 %		—		—		(269)		199	Cash flow hedge ⁽²⁾	Oct. 7, 2024	3.27 %		(47)		—		(76)		—	Cash flow hedge ⁽⁴⁾	Mar. 1, 2029	3.15 %		(2,854)		—		(1,083)		—				\$	(4,396)	\$	—	\$	(3,800)	\$	199
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PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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Risk Management	As at December 31, 2023:
	<ul style="list-style-type: none">• Crombie’s weighted average term to maturity of its fixed rate mortgages is 5.9 years;• Crombie’s weighted average term to maturity of its unsecured notes is 4.4 years;• Crombie has a floating rate Revolving credit facility available to a maximum of \$400,000, subject to available borrowing base, with a balance of \$47,591 outstanding;• Crombie has an Unsecured non-revolving credit facility available to a maximum of \$200,000 with a balance of \$93,297 outstanding;• Crombie has a floating rate Unsecured bilateral credit facility available to a maximum of \$130,000 with no balance outstanding/drawn;• Crombie has a Joint operation credit facility available to a maximum of \$3,520 at Crombie’s share with a balance of \$3,503 outstanding;• Crombie has interest rate swap agreements in place on \$83,398 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 \$120,200 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:

Risk Factors Related to the Units

Cash Distributions Are Not Guaranteed

There can be no assurance regarding the amount of income to be generated by Crombie's properties. The ability of Crombie to make cash distributions and the actual amount distributed are entirely dependent on the operations and assets of Crombie and its subsidiaries, and are subject to various factors including financial performance, obligations under applicable credit facilities, the sustainability of income derived from anchor tenants, and capital expenditure requirements. Cash available to Crombie to fund distributions may be limited from time to time because of items such as principal repayments, tenant allowances, leasing commissions, capital expenditures, and redemptions of Units, if any. Crombie may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. The market value of the Units will deteriorate if Crombie is unable to maintain its distribution in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

Restrictions on Redemptions

It is anticipated that the redemption of Units will not be the primary mechanism for holders of Units to liquidate their investments. The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by Crombie in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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\$50 (provided that such limitation may be waived at the discretion of the trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or traded or quoted on another market which the trustees consider, in their sole discretion, provides fair market value prices for the Units; and (iii) the trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date for more than five trading days during the 10-day trading period commencing immediately after the redemption date.

Potential Volatility of Unit Prices

One of the factors that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could adversely affect the market price of the Units. In addition, the market price of the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities, and numerous other factors beyond the control of Crombie.

Tax-related Risk Factors

Crombie intends to make distributions not less than the amount necessary to eliminate Crombie's liability for tax under Part I of the Income Tax Act (Canada). Where the amount of net income and net realized capital gains of Crombie in a taxation year exceeds the cash distributions in the year, such excess net income and net realized capital gains will be distributed to Unitholders and such additional distributions may be in the form of cash and/or additional Units. Unitholders will generally be required to include an amount equal to the fair market value of any additional Units in their taxable income, notwithstanding that they do not directly receive a cash distribution.

Certain properties have been acquired by Crombie on a tax deferred basis, whereby the tax cost of these properties is less than their fair market value. Accordingly, if one or more of such properties is disposed of, the gain for tax purposes recognized by Crombie will be in excess of that which it would have been if it had acquired the properties at a tax cost equal to their fair market values.

Publicly traded income trusts, or specified investment flow-through entities ("SIFTs"), are subject to income taxation at corporate tax rates, subject to an exemption for real estate investment trusts ("REITs"). The exemption for REITs was provided to "recognize the unique history and role of collective real estate investment vehicles," which are well-established structures throughout the world. A trust that satisfies the criteria of a REIT throughout its taxation year will not be subject to income tax in respect of distributions to its Unitholders or be subject to the restrictions on its growth that would apply to SIFTs.

While REITs were exempted from the SIFT taxation, a number of technical tests apply to determine which entities would qualify as a REIT. These technical tests did not fully accommodate the business structures used by many Canadian REITs.

Crombie and its advisors underwent an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it meets the REIT technical tests contained in the Act through the 2023 fiscal year. The relevant tests apply throughout the taxation year of Crombie and, as such, the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

Notwithstanding that Crombie may meet the criteria for a REIT and thus be exempt from the distribution tax, there can be no assurance that the Department of Finance (Canada) or other governmental authority will not undertake initiatives which have an adverse impact on Crombie or its Unitholders.

Indirect Ownership of Units by Empire

Empire holds a 41.5% economic interest in Crombie through the ownership of REIT and Class B LP Units. Pursuant to the Exchange Agreement, each Class B LP Unit will be exchangeable at the option of the holder for one Unit of Crombie and will be attached to a Special Voting Unit of Crombie, providing for voting rights in Crombie. Furthermore, pursuant to the Declaration of Trust, Empire is entitled to appoint a certain number of trustees based on the percentage of Units held by it. Thus, Empire is in a position to exercise a certain influence with respect to the affairs of Crombie. If Empire sells substantial amounts of its Class B LP Units or exchanges such Units for Units and sells these Units in the public market, the market price of the Units could fall. The perception among the public that these sales will occur could also produce such effect.

Ownership of Senior Unsecured Notes

There is no public market through which the notes may be sold. Crombie does not intend to list the notes on any securities exchange or include the notes in any automated quotation system.

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Therefore, an active market for the notes may not develop or be maintained, which would adversely affect the market price and liquidity of the notes. In such case, the holders of the notes may not be able to sell their notes at a particular time or at a favourable price. If a public trading market were to develop, future trading prices of the notes may be volatile and will depend on many factors, including:

- the number of holders of notes;
- prevailing interest rates;
- Crombie's operating performance and financial condition;
- Crombie's credit rating;
- the interest of securities dealers in making a market for them; and
- the market for similar securities.

Even if an active trading market for the notes does develop, there is no guarantee that it will continue. The notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, Crombie's performance, and other factors.

10. JOINT VENTURES

As at December 31, 2023, Crombie holds partial ownership interests in eight joint ventures, four of which currently hold property. 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. (See the “Total Portfolio Review Inclusive of Joint Ventures” section of this MD&A for select operating metrics presented in this manner.) 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:

	December 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 %
Lynn Valley Limited Partnership	50.0 %	— %
Kingsway & Tyne Property Development Limited Partnership	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 maintains 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 95.5% leased at December 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 91.9% leased at December 31, 2023. Full occupancy of both towers, and stabilization of NOI for the property, is expected in the first half 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 owned by the joint venture. Stabilization of NOI was reached in December 2022 and the residential tower is 96.6% leased at December 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. The last parcel was sold in the third quarter of 2023, with the remaining land development activity completed at the end 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.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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1700 East Broadway Limited Partnership

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.

Lynn Valley Limited Partnership

1170 East 27 Street is a proposed mixed-use redevelopment in North Vancouver, British Columbia. The joint venture is advancing entitlement by working through public engagement in advance of submitting a formal rezoning application.

Kingsway & Tyne Property Development Limited Partnership

3410 Kingsway is a proposed mixed-use redevelopment in Vancouver, British Columbia. The joint venture is currently working through early concept planning to support a policy inquiry submission which will allow municipal staff to provide early input on the redevelopment concept.

Occupancy Metrics

	Retail GLA	Retail Occupancy % as at December 31, 2023	Residential GLA	Residential Occupancy % as at December 31, 2023 ⁽²⁾	Total GLA	Number of Residential Units	Number of Committed Units
Stabilized properties ⁽¹⁾	59,000	100.0 %	481,000	96.1 %	540,000	717	689
Lease-up in progress:							
Bronte Village	54,000	90.5 %	466,000	91.9 %	520,000	481	442
Total	113,000	95.8 %	947,000	94.4 %	1,060,000	1,198	1,131

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

(2) Committed occupancy

Total average residential rent is \$3.81 per square foot.

Financial Performance

	Three months ended									
	December 31, 2023					December 31, 2022				
	Davie LP	Bronte LP	Duke LP	Other	Total	Davie LP	Bronte LP	Duke LP	Other	Total
Property revenue	\$ 3,074	\$ 4,199	\$ 2,656	\$ 4,515	\$ 14,444	\$ 2,774	\$ 2,321	\$ 1,739	\$ 7,708	\$ 14,542
Property operating expenses	(775)	(1,852)	(2,855)	(1,886)	(7,368)	(685)	(814)	(495)	(4,051)	(6,045)
Net property income ^(*)	2,299	2,347	(199)	2,629	7,076	2,089	1,507	1,244	3,657	8,497
General and administrative expenses	42	(91)	(13)	17	(45)	(83)	(1)	(34)	(35)	(153)
Depreciation and amortization	(733)	(1,154)	(476)	(14)	(2,377)	(874)	(1,342)	(490)	(18)	(2,724)
Finance costs - operations	(1,553)	(4,132)	(825)	(47)	(6,557)	(1,430)	(3,572)	(816)	(105)	(5,923)
Net income (loss)	\$ 55	\$ (3,030)	\$ (1,513)	\$ 2,585	\$ (1,903)	\$ (298)	\$ (3,408)	\$ (96)	\$ 3,499	\$ (303)
Contribution to Crombie's FFO^{(*) (1)}	\$ 367	\$ (880)	\$ (506)	\$ 1,518	\$ 499	\$ 356	\$ (899)	\$ 210	\$ 1,758	\$ 1,425

(1) FFO is at Crombie's share and is included in Crombie's total FFO numbers.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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	Year ended									
	December 31, 2023					December 31, 2022				
	Davie LP	Bronte LP	Duke LP	Other	Total	Davie LP	Bronte LP	Duke LP	Other	Total
Property revenue	\$ 12,007	\$ 13,153	\$ 8,959	\$ 30,532	\$ 64,651	\$ 10,826	\$ 6,514	\$ 5,466	\$ 8,196	\$ 31,002
Property operating expenses	(2,915)	(5,381)	(4,456)	(15,955)	(28,707)	(2,705)	(3,699)	(1,822)	(4,219)	(12,445)
Net property income ^(*)	9,092	7,772	4,503	14,577	35,944	8,121	2,815	3,644	3,977	18,557
General and administrative expenses	(224)	(220)	(87)	(126)	(657)	(115)	(54)	(69)	(319)	(557)
Depreciation and amortization	(2,934)	(4,492)	(1,903)	(55)	(9,384)	(3,493)	(4,720)	(1,957)	(60)	(10,230)
Finance costs - operations	(7,178)	(16,188)	(3,299)	(194)	(26,859)	(5,750)	(9,812)	(3,137)	(218)	(18,917)
Net income (loss)	\$ (1,244)	\$ (13,128)	\$ (786)	\$ 14,202	\$ (956)	\$ (1,237)	\$ (11,771)	\$ (1,519)	\$ 3,380	\$ (11,147)
Contribution to Crombie's FFO^{(*) (1)}	\$ 1,269	\$ (4,088)	\$ 608	\$ 7,129	\$ 4,918	\$ 997	\$ (3,243)	\$ 268	\$ 1,721	\$ (257)

(1) FFO is at Crombie's share and is included in Crombie's total FFO numbers.

	Three months ended					
	December 31, 2023			December 31, 2022		
	Retail	Residential	Total	Retail	Residential	Total
Net property income ^(*)	\$ 3,025	\$ 4,051	\$ 7,076	\$ 3,826	\$ 4,671	\$ 8,497
Non-cash straight-line rent	(43)	(151)	(194)	(18)	297	279
Non-cash tenant incentive amortization	142	—	142	290	—	290
Property cash NOI^(*)	\$ 3,124	\$ 3,900	\$ 7,024	\$ 4,098	\$ 4,968	\$ 9,066

	Year ended					
	December 31, 2023			December 31, 2022		
	Retail	Residential	Total	Retail	Residential	Total
Net property income ^(*)	\$ 16,099	\$ 19,845	\$ 35,944	\$ 5,358	\$ 13,199	\$ 18,557
Non-cash straight-line rent	(97)	231	134	(116)	1,102	986
Non-cash tenant incentive amortization	560	—	560	662	—	662
Property cash NOI^(*)	\$ 16,562	\$ 20,076	\$ 36,638	\$ 5,904	\$ 14,301	\$ 20,205

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
December 31, 2023	\$ 945,000	\$ 566,563
December 31, 2022	\$ 908,000	\$ 572,153

The fair value included in this summary reflects the fair value of the properties as at December 31, 2023 and December 31, 2022, respectively, based on each property's current use as a revenue-generating property or property under development. Additionally, as properties are prepared for redevelopment, Crombie considers each property's progress through entitlement in determining the fair value of a property. The fair value of properties under development is assumed to equal cost until the property is substantially completed. As at December 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.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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Crombie has utilized the following weighted average capitalization rates for its joint venture properties:

	December 31, 2023	December 31, 2022
Weighted average capitalization rate	3.67 %	3.47 %

Fair Value Sensitivity

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

Capitalization rate change	Net Operating Income Change						
	\$ (15,000)	\$ (10,000)	\$ (5,000)	\$ —	\$ 5,000	\$ 10,000	\$ 15,000
(0.75)%	\$ (168,719)	\$ (32,480)	\$ 103,760	\$ 240,000	\$ 376,240	\$ 512,480	\$ 648,719
(0.50)%	\$ (264,719)	\$ (128,480)	\$ 7,760	\$ 144,000	\$ 280,240	\$ 416,480	\$ 552,719
(0.25)%	\$ (344,719)	\$ (208,480)	\$ (72,240)	\$ 64,000	\$ 200,240	\$ 336,480	\$ 472,719
—%	\$ (408,719)	\$ (272,480)	\$ (136,240)	\$ —	\$ 136,240	\$ 272,480	\$ 408,719
0.25%	\$ (472,719)	\$ (336,480)	\$ (200,240)	\$ (64,000)	\$ 72,240	\$ 208,480	\$ 344,719
0.50%	\$ (524,719)	\$ (388,480)	\$ (252,240)	\$ (116,000)	\$ 20,240	\$ 156,480	\$ 292,719
0.75%	\$ (570,719)	\$ (434,480)	\$ (298,240)	\$ (162,000)	\$ (25,760)	\$ 110,480	\$ 246,719

Debt to Gross Fair Value^(*)

	December 31, 2023	December 31, 2022
Fixed and floating rate mortgages and construction loans	\$ 510,254	\$ 506,143
Revolving credit facilities	21,400	17,256
Partnership loans	10,664	10,364
Lease liabilities	5,912	7,521
Total debt outstanding	\$ 548,230	\$ 541,284
Investment properties, fair value	\$ 945,000	\$ 908,000
Other assets, cost ⁽¹⁾	52,429	53,948
Cash and cash equivalents	6,008	4,974
Gross fair value	\$ 1,003,437	\$ 966,922
Debt to gross fair value ^(*)	54.6 %	56.0 %

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

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Debt Profile

	December 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	6,615	—	—	6,615	43,511	—	—	43,511
Net advances	—	7,000	300	7,300	—	16,056	—	16,056
Principal repayments	(2,504)	(2,856)	—	(5,360)	(2,395)	—	(5,169)	(7,564)
Closing balance, end of period	\$ 510,254	\$ 21,400	\$ 10,664	\$ 542,318	\$ 506,143	\$ 17,256	\$ 10,364	\$ 533,763

(1) Includes construction financing.

(2) The unsecured revolving term credit facility at Broadway and Commercial is used by the joint venture to finance development activity of the partnership during rezoning.

