DELIVERING **VALUE**

2019
Annual
Report

Crombie
REIT

About Crombie REIT

Established in 2006, Crombie REIT invests in high-quality, sustainable real estate where people live, work, shop and play.

With 285 income-producing properties nation-wide, Crombie's portfolio of approximately 17.6 million square feet enhances local communities for the long term. We are focused on steady income growth and asset value creation through the ownership, operation and development of high-quality grocery- and drugstore-anchored shopping centres, freestanding stores and mixed-use developments, primarily in Canada's top urban and suburban markets.

ABOUT THE COVER

Davie Street in Vancouver's West End will be a 308,000 square foot mixed-use retail and residential rental structure, built sustainably with 330 residential rental units across two towers above 54,000 square feet of primarily grocery-anchored retail.

ABOUT FORWARD-LOOKING STATEMENTS

This document includes statements about our objectives, plans, goals, strategies, future growth, financial condition, results of operations, cash flows, performance, business prospects and opportunities. These statements are forward-looking because they are based on management's expectations about the future – they are not historical facts. Forward-looking statements include statements regarding our development pipeline size, timing and costs, net asset value (NAV) creation, yield on investment of development, and statements containing words like anticipates, expects, believes, estimates, could, intends, may, plans, predicts, projects, will, would, foresees and other similar expressions, or the negative of these words. For more information and a caution about using forward-looking information, see the Forward-Looking Information section in the MD&A.

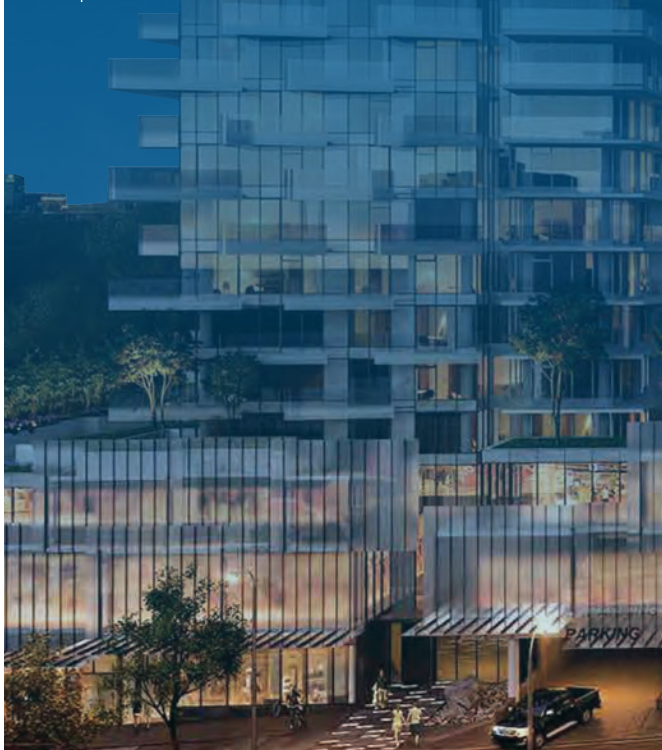
ABOUT NON-GAAP MEASURES

Certain financial measures in this document, including FFO, AFFO, NAV, NOI, SANOI, EBITDA, D/GBV-FV, interest coverage, and yield on cost are not defined terms under GAAP, therefore are not a reliable way to compare us to other companies. See the Non-GAAP Financial Measures section in the MD&A.

Table of Contents

IN THIS REPORT

FINANCIAL REVIEW



DELIVERING **VALUE**

2019

In 2019, Crombie's commitment to value creation and delivery increased our net asset value and lowered our cost of capital. We are poised for success throughout 2020 and beyond, and are steadfast in our commitment to delivering value to our Unitholders.

Davie Street
VANCOUVER, BC

CROMBIE AT-A-GLANCE

2019 Highlights

Solid operating fundamentals, entrepreneurial leasing, record high year-end occupancy, and our relationship with Empire, strengthened the foundation that enables us to create and deliver significant value.

$4.6b
Investment Properties

96.1%
Occupancy

3.0%
Same-Asset Cash NOI[1] Growth

$4-5.8b[2]
Development Pipeline

1 Adjusted for IFRS 16 'Leases'. NOI and SANOI are not defined terms under GAAP, therefore are not a reliable way to compare us to other companies. See the Non-GAAP Financial Measures section of the MD&A.

2 Capital Costs.

Granville Safeway
VANCOUVER, BC

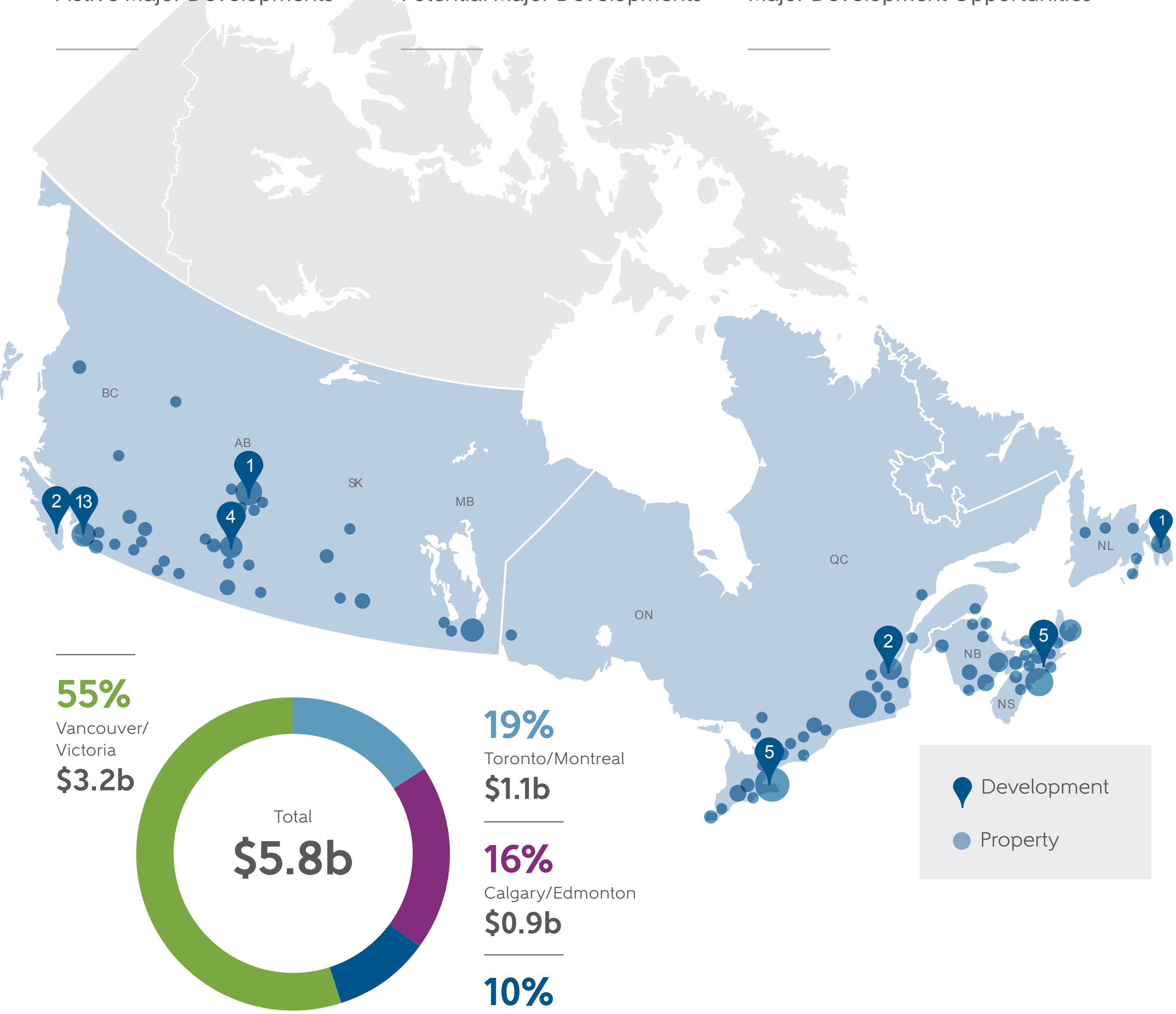
Truly a National Portfolio

Crombie's $4.0-5.8b major mixed-use development pipeline is concentrated in Canada's largest cities and markets.

6
Active Major Developments

27
Potential Major Developments

33
Major Development Opportunities



55%
Vancouver/
Victoria
$3.2b

Total
$5.8b

19%
Toronto/Montreal
$1.1b

16%
Calgary/Edmonton
$0.9b

10%
Halifax/St. John's
$0.6b

RELENTLESS COMMITMENT

2019 was a landmark year for Crombie, with the largest change agenda in our history. We strive for excellence in all we do, and our relentless commitment to value creation resulted in an impressive Unitholder return in 2019.

We demonstrated our innovative capital recycling strategy by disposing of just over half a billion dollars worth of real estate at favorable pricing. These transactions provided organic funding for our development pipeline and enhanced the quality of our portfolio.

We improved our balance sheet by reducing leverage, increased our allocation to unsecured debt from secured mortgages, and provided advanced funding of debt maturing in 2020. Our unencumbered asset pool grew, our available liquidity remained strong, and our financial disclosure improved.

We continued to optimize our relationship with our retail partner Empire and Sobeys, aligning our strategies, and capitalizing on a wide range of strategic initiatives, opportunities and accretive transactions. In 2019, we invested in modernizations, store conversions, and acquisitions such as the Vaughan distribution centre in Ontario.

We expanded our value-enhancing major development pipeline from 27 to 33 sites this year, and that pipeline now totals $4 to $5.8 billion in major development projects. We enhanced our focus on urban markets with increased exposure to Vancouver, Toronto, Montreal and Halifax, as these markets are growing faster than the national average.

We are focused on playing an important role in the evolution of the grocery industry supply chain with the acquisition of the site for the future home of Voilà par IGA in Montreal, Empire's Customer Fulfillment Centre for its online grocery home delivery service, and Crombie's sixth active major development. This asset strategically diversifies our asset mix and income stream, increases our major market urban exposure and expands our Empire related industrial asset base.

We drove strong operating results as is evident by our year over year same-asset cash NOI growth, record year-end occupancy, and strong leasing metrics. Crombie's grocery-anchored portfolio continues to be one of the most robust and defensive real estate portfolios in Canada.

We held our first Investor Day in Toronto and were pleased to see our analysts and investors in attendance. We explained our strategy, showcased the strength of our team and operating fundamentals, highlighted our relationship with Empire, and shared exciting details around our major development pipeline.

Our properties won multiple green building awards throughout the year with our Scotia Square complex in Halifax, Nova Scotia, winning the TOBY Award of Excellence by BOMA Canada, and Avalon Mall winning the Earth Award for retail during the BOMA Newfoundland and Labrador Industry Awards. We are incredibly proud of these achievements and the teams behind our properties.

Building a strong, collaborative and inclusive culture remains a priority to all of us. We were pleased to once again be recognized for this commitment as we were selected as one of Atlantic Canada's Top Employers for 2020, the sixth consecutive year.

These key accomplishments and milestones achieved during 2019, contributed to increasing net asset value and lowering our cost of capital, driving the outperformance of our unit price.

In 2020, our relentless efforts to accelerate the growth of NAV and AFFO will continue. The cornerstone of our financial strategy is to effectively allocate capital to support both NAV and AFFO per unit growth. In 2020, we plan to continue our financing plan to secure multiple sources of capital, optimize our capital structure, minimize our cost of capital, and de-risk our business.

We're working in partnership with Empire to maximize value creation. They recognize a need to maintain and modernize their stores across the country, and we will continue to work with them through modernizations, FreshCo conversions, land-use intensifications, and to unlock major developments.

Through 2020 and 2021, we expect to reach substantial completion on approximately $600 million of construction, from Davie Street, Belmont Market and Avalon Mall in 2020, to Bronte, Le Duke and the Voilà par IGA CFC in Montreal in 2021. To date, these projects are all on track and on budget, and are expected to create $1-$2 of NAV per unit.