	December 31, 2023	December 31, 2022
Total borrowings	\$ 542,318	\$ 533,763
Long-term portion	\$ 315,146	\$ 314,875
Current portion	\$ 227,172	\$ 218,888
Weighted average fixed interest rate ⁽¹⁾	3.27 %	3.17 %
Weighted average floating interest rate ⁽²⁾	7.16 %	7.00 %
Weighted average term to maturity of fixed rate debt	4.2 years	5.4 years
Weighted average term to maturity of floating rate debt ⁽²⁾	1.3 years	0.3 years

(1) Includes floating rate mortgages that are fixed under swap agreements.

(2) Includes construction financing and credit facilities of \$244,400 at December 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.

11. OTHER DISCLOSURES

Related Party Transactions

As at December 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 December 31,		Year ended December 31,	
	2023	2022	2023	2022
Property revenue				
Property revenue	(a) \$ 60,782	\$ 58,236 ⁽¹⁾	\$ 238,607	\$ 230,752 ⁽¹⁾
Head lease income	\$ 580	\$ 246	\$ 1,275	\$ 956
Lease termination income	\$ —	\$ 23	\$ —	\$ 125
Revenue from management and development services	(b) \$ 771	\$ —	\$ 3,114	\$ —
Property operating expenses	(c) \$ (34)	\$ (34)	\$ (135)	\$ (135)
General and administrative expenses				
Property management services recovered	(d) \$ 39	\$ 152	\$ 208	\$ 398
Other general and administrative expenses	\$ (41)	\$ (155)	\$ (171)	\$ (331)
Finance costs - operations				
Interest rate subsidy	\$ —	\$ —	\$ —	\$ 53
Finance costs - distributions to Unitholders	\$ (16,684)	\$ (16,440)	\$ (66,349)	\$ (65,459)

(1) Consistent with the current year presentation, property revenue for the three months and year ended December 31, 2022 has been increased by \$2,122 and \$8,488, respectively, to reflect a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

(a) Crombie earns property revenue from Empire (including Sobeys and all other subsidiaries of Empire).

(b) Crombie provides property management, development management, project management, leasing services, and environmental management to co-owners and to specific properties owned by certain subsidiaries of Empire on a fee-for-service basis pursuant to a Management Agreement, which is being recognized as revenue from management and development services.

(c) Certain executive management individuals and other employees of Crombie provide general management, financial, leasing, administrative, and other administration support services to certain subsidiaries of Empire on a cost-sharing basis pursuant to a Management Agreement effective January 1, 2016.

(d) Crombie earns administrative fees from co-owners for leases on specific properties.

Included in the above, during the year ended December 31, 2023, Crombie issued 1,122,338 (December 31, 2022 - 860,958) Class B LP Units to ECLD under the DRIP.

During the year ended December 31, 2023, Crombie purchased three retail properties from a subsidiary of Empire for a total purchase price of \$26,482 before transaction costs.

During the year ended December 31, 2023, Crombie invested \$25,201 (December 31, 2022 - \$14,932) 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.

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Crombie has a mortgage payable of \$24,876 (December 31, 2022 - \$25,207) due to 1600 Davie Limited Partnership that has interest at 3.22% and matures December 1, 2027. 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 \$10,664 (December 31, 2022 - \$10,364) in a 6% subordinated note receivable due from Bronte Village Limited Partnership. The subordinated note receivable is due on demand and is expected to be collected within the next year.

During the year ended December 31, 2023, Crombie entered into two new joint ventures with a subsidiary of Empire. Amounts due from related parties include \$801 (December 31, 2022 - \$Nil) in amounts receivable due from Lynn Valley Limited Partnership related to development services completed during the year.

During the year ended December 31, 2023, Crombie paid \$16,361 to a subsidiary of Empire in connection with the assignment of 24 subleases to Crombie for retail sites in Western Canada. This payment was allocated to either deferred leasing costs or tenant incentive additions, based on each component's relative fair value.

During the year ended December 31, 2023, Crombie paid two initial right-to-develop fees totalling \$34,300 to a subsidiary of Empire, which resulted in the existing leases being modified. The right to develop will allow Crombie flexibility as it works through the entitlement and future development of existing properties in which a subsidiary of Empire is currently a tenant.

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

Fair Value Measurement

A number of assets and liabilities included in Crombie's 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.

Investment Property Acquisitions

Upon acquisition, Crombie performs an assessment of the investment properties being acquired to determine whether the acquisition is to be accounted for as an asset acquisition or a business combination. A transaction is considered to be a business combination if the acquired property meets the definition of a business under IFRS 3 "Business Combinations": being an integrated set of activities and assets that are capable of being managed for the purpose of providing a return to the Unitholders. Crombie performs an assessment of the fair value of the properties' related tangible and intangible assets and liabilities and allocates the purchase price to the acquired assets and liabilities. Crombie assesses and considers fair value based on cash flow projections that take into account relevant discount and capitalization rates and any other relevant sources of market information available. Estimates of future cash flow are based on factors that include historical operating results, if available, and anticipated trends, local markets and underlying economic conditions.

Crombie allocates the purchase price based on the following:

- Land - The amount allocated to land is based on an appraisal estimate of its fair value.
- Buildings - Buildings are recorded at the estimated fair value of the building and its components and significant parts.
- Intangible Assets - Intangible assets are recorded for tenant relationships, based on estimated costs avoided should the respective tenants renew their leases at the end of the initial lease term, adjusted for the estimated probability of renewal.

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- Fair value of debt - Values ascribed to fair value of debt are determined based on the differential between contractual and market interest rates on long-term liabilities assumed at acquisition.

Investment Properties

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. Properties under development are carried at cost until they are substantially complete, at which point depreciation begins.

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.

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. 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 the capitalized net operating income method, using internally generated valuation models prepared by considering the aggregate trailing annual net property income^(*) recognized from leasing the property, which is stabilized for any major tenant movement. The key assumptions are the capitalization rates for each specific property and stabilized net property income^(*). Crombie is responsible for the reasonableness of the assumptions and for the accuracy of inputs that are used to determine our valuation disclosures. Crombie receives biannual capitalization rate reports (June and December) from an independent valuation company, which reflect the specific risks inherent in the net property income^(*), to arrive at property valuations. The capitalization rate reports provide a range of rates for various geographic regions and for various types and qualities of properties within each region. Management selects the rate for each property from the range provided that management believes is most appropriate in its judgment. In addition to this, Crombie uses the market information obtained in external appraisals each quarter and makes relevant adjustments to our input assumptions. As at December 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. For properties under development, fair value is assumed to equal cost until the property is substantially completed.

Change in Useful Life of Investment Properties

The estimated useful lives of significant investment properties are reviewed whenever events or circumstances indicate a change in useful life. Estimated useful lives of significant investment properties are based on management's best estimate and the actual useful lives may be different. Revisions to the estimated useful lives of investment properties constitute a change in accounting estimate and are accounted for prospectively by amortizing the cumulative changes over the remaining estimated useful life of the related assets.

Revenue Recognition

Revenue earned from tenants under lease agreements includes base rent, realty tax recoveries, percentage rent, and other incidental income. Certain leases have rental payments that change over their term due to changes in rates. Crombie records the rental revenue from leases on a straight-line basis over the term of the lease. Accordingly, an accrued rent receivable is recorded for the difference between the straight-line rent recorded as property revenue and the rent that is contractually due from the tenants. In addition, 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. Percentage rents are recognized when tenants are obligated to pay such rent under the terms of the related lease agreements. Realty tax and other incidental income are recognized on an accrual basis as they become due.

Expected Credit Loss

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.

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Critical Judgments

Judgments made by management in the preparation of the financial statements that have significant effect and estimates with a significant risk of material adjustment to the carrying amount of assets and liabilities are as follows:

Impairment of Long-lived Tangible and Definite Life Intangible Assets

Long-lived tangible and definite life intangible assets are reviewed for impairment at each reporting period for events or changes in circumstances that indicate that the carrying value of the assets may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value in use. Where the asset does not generate cash flows that are independent from other assets, Crombie estimates the recoverable amount of the cash generating unit(s) to which the asset belongs. When the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to the recoverable amount. An impairment loss is recognized as an expense immediately in operating income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate but is limited to the carrying amount that would have been determined if no impairment loss had been recognized in prior periods. A reversal of impairment loss is recognized immediately in operating income.

Fair Value of Financial Instruments

The fair value of marketable financial instruments is the estimated amount for which an instrument could be exchanged, or a liability settled, by Crombie and a knowledgeable, willing party in an arm's length transaction.

The fair value of other financial instruments is based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks.

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 December 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 December 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.

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Quarterly Information

	Three months ended							
	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022
Net property income ^(*)	\$ 75,869	\$ 71,453	\$ 71,442	\$ 68,648	\$ 70,816	\$ 71,574	\$ 70,097	\$ 69,331
Operating income	\$ 26,295	\$ 27,796	\$ 19,557	\$ 25,173	\$ 87,718	\$ 26,410	\$ 28,424	\$ 25,248
Finance costs - distributions to Unitholders	(40,237)	(40,077)	(39,921)	(39,775)	(39,697)	(39,513)	(39,394)	(39,236)
Finance income (costs) - change in fair value of financial instruments	(1,400)	1,191	1,517	603	(1,704)	1,782	2,034	211
Increase (decrease) in net assets attributable to Unitholders	\$ (15,342)	\$ (11,090)	\$ (18,847)	\$ (13,999)	\$ 46,317	\$ (11,321)	\$ (8,936)	\$ (13,777)
Operating income per Unit - basic	\$ 0.15	\$ 0.15	\$ 0.11	\$ 0.14	\$ 0.49	\$ 0.15	\$ 0.16	\$ 0.15
Distributions								
Distributions	\$ 40,237	\$ 40,077	\$ 39,921	\$ 39,775	\$ 39,697	\$ 39,513	\$ 39,394	\$ 39,236
Per Unit	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22
FFO^(*)								
Basic	\$ 54,590	\$ 56,510	\$ 46,068	\$ 52,835	\$ 52,104	\$ 52,665	\$ 49,877	\$ 49,091
Per Unit - basic	\$ 0.30	\$ 0.31	\$ 0.26	\$ 0.30	\$ 0.29	\$ 0.30	\$ 0.28	\$ 0.28
Payout ratio	73.7 %	70.9 %	86.7 %	75.3 %	76.2 %	75.0 %	79.0 %	79.9 %
AFFO^(*)								
Basic	\$ 46,111	\$ 49,962	\$ 39,118	\$ 45,909	\$ 45,061	\$ 46,787	\$ 43,551	\$ 41,898
Per Unit - basic	\$ 0.26	\$ 0.28	\$ 0.22	\$ 0.26	\$ 0.25	\$ 0.26	\$ 0.25	\$ 0.24
Payout ratio	87.3 %	80.2 %	102.1 %	86.6 %	88.1 %	84.5 %	90.5 %	93.6 %
Operating information								
Number of investment properties	294	294	293	291	289	290	294	294
Gross leasable area	18,681,000	18,652,000	18,625,000	18,550,000	18,445,000	18,331,000	18,500,000	18,488,000
Economic occupancy	96.0 %	96.0 %	95.9 %	94.5 %	94.8 %	96.2 %	95.9 %	95.5 %
Committed occupancy	96.5 %	96.4 %	96.4 %	96.7 %	96.9 %	96.8 %	96.3 %	96.4 %
Debt metrics								
Unencumbered investment properties ⁽¹⁾	\$2,607,934	\$2,581,919	\$2,488,359	\$2,291,396	\$2,154,468	\$2,200,890	\$2,155,326	\$2,009,252
Available liquidity	\$ 583,770	\$ 564,903	\$ 614,072	\$ 735,877	\$ 583,003	\$ 445,372	\$ 444,262	\$ 523,159
Debt to gross fair value ^(*)	43.0 %	42.4 %	42.3 %	41.9 %	41.8 %	42.0 %	42.7 %	42.5 %
Weighted average interest rate ⁽²⁾	4.1 %	4.0 %	4.0 %	4.0 %	3.8 %	3.8 %	3.8 %	3.8 %
Debt to trailing 12 months adjusted EBITDA ^(*)	8.03x	8.13x	8.17x	7.96x	8.02x	8.50x	8.75x	8.72x
Interest coverage ratio ^(*)	3.06x	3.41x	2.95x	3.24x	3.26x	3.32x	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.

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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:
 - December 31, 2023 - no acquisitions or dispositions;
 - September 30, 2023 - no acquisitions or dispositions; a payment of \$16,361 was made to a subsidiary of Empire in connection with the assignment of 24 subleases to Crombie for retail sites in Western Canada;
 - June 30, 2023 - acquisition of one retail property for a total purchase price of \$9,760;
 - 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; and
 - 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.
- 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.

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12. NON-GAAP FINANCIAL MEASURES

There are financial measures included in this MD&A that do not have a standardized meaning under IFRS Accounting Standards. 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 Accounting Standards measure.

Non-GAAP Measure	Description and Purpose	Reconciliation
Fair value of investment properties inclusive of joint ventures	<ul style="list-style-type: none"> The total of the fair value of investment properties and the fair value of investment properties held in joint ventures, at Crombie's share. 	Investment properties, fair value \$5,096,000 Investment properties held in joint ventures, fair value, at Crombie's share <u>472,500</u> Fair value of investment properties inclusive of joint ventures <u>\$5,568,500</u>
Operating income attributable to Unitholders excluding employee transition costs	<ul style="list-style-type: none"> Management believes that the removal of out of the ordinary expenditures, such as employee transition costs, from operating income attributable to Unitholders is a useful calculation in providing a comparable measure of Crombie's financial performance period over period. 	"Operating Income Attributable to Unitholders" starting on page 31
Net property income	<ul style="list-style-type: none"> Property revenue less property operating expenses, excluding revenue from management and development services and certain expenses such as interest expense and indirect operating expenses. Management believes that net property income is a useful measure of operating performance by the properties period over period. 	"Net Property Income ^(*) " starting on page 32
Property NOI on a cash basis	<ul style="list-style-type: none"> 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 32
Same-asset property cash NOI	<ul style="list-style-type: none"> 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 287 as at December 31, 2023. 	"Same-asset Property Cash NOI ^(*) " starting on page 32

Non-GAAP Measure	Description and Purpose	Reconciliation
Funds from operations ("FFO")	<ul style="list-style-type: none"> Crombie considers FFO 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 FFO, and defines FFO as increase (decrease) in net assets attributable to Unitholders (computed in accordance with IFRS Accounting Standards), adjusted for the following applicable amounts: <ul style="list-style-type: none"> 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 are 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 34
FFO payout ratio	<ul style="list-style-type: none"> 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 34
Adjusted funds from operations ("AFFO")	<ul style="list-style-type: none"> 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 35

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Non-GAAP Measure	Description and Purpose	Reconciliation
AFFO payout ratio	<ul style="list-style-type: none"> 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) ⁽¹⁾ " starting on page 35
Net asset value ("NAV")	<ul style="list-style-type: none"> NAV represents total assets less total liabilities excluding net assets attributable to Unitholders. 	"Development" starting on page 41
Unencumbered investment properties as a percentage of unsecured debt	<ul style="list-style-type: none"> Unencumbered investment properties represent 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 Unsecured bilateral and Unsecured 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 52
Debt to gross fair value	<ul style="list-style-type: none"> Used to evaluate Crombie's flexibility to incur additional financial leverage. 	"Debt Metrics" starting on page 52
Adjusted debt	<ul style="list-style-type: none"> 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 52
Earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA")	<ul style="list-style-type: none"> 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 52
Debt to adjusted EBITDA	<ul style="list-style-type: none"> 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 52
Adjusted interest expense	<ul style="list-style-type: none"> 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 coverage and debt service coverage ratios. 	"Debt Metrics" starting on page 52
Interest coverage Debt service coverage	<ul style="list-style-type: none"> These ratios are useful in determining Crombie's ability to service the interest requirements of its outstanding debt. 	"Debt Metrics" starting on page 52

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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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 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 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

	Year ended	Three months ended				Year ended	Three months ended			
	Dec. 31, 2023	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022
Total additions to investment properties	\$ 75,654	\$ 21,695	\$ 13,337	\$ 26,893	\$ 13,729	\$ 104,379	\$ 29,182	\$ 21,129	\$ 18,435	\$ 35,633
Total additions to investment properties held in joint ventures, at Crombie's share	125	125	—	—	—	—	—	—	—	—
Less: revenue-enhancing expenditures	(66,952)	(19,577)	(12,036)	(25,367)	(9,972)	(95,032)	(25,543)	(19,726)	(17,086)	(32,677)
Maintenance capital expenditures	8,827	2,243	1,301	1,526	3,757	9,347	3,639	1,403	1,349	2,956
Total additions to TI and deferred leasing costs	62,329	13,325	25,393	12,090	11,521	43,408	7,561	6,521	11,064	18,262
Less: revenue-enhancing expenditures	(32,248)	(9,756)	(6,025)	(8,126)	(8,341)	(32,721)	(6,738)	(3,634)	(8,018)	(14,331)
Maintenance TI and deferred leasing costs	30,081	3,569	19,368	3,964	3,180	10,687	823	2,887	3,046	3,931
Total maintenance expenditures - actual	\$ 38,908	\$ 5,812	\$ 20,669	\$ 5,490	\$ 6,937	\$ 20,034	\$ 4,462	\$ 4,290	\$ 4,395	\$ 6,887
Reserve amount charged against AFFO^(*)	\$ 20,757	\$ 5,246	\$ 5,186	\$ 5,182	\$ 5,143	\$ 18,526	\$ 4,620	\$ 4,662	\$ 4,659	\$ 4,585

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 and 2022. In the third quarter of 2023, maintenance TI and deferred leasing costs included \$16,361 paid to a subsidiary of Empire in connection with the assignment of 24 subleases to Crombie for retail sites in Western Canada.

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

13. 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”, “Joint Ventures”, 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) opportunities with Empire for investments in the modernization, acquisition, expansion, and conversion of their grocery stores, customer fulfillment centres, or warehouses, 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, 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 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, estimated yield on 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 trailing net operating income and capitalization rates, 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, estimated yield on cost, and estimated total costs for projects in Crombie’s development pipeline, which are subject to changes in site plans, cost tendering processes, and continuing tenant negotiations, as well as access to job sites, supply and labour availability, ability to attract tenants, tenant mix, building sizes, estimated future rents, 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.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	JOINT VENTURES	OTHER	NON-GAAP MEASURES	FORWARD- LOOKING INFORMATION
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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
Consolidated Financial Statements
December 31, 2023

Management's Statement of Responsibility for Financial Reporting

The management of Crombie Real Estate Investment Trust ("Crombie") is responsible for the preparation and fair presentation of the accompanying annual consolidated financial statements and Management's Discussion and Analysis ("MD&A"). The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The annual consolidated financial statements and information in the MD&A include amounts based on best estimates and judgments by management of the expected effects of current events and transactions. In preparing this financial information, we make determinations about the relevancy of information to be included, and estimates and assumptions that affect the reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks, and uncertainties. Actual results in the future may vary materially from our present assessment of this information as future events and circumstances may not occur as expected.

In meeting our responsibility for the fair presentation of the annual consolidated financial statements and MD&A and for the accounting systems from which they are derived, management has established internal controls designed to ensure that our financial records are reliable for preparing consolidated financial statements and other financial information, transactions are properly authorized and recorded, and assets are safeguarded against unauthorized use or disposition.

As at December 31, 2023, our Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their direct supervision, the design and operation of our internal controls over financial reporting and, based on that assessment, determined that our internal controls over financial reporting were appropriately designed and operating effectively.

The Board of Trustees oversees management's responsibility for financial reporting through an Audit Committee. This committee reviews Crombie's annual consolidated financial statements and MD&A with both management and the independent auditor before such statements are approved by the Board of Trustees. The Audit Committee also recommends the appointment of independent external auditors to the Unitholders. The Audit Committee meets regularly with senior management and the independent auditor to discuss internal controls, audit activities and financial reporting results. The independent auditor has full and free access to, and meets regularly with, the Audit Committee to discuss their audits and related matters.

signed [Mark Holly]

Mark Holly
President and
Chief Executive Officer
February 21, 2024

signed [Clinton D. Keay]

Clinton D. Keay, CPA, CA
Chief Financial Officer and
Secretary
February 21, 2024



Independent auditor's report

To the Unitholders of Crombie Real Estate Investment Trust

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Crombie Real Estate Investment Trust and its subsidiaries (together, the Trust) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Trust's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2023 and 2022;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in net assets attributable to unitholders for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
Cogswell Tower, 2000 Barrington Street, Suite 1101, Halifax, Nova Scotia, Canada B3J 3K1
T: +1 902 491 7400, F: +1 902 422 1166, ca_halifax_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Fair value of investment properties</p> <p><i>Refer to note 2 – Summary of material accounting policies and note 3 – Investment properties to the consolidated financial statements to the consolidated financial statements.</i></p> <p>The Trust's total investment properties as at December 31, 2023 were \$3.987 billion. The investment properties are carried at cost less accumulated depreciation, with their fair value disclosed at each reporting period. The Trust disclosed a total fair value of \$5.096 billion as at December 31, 2023.</p> <p>In determining the fair value of investment properties to be disclosed, management generally used an internally generated capitalized net operating income method (the method) by applying capitalization rates to trailing stabilized net operating income (NOI) of each investment property. To determine the capitalization rate, management receives bi-annual capitalization rate reports from external, knowledgeable property valuers that provide a range of rates for various geographic regions and for various types and qualities of properties within each region. Management selected the appropriate capitalization rate for each property from the range provided.</p> <p>The method requires certain key assumptions and estimates, which include the capitalization rates for each specific property and stabilized NOI. Significant judgments were made by management in respect of these key assumptions and estimates.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"> For a sample of investment properties, tested how management determined the fair value, which included the following: <ul style="list-style-type: none"> Evaluated the appropriateness of the method. Tested the underlying data used in the method. Professionals with specialized skill and knowledge in the field of real estate valuations assisted us in assessing the capitalization rates used by management by (i) comparing them to externally available market data and (ii) evaluating whether the allocation of capitalization rates to investment properties is reasonable based on location, current leases in place and the type and quality of investment property. Agreed NOI used in the method to accounting records and evaluated as applicable whether stabilization is reasonable considering (i) the current and past leasing activity of the investment properties; (ii) the comparability with external market and industry data; and (iii) whether these assumptions were aligned with evidence obtained in other areas of the audit.



Key audit matter

How our audit addressed the key audit matter

We considered this a key audit matter due to the significant judgments made by management when determining the fair values of the investment properties for disclosure purposes and the high degree of complexity in assessing audit evidence related to the key assumptions and estimates made by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maxime Lessard.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Halifax, Nova Scotia
February 21, 2024

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Balance Sheets
(In thousands of Canadian dollars)

	Note	December 31, 2023	December 31, 2022
Assets			
Non-current assets			
Investment properties	3	\$ 3,624,457	\$ 3,590,211
Investment in joint ventures	4	30,778	40,397
Other assets	5	444,173	394,148
		4,099,408	4,024,756
Current assets			
Cash and cash equivalents	17	—	6,117
Other assets	5	49,160	47,525
		49,160	53,642
Total assets		4,148,568	4,078,398
Liabilities			
Non-current liabilities			
Fixed rate mortgages	6	617,717	666,748
Credit facilities	6	140,888	160,264
Senior unsecured notes	7	1,171,769	972,003
Employee future benefits obligation	8	7,434	6,819
Trade and other payables	9	20,966	21,811
Lease liabilities	21	35,351	34,057
		1,994,125	1,861,702
Current liabilities			
Fixed rate mortgages	6	216,911	246,958
Credit facilities	6	3,503	—
Employee future benefits obligation	8	327	271
Trade and other payables	9	108,048	117,984
Lease liabilities	21	941	943
		329,730	366,156
Total liabilities excluding net assets attributable to Unitholders		2,323,855	2,227,858
Net assets attributable to Unitholders		\$ 1,824,713	\$ 1,850,540
Net assets attributable to Unitholders represented by:			
Crombie REIT Unitholders		\$ 1,081,631	\$ 1,097,070
Special Voting Units and Class B Limited Partnership Unitholders		743,082	753,470
		\$ 1,824,713	\$ 1,850,540
Commitments, contingencies and guarantees	22		
Subsequent events	23		

Approved on behalf of the Board of Trustees

signed (Michael Knowlton)

Michael Knowlton

Chair

signed (Paul Beesley)

Paul Beesley

Audit Committee Chair

See accompanying notes to the consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Comprehensive Income (Loss)
(In thousands of Canadian dollars)

	Note	Year ended December 31,		(1)
		2023	2022	
Property revenue	10	\$ 440,939	\$ 428,079	
Revenue from management and development services	11	3,430	—	
Property operating expenses	12	(153,527)	(146,261)	
Gain on disposal of investment properties	3	588	80,804	
Impairment of investment properties	3	—	(10,400)	
Depreciation and amortization	3,5	(78,835)	(79,836)	
General and administrative expenses	14	(27,644)	(19,547)	
Finance costs - operations	15	(86,268)	(83,014)	
Gain on distribution from equity-accounted investments	4	—	2,933	
Income (loss) from equity-accounted investments	4	144	(4,954)	
Operating income before taxes		98,827	167,804	
Taxes - current		(6)	(4)	
Operating income attributable to Unitholders		98,821	167,800	
Distributions to Unitholders		(160,010)	(157,840)	
Change in fair value of financial instruments	14	1,911	2,323	
		(158,099)	(155,517)	
Increase (decrease) in net assets attributable to Unitholders		(59,278)	12,283	
Other comprehensive income (loss)				
Items that will be subsequently reclassified to net assets attributable to Unitholders:				
Share of net change in derivatives designated as cash flow hedges of equity-accounted investments	19	(1,083)	3,992	
Net change in derivatives designated as cash flow hedges	19	(2,717)	5,571	
Unamortized actuarial gains in employee future benefits obligation		(440)	1,643	
Other comprehensive income (loss)		(4,240)	11,206	
Comprehensive income (loss)		\$ (63,518)	\$ 23,489	

(1) Consistent with the current year presentation, property revenue and property operating expenses for the year ended December 31, 2022 have been increased by \$8,488 to reflect a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

See accompanying notes to the consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
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 16)	Net Assets Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to	
					REIT Units	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	—	(59,278)	(4,240)	(63,518)	(37,501)	(26,017)
Units issued under Distribution Reinvestment Plan ("DRIP")	37,691	—	—	37,691	22,062	15,629
Balance, December 31, 2023	\$ 2,233,731	\$ (415,426)	\$ 6,408	\$ 1,824,713	\$ 1,081,631	\$ 743,082

	REIT Units, Special Voting Units and Class B LP Units (Note 16)	Net Assets Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to	
					REIT Units	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")	1,172	—	—	1,172	1,172	—
Comprehensive income	—	12,283	11,206	23,489	13,844	9,645
Units issued under DRIP	33,120	—	—	33,120	19,385	13,735
Units issued under Unit-based compensation plan	526	—	—	526	526	—
Unit issue proceeds, net of costs	194,741	—	—	194,741	111,872	82,869
Balance, December 31, 2022	\$ 2,196,040	\$ (356,148)	\$ 10,648	\$ 1,850,540	\$ 1,097,070	\$ 753,470

See accompanying notes to the consolidated financial statements.

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

		Year ended December 31,	
	Note	2023	2022 ⁽¹⁾
Cash flows provided by (used in)			
Operating Activities			
(Decrease) increase in net assets attributable to Unitholders		\$ (59,278)	\$ 12,283
Additions to tenant incentives		(50,024)	(42,135)
Items not affecting operating cash	17	97,299	26,566
Change in other non-cash operating items	17	5,646	(2,788)
Income taxes paid		(6)	(4)
Finance costs - operations	15	86,268	83,014
Distributions to Unitholders		160,010	157,840
Cash provided by operating activities		239,915	234,776
Financing Activities			
Issuance of mortgages	6	120,660	7,000
Financing - other		(2,174)	380
Repayment of mortgages - principal		(32,707)	(38,099)
Repayment of mortgages - maturity	6	(167,266)	(124,133)
Finance costs - operations	15	(81,817)	(81,670)
Advance (repayment) of floating rate credit facilities		(9,112)	130,780
Advance (repayment) of joint operation credit facilities	6	(6,761)	360
Issuance of senior unsecured notes	7	200,000	—
Redemption of senior unsecured notes	7	—	(150,000)
Cash distributions to Unitholders		(122,119)	(123,713)
REIT Units and Class B LP Units issued	16	—	200,002
REIT Units and Class B LP Units issue costs	16	—	(5,261)
Payments of lease liabilities		(849)	(936)
Cash (used in) financing activities		(102,145)	(185,290)
Investing Activities			
Acquisition of investment properties and intangible assets		(28,646)	(115,327)
Additions to investment properties		(75,654)	(104,379)
Additions to predevelopment costs		(33,562)	(6,199)
Proceeds on disposal of investment properties	3	—	171,702
Contributions to joint ventures	4	(2,468)	(2,077)
Distributions from joint ventures	4	11,743	5,393
Additions to fixtures and computer equipment		(204)	(256)
Additions to deferred leasing costs		(12,305)	(1,273)
(Advances) collections on related party receivables	5	(2,791)	5,132
Cash (used in) investing activities		(143,887)	(47,284)
Net change in cash and cash equivalents		(6,117)	2,202
Cash and cash equivalents, beginning of period		6,117	3,915
Cash and cash equivalents, end of period		\$ —	\$ 6,117

(1) Cash provided by (used in) operating and financing activities for the year ended December 31, 2022 was updated from the previously reported figures to show Finance costs - operations net of non-cash items.

See accompanying notes to the 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 consolidated financial statements for the years ended December 31, 2023 and December 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 consolidated financial statements were authorized for issue by the Board of Trustees on February 21, 2024.

2) SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

(b) Basis of presentation

These consolidated financial statements are presented in Canadian dollars ("CAD"), Crombie's functional and reporting currency, rounded to the nearest thousand.

(c) Basis of consolidation

(i) Subsidiaries

Crombie's financial statements consolidate those of Crombie and all of its subsidiary entities at December 31, 2023. Subsidiaries are all entities over which Crombie has control. All subsidiaries have a reporting date of December 31, 2023.

All intercompany transactions, balances, income, and expenses are eliminated in preparing the consolidated financial statements. Where unrealized losses on intercompany asset sales are reversed on consolidation, the underlying asset is also tested for impairment from an entity perspective.

Operating income (loss) and other comprehensive income (loss) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

(ii) Joint arrangements

Joint arrangements are business arrangements whereby two or more parties have joint control. Joint control is based on the contractual sharing of control over the decisions related to the relevant activities. Joint arrangements are classified as either joint operations or joint ventures depending on the contractual arrangements related to the rights and obligations of the parties to the arrangement.