At the time of writing, COVID-19 is a rapidly-evolving global pandemic with effects that are not yet fully understood. I am extremely proud of the way our teams are reacting – practicing social distancing, looking out for our tenants and neighbours, and acting in the interest of the greater good. Our portfolio consists primarily of everyday-needs retail, from grocery and drugstores, to medical offices and banks, all essential services that are needed throughout this period of pandemic and social distancing.

In 2020, we plan to continue our financing plan to secure multiple sources of capital, optimize our capital structure, minimize our cost of capital, and de-risk our business.

Crombie will increase disclosure and reporting around our sustainability commitment and continue to foster a progressive culture where every employee values diversity, innovation, wellness and the environment.

Our strategy would not be achievable without the resilience of our skilled teams, and the strength of our underlying business. It is our strong team, the heart of Crombie, that enables us to pivot from a position of strength and pursue the next phase of growth. I have full confidence in our collective ability to continue to deliver value for years to come.

With the continued support of my colleagues, the Board, our partners at Sobeys and Empire, and all our valued business and community stakeholders, I look forward to reporting on our continuing progress.

Sincerely,

Donald Clow FCPA, FCA
President & Chief Executive Officer

Building the Crombie of Tomorrow

"It is our strong team, the heart of Crombie, that enables us to pivot from a position of strength and pursue the next phase of growth."

Don Clow
President & CEO

Donald Clow
President & CEO
HALIFAX, NS

Glenn Hynes
EVP & COO
NEW GLASGOW, NS

Clinton Keay
CFO & Secretary
NEW GLASGOW, NS

Cheryl Fraser
CTO & VP Communications
NEW GLASGOW, NS

John Barnoski
EVP, Corporate Development
TORONTO, ON

Trevor Lee
SVP, Development & Construction
CALGARY, AB

Arie Bitton
SVP, Leasing & Operations
TORONTO, ON

Fred Santini
General Counsel
TORONTO, ON

Kara Dort
VP, Accounting & Financial Reporting
NEW GLASGOW, NS

Jelena Plecas
VP, Corporate Development Strategy
TORONTO, ON

Brady Landry
VP, Financial Analysis & Treasury
NEW GLASGOW, NS

Jayme Kruger
VP, Investments
TORONTO, ON

Stephen Yu
VP, Retail Leasing
TORONTO, ON

Jeff Downs
VP, Talent Management
NEW GLASGOW, NS

Matt Craig
VP, Operations
NEW GLASGOW, NS

Terry Doran
VP, Office Properties
HALIFAX, NS

Aaron Bryant
VP, Construction East
NEW GLASGOW, NS

Sid Schraeder
VP, Construction West
CALGARY, AB

Steve Cleroux
VP, Atlantic Development
NEW GLASGOW, NS

VALUE PROPOSITION

Delivering Value

Crombie demonstrated a strong commitment to net asset value creation during 2019, through innovative capital recycling, strong execution and expansion of our mixed-use development pipeline, and solid operating performance.

Our team successfully protected and delivered value in 2019. The cornerstone of our financial strategy is to effectively allocate capital to support both NAV and AFFO per unit growth. In 2020, we plan to continue our financing plan to secure multiple sources of capital, optimize our capital structure, minimize our cost of capital, and de-risk our business.

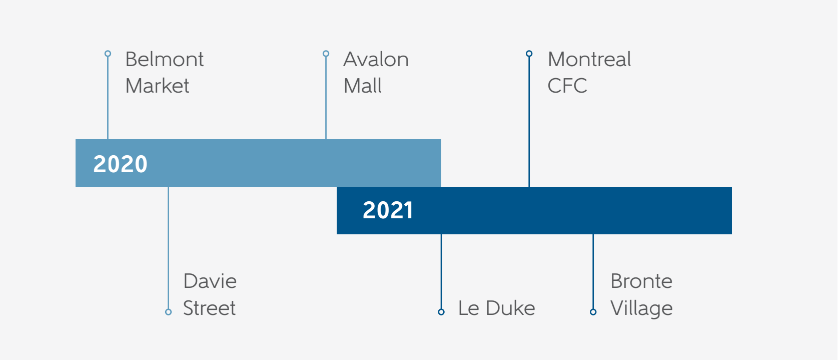
HISTORICAL TOTAL UNITHOLDER RETURN[1]

	2019	3-Year	5-Year	10-Year
Crombie REIT	**35.9%**	**12.7%**	**11.4%**	**11.1%**
Retail Peers[2]	15.3%	4.6%	6.6%	9.3%
S&P/TSX Capped REIT Index	22.8%	12.8%	9.9%	11.3%
S&P/TSX Composite	22.8%	6.9%	6.3%	6.9%

1 Time periods based on calendar year ending December 31. Returns calculated as CAGRs.
2 Peer average is equal weighted. Peers include Riocan REIT, SmartCentres REIT, First Capital REIT, Choice Properties REIT, CT REIT.
Source: Bloomberg

NAV CREATION

Crombie's first six major projects are projected to create $1-2 of net asset value per unit commencing this year.[1] To date, these projects are all on track and on budget.



1 Assumes NAV creation equals difference between Crombie's current estimated stabilized value based on current market cap rates, and estimated development cost. Please see the Risk Management section in our MD&A for risks.

Crombie's Key Focus Areas:

ONE
INNOVATIVE
FUNDING

TWO
STRONG
FUNDAMENTALS

THREE
MAXIMIZING
PARTNERSHIPS

FOUR
DEVELOPMENT
PIPLELINE

FIVE
VALUING
PEOPLE

Le Duke
MONTREAL, QC

Key
Focus
Areas

ONE

INNOVATIVE FUNDING

Crombie improves its cost of capital through disciplined capital sourcing and strategic capital allocation, driving value creation for Unitholders.

Bronte Village
OAKVILLE, ON

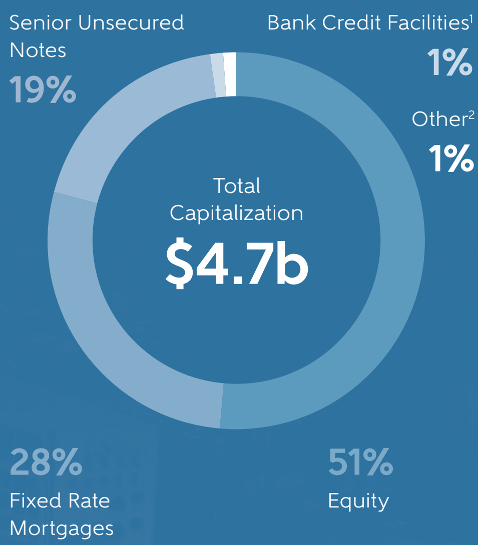
"Crombie successfully mitigated funding risk by shifting from a just-in-time funding approach to a pre-funding strategy."

Clinton Keay
CFO & Secretary

King George
VANCOUVER, BC

CAPITAL STRUCTURE

Optimizing capital structure, minimizing cost of capital, and de-risking our business.



1 Utilized portion of credit facilities
2 Lease Liability

Innovative Funding

Over the last two years, Crombie disposed of approximately $800 million of assets at favourable pricing and reinvested approximately $370 million into our mixed-use development pipeline, to date. Crombie's strong foundation and fundamentals enable us to deliver solid results driven by strong same-asset NOI with record year-end occupancy and solid renewal spreads.

Crombie creatively executed full and partial interest property dispositions, providing organic funding for our development pipeline, and enhanced the quality of our portfolio. This innovative and expanded source of capital allows us to successfully pre-fund our major mixed-use development commitments into 2021, aligning with our long-term funding strategy.

We improved our balance sheet by reducing leverage, increased our allocation to unsecured debt from secured mortgages, and provided advanced funding of debt maturing in 2020. Crombie's unencumbered asset pool grew, and our available liquidity remained more than adequate.

$536m

Record disposition year

$1.2b

Unencumbered assets

48.9%

D/GBV (FV)

$449m[3]

in available liquidity

3 Represents the undrawn portion on the credit facilities plus available cash.

Key
Focus
Areas

TWO

STRONG FUNDAMENTALS

Crombie's core portfolio is performing strongly and our team is dedicated to ensuring our underlying business fundamentals and portfolio remain solid, as we enhance the relationship with Empire and build out our mixed-use development pipeline.

Belmont Market
LANGFORD, BC

"2019 was a very successful and important year for Crombie, where we maintained record high year-end occupancy and drove robust operating and leasing performance."

Glenn Hynes
EVP & COO

Retail Strength

Crombie's 285-property portfolio is built on strong fundamentals, driven by record high year-end committed occupancy of 96.1%.

Not all retail is created equal. Retailers that focus on providing value, convenience and experience will do well in the evolving retail landscape. These are the types of tenants frequenting our properties – they are growing and opening new stores, not shrinking. In our grocery-anchored, needs-based space, by a wide margin, we are seeing more stores opening than closing. As a result, our properties are performing very well, and are poised for future growth.

3.0%

Same-Asset Cash NOI[1] Growth

96.1%

Record High Year-End Occupancy

1.6m

Square Feet Renewed

1 Adjusted for IFRS 16 'Leases'. NOI and SANOI are not defined terms under GAAP, therefore are not a reliable way to compare us to other companies. See the Non-GAAP Financial Measures section of the MD&A.

Portfolio Quality Team

Our Operations and Leasing teams excel at maximizing the value of our portfolio. Some of those team members include:

Donna Vincent
General Manager – Avalon Mall
ST JOHN'S, NL

Chris Branton
Director, Leasing
HALIFAX, NS

Lisa Crighton
Property Manager
CALGARY, AB

Key Focus Areas

THREE

MAXIMIZING PARTNERSHIPS

Crombie's sustainable competitive advantage, our relationship with our largest tenant and partner Empire and Sobeys, is being maximized in a way that creates significant Unitholder value.

Customer Fulfillment Centre
MONTREAL, QC

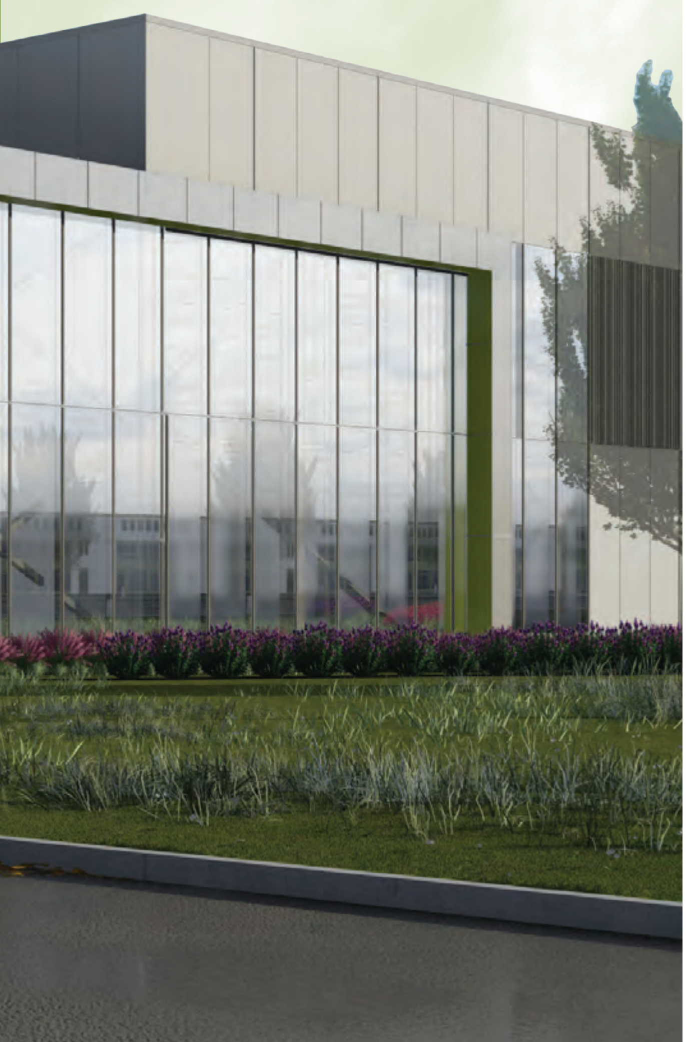
"Investors should have a sense of confidence that Crombie has a competitive advantage, and it's being exploited in a way that is creating and delivering Unitholder value."