Joint operations

A joint operation is an arrangement wherein the parties to the arrangement have rights to the assets and obligations for the liabilities related to the arrangement. For joint operations, Crombie recognizes its share of the assets, liabilities, revenues, and expenses of the joint operation in the relevant categories of Crombie's financial statements.

Joint ventures

A joint venture is an entity over which Crombie shares joint control with other parties and where the joint venture parties have rights to the net assets of the joint venture. Joint control exists where there is a contractual agreement

for shared control and wherein decisions about the significant relevant activities of the arrangement require unanimous consent of the parties sharing control.

Investment in joint ventures is accounted for using the equity method. Under the equity method, the investment is initially recorded at cost with subsequent adjustments for Crombie's share of the results of operations and any change in net assets. Crombie's joint venture entities have the same reporting period as Crombie and adjustments, if any, are made to bring the accounting policies of joint venture entities in line with the policies of Crombie.

(d) Investment properties

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 for impairment as described in Note 2(t). Properties under development are carried at cost until they are substantially complete, at which point depreciation begins.

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.

Amortization of intangible assets is calculated using the straight-line method over the term of the tenant lease.

Repairs and maintenance items 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 estimated useful life of the improvement.

Upon acquisition, Crombie performs an assessment of investment properties being acquired to determine whether the acquisition is to be accounted for as an asset acquisition or a business combination. A transaction is considered to be a business combination if the acquired property meets the definition of a business under IFRS 3 "Business Combinations": being an integrated set of activities and assets that are capable of being managed for the purpose of providing a return to the Unitholders.

For asset acquisitions, the total cost is allocated to the identifiable assets and liabilities on the basis of their relative fair values on the acquisition date. Asset acquisitions do not give rise to goodwill. Fair value of such assets and liabilities is determined based on the following:

Land - the amount allocated to land is based on an appraisal estimate of its fair value.

Buildings - are recorded at the estimated fair value of the building and its components and significant parts.

Intangible assets - are recorded for tenant relationships, based on estimated costs avoided should the respective tenants renew their leases at the end of the initial lease term, adjusted for the estimated probability of renewal.

Fair value of debt - values ascribed are determined based on the differential between contractual and market interest rates on long-term liabilities assumed at acquisition.

For business combinations, the acquisition method is used wherein the components of the business combination (assets acquired, liabilities assumed, consideration transferred and any goodwill or bargain purchase) are recognized and measured. The assets acquired and liabilities assumed from the acquiree are measured at their fair value on the acquisition date.

Change in useful life of investment properties

The estimated useful lives of significant investment properties are reviewed whenever events or circumstances indicate a change in useful life. Estimated useful lives of significant investment properties are based on management's best estimate and the actual useful lives may be different. Revisions to the estimated useful lives of investment properties constitute a change in accounting estimate and are accounted for prospectively by amortizing the cumulative changes over the remaining estimated useful life of the related assets.

(e) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, restricted cash, and cash in bank.

(f) Assets held for sale and discontinued operations

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. A property is classified as held for sale at the point in time when it is available for immediate sale, management has committed to a plan to sell the property and is actively locating a purchaser for the property at a sales price that is reasonable in relation to the current estimated fair value of the property, and the sale is expected to be completed within a one year period. Properties held for sale are carried at the lower of their carrying values and estimated fair value less costs to sell. In addition, assets classified as held for sale are not depreciated and amortized. A property that is subsequently reclassified as held and in use is measured at the lower of its carrying value amount before it was classified as held for sale, adjusted for any depreciation and amortization expense that would have been recognized had it been continuously classified as held and in use, and its estimated fair value at the date of the subsequent decision not to sell.

Assets that are classified as held for sale and that constitute a component of Crombie are presented as discontinued operations and their operating results are presented separately in the consolidated statements of comprehensive income (loss). A component of Crombie includes a property type or geographic area of operations.

(g) Employee future benefits obligation

The cost of Crombie's pension benefits for defined contribution plans is expensed for employees in respect of the period in which they render services. The cost of defined benefit pension plans and other benefit plans is accrued based on estimates, using actuarial techniques, of the amount of benefits employees have earned in return for their services in the current and prior periods. The present value of the defined benefit obligation and current service cost is determined by discounting the estimated benefits using the projected unit credit method to determine the fair value of the plan assets and total actuarial gains and losses and the proportion thereof which will be recognized. Other factors considered for other benefit plans include assumptions regarding salary escalation, retirement ages and expected growth rate of health care costs. The fair value of any plan assets is based on current market values. The present value of the defined benefit obligation is based on the discount rate determined by reference to the yield of high-quality corporate bonds of similar currency, having terms of maturity which align closely with the period of maturity of the obligation. The defined benefit plan and post-employment benefit plan are unfunded.

The impact of changes in plan provisions will be recognized in benefit costs on a straight-line basis over a period not exceeding the average period until the benefit becomes vested. To the extent that the benefits are already vested the past service cost will be recognized immediately.

In measuring its defined benefit liability, Crombie recognizes actuarial gains and losses directly to other comprehensive income (loss).

(h) Unit-based compensation plans

(i) Deferred Unit Plan ("DU Plan")

Crombie provides a voluntary DU Plan whereby eligible trustees, officers, and employees (the "Participants") may elect to receive all or a portion of their eligible compensation in deferred units ("DUs"). The Board (or its designated Committee) may determine that special compensation will be provided in the form of DUs. Unless otherwise determined by the Board (or its designated Committee), DUs are fully vested at the time they are allocated, with the value of the award recorded as a liability and expensed as general and administrative expenses. DUs are not Crombie REIT Units and do not entitle a Participant to any Unitholder rights, including voting rights, distribution entitlements (other than those noted below) or rights on liquidation. During the time that a Participant has outstanding DUs, whenever cash distributions are paid on REIT Units, additional DUs will be credited to the Participant's DU account, determined by multiplying the number of DUs in the Participant's DU account on the REIT distribution record date by the distribution paid per REIT Unit, and dividing the result by the market value of a Unit as determined in accordance with the DU Plan. Additional DUs issued as a result of distributions vest on the same basis as noted above and the value of the additional DUs credited is expensed to general and administrative expenses on allocation. A redemption will occur as the result of specific events such as the retirement of a Participant. Upon redemption, a Participant will receive the net value of the vested DUs being redeemed, with the net value determined by multiplying the number of DUs redeemed by the REIT Unit's market price on redemption date, less applicable withholding taxes. The Participant may elect to

receive this net amount as a cash payment or instead receive Crombie REIT Units for redeemed DU's after deducting applicable withholding taxes. For fair value measurement purposes, each DU is measured based on the market value of a REIT Unit with changes in fair value reflected as a decrease (increase) in fair value of financial instruments.

(ii) Restricted Unit Plan ("RU Plan")

Crombie has a RU Plan for certain eligible executives and employees ("RU Participants"), whereby the RU Participants will receive all or a portion of their annual long-term incentive plan awards in restricted units ("RUs"). The RUs are accounted for under IAS 19 "Employee benefits" and the liability and expense are recognized over the service period which ends on the vesting date. The RUs are subject to vesting conditions including being actively employed. The number of RUs which fully vest is determined by: (a) the dollar amount of the award divided by the market value of a REIT Unit on the award grant date, plus (b) deemed distributions on RUs during the vesting period at a rate equivalent to the number of REIT Units that would have been issued had the vested RUs been treated as a REIT Unit. The value of these additional RUs from deemed distributions are expensed to general and administrative expenses at the time of allocation. On the vesting date, each participant shall be entitled to receive a cash amount (net of any applicable withholding taxes) equal to the number of vested RUs held by the RU Participant multiplied by the market value on the vesting date, as determined by the market value of a REIT Unit. Alternatively, a RU Participant who is an eligible employee on the vesting date may elect to convert their vested RUs to DUs under Crombie's DU Plan. No REIT Units or other securities of Crombie will be issued from treasury as settlement of any obligation under the RU Plan.

(iii) Performance Unit Plan ("PU Plan")

Crombie has a PU Plan for certain eligible executives and employees ("PU Participants"), whereby the PU Participants may elect each year to participate in the PU Plan and receive all or a portion of their eligible remuneration in the form of an allocation of performance units ("PUs"). The PUs are accounted for under IAS 19 "Employee benefits" and the liability and expense are recognized over the service period which ends on the vesting date. The PUs are subject to vesting conditions including being actively employed. The number of PUs which vest for each participant shall be determined by: (a) multiplying the number of PUs granted under the award by an adjustment factor applicable to the performance level achieved, and (b) adding the number of PUs or fractions thereof that would be credited to such participant upon the payment of distributions by Crombie on the REIT Units, based on the number of additional REIT Units a participant would have received had the vested PUs been treated as REIT Units under a distribution reinvestment plan during the PU term. Alternatively, a PU Participant who is an eligible employee on the vesting date may elect to convert their vested PUs to DUs under Crombie's DU Plan. A PU is not considered to be a REIT Unit and does not entitle any participant to exercise voting rights, or any other rights or entitlements associated with a REIT Unit. No REIT Units or other securities of Crombie will be issued from treasury as settlement of any obligation under the PU Plan.

(i) Distribution reinvestment plan ("DRIP")

Crombie has a DRIP which is described in Note 16.

(j) Revenue recognition

(i) Lease revenue

Revenue earned from tenants under lease agreements includes base rent, realty tax recoveries, percentage rent, and other incidental income. Certain leases have rental payments that change over their term due to changes in rates. Crombie records the rental revenue from leases on a straight-line basis over the term of the lease. Accordingly, an accrued rent receivable is recorded for the difference between the straight-line rent recorded as property revenue and the rent that is contractually due from the tenants. In addition, 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. Percentage rents are recognized when tenants are obligated to pay such rent under the terms of the related lease agreements. Realty tax recoveries and other incidental income are recognized on an accrual basis as they become due.

(ii) Revenue from contracts with customers

Crombie recognizes revenue in accordance with IFRS 15 “Revenue from Contracts with Customers” which includes revenue from management and development services. Crombie recognizes revenue from customers that reflects the consideration to which it expects to be exchanged for. This involves identifying the contract with its customers, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognizing revenue when the entity satisfies its performance obligations.

Where a contract contains elements of variable consideration, Crombie estimates the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise from discounts, refunds, credits, and price concessions. This consideration is allocated to all performance obligations in a contract based on their relative standalone selling prices.

(k) Leases

Crombie as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Crombie has determined that most of its leases with its tenants are operating leases of which revenue is recorded in accordance with Crombie’s revenue recognition policy. In some instances, Crombie may classify a lease as a finance lease if it transfers substantially all of the risks and rewards of the underlying asset. For these leases a finance lease receivable is established and interest income is recognized over the term of the lease.

Crombie as lessee

Crombie leases include land, office, equipment, and vehicles. Crombie assesses whether a contract is or contains a lease at the inception of the contract.

Leases are recognized as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by Crombie, except for short-term leases of 12 months or less or low value leases which are expensed in the consolidated statements of comprehensive income (loss) on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease; or if not determinable, the lessee’s incremental borrowing rate, specific to the term of the lease. Lease payments can include fixed payments; variable payments based on an index, or a rate known at the commencement date; and extension option payments or purchase options, if Crombie is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related right-of-use asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

At inception of the lease, the right-of-use asset is measured at cost, comprising initial lease liability, initial direct costs, and any future restoration or refurbishment costs, less any incentives granted by the lessors. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term of the underlying asset on a straight-line basis. The right-of-use asset is subject to testing for impairment if there is an indicator for impairment.

Right-of-use assets are included in investment property and other assets and the lease liabilities are presented separately.

(l) Finance costs - operations

Finance costs - operations primarily comprise interest on Crombie's borrowings. Finance costs directly attributable to the acquisition, redevelopment, construction, or production of a qualifying asset are capitalized as a component of the cost of the asset to which it is related. All other finance costs - operations are expensed in the period in which they are incurred using the effective interest rate method.

(m) Distributions to Unitholders

The determination to declare and make payable distributions from Crombie is at the discretion of the Board of Trustees and, until declared payable by the trustees, Crombie has no contractual obligation to pay cash distributions to Unitholders.

(n) Income taxes

Crombie is taxed as a "mutual fund trust" for income tax purposes. It is the intention of Crombie, subject to approval of the trustees, to make distributions not less than the amount necessary to ensure that Crombie will not be liable to pay income tax, except for the amounts incurred in its incorporated subsidiaries.

(o) Hedges

Crombie may use cash flow hedges to manage exposures to increases in variable interest rates. Cash flow hedges are recognized on the consolidated balance sheets at fair value with the effective portion of the hedging relationship recognized in other comprehensive income (loss). Any ineffective portion of the cash flow hedge is recognized in operating income. Amounts recognized in accumulated other comprehensive income (loss) are reclassified to operating income in the same periods in which the hedged item is recognized in operating income. Fair value hedges and the related hedged items are recognized on the consolidated balance sheets at fair value with any changes in fair value recognized in operating income. To the extent the fair value hedge is effective, the changes in the fair value of the hedge and the hedged item will offset each other.

Crombie assesses on an ongoing basis whether any existing derivative financial instrument continues to be effective in offsetting changes in interest rates on the hedged items. Crombie currently hedges five variable mortgages, the joint operation credit facility II, and a variable mortgage in a joint venture.

(p) Consolidated statement of comprehensive income (loss)

Consolidated statement of comprehensive income (loss) is the change in net assets attributable to Unitholders during a period from transactions and other events and circumstances from non-Unitholder sources. Crombie reports a consolidated statement of comprehensive income (loss) comprising changes in net assets attributable to Unitholders and other comprehensive income (loss) for the year. Accumulated other comprehensive income (loss) has been included in the consolidated statements of changes in net assets attributable to Unitholders.

(q) Provisions

Provisions are recognized when: Crombie has a present obligation (legal or constructive) as a result of a past event; it is probable that Crombie will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, where the time value of money is material. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Provisions reflect Crombie's best estimate at the reporting date.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars)
December 31, 2023

Environmental liabilities are recognized when Crombie has an obligation relating to site closure or rehabilitation. The extent of the work required and the associated costs are dependent on the requirements of the relevant authorities and Crombie's environmental policies. Provisions for the cost of each closure and rehabilitation program are recognized at the time of occurrence and when Crombie has a reliable estimate of the obligation. Changes in the provision are recognized in the period of the change.

(r) Financial instruments

Crombie classifies financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purpose of ongoing measurement. Classification choices for financial assets include: a) Amortized cost - recorded at amortized cost with gains and losses recognized in increase (decrease) in net assets attributable to Unitholders in the period that the asset is derecognized or impaired; b) Fair value, with two options: (i) FVTOCI - measured at fair value with changes in fair value recognized in other comprehensive income (loss) for the current period until realized through disposal or impairment; and (ii) FVTPL - measured at fair value with changes in fair value recognized in increase (decrease) in net assets attributable to Unitholders for the period. Classification choices for financial liabilities include: a) Amortized cost - recorded at amortized cost with gains and losses recognized in increase (decrease) in net assets attributable to Unitholders in the period that the asset is derecognized or impaired; and b) FVTPL - measured at fair value with changes in fair value recognized in increase (decrease) in net assets attributable to Unitholders for the period. Subsequent measurement for these assets and liabilities is based on either fair value or amortized cost using the effective interest method, depending upon their classification.