John Barnoski
EVP, Corporate Development

ALIGNED STRATEGIC PARTNERSHIP

From FreshCo conversions, Safeway modernizations, and Sobeys store openings, to distribution and customer fulfillment centres, Crombie and Empire work together to maximize value.

FreshCo
VANCOUVER, BC



Maximizing Partnerships

Crombie is optimizing our relationship with our partner Empire and Sobeys, aligning our strategies, and capitalizing on a wide range of strategic initiatives, opportunities and accretive transactions to maximize value creation. In 2019, we invested in modernizations, store conversions, and strategic acquisitions.

Crombie is focused on playing a supporting role in the evolution of the grocery industry supply chain with the acquisition of the site for the future home of Voilà par IGA in Montreal, Empire's Customer Fulfillment Centre for its online grocery home delivery service, and Crombie's sixth active major development. This asset strategically diversifies our asset mix and income stream, increases our major market urban exposure, and expands our Empire related industrial asset category.

The development of the Montreal Customer Fulfillment Centre is a prime example of our strong relationship with Empire and our development expertise.

OPTIMIZING OUR RELATIONSHIP WITH OUR PARTNER EMPIRE AND SOBEYS BY CAPITALIZING ON A WIDE RANGE OF VALUE CREATING OPPORTUNITIES

- RIGHT OF FIRST OFFER
- ACCESS TO URBAN MARKETS AT REASONABLE PRICING
- ALIGNED PRIORITIES GIVEN 41.5% EQUITY INTEREST
- STORE CONVERSIONS
- MAJOR MIXED-USE DEVELOPMENT
- MARKET INTELLIGENCE
- MODERNIZATIONS
- STRATEGIC ACQUISITIONS

Corporate Development and Legal Teams

Ray and Antonella are two of our team members who ensure Crombie is optimally-positioned for the future through their legal and analytical expertise.

Ray Zhang
Director, Market Strategies & Analytics
TORONTO, ON

Antonella Talarico
Director, Legal, Lease Administration
TORONTO, ON

Key
Focus
Areas

FOUR

DEVELOPMENT PIPELINE

Over the next two years, we expect to complete approximately $600 million of development, and are pushing forward another seven projects in planning to backfill our active projects.

Broadway and Commercial
VANCOUVER, BC

"Crombie's mixed-use urban development pipeline strategically integrates grocery and residential into welcoming community spaces."

Don Clow
President & CEO

2020

Davie Street
VANCOUVER, BC

$107m
Development Cost[1]

5.4-5.9%
Expected Yield on Cost[2]

$65-81m
Potential Value Creation[1,3]

Avalon Mall Phase II
ST JOHN'S, NL

$57m
Development Cost

10.3-11%
Expected Yield on Cost[2]

$33-44m
Potential Value Creation[3]

Belmont Market
LANGFORD, BC

$93m
Development Cost

5.8-6.1%
Expected Yield on Cost[2]

$17-23m
Potential Value Creation[3]

2021

Le Duke
MONTREAL, QC

$59m
Development Cost[1]

5.4-5.8%
Expected Yield on Cost[2]

$21-26m
Potential Value Creation[1,3]

Bronte Village
OAKVILLE, ON

$139m
Development Cost[1]

5.4-6%
Expected Yield on Cost[2]

$51-64m
Potential Value Creation[1,3]

CFC
MONTREAL, QC

$100m
Development Cost

6.1-6.4%
Expected Yield on Cost[2]

$19-32m
Potential Value Creation[3]

1 At Crombie's proportionate share.
2 Estimated Total Cost and Estimated Yield on Cost includes all costs associated with the development, including but not limited to, estimated land value, pre-development costs, construction costs, tenant costs and financing costs.
3 Assumes Potential Value Creation equals difference between Crombie's current estimated stabilized value based on current market cap rates and estimated development cost. Please see the Risk Management section in our MD&A for risks.

Development Pipeline

Our active major development pipeline remains on time and on budget. With $374 million invested to date, we anticipate creating significant value for our Unitholders. Yields on cost for our first six projects are in the range of 5.5 – 6.0%, which we expect will translate into $1 - $2 of NAV per unit commencing this year, assuming current market and cap rate conditions continue.

We expect to invest $150 million to $200 million in our development program annually. Upon completion, these properties are expected to create significant NAV and AFFO growth, increase our presence in the country's top urban markets, while diversifying and improving our overall portfolio quality and income stream.

In 2019, we expanded our value-enhancing major development pipeline from 27 to 33 sites, now totaling $4 to $5.8 billion in major development projects.

Our major development pipeline is comprised of strategically-situated sites, with many conveniently located within walking distance of existing and future transportation corridors/nodes.

All 33 of our development properties are located within growth census metropolitan areas (CMAs). Approximately 75% of our pipeline is located within CMAs that are experiencing population growth exceeding the national average.*

38 acres
in Vancouver

24
properties in VECTOM

*(source: National average: Canada's population growth between 2011 and 2016 (census data), 5%.)

Development & Construction Team

Across the country, our people design, build and oversee development projects of all sizes. Some of those team members include:

Kevin Pritchard
Director, Development
CALGARY, AB

John Charlton
Sr Project Manager
NEW GLASGOW, NS

Joseph Driscoll
Director, Development
NEW GLASGOW, NS

Beth Robicheau
Sr Estimator
HALIFAX, NS

Key Focus Areas

FIVE

VALUING PEOPLE

One Team Culture

We have built a vibrant, energetic culture that encourages thought leadership, collaboration, and learning at all levels of the organization.

2019 was a transformational year for people and platforms at Crombie. We hired new people, grew internal talent, made the company's demographics younger, and increased our technology capabilities. With the implementation of our ERP and Oracle Talent Management system, our data and related analytics improved significantly.

ERP HighRise Team

L-R: Lesley Bowes, Sr Accountant, Campbell DeMont, Applications Analyst, Mark Wilson, Sr Business Analyst, Terri Lynn Driscoll, Director, Financial Analysis, Courtney Hall, Systems Analyst, Shelley Atwin, Team Lead, Accounts Receivable

Talent Management Team

L-R: Ashley Harrison, Director, Talent Management, Stephanie Smith, Manager, Compensation & Talent Analytics, Melanie Cook, Advisor, Talent Management, Rebecca MacNeil, Manager, Recruitment & Employee Engagement

"People and platforms have allowed us to thrive. With the right people and systems in place, interdepartmental collaboration and communication are creating optimal conditions for thought leadership here at Crombie."

Cheryl Fraser
Chief Talent Officer & VP Communications

Crombie is striving to make environmental sustainability a part of our everyday decision-making, and we believe that everyone has a responsibility to do their part to help protect and sustain our environment.

Sustainability

Crombie's core values include a commitment to sustainability. In 2020, Crombie will increase disclosure and reporting around our ESG commitment and continue to foster a progressive culture where every employee values diversity, innovation, wellness and the environment.

SCOTIA SQUARE

HALIFAX, NS

Scotia Square complex in downtown Halifax won multiple green industry awards in 2019 such as the BOMA Nova Scotia Award of Excellence, and BOMA Canada TOBY Award for office space over 1,000,000 square feet.

Cogswell Tower installed EcoPilot®, an integrated A.I. technology that optimizes the performance of a Building Management System, making real time, automatic and continuous energy management decisions.

L-R: Frank Penniceard, Chief Engineer, Pat Poirier, Manager, Sustainability

26.54%
HVAC energy savings

↓1,248,478 ekWh
Reduced HVAC energy consumption

↓187
Savings equivalent of removing 187 gas powered cars from the road for a year

Sustainability Team

Environmental sustainability is an important part of Crombie's culture. A few of those leading or reporting on our environmental activities include:

Adam Cochrane
Manager, Environmental
NEW GLASGOW, NS

Pat Poirier
Manager, Sustainability
HALIFAX, NS

Claire Mahaney Lyon
Manager, Investor Relations
HALIFAX, NS

Jamie Stroh
Retail Manager
ST JOHN'S, NL

CONTINUING PROGRESS

Message from the Chair

When Frank Sobey retired from Crombie's Board of Trustees and the Board asked if I would replace him in the role, I was both honoured and saddened, as I saw Frank as part of the foundation that had been key to the development of Crombie since its formation.

Needless to say, Frank left big shoes to fill, and I feel privileged to be the first elected Trustee to become Chair of the Board.

A key role of the Board is to help shape the strategic direction of the Trust. Our Board works diligently with management to build a strategic plan, support and enable their efforts to execute this plan, and build an even stronger business for future development and growth. The Board has been pivotal in the shift of strategy towards growth through developing the valuable properties we have in our portfolio. Crombie's Trustees engage in healthy debate, and take our governance role very seriously. It goes without saying that we are committed to satisfying all of Crombie's many stakeholders, and securing long-term, sustainable value creation for the benefit of all. To that end, we continue to collaborate closely with management to ensure that Crombie's strategy is implemented effectively, and that we live up to our commitments in terms of performance, diversity, and our high environmental, social and governance standards.

We work as a Board to deliver value to all stakeholders, including our majority unitholder, Empire. In fact, our relationship with Empire is one of the key strengths that sets us apart from our competition. By working closely with Empire, we can maximize the value of our real estate for the benefit of both parties, as we are able to unlock development and operational opportunities across Canada. Management has done a good job of strengthening Crombie's relationship with Empire, and our relationship with the Empire and Sobeys teams is active and productive. Collectively, we see the significant benefits that this unique relationship affords.

Another key role of the Board is to ensure that the management team has the skill and foresight to execute the strategic plan approved by the Board. In the past year the Board has approved key changes to the organization that we feel strengthen the team and support Crombie's growth plans.

In 2019 we strengthened our talent platform through developing internal talent, hiring new talent in key strategy areas and advancing our technology. Next year's Board will operate without the wisdom of Elisabeth Stroback, who has been a Trustee since Crombie's IPO. Her leadership will be missed, as her knowledge has been instrumental in helping guide the Board over the past 13 years. We wish her all the best and thank her for her significant contribution to Crombie.

At the time of writing, the worldwide COVID-19 pandemic is real, and is affecting us all. The Board has been very supportive of Management's efforts to minimize the impact of this terrible pandemic on all of the stakeholders of Crombie. We are very fortunate that our business is focused on grocery- and drugstore-anchored retail, which at this point is still holding up well in this time of adversity. The Board will continue to encourage Management to work closely with our employees, tenants and communities to make sure we are flexible in our approach to resolving any issues that do arise.

Over this past year, we have been very happy with the management team's effective job of delivering the message to the market that Crombie is executing a strong plan and achieving solid results. We are pleased to see the market acknowledge our value in response. On behalf of the Board of Trustees, I would like to thank you for your trust as we continue onto the next phase of Crombie's journey.

Sincerely,

J. Michael Knowlton
Independent Trustee & Chair

Board of Trustees

"It goes without saying that we're committed to satisfying all of Crombie's many stakeholders, and securing long-term, sustainable value creation for the benefit of all."

J. Michael Knowlton
Independent Trustee & Chair

FINANCIAL REVIEW

Table of Contents

Davie Street
VANCOUVER, BC

KEY PERFORMANCE INDICATORS – SUPPLEMENTARY INFORMATION

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

FINANCIAL

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

Operating income

Q4 2019
$44,149
Q4 2018 **$20,111** **+119.53%**

Year 2019
$161,875
Year 2018 **$107,407** **+50.71%**

The quarterly and annual increase in operating income attributable to Unitholders is primarily due to gains on disposal of investment properties. These disposals also resulted in lower depreciation and reduced finance costs from operations from the repayment of related mortgages and credit facilities, offset in part by reduced property revenue.