Crombie's financial assets and liabilities are generally classified and measured as follows:

Financial Asset/Liability	Category	Measurement
Cash and cash equivalents	Assets at amortized cost	Amortized cost
Trade receivables	Assets at amortized cost	Amortized cost
Restricted cash	Assets at amortized cost	Amortized cost
Long-term receivables	Assets at amortized cost	Amortized cost
Derivative financial assets and liabilities	FVTPL	Fair value
Derivatives designated in a hedging relationship	FVTOCI	Fair value
Accounts payable and other liabilities (excluding interest rate swaps)	Financial liabilities at amortized cost	Amortized cost
Investment property debt	Financial liabilities at amortized cost	Amortized cost
Senior unsecured notes	Financial liabilities at amortized cost	Amortized cost

Other balance sheet accounts, including, but not limited to, prepaid expenses, accrued straight-line rent receivable, tenant incentives, investment properties, and employee future benefits obligation are not financial instruments.

Transaction costs, other than those related to financial instruments classified as FVTPL that are expensed as incurred, are added to the fair value of the financial asset or financial liability on initial recognition and amortized using the effective interest method. In the event any debt is extinguished, the associated unamortized financing costs are expensed immediately.

Financial assets are derecognized when the contractual rights to benefits from the financial asset expires. The difference between the asset's carrying value and the consideration received or receivable is recognized as a charge to the consolidated statement of comprehensive income (loss). On a continual basis, Crombie assesses whether any of its financial assets that are measured at amortized costs are impaired under an expected credit loss model. For trade and long-term receivables, Crombie utilizes a provision matrix that uses aging categories as well as tenant specific history and the current economic environment to determine expected credit losses. Crombie's financial assets are reported net of any expected credit loss on the consolidated balance sheets.

Crombie determines the expected credit loss in accordance with IFRS 9 "Financial Instruments" simplified approach for amounts receivable where its loss allowance is measured at initial recognition and throughout the life of the receivable. Trade and lease receivables are written off when there is no reasonable expectation of recovery.

(s) Fair value measurement

The fair value of financial instruments 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by Crombie.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Crombie uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The fair value of any interest rate swap is estimated by discounting net cash flows of the swaps using forward interest rates for swaps of the same remaining maturities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When determining the highest and best use of non-financial assets Crombie takes into account the following:

- use of the asset that is physically possible - Crombie assesses the physical characteristics of the asset that market participants would take into account when pricing the asset;
- use that is legally permissible - Crombie assesses any legal restrictions on the use of the asset that market participants would take into account when pricing the asset; and
- use that is financially feasible - Crombie assesses whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows to produce an investment return that market participants would require from an investment in that asset put to that use.

(t) Impairment of long-lived tangible and definite life intangible assets

Long-lived tangible and definite life intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. When such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value in use. Where the asset does not generate cash flows that are independent from other assets, Crombie estimates the recoverable amount of the cash generating unit(s) to which the asset belongs. When the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to the recoverable amount. An impairment loss is recognized as an expense immediately in operating income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate but is limited to the carrying amount that would have been determined if no impairment loss had been recognized in prior periods. A reversal of impairment loss is recognized immediately in operating income.

(u) Net assets attributable to Unitholders

(i) Balance sheet presentation

In accordance with International Accounting Standard ("IAS") 32, "Financial Instruments: Presentation", puttable instruments are generally classified as financial liabilities. Crombie's REIT Units and Class B LP Units with attached Special Voting Units ("SVU") are both puttable instruments, meeting the definition of financial liabilities in IAS 32. There are exception tests within IAS 32 which could result in classification as equity; however, Crombie's units do not meet the exception requirements. Therefore, Crombie has no instrument qualifying for equity classification on the consolidated balance sheets pursuant to IFRS Accounting Standards. The classification of all units as financial liabilities with presentation as net assets attributable to

Unitholders does not alter the underlying economic interest of the Unitholders in the net assets and net operating results attributable to Unitholders.

(ii) Balance sheet measurement

REIT Units and Class B LP Units with attached SVUs are carried on the consolidated balance sheets at net asset value. Although puttable instruments classified as financial liabilities are generally required to be remeasured to fair value at each reporting period, the alternative presentation as net assets attributable to Unitholders reflects that, in total, the interests of the Unitholders are limited to the net assets of Crombie.

(iii) Statement of comprehensive income presentation

As a result of the classification of all units as financial liabilities, the consolidated statement of comprehensive income (loss) recognizes distributions to Unitholders as a finance cost. In addition, terminology such as net income has been replaced by Increase (decrease) in net assets attributable to Unitholders to reflect the absence of an equity component on the consolidated balance sheets.

(iv) Presentation of per unit measures

As a result of the classification of all units as financial liabilities, Crombie has no equity instrument; therefore, in accordance with IAS 33 "Earnings per Share", there is no denominator for purposes of calculation of per unit measures.

(v) Allocation of comprehensive income (loss)

The components of comprehensive income (loss) are allocated between REIT Units and Class B LP Units as follows:

- Operating income - based on the weighted average number of units outstanding during the reporting period.
- Distributions to Unitholders - based on the actual distributions paid to each separate unit class.
- Accumulated other comprehensive income (loss) - increases are allocated based on the weighted average number of units outstanding during the reporting period, decreases in previously accumulated amounts are drawn down based on the average accumulation allocation rate.

(v) Critical judgments in applying accounting policies

The following are the critical judgments that have been made in applying Crombie's accounting policies and that have the most significant effect on the consolidated financial statements:

(i) Investment properties

Crombie's accounting policies relating to investment properties are described in Note 2(d). In applying these policies, judgment is applied in determining whether certain costs are additions to the carrying amount of an investment property and whether properties acquired are considered to be asset acquisitions or business combinations. Crombie has determined that all properties acquired to date are asset acquisitions.

(ii) Investment in joint ventures

Crombie makes judgments in determining the appropriate accounting for investments in other entities. Such judgments include: determining the significant relevant activities and assessing the level of influence Crombie has over such activities through agreements and contractual arrangements.

(iii) Classifications of Units as liabilities

Crombie's accounting policies relating to the classification of Units as liabilities are described in Note 2(u). The critical judgments inherent in this policy relate to applying the criteria set out in IAS 32, "Financial Instruments: Presentation", relating to the puttable instrument exception.

(iv) Investment in joint arrangements

Crombie makes judgments in determining the appropriate accounting for investments in other entities. Such judgments include: determining the significant relevant activities and assessing the level of control or influence Crombie has over such activities through agreements and contractual arrangements; and determining whether Crombie's rights and obligations are directly related to the assets and liabilities of the arrangement or to the net assets of the joint arrangement.

(v) Impairment

Crombie's accounting policies relating to impairment are described in Note 2(t). In applying these policies, judgment is applied in identifying impairment indicators.

(w) Critical accounting estimates and assumptions

The preparation of the 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

(i) Fair value measurement

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.

(ii) Investment properties

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

(iii) Investment property valuation

External, independent valuation companies, having appropriate, recognized professional qualifications and recent experience in the location and category of properties being valued, value substantially all of Crombie's investment property portfolio on a rotating basis over a maximum period of four years. The fair values, based on the measurement date, represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Internal quarterly valuations are performed using internally generated valuation models prepared by considering the aggregate trailing annual net operating income (property revenue less property operating expenses) 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 operating income, to arrive at property valuations. As at December 31, 2023, management's determination of fair value was updated for current market assumptions, including net operating 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.

(x) Future changes in accounting standards

The International Accounting Standards Board ("IASB") has issued a number of standards and interpretations with an effective date after the date of these consolidated financial statements. Set out below are only those standards that may have a material impact on the consolidated financial statements in future periods. Management is currently evaluating the impact of these future policies on the consolidated financial statements.

(i) IAS 1 - Presentation of financial statements

The IASB has issued amendments to IAS 1, "Presentation of Financial Statements" ("IAS 1"). The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2024.

(ii) IFRS 16 - Leases

The IASB has issued amendments to IFRS 16 "Leases" ("IFRS 16"). The amendments clarify how a seller-lessee subsequently measures sale and lease-back transactions. The amendments to IFRS 16 apply to annual reporting periods beginning on or after January 1, 2024.

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3) INVESTMENT PROPERTIES

	December 31, 2023		December 31, 2022
Income properties	\$ 3,529,969	\$	3,523,067
Properties under development	94,488		67,144
Total investment properties	\$ 3,624,457	\$	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	5,715	23,722	2,205	—	31,642
Additions	2,743	25,108	—	12,091	39,942
Write-off of fully depreciated assets	—	(4,628)	(2,830)	(413)	(7,871)
Reclassification from properties under development	13	12,657	—	—	12,670
Balance, December 31, 2023	1,157,300	3,099,955	75,320	22,381	4,354,956
Accumulated depreciation, amortization, and impairment					
Opening balance, January 1, 2023	10,422	705,420	35,076	4,588	755,506
Depreciation and amortization	316	70,495	4,887	1,654	77,352
Write-off of fully depreciated assets	—	(4,628)	(2,830)	(413)	(7,871)
Balance, December 31, 2023	10,738	771,287	37,133	5,829	824,987
Net carrying value, December 31, 2023	\$ 1,146,562	\$ 2,328,668	\$ 38,187	\$ 16,552	\$ 3,529,969

Included in land are right-of-use assets of \$16,757 net of accumulated depreciation of \$1,582 for land held under lease.

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	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2022	\$ 1,129,645	\$ 2,912,068	\$ 71,758	\$ 10,329	\$ 4,123,800
Acquisitions	30,021	75,573	7,136	—	112,730
Additions	1,902	33,325	—	1,170	36,397
Disposals	(9,241)	(32,851)	(821)	—	(42,913)
Write-off of fully depreciated assets	—	(4,247)	(1,322)	(736)	(6,305)
Transfer to investment properties held for sale (Note 6)	(19,536)	(27,652)	(806)	(60)	(48,054)
Reclassification from properties under development	16,038	86,880	—	—	102,918
Balance, December 31, 2022	1,148,829	3,043,096	75,945	10,703	4,278,573
Accumulated depreciation, amortization, and impairment					
Opening balance, January 1, 2022	7,906	642,311	32,307	4,311	686,835
Depreciation and amortization	316	72,158	4,870	1,039	78,383
Dispositions	—	(7,815)	(551)	—	(8,366)
Impairment	2,200	8,200	—	—	10,400
Write-off of fully depreciated assets	—	(4,247)	(1,322)	(736)	(6,305)
Transfer to investment properties held for sale (Note 6)	—	(5,187)	(228)	(26)	(5,441)
Balance, December 31, 2022	10,422	705,420	35,076	4,588	755,506
Net carrying value, December 31, 2022	\$ 1,138,407	\$ 2,337,676	\$ 40,869	\$ 6,115	\$ 3,523,067

Included in land are right-of-use assets of \$15,456 net of accumulated depreciation of \$1,266 for land held under lease.

During the year ended December 31, 2022, Crombie recorded impairments totalling \$10,400 on three properties. These impairments were the result of continuing high vacancy at one property, the upcoming scheduled demolition of a vacant building, and a recent redevelopment that included a partial demolition. Impairment was measured on a per property basis and was determined as the amount by which the carrying value, using the cost method, exceeded the recoverable amount for each property. The recoverable amount is the higher of the economic benefit of the continued use of the asset and the selling price less costs to sell. In all three cases, the recoverable amount was determined to be the economic benefit of the continued use of the asset. To calculate the benefit of the continued use of the asset, Crombie utilizes the present value of the estimated future cash flows, discounted using a discount rate based on the risk associated with the property.

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Properties under development

	Land	Buildings	Total
Opening balance, January 1, 2023	\$ 52,852	\$ 14,292	\$ 67,144
Additions	3,798	36,216	40,014
Reclassification to income-producing properties	(13)	(12,657)	(12,670)
Balance, December 31, 2023	\$ 56,637	\$ 37,851	\$ 94,488

	Land	Buildings	Total
Opening balance, January 1, 2022	\$ 67,063	\$ 42,724	\$ 109,787
Acquisitions	5,007	—	5,007
Additions	2,889	58,448	61,337
Dispositions	(6,069)	—	(6,069)
Reclassification to income-producing properties	(16,038)	(86,880)	(102,918)
Balance, December 31, 2022	\$ 52,852	\$ 14,292	\$ 67,144

Fair Value

Crombie's total fair value of investment properties exceeds carrying value by \$1,109,289 at December 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
December 31, 2023	\$ 5,096,000	\$ 3,986,711
December 31, 2022	\$ 5,050,000	\$ 3,936,427

Carrying value consists of the net carrying value of:

	Note	December 31, 2023	December 31, 2022
Income properties	3	\$ 3,529,969	\$ 3,523,067
Properties under development	3	94,488	67,144
Accrued straight-line rent receivable	5	103,753	98,338
Tenant incentives	5	258,501	247,878
Total carrying value		\$ 3,986,711	\$ 3,936,427

The fair value of investment 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 December 31, 2023 and 2022, respectively, based on each property's current use as a revenue-generating investment property. Additionally, as properties are prepared for redevelopment, Crombie considers each property's progress through entitlement in determining the fair value of a property.

The fair value of properties under development is assumed to equal cost until the property is substantially completed, and at that point in time, the property is moved to income producing and valued according to Crombie's policies described below.

The valuation techniques and significant unobservable inputs used in determining the fair value of investment properties are set out below:

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- (i) The capitalized net operating income method - Under this method, capitalization rates are applied to trailing stabilized net operating income (property revenue less property operating expenses). The key assumptions are the capitalization rates for each specific property and stabilized net income. Crombie receives biannual capitalization rate reports from external knowledgeable property valuers. The capitalization rate reports provide a range of rates for various geographic regions and for various types and qualities of properties within each region. Management selects the appropriate rate for each property from the range provided. Crombie employs this method to determine fair value.
- (ii) The discounted cash flow method - Under this method, discount rates are applied to the forecasted cash flows reflecting the initial terms of the lease or leases for that specific property and assumptions as to renewal and new leasing activity. The key assumptions are the discount rate applied over the initial term of the lease, as well as lease renewals and new leasing activity. Crombie employs this method when the capitalized net operating income method indicates a risk of impairment or when a property is, or will be, undergoing redevelopment.
- (iii) External appraisals - Crombie has external, independent appraisals performed on all significant properties on a rotational basis over a maximum period of four years.

On a periodic basis, Crombie obtains independent appraisals such that approximately 85% of its properties, by value, will be externally appraised over a four year period.

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.

	December 31, 2023	December 31, 2022
Weighted average capitalization rate	6.12 %	5.94 %

Fair value sensitivity

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

Capitalization rate change	Net operating income change							
	\$	(15,000) \$	(10,000) \$	(5,000) \$	— \$	5,000 \$	10,000 \$	15,000
(0.75)%	\$	452,902 \$	534,601 \$	616,301 \$	698,000 \$	779,699 \$	861,399 \$	943,098
(0.50)%	\$	198,902 \$	280,601 \$	362,301 \$	444,000 \$	525,699 \$	607,399 \$	689,098
(0.25)%	\$	(33,098) \$	48,601 \$	130,301 \$	212,000 \$	293,699 \$	375,399 \$	457,098
—%	\$	(245,098) \$	(163,399) \$	(81,699) \$	— \$	81,699 \$	163,399 \$	245,098
0.25%	\$	(440,098) \$	(358,399) \$	(276,699) \$	(195,000) \$	(113,301) \$	(31,601) \$	50,098
0.50%	\$	(619,098) \$	(537,399) \$	(455,699) \$	(374,000) \$	(292,301) \$	(210,601) \$	(128,902)
0.75%	\$	(785,098) \$	(703,399) \$	(621,699) \$	(540,000) \$	(458,301) \$	(376,601) \$	(294,902)

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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.