Property revenue

Q4 2019
$96,823
Q4 2018 **$104,296** **-7.17%**

Year 2019
$398,741
Year 2018 **$414,649** **-3.84%**

The decrease in property revenue in both the quarter and full year is due to property dispositions; the most significant being a 50% interest in seven properties sold in the first quarter of 2019, an 89% interest in 26 properties sold in the second quarter of 2019 and an 89% interest in 15 properties sold in the fourth quarter of 2019. This decrease is partially offset by leasing activity in the second quarter of 2019 in Halifax office and development properties, as well as modernizations in several properties in the third and fourth quarters.

Same-asset cash NOI

Q4 2019
$59,760
Q4 2018 **$57,998** **+3.04%**

Year 2019
$236,565
Year 2018 **$228,582** **+3.49%**

The quarterly increase in same-asset cash NOI of $1,762 or 3.04% compared to the fourth quarter of 2018 is primarily due to rate increases on existing tenant leases, new leasing activity and revenues from modernizations and land use intensifications at certain properties. In addition, there was a favourable impact from the adoption of IFRS 16 'Leases' on January 1, 2019.

On an annual basis, the same factors account for the majority of the 3.49% increase in same-asset cash NOI, with the remaining increase a result of lease termination income.

FFO (per unit)

Q4 2019
$0.28
Q4 2018 **$0.31** **-9.68%**

Year 2019
$1.16
Year 2018 **$1.22** **-4.92%**

The quarterly decrease in FFO is primarily due to property dispositions.

On an annual basis, the 4.92% decrease is due to the impact of dispositions in 2019 as well as the impact of dispositions in the second quarter of 2018 and increased general and administrative costs, the majority of which is related to the increase in unit price and its impact on unit-based compensation plans.

Dispositions are dilutive as the proceeds primarily fund development projects intended to drive FFO growth in the future.

FFO (payout ratio)

Q4 2019
80.1%
Q4 2018 **72.5%** **+7.60%**

Year 2019
76.9%
Year 2018 **73.2%** **+3.70%**

The quarterly and annual FFO payout ratios exclude Crombie's special distribution declared in the fourth quarter. The higher payout ratios are a direct result of the decreased FFO in the quarter and full year.

FINANCIAL (CONTINUED)

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

AFFO (per unit)

Q4 2019	Year 2019
$0.24	**$0.98**
Q4 2018 **$0.26** **-7.69%**	Year 2018 **$1.03** **-4.85%**

The quarterly and annual decreases in AFFO are due to the decreases in FFO, primarily driven by the dilutive impact of property dispositions.

AFFO (payout ratio)

Q4 2019	Year 2019
93.8%	**90.8%**
Q4 2018 **84.8%** **+9.00%**	Year 2018 **86.5%** **+4.30%**

The quarterly and annual AFFO payout ratios exclude Crombie's special distribution declared in the fourth quarter. The higher payout ratios are a direct result of the decreased AFFO in the quarter and full year.

Interest coverage ratio

Q4 2019	Year 2019
2.99x	**2.95x**
Q4 2018 **2.94x** **+0.05x**	Year 2018 **2.92x** **+0.03x**

The quarterly and annual improvement in interest coverage ratio is due to the decline in finance costs, primarily resulting from the repayment of mortgages with lower cost unsecured debt.

Debt to gross book value – fair value

Q4 2019	Q4 2018
48.9%	**51.0%**
Q4 2018 **51.0%** **-2.10%**	Q4 2017 **50.3%** **+0.70%**

Debt reduction from property dispositions, combined with increased value in investment properties and joint ventures due to higher net assets from development progress, drove a decrease in debt to gross book value – fair value during the quarter.

LEASING

Renewals (GLA)

Q4 2019	Year 2019
699,000	**1,626,000**
Q4 2018 **155,000** **+544,000**	Year 2018 **835,000** **+791,000**

The increased quarterly renewals are primarily related to 377,000 square feet of Empire leases subject to modernization investment.

During 2019, 1,626,000 square feet was renewed at rents 3.9% over the expiring rate. Retail and commercial renewals of 1,375,000 square feet reflect an increase of 4.1% over expiring rent.

Economic Occupancy	Committed Occupancy
Year 2019	Year 2019
95.4%	**96.1%**
Year 2018 **95.3%** **+0.1%**	Year 2018 **96.0%** **+0.1%**

Economic occupancy was impacted by new leases of 247,000 square feet, primarily in the development properties of Belmont Market and Avalon Mall, partially offset by property dispositions during 2019.

Committed occupancy remained strong with new leases outpacing lease expiries by 166,000 square feet and 115,000 square feet of committed space at year end.

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

FOURTH QUARTER FINANCIAL PERFORMANCE

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

The following highlights Crombie's operating performance and investing and financing activities for the three months ended December 31, 2019.

Operating Performance

- Reported operating income attributable to Unitholders for the quarter of $44,149, impacted by property dispositions and impairments during the quarter.
- Reported FFO of $0.28 per unit, primarily impacted by the dispositions of investment properties.
- AFFO per unit of $0.24 per unit, reflecting a 93.8% payout ratio, excluding Crombie's special distribution in the quarter.
- Same-asset cash NOI of $59,760, an increase of 3.04% over the fourth quarter of 2018, resulting from rate increases on existing tenants, new leasing activity and revenue from modernizations.
- Committed occupancy at 96.1%, with new leasing in development properties, Belmont Market and Avalon Mall, during the quarter.
- Gain on disposal of investment properties of $30,198.
- Renewal activity totalled 699,000 square feet at an average rate of $17.36 per square foot, representing 3.9% renewal growth in the quarter, including significant renewed space for modernization investments.

Investing and Financing

- Sale of investment properties for the quarter for total gross proceeds of $193,333.
- Acquisition of remaining 50% interest in Vaughan Distribution Centre from Empire for $95,900 before closing costs.
- Modernization investments at nine Empire properties for a total cost of $15,297.
- Mortgage repayments of $186,210 and $3,994 net advances on credit facilities.
- Debt to gross book value on a fair value basis of 48.9%.
- Issuance of $150,000 Series G unsecured notes at par with coupon of 3.917%, the proceeds of which will be used to repay upcoming secured mortgage maturities.

ANNUAL FINANCIAL PERFORMANCE

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

The following highlights Crombie's operating performance and investing and financing activities for the year ended December 31, 2019.

Operating Performance

- Reported operating income attributable to Unitholders for the year of $161,875, impacted by $81,803 of gains on property dispositions during the year, as well as an increase in general and administrative expenses, the majority of which is related to the increase in unit price and its impact on unit-based compensation plans.
- Reported FFO of $1.16 per unit, primarily impacted by NOI decline from dispositions of investment properties.
- AFFO per unit of $0.98 per unit, reflecting a 90.8% payout ratio, excluding Crombie's special distribution in the quarter.
- Same-asset cash NOI of $236,565, an increase of 3.49% over the year ended December 31, 2018, impacted by rate increases on existing tenants, new leasing activity, lease termination income and revenue from modernization investments.
- Renewal activity included 1,626,000 square feet at an average rate of $17.37 per square foot, representing 3.9% renewal growth in the year.

Investing and Financing

- Sale of investment properties for the year for total gross proceeds of $536,471.
- Modernization investments at 16 Empire properties for a total cost of $33,446.
- Mortgage repayments of $346,735 and $124,535 net repayments on credit facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

INTRODUCTION

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Crombie Real Estate Investment Trust ("Crombie") for the year and quarter ended December 31, 2019, with a comparison to the financial condition and results of operations for the comparable periods in 2018.

This MD&A should be read in conjunction with Crombie's audited consolidated financial statements and accompanying notes for the year ended December 31, 2019 and December 31, 2018, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Information about Crombie can be found on SEDAR at www.sedar.com.

Date of MD&A

The information contained in the MD&A, including forward-looking statements, is based on information available to management as of February 26, 2020, except as otherwise noted.

Forward-Looking Information

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

(i) accretive acquisition of properties, including the cost and timing of new properties under right of first offer ("ROFO") agreements, and the anticipated extent of the accretion of any acquisitions, which could be impacted by demand for properties and the effect that demand has on acquisition capitalization rates and changes in interest rates;

(ii) 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;

(iii) 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;

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

(v) 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;

(vi) 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;

(vii) anticipated rate of general and administrative expenses as a percentage of property revenue, which could be impacted by changes in property revenue and/or changes in general and administrative expenses;

(viii) estimated payments on derivative and non-derivative financial liabilities, which could be impacted by interest rate subsidy payments, interest rates on floating rate debt and fluctuations in the settlement value and settlement timing of any derivative financial liabilities;

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

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

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

(xii) effect that any contingencies or guarantees would have on Crombie's financial statements which could be impacted by their eventual outcome.

These forward-looking statements are presented for the purpose of assisting Crombie's Unitholders and financial analysts in understanding Crombie's operating environment and may or may not be appropriate for other purposes. These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on Crombie's current estimates and assumptions. Crombie can give no assurance that actual results will be consistent with these forward-looking statements. A number of factors, including those discussed under "Risk Management" could cause actual results, performance, achievements, prospects or opportunities to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully, and a reader should not place undue reliance on the forward-looking statements.

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

Non-GAAP Financial Measures

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

Highlights

Financial Results

Crombie's key financial metrics for the three months and year ended December 31, 2019 are as follows:

	Three months ended December 31,			
(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	2019	2018	Variance	Variance (%)
Property revenue	$ 96,823	$ 104,296	$ (7,473)	(7.2)%
Property operating expenses	29,852	30,817	965	3.1%
Property NOI	$ 66,971	$ 73,479	$ (6,508)	(8.9)%
NOI margin percentage	69.2%	70.5%	(1.3)%	
Operating income attributable to Unitholders	$ 44,149	$ 20,111	$ 24,038	119.5%
Operating income per unit	$ 0.29	$ 0.13	$ 0.16	123.1%
Increase (decrease) in net assets attributable to Unitholders	$ (4,857)	$ (13,416)	$ 8,559	63.8%
Same-asset property cash NOI	$ 59,760	$ 57,998	$ 1,762	3.0%
FFO				
Basic	$ 42,132	$ 46,490	$ (4,358)	(9.4)%
Per unit – Basic	$ 0.28	$ 0.31	$ (0.03)	(9.7)%
Payout ratio, excluding special distribution (%)	80.1%	72.5%	7.6%	
AFFO				
Basic	$ 36,006	$ 39,771	$ (3,765)	(9.5)%
Per unit – Basic	$ 0.24	$ 0.26	$ (0.02)	(7.7)%
Payout ratio, excluding special distribution (%)	93.8%	84.8%	9.0%	

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Year ended December 31, 2019	2018	Variance	Variance (%)
Property revenue	$ 398,741	$ 414,649	$ (15,908)	(3.8)%
Property operating expenses	117,645	121,306	3,661	3.0%
Property NOI	$ 281,096	$ 293,343	$ (12,247)	(4.2)%
NOI margin percentage	70.5%	70.7%	(0.2)%	
Operating income attributable to Unitholders	$ 161,875	$ 107,407	$ 54,468	50.7%
Operating income per unit	$ 1.07	$ 0.71	$ 0.36	50.7%
Increase (decrease) in net assets attributable to Unitholders	$ 10,369	$ (26,920)	$ 37,289	138.5%
Same-asset property cash NOI	$ 236,565	$ 228,582	$ 7,983	3.5%
FFO				
Basic	$ 175,539	$ 184,034	$ (8,495)	(4.6)%
Per unit – Basic	$ 1.16	$ 1.22	$ (0.06)	(4.9)%
Payout ratio, excluding special distribution (%)	76.9%	73.2%	3.7%	
AFFO				
Basic	$ 148,632	$ 155,794	$ (7,162)	(4.6)%
Per unit – Basic	$ 0.98	$ 1.03	$ (0.05)	(4.9)%
Payout ratio, excluding special distribution (%)	90.8%	86.5%	4.3%	

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

	Three months ended December 31, 2019	2018	Year ended December 31, 2019	2018
Basic number of Units for all measures	151,722,819	151,419,487	151,666,357	151,213,896

Operating Results

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Number of investment properties[1]	285	284	284	285	288
Gross leaseable area[2]	17,558,000	17,732,000	17,746,000	18,604,000	18,896,000
Economic occupancy[3]	95.4%	95.6%	95.2%	95.0%	95.3%
Committed occupancy[4]	96.1%	96.1%	95.9%	95.7%	96.0%

(1) This includes properties owned at full and partial interests.
(2) Gross leaseable area is adjusted to reflect Crombie's proportionate interest in partially-owned properties.
(3) Represents space currently occupied.
(4) Represents current economic occupancy plus lease contracts for future occupancy of currently vacant space.