2023

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
May 1, 2023	Related Party	1	58,000 \$	9,760

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

2022

Transaction Date	Vendor/Purchaser	Properties Acquired (Disposed)	Approximate Square Footage	Initial Acquisition (Disposition) Price ⁽¹⁾
January 6, 2022	Related Party	1	31,000 \$	3,300
January 7, 2022 ⁽²⁾	Related Party	1	— \$	2,567
January 25, 2022 ⁽³⁾	Related Party	—	235,000 \$	38,050
January 27, 2022	Related Party	5	183,000 \$	34,035
January 28, 2022	Third Party	1	31,000 \$	2,000
March 24, 2022	Related Party	1	38,000 \$	10,520
May 3, 2022	Related Party	1	67,000 \$	11,000
May 30, 2022	Third Party	—	— \$	4,939
June 14, 2022	Third Party	(1)	(19,000) \$	(10,250)
July 7, 2022	Third Party	1	4,000 \$	1,350
August 8, 2022	Third Party	(1)	(74,000) \$	(26,500)
August 10, 2022	Third Party	(1)	(6,000) \$	(1,125)
August 22, 2022	Third Party	(1)	(9,000) \$	(1,900)
August 26, 2022	Joint Venture	—	— \$	(7,701)
September 8, 2022	Third Party	(1)	(11,000) \$	(7,600)
September 15, 2022	Third Party	(1)	(29,000) \$	(7,300)
November 1, 2022	Third Party	(1)	(62,000) \$	(87,087)
November 16, 2022	Third Party	(1)	(191,000) \$	(26,331)

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

(2) Acquisition of a parcel of retail land developed by Crombie.

(3) Acquisition of the remaining 50% interest in one retail-related industrial property from a related party.

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Investment property disposals

	Year ended	
	December 31, 2023	December 31, 2022
Gross proceeds	\$ —	\$ 175,794
Selling costs	—	(2,021)
	—	173,773
Carrying values derecognized:		
Land	—	(34,846)
Buildings	—	(53,265)
Intangibles	—	(848)
Deferred leasing costs	—	(34)
Tenant incentives	—	(1,110)
Accrued straight-line rent	—	(1,982)
Development costs	—	(284)
Recognition of deferred gain ⁽¹⁾	594	—
Provisions	(6)	(600)
Total gain on disposal	\$ 588	\$ 80,804

(1) Deferred gain on the sale of land sold to a joint venture in the third 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 consolidated financial statements, based on the proportionate interest in such joint operations.

	Year ended			
	December 31, 2023		December 31, 2022	
	Number of co-owned properties	Ownership	Number of co-owned properties	Ownership
Retail	60	11 %-50 %	61	11 %-50 %
Retail-related industrial	3	50 %	2	50 %
Total co-owned properties	63		63	

4) INVESTMENT IN JOINT VENTURES

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

	December 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 %
Lynn Valley Limited Partnership	50.0 %	— %
Kingsway & Tyne Property Development Limited Partnership	50.0 %	— %

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

	December 31, 2023					December 31, 2022				
	Davie LP	Bronte LP	Duke LP	Other	Total	Davie LP	Bronte LP	Duke LP	Other	Total
Non-current assets	\$ 184,015	\$ 256,271	\$ 112,446	\$ 39,220	\$ 591,952	\$ 181,820	\$ 257,765	\$ 114,288	\$ 35,223	\$ 589,096
Current assets	13,610	2,650	10,932	4,719	31,911	15,707	2,032	11,369	10,306	39,414
Non-current liabilities	(206,275)	—	(104,000)	(26,477)	(336,752)	(204,313)	—	(104,000)	(25,183)	(333,496)
Current liabilities	(3,864)	(241,208)	(3,033)	(3,329)	(251,434)	(4,484)	(230,157)	(560)	(3,492)	(238,693)
Net assets	(12,514)	17,713	16,345	14,133	35,677	(11,270)	29,640	21,097	16,854	56,321
Crombie's share at 50%	(6,257)	8,856	8,172	7,067	17,838	(5,635)	14,820	10,549	8,427	28,161
Reconciling items:										
Deferred gain	(7,441)	—	—	(334)	(7,775)	(7,441)	—	—	(595)	(8,036)
Partnership loans	(6,000)	5,332	1,685	—	1,017	(6,000)	5,182	2,585	(571)	1,196
Gain	18,458	—	—	—	18,458	18,458	—	—	—	18,458
Unrecognized losses	1,240	—	—	—	1,240	618	—	—	—	618
Crombie's investment in joint ventures	\$ —	\$ 14,188	\$ 9,857	\$ 6,733	\$ 30,778	\$ —	\$ 20,002	\$ 13,134	\$ 7,261	\$ 40,397

	Year ended					Year ended				
	December 31, 2023					December 31, 2022				
	Davie LP	Bronte LP	Duke LP	Other	Total	Davie LP	Bronte LP	Duke LP	Other	Total
Revenue	\$ 12,007	\$ 13,153	\$ 8,959	\$ 30,532	\$ 64,651	\$ 10,826	\$ 6,514	\$ 5,466	\$ 8,196	\$ 31,002
Property operating expenses	(2,915)	(5,381)	(4,456)	(15,955)	(28,707)	(2,705)	(3,699)	(1,822)	(4,219)	(12,445)
General and administrative expenses	(224)	(220)	(87)	(126)	(657)	(115)	(54)	(69)	(319)	(557)
Depreciation and amortization	(2,934)	(4,492)	(1,903)	(55)	(9,384)	(3,493)	(4,720)	(1,957)	(60)	(10,230)
Finance costs - operations	(7,178)	(16,188)	(3,299)	(194)	(26,859)	(5,750)	(9,812)	(3,137)	(218)	(18,917)
Net income (loss)	\$ (1,244)	\$ (13,128)	\$ (786)	\$ 14,202	\$ (956)	\$ (1,237)	\$ (11,771)	\$ (1,519)	\$ 3,380	\$ (11,147)
Crombie's income (loss) from equity-accounted investments	\$ —	\$ (6,564)	\$ (393)	\$ 7,101	\$ 144	\$ —	\$ (5,885)	\$ (759)	\$ 1,690	\$ (4,954)

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

	December 31, 2023	December 31, 2022
Opening balance	\$ 40,397	\$ 44,210
Contributions	2,468	2,077
Distributions	(11,743)	(5,393)
Dispositions	—	(1,873)
Deferred gain	595	(595)
Gain on distribution from equity-accounted investments	—	2,933
Share of income (loss)	144	(4,954)
Share of other comprehensive income	(1,083)	3,992
Closing balance	\$ 30,778	\$ 40,397

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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
December 31, 2023	\$	945,000	\$	566,563
December 31, 2022	\$	908,000	\$	572,153

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

	December 31, 2023		December 31, 2022
Income properties	\$ 528,754	\$	529,520
Properties under development	32,537		37,330
Accrued straight-line rent receivable	862		690
Tenant incentives	4,410		4,613
Total carrying value	\$ 566,563	\$	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 December 31, 2023 and December 31, 2022, respectively, based on each property's current use as a revenue-generating property or property under development. Additionally, as properties are prepared for redevelopment, Crombie considers each property's progress through entitlement in determining the fair value of the property. The fair value of properties under development is assumed to equal cost until the property is substantially completed. As at December 31, 2023, 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:

	December 31, 2023	December 31, 2022
Weighted average capitalization rate	3.67 %	3.47 %

Fair value sensitivity

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

Capitalization	Net operating income change													
rate change	\$	(15,000)	\$	(10,000)	\$	(5,000)	\$	—	\$	5,000	\$	10,000	\$	15,000
(0.75)%	\$	(168,719)	\$	(32,480)	\$	103,760	\$	240,000	\$	376,240	\$	512,480	\$	648,719
(0.50)%	\$	(264,719)	\$	(128,480)	\$	7,760	\$	144,000	\$	280,240	\$	416,480	\$	552,719
(0.25)%	\$	(344,719)	\$	(208,480)	\$	(72,240)	\$	64,000	\$	200,240	\$	336,480	\$	472,719
—%	\$	(408,719)	\$	(272,480)	\$	(136,240)	\$	—	\$	136,240	\$	272,480	\$	408,719
0.25%	\$	(472,719)	\$	(336,480)	\$	(200,240)	\$	(64,000)	\$	72,240	\$	208,480	\$	344,719
0.50%	\$	(524,719)	\$	(388,480)	\$	(252,240)	\$	(116,000)	\$	20,240	\$	156,480	\$	292,719
0.75%	\$	(570,719)	\$	(434,480)	\$	(298,240)	\$	(162,000)	\$	(25,760)	\$	110,480	\$	246,719

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5) OTHER ASSETS

	December 31, 2023			December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	\$ 18,605	\$ —	\$ 18,605	\$ 21,645	\$ —	\$ 21,645
Provision for doubtful accounts	(1,396)	—	(1,396)	(2,328)	—	(2,328)
Net trade receivables	17,209	—	17,209	19,317	—	19,317
Prepaid expenses and deposits	11,107	48,910	60,017	10,346	15,329	25,675
Fair value of interest rate swap agreements	2,219	—	2,219	4,936	—	4,936
Other fixed assets ^{(1) (2)}	—	9,629	9,629	—	10,365	10,365
Finance lease receivable	631	11,309	11,940	605	11,940	12,545
Accrued straight-line rent receivable	—	103,753	103,753	—	98,338	98,338
Tenant incentives	—	258,501	258,501	—	247,878	247,878
Amounts receivable from related parties	17,994	12,071	30,065	12,321	10,298	22,619
Total other assets	\$ 49,160	\$ 444,173	\$ 493,333	\$ 47,525	\$ 394,148	\$ 441,673

(1) For the year ended December 31, 2023, depreciation of other fixed assets was \$1,483 (December 31, 2022 - \$1,453).

(2) Other fixed assets include right-of-use assets of \$2,234 (December 31, 2022 - \$2,306) net of accumulated depreciation of \$1,372 (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	37,139	—	37,139
Amortization	—	26,516	(26,516)
Write-off of fully depreciated assets	(4,976)	(4,976)	—
Balance, December 31, 2023	\$ 374,468	\$ 115,967	\$ 258,501

	Cost	Accumulated Amortization	Net Carrying Value
Tenant incentives			
Balance, January 1, 2022	\$ 326,056	\$ 92,262	\$ 233,794
Additions	38,183	—	38,183
Amortization	—	22,989	(22,989)
Disposition	(44)	(37)	(7)
Write-off of fully depreciated assets	(19,216)	(19,216)	—
Transfer to investment properties held for sale	(2,674)	(1,571)	(1,103)
Balance, December 31, 2022	\$ 342,305	\$ 94,427	\$ 247,878

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6) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	December 31, 2023	December 31, 2022
Fixed rate mortgages	2.70 %-6.44 %	4.30 %	5.9 years	\$ 838,957	\$ 918,552
Unsecured non-revolving credit facility			1.9 years	93,297	150,000
Revolving credit facility			3.5 years	47,591	—
Joint operation credit facility I			—	—	7,167
Joint operation credit facility II			0.8 years	3,503	3,097
Deferred financing charges on fixed rate mortgages				(4,329)	(4,846)
Total investment property debt				\$ 979,019	\$ 1,073,970
Mortgages					
Non-current				\$ 617,717	\$ 666,748
Current				216,911	246,958
Credit facilities					
Non-current				140,888	160,264
Current				3,503	—
				\$ 979,019	\$ 1,073,970
Weighted average interest rate for drawn credit facilities				6.78 %	6.06 %

Specific investment properties with a carrying value of \$2,047,666 as at December 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

For the year ended:	Type	Number of Mortgages	Weighted Average			Proceeds (Repayments)
			Rate	Terms in Years	Amortization Period in Years	
December 31, 2023	New	3	5.27 %	9.5	29.8	\$ 120,660
	Repaid	22	4.18 %			\$ (167,266)
For the year ended:	Type	Number of Mortgages	Weighted Average			Proceeds (Repayments)
			Rate	Terms in Years	Amortization Period in Years	
December 31, 2022	New	1	4.79 %	10.0	30.0	\$ 7,000
	Repaid	16	3.78 %			\$ (124,133)

Joint operation credit facilities

The Joint operation credit facility I, which consisted of a term loan facility and a revolving credit facility, was repaid in the second quarter of 2023. Concurrently, the fixed-for-floating rate swap was also retired.

The joint operation credit facility II was entered into in conjunction with the 89% sale of a portfolio of assets in the fourth quarter of 2019. Crombie and its co-ownership partner entered into a credit agreement with a Canadian chartered bank for a \$16,500 term loan facility and a \$15,500 revolving credit facility. Both facilities are secured by first and second mortgages on select properties and have a term of five years of maturing on October 7, 2024. Borrowings under both facilities can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into the facility, Crombie and its co-ownership partner entered into a fixed-for-floating interest rate swap, effectively fixing the interest rate on both facilities at 3.27%. At December 31, 2023, Crombie's portion of the term and revolving credit facilities was \$1,815 and \$1,688, respectively.

Revolving credit facility

The revolving credit facility was extended in the third quarter of 2023. The revolving credit facility has a maximum principal amount of \$400,000 and matures June 30, 2027. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. It is secured by a pool of first mortgages on certain properties and the maximum principal amount is subject to an available borrowing base (December 31, 2023 - borrowing base of \$400,000). Borrowings under the revolving credit facility can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with Morningstar DBRS and whether the facility remains secured or migrates to an unsecured status.

Unsecured bilateral credit facility

The unsecured bilateral credit facility agreement was extended in the third quarter of 2023. The unsecured bilateral credit facility has a maximum principal amount of \$130,000 and matures June 30, 2025. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. Borrowings under the unsecured bilateral credit facility can be by way of Bankers' Acceptance or prime rate advance and the floating interest rate is contingent on the type of advance, plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with Morningstar DBRS.

Unsecured non-revolving credit facility

The Unsecured 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 rate is contingent on the type of advance plus the applicable spread or margin.

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7) SENIOR UNSECURED NOTES

	Maturity Date ⁽¹⁾	Contractual Interest Rate	December 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			(3,231)	(2,997)
Total senior unsecured notes			\$ 1,171,769	\$ 972,003
Non-current			\$ 1,171,769	\$ 972,003
Weighted average interest rate			3.89 %	3.61 %

(1) The weighted average term to maturity as at December 31, 2023 was 4.4 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.

A continuity of Crombie's senior unsecured notes is as follows:

	Senior Unsecured Notes
Opening balance, January 1, 2023	\$ 975,000
Net borrowing or issuances	200,000
Balance, December 31, 2023	\$ 1,175,000

	Senior Unsecured Notes
Opening balance, January 1, 2022	\$ 1,125,000
Redemption	(150,000)
Balance, December 31, 2022	\$ 975,000

8) EMPLOYEE FUTURE BENEFITS

Crombie has a number of defined benefit and defined contribution plans providing pension and other retirement benefits to most of its employees.

Defined contribution pension plans

The contributions required by the employee and the employer are specified. The employee's pension depends on what level of retirement income (for example, annuity purchase) can be achieved with the combined total of employee and employer contributions and investment returns over the period of plan membership, and the annuity purchase rates at the time of the employee's retirement.