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Investment properties, fair value	$ 4,605,000	$ 4,626,000	$ 4,592,000	$ 4,755,000	$ 4,776,000
Unencumbered investment properties[1]	$ 1,223,452	$ 960,275	$ 953,738	$ 1,012,707	$ 998,523
Available liquidity[2]	$ 449,016	$ 450,967	$ 413,087	$ 346,347	$ 312,459
Debt to gross book value – fair value[3]	48.9%	48.9%	49.2%	50.3%	51.0%
Weighted average interest rate[4]	4.17%	4.22%	4.19%	4.20%	4.20%
Debt to trailing 12 months EBITDA[5]	8.52x	8.35x	8.21x	8.56x	8.66x
Interest coverage ratio[5]	2.99x	2.90x	3.00x	2.93x	2.94x

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

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

		December 31, 2019		September 30, 2019		June 30, 2019		March 31, 2019		December 31, 2018
Revolving credit facility	$	400,000	$	400,000	$	398,555	$	400,000	$	400,000
Amount drawn		(15,339)		(9,388)		(55,707)		(107,986)		(108,843)
Outstanding letters of credit		(5,645)		(5,645)		(5,761)		(5,667)		(8,698)
Available liquidity		379,016		384,967		337,087		286,347		282,459
Unsecured bilateral credit facility		100,000		100,000		100,000		100,000		100,000
Amount drawn		(30,000)		(34,000)		(24,000)		(40,000)		(70,000)
Available liquidity		70,000		66,000		76,000		60,000		30,000
Total available liquidity	$	449,016	$	450,967	$	413,087	$	346,347	$	312,459

Business Overview

Crombie Real Estate Investment Trust ("Crombie") is an unincorporated, open-ended real estate investment trust established under, and governed by, the laws of the Province of Ontario. Crombie is one of the country's leading national retail property landlords with a strategy to own, operate and develop a portfolio of high-quality grocery- and drugstore-anchored shopping centres, freestanding stores and mixed-use developments, primarily in Canada's top urban and suburban markets. At December 31, 2019, Crombie owned full and partial interests in a portfolio of 285 investment properties in 10 provinces, comprising approximately 17.6 million square feet of gross leaseable area ("GLA"). Empire Company Limited ("Empire"), through a subsidiary, holds a 41.5% economic and voting interest in Crombie at December 31, 2019. Crombie units trade on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

Business Objectives and Strategy

Crombie's objective is to generate Unitholder value by:

1. Driving consistent growth in FFO, AFFO and NAV per unit through strong operating performance from our grocery-anchored portfolio, creating value through our relationship with Empire, disciplined execution of our major development projects, and effective acquisition and other investments to enhance portfolio quality.
2. Funding Crombie's growth through smart and balanced capital allocation and lowering our cost of capital over time.
3. Attracting and retaining high-quality talent, resulting in a high-performance national team.

Balancing opportunities and related business risks should provide consistency and growth of cash flows (AFFO) and net asset value (NAV). Crombie's path to improved AFFO and NAV growth will be significantly focused on supporting Empire's growth opportunities and our major developments. Future developments will be in predominantly major markets, with a focus on NAV via maximizing our development yield spread over acquisition/cap rates, and achieving strong AFFO growth via higher Net Operating Income (NOI) from attractive rental growth.

This strategy is supported by a balanced capital allocation approach. Aligning our strategy with Empire enables Crombie to capitalize on a wide range of strategic and accretive transactions such as modernizations, conversions to FreshCo, and land use intensifications. Our relationship also allows us to unlock major development opportunities, increase our presence in major markets, and diversify our portfolio with residential and retail-related industrial real estate, which improves our overall portfolio quality and income growth.

Crombie will continue to leverage its strong and diverse workforce to achieve strategic objectives ensuring our culture, brand and values are aligned to drive sustainable growth and innovation.

Business Environment

Canada's retail sector continues to be impacted by the growth of online shopping and consumers' changing needs and expectations. Not all retail is created equal. In urban areas, the competition for downtown retail space is fierce, as the increasing trend to live, work, shop and play in city centres continues to intensify. Closure of big-box and traditional department stores also continues, and other retail centres are being transformed into destinations that people visit for more than just shopping. Despite this challenging and competitive retail environment, the fundamentals of Crombie's needs-based retail real estate remain strong.

Online retailing has had a minimal effect on the grocery sector to date. Online sales penetration is estimated at approximately 1% of total spend, but evolving, with more emphasis being placed on centralized warehousing facilities and various click and collect shopping options.

Pension funds and private equity continue to increase capital allocation to real estate and infrastructure assets, actively pursuing high-quality, lower-risk assets for their income quality and/or development potential. This demand, alongside low interest rates, has driven capitalization rates down in urban markets.

REITs are broadening their strategic focus beyond their traditional asset classes in order to optimize property-specific NAV and drive financial performance. Increased population growth and immigration in urban areas is driving demand for mixed-use, high-density, residential property, including purpose-built rentals and condominiums. These opportunities are facing increased execution challenges as development costs continue to rise due to higher construction and labour costs, longer municipal approval cycles and increases in fees and levies. Nonetheless, it is becoming essential for those who own irreplaceable urban assets to assess and execute mixed-use development to unlock the value potential of their highest and best use.

The war for talent is a reality in the real estate sector. Companies must be nimble in creating a competitive position in the market to attract and retain qualified talent. Forward-thinking companies have already started to recruit local teams in key markets. Successful organizations are adapting their structures with cross-skilled employees capable of handling the new or unexpected and are selecting key strategic partners to fill specific talent gaps. An aging workforce demographic means increased competition for talent in all markets. Inclusion of diverse groups into the workforce and adjusting policies on how work is done, is a priority to attracting and retaining key talent.

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Acquisitions and Dispositions

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

Acquisitions

Date	Property	Location	Vendor	Strategy	Number of Investment Properties	Ownership Interest	Ownership Sq. ft.	Price
2019 First Quarter								
March 25, 2019	Pointe-Claire, QC	Pointe-Claire, QC	Third Party	Development (PUD)	–	100%	–	$ 32,000
2019 Third Quarter								
August 1, 2019	Broadview Avenue	Toronto, ON	Empire	Income-producing	1	50%	15,000	9,500
2019 Fourth Quarter								
October 29, 2019	Belmont - Ledcor Buildings[1]	Langford, BC	Third Party	Income-producing	–	100%	29,000	6,611
November 28, 2019	Marketway Lane	Halifax, NS	Empire	Income-producing	1	100%	40,000	12,422
December 16, 2019	Vaughan DC[2]	Vaughan, ON	Empire	Income-producing	–	50%	397,000	95,900
							466,000	114,933
Total acquisitions at December 31, 2019					2		481,000	$ 156,433
2018 Second Quarter								
Sobeys Portfolio								
April 6, 2018	Edson Sobeys	Edson, AB	Empire	Income-producing	1	100%	33,000	$ 5,300
April 6, 2018	Strathmore Sobeys	Strathmore, AB	Empire	Income-producing	1	100%	35,000	10,200
April 6, 2018	Hollick Kenyon Sobeys	Edmonton, AB	Empire	Income-producing	1	100%	30,000	11,800
April 6, 2018	Thornbury Foodland	Thornbury, ON	Empire	Income-producing	1	100%	40,000	11,850
April 6, 2018	Gatineau IGA Extra	Gatineau, QC	Empire	Income-producing	1	100%	71,800	15,550
April 6, 2018	Rimouski IGA Extra	Rimouski, QC	Empire	Income-producing	1	100%	52,700	7,900
April 6, 2018	Baie St-Paul IGA	Baie St-Paul, QC	Empire	Income-producing	1	100%	64,600	8,300
April 6, 2018	Saint-Pie Tradition	Saint-Pie, QC	Empire	Income-producing	1	100%	13,800	2,600
April 6, 2018	Havre St-Pierre Tradition	Havre St-Pierre, QC	Empire	Income-producing	1	100%	26,400	5,000
April 6, 2018	Elmwood Alcool NB Liquor/Dollarama[1]	Moncton, NB	Empire	Income-producing	–	100%	20,800	5,170
April 6, 2018	Chateauguay Familiprix[1]	Chateauguay, QC	Empire	Income-producing	–	100%	32,900	4,440
	Sobeys portfolio total				9		421,000	88,110
June 29, 2018	Victoria Trail	Edmonton, AB	Empire	Income-producing	1	100%	37,000	12,500
							458,000	100,610
2018 Third Quarter								
September 28, 2018	Hemlock Square[1]	Halifax, NS	Empire	Income-producing	–	100%	10,000	3,735
2018 Fourth Quarter								
December 5, 2018	Sorel	Sorel, QC	Third Party	Income-producing	1	100%	40,000	9,300
December 13, 2018	Elbow Drive[3]	Calgary, AB	Third Party	Income-producing	–	100%	5,000	5,600
							45,000	14,900
Total acquisitions for the year ended December 31, 2018					11		513,000	$ 119,245

(1) Relates to an acquisition of additional density on a pre-existing retail property
(2) Relates to an acquisition of additional density on a pre-existing retail-related industrial property
(3) Acquisition of an add-on parcel to an existing property

Dispositions

Date	Property	Location	Number of properties	Ownership Interest	Ownership Sq. ft.	Price
2019 First Quarter						
January 7, 2019	1040 – 1070 Guillaume Couture Boulevard	Saint Romuald, QC	–	100%	–	$ 821
January 29, 2019	Upper James Square	Hamilton, ON	1	100%	114,000	35,180
Firm Capital Portfolio[1]						
February 5, 2019	8118 & 8130 118 Avenue NW	Edmonton, AB	–	50%	22,000	
February 5, 2019	Forest Hills Parkway	Cole Harbour, NS	–	50%	22,000	
February 5, 2019	Russell Lake	Dartmouth, NS	–	50%	31,000	
February 5, 2019	409 Bayfield Street	Barrie, ON	–	50%	24,000	
February 5, 2019	1 Westminster Avenue North	Montreal, QC	–	50%	10,000	
February 5, 2019	2915 & 2931 13th Avenue	Regina, SK	–	50%	20,000	
February 5, 2019	University Park	Regina, SK	–	50%	19,000	
Firm Capital portfolio total			–		148,000	41,614
February 8, 2019	1110 Gateway Avenue	Canmore, AB	1	100%	50,000	19,925
February 14, 2019	1031 Avenue Victoria	St. Lambert, QC	1	100%	19,000	9,675
					331,000	107,215
2019 Second Quarter						
Oak Street I Portfolio[2]						
April 25, 2019	Fairway Plaza	Lethbridge, AB	–	89%	57,000	
April 25, 2019	410 and 610 Big Rock Lane	Okotoks, AB	–	89%	37,000	
April 25, 2019	Cariboo Mall	100 Mile House, BC	–	89%	19,000	
April 25, 2019	1721 Columbia Avenue	Castlegar, BC	–	89%	24,000	
April 25, 2019	11200 8th Street	Dawson Creek, BC	–	89%	38,000	
April 25, 2019	445 Reid Street	Quesnel, BC	–	89%	27,000	
April 25, 2019	3156 Birds Hill Road E	East St. Paul, MB	–	89%	35,000	
April 25, 2019	498 Mountain Avenue	Neepawa, MB	–	89%	16,000	
April 25, 2019	107 Catherwood Street	Saint John, NB	–	89%	41,000	
April 25, 2019	21 Cromer Avenue	Grand Falls, NL	–	89%	24,000	
April 25, 2019	69 Blockhouse Road	Placentia, NL	–	89%	17,000	
April 25, 2019	151 Church Street	Antigonish, NS	–	89%	46,000	
April 25, 2019	75 Emerald Street	New Waterford, NS	–	89%	23,000	
April 25, 2019	22579 Highway 7	Sheet Harbour, NS	–	89%	8,000	
April 25, 2019	215 Park Avenue W	Chatham, ON	–	89%	43,000	
April 25, 2019	15 Lindsay Street	Fenelon Falls, ON	–	89%	31,000	
April 25, 2019	32-38 Ottawa Street	Havelock, ON	–	89%	13,000	
April 25, 2019	400 First Avenue S	Kenora, ON	–	89%	33,000	
April 25, 2019	5931 Kalar Road	Niagara Falls, ON	–	89%	32,000	
April 25, 2019	714 Boul Saint-Laurent O	Louiseville, QC	–	89%	21,000	
April 25, 2019	515 Avenue du Phare E	Matane, QC	–	89%	27,000	
April 25, 2019	395 Avenue Sirois	Rimouski, QC	–	89%	42,000	
April 25, 2019	680 Avenue Chausse	Rouyn-Noranda, QC	–	89%	38,000	
April 25, 2019	10505 Boul Saine-Anne	Sainte-Anne-de-Beaupre, QC	–	89%	34,000	
April 25, 2019	8980 Boul Lacroix	Saint-Georges, QC	–	89%	39,000	
April 25, 2019	50 Rue Bourgeois	Sherbrooke, QC	–	89%	20,000	
Oak Street I portfolio total			–		785,000	161,589
April 29, 2019	1780 Markham Road	Toronto, ON	1	100%	39,000	21,500
June 3, 2019	Belmont Market Land	Langford, BC	–	100%	–	3,275
					824,000	186,364

Date	Property	Location	Number of properties	Ownership Interest	Sq. ft.		Price
2019 Third Quarter							
July 3, 2019	400 University Avenue	Charlottetown, PE	–	89%	44,000		9,750
July 4, 2019	Grimsby Mews	Grimsby, ON	1	100%	36,000		12,255
August 2, 2019	Davie Street[3]	Vancouver, BC	–	100%	–		27,379
September 25, 2019[4]	Charlotte Mall	St. Stephen, NB	–	100%	3,000		175
					83,000		49,559
2019 Fourth Quarter							
Oak Street II Portfolio[5]							
October 7, 2019	Castleridge Safeway	Calgary, AB	–	89%	50,000		
October 7, 2019	Saddletowne Circle Safeway	Calgary, AB	–	89%	45,000		
October 7, 2019	Fort McMurray Safeway	Fort McMurray, AB	–	89%	36,000		
October 7, 2019	Spruce Grove Safeway	Spruce Grove, AB	–	89%	45,000		
October 7, 2019	Stony Plain Safeway	Stony Plain, AB	–	89%	40,000		
October 7, 2019	Chilliwack Safeway	Chilliwack, BC	–	89%	46,000		
October 7, 2019	Kamloops Safeway	Kamloops, BC	–	89%	44,000		
October 7, 2019	Smithers Safeway	Smithers, BC	–	89%	38,000		
October 7, 2019	Selkirk Safeway	Selkirk, MB	–	89%	38,000		
October 7, 2019	Ropewalk Lane	St. John's, NL	–	89%	45,000		
October 7, 2019	Panavista/West Royalty Sobeys	Dartmouth, NS	–	89%	43,000		
October 7, 2019	Bradford Sobeys	Bradford, ON	–	89%	31,000		
October 7, 2019	Orangeville Sobeys	Orangeville, ON	–	89%	41,000		
October 7, 2019	Lebourgneuf IGA Extra	Quebec, QC	–	89%	52,000		
October 7, 2019	Sherbrooke IGA Extra	Sherbrooke, QC	–	89%	47,000		
Oak Street II Portfolio total					641,000		193,333
Total dispositions as at December 31, 2019			5		1,879,000	$	536,471

(1) Represents disposition of 50% interest in a portfolio of seven retail properties. The square footage and price reflect the 50% amounts.
(2) Represents disposition of 89% interest in a portfolio of 26 retail properties. The square footage and price reflect the 89% amounts.
(3) Represents disposition of air rights to a joint venture in which Crombie holds 50% interest.
(4) Represents disposition of a portion of a PID at 225 King Street, St.Stephen, NB.
(5) Represents disposition of 89% interest in a portfolio of 15 retail properties. The square footage and price reflect the 89% amounts.

Date	Property	Location	Number of properties	Ownership Interest	Sq. ft.		Price
2018 First Quarter							
February 5, 2018	Whitehorse Plaza	Simcœ, ON	1	100%	92,000	$	15,000
February 20, 2018	Perth Mews	Perth, ON	1	100%	103,000		20,627
March 6, 2018	Belmont Market land	Langford, BC	–	100%	–		5,725
					195,000		41,352
2018 Second Quarter							
April 19, 2018	Red Deer Cineplex	Red Deer, AB	1	100%	40,000		14,000
May 11, 2018	10 Alkenbrack St	Napanee, ON	1	100%	25,000		9,000
Northam Portfolio[6]							
May 11, 2018	16th Ave Safeway	Calgary, AB	–	50%	21,000		
May 11, 2018	Ancaster Sobeys	Ancaster, ON	–	50%	33,000		
May 11, 2018	Brampton Plaza	Brampton, ON	–	50%	38,000		
May 11, 2018	Danforth	Scarborough, ON	–	50%	3,000		
May 11, 2018	Marpole Safeway	Vancouver, BC	–	50%	24,000		
May 11, 2018	McKenzie Town Dr Shoppers	Calgary, AB	–	50%	9,000		
May 11, 2018	Millwoods Common	Edmonton, AB	–	50%	29,000		
May 11, 2018	Nottingham	Sherwood Park, AB	–	50%	23,000		
May 11, 2018	Southbrook	Edmonton, AB	–	50%	23,000		
Northam Portfolio total			–		203,000		77,929
June 18, 2018	Park Lane	Halifax, NS	1	100%	273,000		52,084
					541,000		153,013

Date	Property	Location	Number of properties	Ownership Interest	Ownership Sq. ft.	Price
2018 Third Quarter						
August 16, 2018	Bronte Village[7]	Oakville, ON	1	100%	30,000	39,682
2018 Fourth Quarter						
December 18, 2018	Southdale	London, ON	1	100%	17,000	5,400
December 18, 2018	Eglinton Ave	Toronto, ON	1	100%	17,000	15,500
December 18, 2018	Montrose Road	Niagara Falls, ON	1	100%	17,000	5,700
					51,000	26,600
Total dispositions for the year ended December 31, 2018			9		817,000	$ 260,647

(6) Represents disposition of 50% interest in a portfolio of nine retail properties. The square footage and price reflect the 50% amounts.
(7) Represents disposition of property to a joint venture in which Crombie holds 50% interest.

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

Overview of the Property Portfolio

As at December 31, 2019, Crombie's property portfolio consisted of full and partial ownership interests in 285 investment properties that contain, at Crombie's share, approximately 17.6 million square feet of GLA in all 10 provinces.

As at December 31, 2019, the portfolio distribution of the GLA by province was as follows:

Province	GLA (sq. ft.) January 1, 2019	Acquisitions (Dispositions)	Other	December 31, 2019[1]	Number of Investment Properties	% of GLA	% of Annual Minimum Rent
AB	3,428,000	(382,000)	(5,000)	3,041,000	58	17.3%	19.6%
BC	1,829,000	(207,000)	33,000	1,655,000	42	9.4%	12.8%
MB	644,000	(89,000)	6,000	561,000	15	3.2%	4.2%
NB	1,570,000	(44,000)	(2,000)	1,524,000	20	8.7%	6.4%
NL	1,203,000	(86,000)	77,000	1,194,000	13	6.8%	9.6%
NS	5,006,000	(133,000)	(67,000)	4,806,000	42	27.4%	21.4%
ON	2,487,000	(25,000)	8,000	2,470,000	42	14.1%	13.9%
PE	124,000	(44,000)	10,000	90,000	2	0.5%	0.6%
QC	2,151,000	(349,000)	–	1,802,000	43	10.3%	9.2%
SK	454,000	(39,000)	–	415,000	8	2.3%	2.3%
Total	18,896,000	(1,398,000)	60,000	17,558,000	285	100.0%	100.0%

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

During the twelve months ended December 31, 2019, Crombie had a net decrease of 1,398,000 square feet of GLA from disposition activity consisting of:

- Alberta – disposition of 50% interest in one retail property representing 22,000 square feet, disposition of 89% interest in seven retail properties representing 310,000 square feet and 100% interest in one retail property totalling 50,000 square feet;
- British Columbia – disposition of 89% interest in seven retail properties totaling 236,000 square feet, offset in part by a 29,000 square foot addition to an existing retail property;
- Manitoba – disposition of 89% interest in three retail properties representing 89,000 square feet;
- New Brunswick – disposition of 89% interest in one retail property totalling 41,000 square feet and disposition of one PID in one retail property totalling 3,000 square feet;
- Newfoundland – disposition of 89% interest in three retail properties totalling 86,000 square feet;
- Nova Scotia – disposition of 50% interest in two retail properties totalling 53,000 square feet, disposition of 89% interest in four retail properties representing 120,000 square feet. This is partially offset by 100% acquisition in one retail property representing 40,000 square feet;
- Ontario – disposition of 50% interest in one retail property representing 24,000 square feet, disposition of 89% interest in seven retail properties representing 224,000 square feet, 100% interest in three retail properties totalling 189,000 square feet. This is partially offset by 50% acquisition in one retail property totalling 15,000 sf and a 50% addition to one retail-related industrial property totalling 397,000 square feet;
- Prince Edward Island – disposition of 89% interest in one retail property representing 44,000 square feet;
- Quebec – disposition of 50% interest in one retail property representing 10,000 square feet, disposition of 89% interest in nine retail properties totalling 320,000 square feet and 100% interest in one retail property totalling 19,000 square feet; and,
- Saskatchewan – disposition of 50% interest in two retail properties totalling 39,000 square feet.

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

As at December 31, 2019, our allocation of annual minimum rent consists of: Atlantic Canada 38.0%; Central Canada 23.1%; and Western Canada 38.9%. Crombie believes this diversification adds stability to the portfolio while reducing vulnerability to economic fluctuations that may affect any particular region.