Defined benefit plans

The Senior Management Pension Plan provides pension benefits to members designated in writing by the Board of Trustees based on a formula recognizing length of service and final average earnings. The annual pension payable at age 65 is equal to 2% of the final average base earnings multiplied by years of credited service (to a maximum of 30 years), offset by the deemed retirement income provided under the defined contribution pension plan and deferred profit-sharing plan. For the purpose of calculating the deemed retirement

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income provided under the defined contribution pension plan and deferred profit-sharing plan, the assumptions stipulated in the Supplementary Executive Retirement Plan text are used, including an assumed annuity conversion discount rate of 7.0%. The final average earnings are 12 times the average of the 60 highest months of eligible earnings. Employee contributions, if required, pay for part of the cost of the benefit, and the employer contributions fund the balance. The employer contributions are not specified or defined within the plan text; they are based on the result of actuarial valuations which determine the level of funding required to meet the total obligation as estimated at the time of the valuation. Crombie's defined benefit plans are unfunded.

Once participants attain age 55 and 5 years of continuous service, they can retire. The total pension payable is reduced by 5/12% for each month by which the early retirement precedes age 60 (62 for a member who was designated as a member on or after June 25, 2009). The normal form of pension payment is a 60% joint and survivor pension.

The post-employment benefits program offered to Crombie employees and retirees in Canada is an open plan that provides life and medical benefits for grandfathered employees and employees retired prior to May 1, 2011 as well as critical illness coverage for other employees. Full-time employees must be over age 55 to be eligible for the post-employment benefits program.

The total defined benefit cost related to pension plans and post-employment benefit plans for the year ended December 31, 2023 was \$502 (year ended December 31, 2022 - \$602).

The plans typically expose Crombie to actuarial risks such as: interest rate risk, mortality risk, and salary risk.

(i) Interest rate risk - The present value of the defined benefit liability is calculated using discount rates that reflect the average yield, as at the measurement date, on high quality corporate bonds of similar duration to the plans' liabilities. A decrease in the market yield on high quality corporate bonds will increase Crombie's defined benefit liability.

(ii) Mortality risk - The present value of the defined benefit plans is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plans' liability.

(iii) Salary risk - The present value of the defined benefit plans liability is calculated by reference to the anticipated future salary of the plan participants. As such, an increase in the salary of plan participants over that anticipated will increase the plans' liability.

	Most recent valuation date	Next required valuation date
Senior Management Pension Plan	December 31, 2023	December 31, 2024
Post-employment Benefit Plans	January 1, 2022	January 1, 2025

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations and pension costs are as follows:

	December 31, 2023		December 31, 2022	
	Senior Management Pension Plan	Post-employment Benefit Plans	Senior Management Pension Plan	Post-employment Benefit Plans
Discount rate - accrued benefit obligation	4.60 %	4.60 %	5.10 %	5.10 %
Rate of compensation increase	3.00 %	N/A	3.00 %	N/A

For measurement purposes, a 4.50% (2022 - 4.50%) annual rate increase in the per capita cost of covered health care benefits was assumed.

These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to year end by reference to market yields of high-quality corporate bonds that have a maturity approximating the terms of the related pension obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The projected Unit credit method is used to determine the present value of the defined benefit obligation and the related current service cost for all active members.

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Crombie uses December 31 as a measurement date for accounting purposes for its defined benefit pension plans.

Information about Crombie's defined benefit plans are as follows:

	December 31, 2023			December 31, 2022		
	Senior Management Pension Plan	Post-employment Benefit Plans	Total	Senior Management Pension Plan	Post-employment Benefit Plans	Total
Accrued benefit obligation						
Balance, beginning of year	\$ 5,428	\$ 1,662	\$ 7,090	\$ 6,021	\$ 2,393	\$ 8,414
Current service cost	130	16	146	193	14	207
Interest cost	278	84	362	177	69	246
Actuarial losses (gains)	336	104	440	(912)	(730)	(1,642)
Benefits paid	(200)	(71)	(271)	(200)	(84)	(284)
Termination benefits	(6)	—	(6)	149	—	149
Balance, end of year	5,966	1,795	7,761	5,428	1,662	7,090
Plan assets						
Fair value, beginning of year	—	—	—	—	—	—
Employer contributions	200	71	271	200	84	284
Benefits paid	(200)	(71)	(271)	(200)	(84)	(284)
Fair value, end of year	—	—	—	—	—	—
Funded status - deficit	5,966	1,795	7,761	5,428	1,662	7,090
Current portion	248	79	327	200	71	271
Non-current portion	5,718	1,716	7,434	5,228	1,591	6,819
Accrued benefit obligation recorded as a liability	\$ 5,966	\$ 1,795	\$ 7,761	\$ 5,428	\$ 1,662	\$ 7,090
Net expense						
Current service cost	\$ 130	\$ 16	\$ 146	\$ 193	\$ 14	\$ 207
Termination benefits	(6)	—	(6)	149	—	149
Interest cost	278	84	362	177	69	246
Net expense	\$ 402	\$ 100	\$ 502	\$ 519	\$ 83	\$ 602

The table below outlines the sensitivity of the fiscal 2023 key economic assumptions used in measuring the accrued benefit plan obligations and related expenses of Crombie's pension and other benefit plans. The sensitivity of each key assumption has been calculated independently. Changes to more than one assumption simultaneously may amplify or reduce the impact on the accrued benefit obligation or benefit plan expenses. There was no change to the method and assumptions used in preparing the sensitivity analysis from prior years.

		Senior Management Pension Plan		Post-employment Benefit Plans	
		Benefit Obligations	Benefit Cost ⁽¹⁾	Benefit Obligations	Benefit Cost ⁽¹⁾
Discount Rate		4.60 %	4.60 %	4.60 %	4.60 %
Impact of:	1% increase	(562)	27	(191)	4
	1% decrease	668	(34)	227	(6)
Growth rate of health costs				4.50 %	4.50 %
Impact of:	1% increase			73	3
	1% decrease			(66)	(3)

⁽¹⁾ Reflects the impact of the current service costs and the interest cost.

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For the year ended December 31, 2023, the net defined contribution pension plans expense was \$1,188 (year ended December 31, 2022 - \$1,127).

9) TRADE AND OTHER PAYABLES

	December 31, 2023			December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Tenant incentives and capital expenditures	\$ 27,355	\$ —	\$ 27,355	\$ 42,723	\$ —	\$ 42,723
Property operating costs	33,524	—	33,524	30,031	—	30,031
Prepaid rents	13,242	—	13,242	15,448	—	15,448
Finance costs on investment property debt and notes	15,299	—	15,299	13,021	—	13,021
Amounts payable to related party	1,623	—	1,623	156	—	156
Distributions payable	13,431	—	13,431	13,230	—	13,230
Unit-based compensation plans	2,680	16,846	19,526	3,257	17,672	20,929
Deferred revenue	894	4,120	5,014	118	4,139	4,257
Total trade and other payables	\$ 108,048	\$ 20,966	\$ 129,014	\$ 117,984	\$ 21,811	\$ 139,795

Deferred Revenue

During 2014, Crombie completed a sale-leaseback of the land component of an investment property. The proceeds received in excess of fair value of the land have been deferred and are being recognized as a reduction in property operating expenses over the term of the land lease. In addition, Crombie received a prepayment, from a related party, of their future obligation under a land sub-lease. This prepayment has also been deferred and is being recognized as a reduction in property operating expenses over the term of the land lease.

10) PROPERTY REVENUE

	Year ended	
	December 31, 2023	December 31, 2022 ⁽²⁾
Operating lease revenue		
Rental revenue contractually due from tenants ⁽¹⁾	\$ 388,571	\$ 380,159
Contingent rental revenue	3,484	3,917
Straight-line rent recognition	5,415	5,432
Tenant incentive amortization	(26,516)	(22,989)
Lease termination income	1,672	278
Revenue from contracts with customers		
Common area cost recoveries	62,852	56,778
Parking revenue	5,461	4,504
Total property revenue	\$ 440,939	\$ 428,079

(1) Includes reimbursement of Crombie's property tax expense.

(2) Consistent with the current year presentation, property revenue for the year ended December 31, 2022 has been increased by \$8,488 to reflect a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

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

	Year ended			
	December 31, 2023		December 31, 2022	
Sobeys Inc. (including all subsidiaries of Empire Company Limited ("Empire"))	\$	238,607	54.1 %	\$ 230,752 53.9 %

(1) Consistent with the current year presentation, property revenue for the year ended December 31, 2022 has been increased by \$8,488 to reflect a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

11) REVENUE FROM MANAGEMENT AND DEVELOPMENT SERVICES

Crombie provides development and property management services to co-owners, related parties and third parties. Crombie's revenue from development, construction and other fees are as follows:

	Year ended			
	December 31, 2023		December 31, 2022	
Development fees	\$	2,951	\$	—
Management fees		479		—
Total revenue from management and development services	\$	3,430	\$	—

12) PROPERTY OPERATING EXPENSES

	Year ended			
	December 31, 2023		December 31, 2022	
Recoverable property taxes	\$	83,590	\$	82,536
Recoverable operating expenses		64,182		58,061
Other operating costs		5,755		5,664
Total property operating expenses	\$	153,527	\$	146,261

(1) Consistent with the current year presentation, property operating expenses for the year ended December 31, 2022 has been increased by \$8,488 to reflect a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

13) 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 December 31, 2023, is as follows:

	Year ending December 31,						Total
	2024	2025	2026	2027	2028	Thereafter	
Future minimum rental income	\$ 298,511	\$ 285,776	\$ 272,091	\$ 255,690	\$ 236,531	\$ 1,604,537	\$ 2,953,136

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.

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

(a) General and administrative expenses

	Year ended	
	December 31, 2023	December 31, 2022
Salaries and benefits	\$ 19,592	\$ 12,590
Professional and public company costs	4,611	3,640
Occupancy and other	3,441	3,317
Total general and administrative expenses	\$ 27,644	\$ 19,547

General and administrative expenses for the year ended December 31, 2023 includes employee transition costs of \$7,386.

(b) Decrease in fair value of financial instruments

	Year ended	
	December 31, 2023	December 31, 2022
Deferred Unit Plan	\$ 1,911	\$ 2,323

15) FINANCE COSTS - OPERATIONS

	Year ended	
	December 31, 2023	December 31, 2022
Fixed rate mortgages	\$ 35,384	\$ 40,546
Floating rate term, revolving, and demand facilities	9,747	4,804
Capitalized interest ⁽¹⁾	(4,433)	(5,264)
Senior unsecured notes	43,847	41,398
Interest income on finance lease receivable	(537)	(562)
Interest on lease liability	2,260	2,092
Finance costs - operations, expense	86,268	83,014
Amortization of fair value debt adjustment and accretion income	282	111
Change in accrued finance costs	(2,278)	1,230
Amortization of deferred financing charges	(2,455)	(2,685)
Finance costs - operations, paid	\$ 81,817	\$ 81,670

(1) For the year ended December 31, 2023, interest was capitalized for qualifying development projects based on a weighted average interest rate of 3.87% (December 31, 2022 - 3.52%).

16) 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	1,584,347	22,062	1,122,338	15,629	2,706,685	37,691
Balance, December 31, 2023	106,905,347	\$ 1,317,139	74,178,234	\$ 916,592	181,083,581	\$ 2,233,731

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	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	—	1,172	—	—	—	1,172
Units issued under DRIP	1,215,032	19,385	860,958	13,735	2,075,990	33,120
Units issued under Unit-based compensation plan	36,487	526	—	—	36,487	526
Units issued (proceeds are net of issue costs)	6,705,000	111,872	4,756,446	82,869	11,461,446	194,741
Balance, December 31, 2022	105,321,000	\$ 1,295,077	73,055,896	\$ 900,963	178,376,896	\$ 2,196,040

Crombie REIT Units

Crombie is authorized to issue an unlimited number of REIT Units and an unlimited number of SVU and Class B LP Units. Issued and outstanding REIT Units may be subdivided or consolidated from time to time by the trustees without the approval of the Unitholders. REIT Units are redeemable at any time on demand by the holders at a price per REIT Unit equal to the lesser of: (i) 90% of the weighted average price per Crombie REIT Unit during the period of the last ten days during which Crombie's REIT Units traded; and (ii) an amount equal to the price of Crombie's REIT Units on the date of redemption, as defined in the Declaration of Trust.

The aggregate redemption price payable by Crombie in respect of any REIT Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment in Canadian dollars within 30 days after the end of the calendar month in which the REIT Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their REIT Units is subject to the limitation that:

- (i) the total amount payable by Crombie in respect of such REIT Units and all other REIT Units tendered for redemption, in the same calendar month must not exceed \$50 (provided that such limitation may be waived at the discretion of the trustees);
- (ii) at the time such REIT Units are tendered for redemption, the outstanding REIT Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the trustees consider, in their sole discretion, provides representative fair market value prices for the REIT Units; and
- (iii) the normal trading of REIT Units is not suspended or halted on any stock exchange on which the REIT Units are listed (or if not listed on a stock exchange, in any market where the REIT Units are quoted for trading) on the redemption date or for more than five trading days during the 10-day trading period commencing immediately after the redemption date.

On January 31, 2022, Crombie closed a public offering, on a bought deal basis, of 6,705,000 Units, at a price of \$17.45 per Unit for proceeds of \$111,872 net of issue costs.

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

The Declaration of Trust and the Exchange Agreement provide for the issuance of SVUs to the holders of Class B LP Units used solely for providing voting rights proportionate to the votes of Crombie's REIT Units. The SVUs are not transferable separately from the Class B LP Units to which they are attached and will be automatically transferred upon the transfer of such Class B LP Unit. If the Class B LP Units are exchanged in accordance with the Exchange Agreement, a like number of SVUs will be redeemed and cancelled for no consideration by Crombie.

The Class B LP Units issued by a subsidiary of Crombie to ECL Developments Limited ("ECLD") are indirectly exchangeable on a one-for-one basis for Crombie's REIT Units at the option of the holder, under the terms of the Exchange Agreement.

Each Class B LP Unit entitles the holder to receive distributions from Crombie, pro rata with distributions made by Crombie on REIT Units.

On January 31, 2022, concurrent with the issue of the REIT Units, in satisfaction of its pre-emptive right, ECLD purchased 4,756,446 Class B LP Units and the attached SVUs at a price of \$17.45 per Unit, for proceeds of \$82,869 net of issue costs, on a private placement basis.

Distribution Reinvestment Plan ("DRIP")

Crombie has a DRIP whereby Canadian resident REIT Unitholders may elect to automatically have their distributions reinvested in additional REIT units. Units issued under the DRIP will be issued directly from the treasury of Crombie REIT at a price equal to 97% of the volume-weighted average trading price of the REIT units on the TSX for the five trading days immediately preceding the relevant distribution payment date, which is typically on or about the 15th day of the month following the declaration. Crombie recognizes the net proceeds in Net assets attributable to Unitholders.

17) SUPPLEMENTARY CASH FLOW INFORMATION

(a) Items not affecting operating cash

	Year ended	
	December 31, 2023	December 31, 2022
Items not affecting operating cash:		
Straight-line rent recognition	\$ (5,415)	\$ (5,432)
Amortization of tenant incentives	26,516	22,989
Gain on disposal of investment properties	(588)	(80,804)
Gain on distribution from equity-accounted investments	—	(2,933)
Impairment of investment properties	—	10,400
Depreciation and amortization	78,835	79,836
(Income) loss from equity-accounted investments	(144)	4,954
Income tax expense	6	4
Non-cash lease termination income	—	(125)
Change in fair value of financial instruments	(1,911)	(2,323)
	\$ 97,299	\$ 26,566

(b) Change in other non-cash operating items

	Year ended	
	December 31, 2023	December 31, 2022
Cash provided by (used in):		
Trade receivables	\$ 2,108	\$ 5,124
Prepaid expenses and deposits and other assets	(761)	3,018
Payables and other liabilities ⁽¹⁾	4,299	(10,930)
	\$ 5,646	\$ (2,788)

(1) Payables and other liabilities for the year ended December 31, 2022 was updated from the previously reported figure.