Property Categorization

As at December 31, 2019:

	Crombie Owned Properties: Investment Properties ("IP")	Crombie Owned Properties: Properties Under Development ("PUD")	Crombie Owned Properties: Sub-total	Additional Properties in Joint Ventures ("JV")	Total
Same-asset	266	–	266	–	266
Non Same-Asset					
Acquisitions – 2019	2	–	2	–	2
Acquisitions – 2018	10	–	10	–	10
Other[1]	4	3	7	1	8
Active Major Development[2]	3	1	4	3	7
Total Non Same-asset	19	4	23	4	27
Total	285	4	289	4	293

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

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

Portfolio Occupancy and Lease Activity

The portfolio occupancy and committed activity for the twelve months ended December 31, 2019 was as follows:

Province	Occupied space (sq. ft.): January 1, 2019	Acquisitions (Dispositions)	New Leases[1]	Lease Expiries	Other Changes[2]	December 31, 2019	Economic Occupancy %	Committed Space (sq. ft.)[3]	Total Committed Space (sq. ft.)	Committed Occupancy December 31, 2019
AB	3,418,000	(382,000)	6,000	(5,000)	(3,000)	3,034,000	99.8%	3,000	3,037,000	99.9%
BC	1,805,000	(220,000)	48,000	–	(5,000)	1,628,000	98.4%	4,000	1,632,000	98.6%
MB	640,000	(89,000)	6,000	–	(1,000)	556,000	99.1%	1,000	557,000	99.3%
NB	1,401,000	(41,000)	36,000	(17,000)	(24,000)	1,355,000	88.9%	22,000	1,377,000	90.4%
NL	1,159,000	(86,000)	64,000	(28,000)	(7,000)	1,102,000	92.3%	44,000	1,146,000	96.0%
NS	4,532,000	(133,000)	44,000	(15,000)	16,000	4,444,000	92.5%	14,000	4,458,000	92.8%
ON	2,383,000	(24,000)	29,000	(8,000)	5,000	2,385,000	96.6%	27,000	2,412,000	97.7%
PE	124,000	(44,000)	10,000	–	–	90,000	100.0%	–	90,000	100.0%
QC	2,117,000	(349,000)	4,000	–	1,000	1,773,000	98.4%	–	1,773,000	98.4%
SK	438,000	(39,000)	–	(8,000)	(5,000)	386,000	93.0%	–	386,000	93.0%
Total	18,017,000	(1,407,000)	247,000	(81,000)	(23,000)	16,753,000	95.4%	115,000	16,868,000	96.1%

(1) New leases include new leases and expansions to existing properties.
(2) Other changes include amendments to existing leases; lease terminations and surrenders; bankruptcies; and space certifications.
(3) Committed space represents lease contracts for future occupancy of currently vacant space. Management believes such reporting, along with reported lease maturities, provides more balanced reporting of overall vacant space. Committed space decreased to 115,000 square feet at December 31, 2019, from 124,000 square feet at December 31, 2018.

Overall leased space (occupied plus committed) has increased from 96.0% at December 31, 2018 to 96.1% at December 31, 2019. During 2019, Crombie had a net decrease from dispositions of 1,407,000 square feet and had new leases outpace lease expiries by 166,000 square feet.

New leases and expansions increased occupancy by 247,000 square feet at December 31, 2019 at an average first year rate of $20.68 per square foot. New leases totaled 240,000 square feet at an average first year rate of $20.86 per square foot. Expansions totaled 7,000 square feet at an average first year rate of $14.42 per square foot. As at December 31, 2019, 115,000 square feet of space was committed at an average first year rate of $20.38 per square foot.

For 2019, renewal activity was as follows:

	Three Months Ended December 31, 2019				Year Ended December 31, 2019			
	Square Feet		Rate PSF	Growth %	Square Feet		Rate PSF	Growth %
2019 Renewals	140,000	$	11.42	5.5%	788,000	$	15.39	3.5%
Future Year Renewals	559,000		18.85	3.7%	838,000		19.23	4.2%
Total	699,000	$	17.36	3.9%	1,626,000	$	17.37	3.9%

Crombie's renewal activity for the year ended December 31, 2019 included retail and commercial renewals of 1,375,000 square feet with an increase of 4.1% over expiring rental rate. 2019 renewals were negatively impacted by renewals on two commercial leases at lower rents in the first quarter. 251,000 square feet of office renewals were completed with an increase of 2.6% over expiring rental rates. During the quarter, Crombie renewed 699,000 square feet with an increase of 3.9% over expiring rate.

Market Class

Portfolio diversification by market class is as follows:

Market Class	GLA	Economic Occupancy	Committed Occupancy	Number of Investment Properties	% of GLA	% of Investment Properties
VECTOM[1]	5,295,000	98.9%	99.0%	89	30.2%	31.2%
Major Markets[2]	4,597,000	96.3%	96.7%	60	26.1%	21.1%
Rest of Canada (RoC)[3]	7,666,000	92.5%	93.7%	136	43.7%	47.7%
Total	17,558,000	95.4%	96.1%	285	100.0%	100.0%

(1) VECTOM: Vancouver, Edmonton, Calgary, Toronto, Ottawa-Gatineau, Montreal, as defined by Statistics Canada 2016 CMA/CA boundaries.

(2) Major Markets consists of Abbotsford-Mission, Barrie, Chilliwack, Halifax, Hamilton, Kitchener-Cambridge-Waterloo, Oshawa, Quebec City, Regina, Saskatoon, Victoria, and Winnipeg, as defined by Statistics Canada 2016 CMA/CA boundaries.

(3) RoC includes all remaining geographies outside of VECTOM and Major Markets.

Sector Information

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

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

Asset Type	Number of Investment Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Committed Occupancy
Retail and Commercial[1]	277	14,910,000	84.9%	91.7%	95.8%
Office	5	965,000	5.5%	4.2%	93.1%
Retail-Related Industrial[2]	3	1,683,000	9.6%	4.1%	100.0%
Total	285	17,558,000	100.0%	100.0%	96.1%

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

(2) Retail-Related Industrial includes retail distribution centres owned in Toronto (100%), Montreal (50%) and Calgary (50%).

As at December 31, 2018, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Investment Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Committed Occupancy
Retail and Commercial[1]	280	16,609,000	87.9%	93.6%	96.2%
Office	5	1,000,000	5.3%	3.8%	87.9%
Retail-Related Industrial[2]	3	1,287,000	6.8%	2.6%	100.0%
Total	288	18,896,000	100.0%	100.0%	96.0%

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

(2) Retail-Related Industrial includes retail distribution centres owned in Toronto (50%), Montreal (50%) and Calgary (50%).

Retail and commercial properties represent 84.9% of Crombie's GLA and 91.7% of annual minimum rent at December 31, 2019 compared to 87.9% of GLA and 93.6% of annual minimum rent at December 31, 2018.

Leased space in retail and commercial properties of 95.8% at December 31, 2019, decreased from 96.2% at December 31, 2018. Leased space in office properties of 93.1% increased from 87.9% at December 31, 2018. Leased space in retail-related industrial properties of 100.0% at December 31, 2019, remained constant from 100.0% at December 31, 2018.

Lease Maturities

The following table sets out, as of December 31, 2019, the number of leases maturing during the periods indicated, the renewal area, the percentage of the total GLA of the properties represented by such maturities and the estimated average rent per square foot at the time of expiry.

Year	Number of Leases[1]	Renewal Area (sq. ft.)	% of Total GLA	Average Rent per sq. ft. at Expiry
2020	233	823,000	4.7%	$ 17.44
2021	172	801,000	4.6%	17.82
2022	179	798,000	4.5%	19.52
2023	139	689,000	3.9%	18.81
2024	146	875,000	5.0%	17.95
2025	83	897,000	5.1%	15.07
2026	72	768,000	4.4%	15.53
2027	77	801,000	4.6%	18.88
2028	64	773,000	4.4%	18.06
2029	91	1,062,000	6.0%	20.18
Thereafter	270	8,581,000	48.9%	19.06
Total	1,526	16,868,000	96.1%	$ 18.52

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

Largest Tenants

The following table illustrates the 20 largest tenants in Crombie's portfolio of investment properties as measured by their percentage contribution to total annual minimum rent as at December 31, 2019.

Tenant	% of Annual Minimum Rent	Average Remaining Lease Term	DBRS Credit Rating
1. Empire Company Limited[1]	54.2%	13.4 years	BBB (low)
2. Shoppers Drug Mart	4.1%	9.0 years	BBB
3. Province of Nova Scotia	1.5%	7.8 years	A (high)
4. Dollarama	1.4%	6.0 years	BBB
5. Government of Canada	1.2%	4.1 years	AAA
6. CIBC	1.2%	11.6 years	AA
7. Bank of Nova Scotia	1.1%	2.9 years	AA
8. Cineplex	1.1%	9.5 years	
9. GoodLife Fitness	1.1%	8.1 years	
10. Bank of Montreal	1.0%	7.8 years	AA
11. Canadian Tire Corporation	1.0%	4.0 years	BBB (high)
12. Restaurant Brands International	0.7%	5.9 years	
13. Bell Canada	0.6%	5.3 years	BBB (high)
14. Metro	0.6%	7.6 years	BBB
15. Royal Bank of Canada	0.6%	3.4 years	AA (high)
16. TJX Canada[2]	0.5%	8.6 years	
17 SAQ/Province of Quebec	0.5%	5.2 years	AA (low)
18. Leon's Furniture	0.5%	6.1 years	
19. Giant Tiger	0.5%	4.6 years	
20. Staples	0.5%	2.6 years	
Total	73.9%		

(1) Includes Sobeys and all other subsidiaries under Empire Company Limited.
(2) TJX Canada's parent company, The TJX Companies, Inc., is rated A2 by Moody's.

Other than Empire which accounts for 54.2% of annual minimum rent and Shoppers Drug Mart which accounts for 4.1% of annual minimum rent, no other tenant accounts for more than 1.5% of Crombie's annual minimum rent.

For the twelve months ended December 31, 2019, Empire also represents 52.2% of total property revenue. Total property revenue includes annual minimum rent as well as operating and realty tax cost recovery income and percentage rent. These additional amounts can vary by property type, specific tenant leases and where tenants may directly incur and pay operating and realty tax costs.

The weighted average remaining term of all Crombie leases is approximately 10.2 years. This remaining lease term is influenced by the average Empire remaining lease term of 13.4 years.

Property Development/Redevelopment ("Development")

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

Crombie has the potential to unlock significant value within its current pipeline of 33 Major Development properties (six Active Major Developments (December 31, 2018 – five) and 27 Potential Major Developments (December 31, 2018 – 18)) over the next decade or longer. Crombie benefits from having solid income (FFO and AFFO) generated by these properties while working through the various approvals, entitlements and advance preparations required before each Major Development can commence. In aggregate, Crombie currently achieves an in-place NOI yield of approximately 5.4% on existing asset cost for our development pipeline properties.

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

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

Our range of options enables us, on a case by case basis, to make choices that optimize Unitholder value. In today's environment where NOI yield on cost for Major Development projects are projected to be in the 5% – 6% range and where exit capitalization rates in markets like Vancouver, Toronto and Montreal (where Crombie has 19 Major Development properties) (December 31, 2018 – 12) are in a current approximate range of 3% – 4% for comparable developments, NAV creation through development can be substantial.

In the sections that follow (Active Major Developments and Potential Major Developments), Crombie has identified 33 Major Development projects as at December 31, 2019 (December 31, 2018 – 23), with a total projected cost to develop these properties of $4,000,000 to $5,800,000 (December 31, 2018 – $3,000,000 to $4,500,000). Crombie may enter joint venture or other partnership arrangements for these properties to share cost, revenue, risk and development expertise depending upon the nature of each project. Each project remains subject to normal development approvals, achieving required economic hurdles including financial accretion and NAV analysis and Board of Trustees approval.

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

(1) GLA and Units reflective of upper range of costs.

Active Major Developments

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

Property	CMA[1]	Use	Commercial GLA on Completion	Residential GLA on Completion	Residential Units	Estimated Final Completion Date	At Crombie's Share ($ in millions) Estimated Annual NOI	Estimated Total Cost[2]	Estimated Yield on Cost[2]	Estimated Cost to Complete
Investment Properties ("IP") – Major Development										
Davie Street[3]	Vancouver	Retail	54,000	–	–	Q1 2020	$ 1.8–1.9	$ 28.6	6.2%–6.8%	$ 5.2
Belmont Market[6]	Victoria	Retail, Office	160,000	–	–	Q4 2020[5]	5.4–5.7	93.0	5.8%–6.1%	8.8
Avalon Mall – Phase I	St. John's	Retail	–	–	–	Q3 2020	–	54.5	–	9.8
Avalon Mall – Phase II[4]	St. John's	Retail	165,000	–	–	Q3 2020	5.8–6.2	56.8	10.3%–11.0%	24.5
Subtotal IP – Major Development			**379,000**	**–**	**–**		**$ 13.0–13.8**	**$ 232.9**	**5.6%–6.0%**	**$ 48.3**
Properties Under Development ("PUD")										
Pointe-Claire	Montreal	Retail-Related Industrial	300,000	–	–	2021	6.1–6.4	100.0	6.1%–6.4%	56.8
Subtotal PUD			**300,000**	**–**	**–**		**$ 6.1–6.4**	**$ 100.0**	**6.1%–6.4%**	**$ 56.8**
Total Investment Properties			**679,000**	**–**	**–**		**$ 19.1–20.2**	**$ 332.9**	**5.7%–6.1%**	**$ 105.1**
Properties Held in Joint Ventures										
Davie Street[3]	Vancouver	Residential	–	254,000	330	Q3 2020	$ 4.0–4.4	$ 78.5	5.1%–5.6%	$ 22.5
Le Duke[7]	Montreal	Retail, Residential	26,000	241,000	390	Q2 2021	3.2–3.4	59.1	5.4%–5.8%	37.5
Bronte Village[7]	Toronto	Retail, Residential	54,000	466,000	480	Q3 2021	7.5–8.3	138.7	5.4%–6.0%	70.3
Total Properties Held in Joint Ventures			**80,000**	**961,000**	**1,200**		**$ 14.7–16.1**	**$ 276.3**	**5.3%–5.8%**	**$ 130.3**
Total Active Major Developments			**759,000**	**961,000**	**1,200**		**$ 33.8–36.3**	**$ 609.2**	**5.5%–6.0%**	**$ 235.4**

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

1641 Davie Street, Vancouver, British Columbia

Davie Street is currently under active development and is being constructed in conjunction with our partner, as an approximate 308,000 square foot mixed-use property. Construction of the retail podium and tower concrete is complete with residential glazing now installed up to the 18th floor of both towers. This development includes a new Safeway store at approximately 45,000 square feet with almost 9,000 square feet of ancillary retail space, expected to open in spring 2020. Rental residential space totalling 254,000 square feet (330 rental units) in two residential towers are expected to open in Q3 2020. Estimated total project cost is $185,600, $107,100 at Crombie's share. Crombie owns 100% of the commercial component and 50% of the rental residential component. The residential component is fully funded within the joint venture partnership with in-place mortgage financing. Crombie also has in-place mortgage financing on the commercial component.

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

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

Crombie obtained possession of the 129,000 square foot space formerly occupied by Sears effective February 2018, enabling the redevelopment of this section of the mall. This $56,800 Phase II redevelopment involves demolition of approximately 50,000 square feet of the Sears space, renovation of the remaining portion into new retail units, and an expansion of the existing shopping centre toward Kenmount Road. The redevelopment provides an opportunity to replace the former Sears space with new and/or completely renovated modern tenant spaces, common areas, and mall exterior. This phase of the redevelopment commenced in March 2018 with the start of the Sears demolition, and occupancy of the new retail units began in Q3 2019. Construction of the expansion area will continue through Q2 2020 with occupancy expected in Q3 and Q4 2020. Avalon Mall continues its market dominance with occupancy at December 31, 2019 at 97.6%. Leasing activity to date for the redevelopment area includes a new and expanded Winners HomeSense, H&M, GAP/Banana Republic and Old Navy. Including this leasing activity, 69.3% of the leaseable square footage in this redevelopment has been executed to date. Subsequent to December 31, 2019, leases have been executed with Tommy Hilfiger, SportChek, and Levi Strauss, bringing the total to 88.8%. Advanced discussions with other potential national anchor and commercial retail unit tenants continue.

Belmont Market, Langford (Victoria), British Columbia

Belmont Market is being developed as a grocery-anchored retail centre in Langford. Crombie is developing and owns 100% of the 160,000 square foot retail component currently under active development. The retail development is expected to cost approximately $93,000 and includes a 53,000 square foot Thrifty Foods store and approximately 107,000 square feet of additional retail and office space on 13 acres of land. The Thrifty Foods grocery store opened in May 2019 and is driving additional traffic to the centre. A third-party completed construction of 29,000 square feet of ground floor retail space located along High Street in late 2019 on Crombie's behalf, which was purchased by Crombie in November 2019. Tenants are now open in these new buildings with others scheduled to open imminently. As at December 31, 2019 committed occupancy is 86.4%.

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

Crombie previously completed the sale of 5.55 acres of land to a third-party, who are under construction on over half of the anticipated 437 residential units including condominiums and rental buildings. Residents in the two rental buildings have taken possession of their units and are adding vibrancy to the overall development.

Le Duke, 297 Rue Duke, Montreal, Quebec

Le Duke is located near the new Bonaventure Greenway in Old Montreal. The development has total project costs estimated at $118,100 ($59,100 at Crombie's share), and includes a 25 storey mixed-use tower with 241,000 square feet and 390 residential rental units, a 25,000 square foot IGA grocery store, 1,000 square feet of retail space, and 200 underground parking stalls. Development of Le Duke began late in 2017 with demolition of the existing structure. The residential structure is completed up to the 12th floor. This development is expected to be complete in Q2 2021.

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

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

Bronte Village is located in South Oakville at the intersection of Lakeshore and Bronte Road. The 5.66 acre property is being redeveloped from a single storey, retail mall, to a mixed-use residential property in conjunction with our partner. This development includes the existing 30,000 square foot grocery store while adding 24,000 square feet of retail and two luxury residential towers totalling 466,000 square feet of residential rental space in up to 480 units. The existing Sobeys grocery store remains operational during the development. Demolition of the existing mall was completed in June 2018. Site plan approval and building permits have been obtained for the development. The below grade parking structure is complete. Above grade concrete work is completed up to level 14 on building A (west) and has reached level 5 on building B (east). Total project cost is estimated at $277,200, $138,700 at Crombie's share. This development is expected to be completed in Q3 2021.

Pointe-Claire, (Montreal), Quebec

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

Potential Major Developments

In addition to Active Major Developments in the previous section, Crombie's current Potential Major Developments have the potential to add up to 786,000 square feet (December 31, 2018 – 540,000 square feet) of commercial GLA and up to 8,802,000 square feet (up to 10,000 units) (December 31, 2018 – 7,500,000 square feet and 9,000 units) of residential GLA (which may include a combination of rental or condominium units).

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

As at December 31, 2019, Crombie has identified the following 27 Potential Major Development locations as having potential to become Active Major Developments. Development of each property is subject to management completing full due diligence on the opportunity, including commercial and residential components, as well as seeking all necessary Board, municipal/provincial and tenant approvals prior to proceeding. The precise timing of each project is not determinable at present. The time horizon of these projects may change, project scope may change, and/or Crombie may choose to not proceed with development on some properties after further review and completion of financial projections.

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

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

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

<u>Properties in the Pre-Planning Phase</u>

Park West, Halifax, Nova Scotia

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

Penhorn Lands, Dartmouth (Halifax), Nova Scotia

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

Scotia Square Residential, Halifax, Nova Scotia

Scotia Square Residential is a potential multi-unit rental building addition to Crombie's existing Scotia Square commercial complex, located at a prime location in Downtown Halifax. The approximately 0.46 acre site is situated within the Downtown Halifax Plan Area, which enables approximately 17 storeys of residential development. Site plan approval is required in order to proceed with any future development and preliminary development analysis is currently underway.

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

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

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

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

5235 Kingsway (Royal Oak), Burnaby (Vancouver), British Columbia

The Royal Oak site is located in close proximity to Metrotown in Burnaby, British Columbia - an area experiencing significant redevelopment as a result of a recently adopted Metrotown Downtown Plan in 2017. The high profile, 2.76 acre site has the potential for redevelopment to occur in the near future. Initial planning has commenced, and a comprehensive rezoning plan is being developed to facilitate discussions with the City of Burnaby.

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

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

FINANCIAL RESULTS

Comparison to Previous Year

	As At		
(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	December 31, 2019	December 31, 2018	December 31, 2017
Total assets	$ 3,921,214	$ 4,071,074	$ 4,086,854
Total investment property debt and unsecured debt	$ 2,279,297	$ 2,479,143	$ 2,501,748

(1) See "Debt to Gross Book Value - Fair Value Basis" for detailed calculation.

Compared to December 31, 2018, the balance sheet changes are primarily attributable to:

- investment property dispositions totalling $450,501, which include the sale of a 50% interest in seven properties in the first quarter of 2019, sale of an 89% interest in 26 properties in the second quarter of 2019, and sale of an 89% interest in 15 properties in the fourth quarter of 2019.
- repayment or disposition of $346,735 in fixed rate mortgages and net repayment of $124,535 of the credit facilities with proceeds from disposition of properties during 2019.
- issuance of $350,000 senior unsecured notes, proceeds from which were used to fund the early repayment of $125,000 of notes, repayment of bank indebtedness and future repayment of upcoming secured mortgage maturities.

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
Property revenue	$ 96,823	$ 104,296	$ (7,473)	$ 398,741	$ 414,649	$ (15,908)
Property operating expenses	29,852	30,817	965	117,645	121,306	3,661
Property NOI	66,971	73,479	(6,508)	281,096	293,343	(12,247)
NOI margin percentage	69.2%	70.5%	(1.3)%	70.5%	70.7%	(0.2)%
Other items:						
Gain on disposal of investment properties	30,198	4,580	25,618	81,803	50,023	31,780
Impairment of investment properties	(6,000)	(7,000)	1,000	(6,000)	(15,000)	9,000
Depreciation and amortization	(18,347)	(19,906)	1,559	(74,313)	(96,353)	22,040
General and administrative expenses	(5,855)	(5,184)	(671)	(23,721)	(19,226)	(4,495)
Finance costs – operations	(22,810)	(25,968)	3,158	(97,316)	(105,631)	8,315
Income from equity accounted investments	(8)	111	(119)	334	254	80
Operating income before taxes	44,149	20,112	24,037	161,883	107,410	54,473
Taxes – current	–	(1)	1	(8)	(3)	(5)
Operating income attributable to Unitholders	44,149	20,111	24,038	161,875	107,407	54,468
Finance costs – distributions to Unitholders	(48,936)	(33,724)	(15,212)	(150,169)	(134,729)	(15,440)
Finance (costs) income – change in fair value of financial instruments	(70)	197	(267)	(1,337)	402	(1,739)
Increase (decrease) in net assets attributable to Unitholders	$ (4,857)	$ (13,416)	$ 8,559	$ 10,369	$ (26,920)	$ 37,289
Operating income attributable to Unitholders per Unit, Basic	$ 0.29	$ 0.13		$ 1.07	$ 0.71	
Basic weighted average Units outstanding (in 000's)	151,723	151,419		151,666	151,214	
Distributions per Unit to Unitholders, excluding special distribution	$ 0.22	$ 0.22		$ 0.89	$ 0.89	

__Operating Results__

Three months

Operating income attributable to Unitholders increased by $24,038 or 119.5% compared to the fourth quarter of 2018 primarily due to the disposition of investment properties, resulting in a $6,508 decrease in property NOI, offset by an increase of $25,618 in the gain on disposal of investment properties and a decrease of $3,158 in finance costs from operations due to repayments of debt. In addition, depreciation and amortization was lower by $1,559 compared to the fourth quarter of 2018 as a result of dispositions of investment properties. In the fourth quarter of 2019, an impairment of $6,000 was recognized on three retail properties, $1,000 lower than the impairment related to an office property in the fourth quarter of 2018.

Year

Operating income attributable to Unitholders increased by $54,468. In addition to factors noted above, contributing to the increase was an impairment of $15,000 recognized on two retail properties in the second quarter of 2018 and an office property in the fourth quarter of 2018.

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

	Three months ended December 31,		Year ended December 31,	
(In thousands of CAD dollars)	2019	2018	2019	2018
Operating income attributable to Unitholders	$ 44,149	$ 20,111	$ 161,875	$ 107,407
Finance costs – distributions to Unitholders	(48,936)	(33,724)	(150,169)	(134,729)
Finance (costs) income – change in fair value of financial instruments	(70)	197	(1,337)	402
Increase (decrease) in net assets attributable to Unitholders	$