(c) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Restricted cash ⁽¹⁾	\$ —	\$ 231
Cash	—	5,886
Total cash and cash equivalents	\$ —	\$ 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.

18) RELATED PARTY TRANSACTIONS

As at December 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:

	Year ended	
	December 31, 2023	December 31, 2022
Property revenue		
Property revenue	\$ 238,607	\$ 230,752 ⁽¹⁾
Head lease income	\$ 1,275	\$ 956
Lease termination income	\$ —	\$ 125
Revenue from management and development services	\$ 3,114	\$ —
Property operating expenses	\$ (135)	\$ (135)
General and administrative expenses		
Property management services recovered	\$ 208	\$ 398
Other general and administrative expenses	\$ (171)	\$ (331)
Finance costs - operations		
Interest rate subsidy	\$ —	\$ 53
Finance costs - distributions to Unitholders	\$ (66,349)	\$ (65,459)

(1) Consistent with the current year presentation, property revenue for the year ended December 31, 2022 has been increased by \$8,488 to reflect a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

Crombie provides property management, development management, project management, leasing services, and environmental management to co-owners and to specific properties owned by certain subsidiaries of Empire on a fee-for-service basis pursuant to a Management Agreement which is being recognized as revenue from management and development services.

During the year ended December 31, 2023, Crombie issued 1,122,338 (December 31, 2022 - 860,958) Class B LP Units to ECLD under the DRIP (Note 16).

During the year ended December 31, 2023, Crombie acquired three retail properties from a subsidiary of Empire for a total purchase price of \$26,482 before transaction costs.

During the year ended December 31, 2023, Crombie invested \$25,201 (December 31, 2022 - \$14,932) 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.

During the year ended December 31, 2023, Crombie paid \$16,361 to a subsidiary of Empire in connection with the assignment of 24 subleases to Crombie for retail sites in Western Canada. This payment was allocated to either deferred leasing costs or tenant incentive additions, based on each component's relative fair value.

Amounts due from related parties include \$10,664 (December 31, 2022 - \$10,364) in a 6% subordinated note receivable due from Bronte Village Limited Partnership. The subordinated note receivable is due on demand and is expected to be collected within the next year.

During the year ended December 31, 2023, Crombie entered into two new joint ventures with a subsidiary of Empire. Amounts due from related parties include \$801 (December 31, 2022 - \$Nil) in a note receivable due from Lynn Valley Limited Partnership related to development services completed during the year.

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Crombie has a mortgage payable due to 1600 Davie Limited Partnership of \$24,876 (December 31, 2022 - \$25,207) that has interest at 3.22% and matures December 1, 2027. This mortgage relates to the commercial component of the Davie Street development, 100% of which is included in Crombie's financial statements.

During the year ended December 31, 2023, Crombie paid two initial right-to-develop fees totalling \$34,300 to a subsidiary of Empire, which resulted in the existing leases being modified. The right to develop will allow Crombie flexibility as it works through the entitlement and future development of existing properties in which a subsidiary of Empire is currently a tenant.

Key management personnel and trustees compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Crombie. The remuneration of the executive team and trustees of Crombie during the year was approximately as follows:

	Year ended	
	December 31, 2023	December 31, 2022
Salary, bonus and other short-term employee benefits	\$ 7,404	\$ 7,343
Transition costs	6,883	1,211
Total compensation paid to trustees	1,020	1,026
Other long-term benefits	204	191
	\$ 15,511	\$ 9,771

19) 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 December 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:

	December 31, 2023		December 31, 2022	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial liabilities				
Investment property debt	\$ 956,601	\$ 983,348	\$ 1,035,216	\$ 1,078,816
Senior unsecured notes	1,108,474	1,175,000	877,058	975,000
Total financial liabilities	\$ 2,065,075	\$ 2,158,348	\$ 1,912,274	\$ 2,053,816

The fair values of investment property debt and senior unsecured notes are Level 2.

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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. The significant risks, and the actions taken to manage them, are as follows:

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 adjustments are taken for all anticipated collectability risks.

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

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

- Crombie's largest tenant, Empire (including Sobeys and all other subsidiaries of Empire), represents 58.5% of annual minimum rent; no other tenant accounts for more than 2.4% of Crombie's minimum rent.
- Total property revenue includes operating and realty tax cost recovery income and percentage rent. These amounts can vary by property type, specific tenant leases and where tenants may directly incur and pay operating and realty tax costs. For the year ended December 31, 2023, Empire (including Sobeys and all other subsidiaries of Empire) represents 54.1% of total property revenue. Excluding these tenants, no other tenant accounts for more than 2.3% of Crombie's total property revenue.
- Over the next five years, leases on no more than 7.3% 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. 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.

	Year ended	
	December 31, 2023	December 31, 2022
Provision for doubtful accounts, beginning of year	\$ 2,328	\$ 3,031
Additional provision	1,035	1,635
Recoveries	(885)	(1,382)
Write-offs	(1,082)	(956)
Provision for doubtful accounts, end of year	\$ 1,396	\$ 2,328

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.

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Interest rate risk

Interest rate risk is the potential for financial loss arising from increasing interest rates. Canadian prime interest rates have increased from 6.45% at December 31, 2022 to 7.20% at December 31, 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 tables summarize Crombie's financial instruments in which hedge accounting was applied.

			As at December 31, 2023	
Hedge type	Maturity date	Fixed interest rate	Notional amount of the hedging instrument ⁽¹⁾	Fair value of hedging instrument ⁽¹⁾
Cash flow hedge ⁽²⁾	December 20, 2024	3.72%	\$ 75,280	\$ 1,983
Cash flow hedge ⁽²⁾	March 18, 2025	3.52%	4,614	140
Cash flow hedge ⁽²⁾	October 7, 2024	3.27%	3,503	96
Cash flow hedge ⁽³⁾	March 1, 2029	3.15%	52,000	2,908
			\$ 135,397	\$ 5,127

(1) Amounts are shown at Crombie's ownership percentage.

(2) Included in Note 5 other assets in the consolidated balance sheets.

(3) Included in Note 4 investment in joint ventures in the consolidated balance sheets.

			Year ended December 31, 2023	
Hedge type	Maturity date	Fixed interest rate	Change in fair value gain (loss) recognized in other comprehensive income (loss) ⁽¹⁾	Hedge recognized in statements of comprehensive income (loss)
Cash flow hedge ⁽²⁾	December 20, 2024	3.72%	\$ (2,290)	\$ —
Cash flow hedge ⁽²⁾	March 18, 2025	3.52%	(82)	—
Cash flow hedge ⁽³⁾	April 25, 2024	3.58%	(269)	199
Cash flow hedge ⁽²⁾	October 7, 2024	3.27%	(76)	—
Cash flow hedge ⁽⁴⁾	March 1, 2029	3.15%	(1,083)	—
			\$ (3,800)	\$ 199

(1) Amounts are shown at Crombie's ownership percentage.

(2) Included in Note 5 other assets in the consolidated balance sheets.

(3) Term loan, credit facility, and swap were settled on June 1, 2023, with the net settlement amount reducing finance costs.

(4) Included in Note 4 investment in joint ventures in the consolidated balance sheets.

As at December 31, 2023

- Crombie's weighted average term to maturity of its fixed rate mortgages is 5.9 years;
- Crombie's weighted average term to maturity of its unsecured notes is 4.4 years;
- Crombie has an Unsecured non-revolving credit facility available to a maximum of \$200,000 with a balance of \$93,297 outstanding;
- Crombie has a floating rate Revolving credit facility available to a maximum of \$400,000 subject to available borrowing base, with a balance of \$47,591 outstanding;
- Crombie has an Unsecured bilateral credit facility available to a maximum of \$130,000 with no balance outstanding/drawn;
- Crombie has a Joint operation credit facility available to a maximum of \$3,520 at Crombie's share with a balance of \$3,503 outstanding;

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- Crombie has interest rate swap agreements in place on \$83,398 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 \$120,200 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:

	Year ended December 31, 2023	
	Increase in Rate	Decrease in Rate
Impact on operating income attributable to Unitholders of interest rate changes on the Revolving credit facility		
Impact of a 0.5% interest rate change	\$ (701)	\$ 701
Impact of a 1.0% interest rate change	\$ (1,402)	\$ 1,402
Impact of a 1.5% interest rate change	\$ (2,104)	\$ 2,104
	As at December 31, 2023	
	Increase in Rate	Decrease in Rate
Impact on other comprehensive income (loss) of interest rate changes on interest rate swap agreements at Crombie's share		
Impact of a 0.5% interest rate change	\$ 1,600	\$ (1,600)
Impact of a 1.0% interest rate change	\$ 3,200	\$ (3,200)
Impact of a 1.5% interest rate change	\$ 4,800	\$ (4,800)

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 December 31, 2023, \$347,067 was available on this facility.

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

		Twelve months ending December 31,					
	Contractual Cash Flows⁽¹⁾	2024	2025	2026	2027	2028	Thereafter
Fixed rate mortgages ⁽²⁾	\$ 1,020,877	\$ 249,344	\$ 79,337	\$ 57,331	\$ 149,767	\$ 53,189	\$ 431,909
Senior unsecured notes	1,369,889	45,664	212,964	234,708	176,810	171,012	528,731
Trade and other payables	113,715	92,749	4,138	2,748	2,477	2,477	9,126
Lease liabilities	151,345	3,135	4,725	2,936	2,676	2,457	135,416
	2,655,826	390,892	301,164	297,723	331,730	229,135	1,105,182
Credit facilities ⁽²⁾	167,877	13,251	102,156	3,253	49,217	—	—
Total estimated payments	\$ 2,823,703	\$ 404,143	\$ 403,320	\$ 300,976	\$ 380,947	\$ 229,135	\$ 1,105,182

(1) Includes principal and interest and excludes 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 using the Unsecured non-revolving credit facility.

20) 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:

	December 31, 2023	December 31, 2022
Fixed rate mortgages ⁽¹⁾	\$ 834,628	\$ 913,706
Credit facilities	144,391	160,264
Senior unsecured notes ⁽¹⁾	1,171,769	972,003
Crombie REIT Unitholders	1,081,631	1,097,070
SVU and Class B LP Unitholders ⁽²⁾	743,082	753,470
Lease liabilities	36,292	35,000
	\$ 4,011,793	\$ 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.

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	December 31, 2023	December 31, 2022
Fixed rate mortgages	\$ 838,957	\$ 918,552
Senior unsecured notes	1,175,000	975,000
Unsecured non-revolving credit facility	93,297	150,000
Revolving credit facility	47,591	—
Joint operation credit facilities	3,503	10,264
Debt held in joint ventures, at Crombie's share ⁽¹⁾	274,115	270,642
Lease liabilities	36,292	35,000
Total debt	\$ 2,468,755	\$ 2,359,458
Income properties, cost ⁽²⁾	\$ 4,345,799	\$ 4,269,416
Properties under development, cost	94,488	67,144
Investment properties, held in joint ventures, cost, at Crombie's share	294,607	291,915
Below-market lease component, cost ⁽³⁾	72,990	70,192
Other assets, cost ⁽⁴⁾	614,302	540,371
Other assets, cost, held in joint ventures, at Crombie's share	30,012	30,714
Cash and cash equivalents	—	6,117
Cash and cash equivalents held in joint ventures, at Crombie's share	3,004	2,487
Deferred financing charges	7,560	7,843
Gross book value	\$ 5,462,762	\$ 5,286,199
Debt to gross book value - cost basis	45.2 %	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 December 31, 2023, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

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21) LEASE LIABILITIES

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

	Twelve months ending December 31,						Thereafter
	Total	2024	2025	2026	2027	2028	
Future minimum lease payments	\$ 151,345	\$ 3,135	\$ 4,725	\$ 2,936	\$ 2,676	\$ 2,457	\$ 135,416
Finance charges	(115,053)	(2,194)	(2,061)	(2,026)	(1,998)	(1,981)	(104,793)
Present value of lease payments	\$ 36,292	\$ 941	\$ 2,664	\$ 910	\$ 678	\$ 476	\$ 30,623

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

	December 31, 2023	December 31, 2022
Non-current	\$ 35,351	\$ 34,057
Current	941	943
Total lease liabilities	\$ 36,292	\$ 35,000

Some of Crombie's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the 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 year ended December 31, 2023, minimum lease payments of \$3,109 were paid by Crombie.

22) 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 December 31, 2023, Crombie has \$5,342 (December 31, 2022 - \$2,883) in outstanding letters of credit related to construction work being performed on investment properties.

As at December 31, 2023, Crombie had signed construction contracts totalling \$254,880, of which \$168,407 has been paid. This includes contracts signed within joint ventures at Crombie's ownership percentage.

Crombie has committed to funding the next \$37,926 in development costs at 1700 East Broadway Limited Partnership.

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 December 31, 2023, Crombie has provided guarantees of approximately \$81,781 (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 1.8 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.

During the year ended December 31, 2023, 1600 Davie Limited Partnership entered into a credit agreement with a Canadian chartered bank. The revolving credit facility has a maximum principal amount of \$4,000 and matures July 31, 2026. Crombie has guaranteed 100% of the loan.

23) SUBSEQUENT EVENTS

- (a) On January 15, 2024, Crombie declared distributions of 7.417 cents per Unit for the period from January 1, 2024 up to and including January 31, 2024. The distributions were paid on February 15, 2024, to Unitholders of record as at January 31, 2024.
- (b) On February 15, 2024, Crombie declared distributions of 7.417 cents per Unit for the period from February 1, 2024 up to and including February 29, 2024. The distributions will be paid on March 15, 2024, to Unitholders of record as at February 29, 2024.
- (c) On February 20, 2024, Crombie and its joint venture partner closed on a 4.35% mortgage loan of \$243,457 for a residential property held within an equity-accounted investment, maturing on June 1, 2029. Installments of principal and interest are to be paid on the first day of each month. Upon receipt of proceeds, the joint venture intends to repay the outstanding construction facility and partnership loans totalling \$233,664 with a weighted average interest rate of 7.10% as of December 31, 2023.

24) 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.

25) INDEMNITIES

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.

UNITHOLDERS' INFORMATION

BOARD OF TRUSTEES

J. Michael Knowlton
Independent Trustee and Chair

Mark Holly
Trustee, President and Chief Executive Officer

Paul V. Beesley
Independent Trustee

Jane Craighead
Independent Trustee

James M. Dickson
Independent Trustee

Heather Grey-Wolf
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Heidi Jamieson-Mills
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Independent Trustee

Paul D. Sobey
Independent Trustee

Michael Vels
Trustee

Michael Waters
Independent Trustee

Karen Weaver
Independent Trustee

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J. Michael Knowlton
Chair

Mark Holly
President and Chief Executive Officer

Clinton D. Keay
Chief Financial Officer and Secretary

John Barnoski
Executive Vice President Corporate Development

Arie Bitton
Executive Vice President Leasing and Operations

Victor Settino
Executive Vice President Development and Construction

Ashley Harrison
Senior Vice President People and Culture

Fred Santini
General Counsel

CROMBIE REIT

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INVESTOR RELATIONS AND INQUIRIES

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

Kara Cameron, CPA, CA
Interim Chief Financial Officer

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

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AUDITORS

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Halifax, Nova Scotia

MULTIPLE MAILINGS

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

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

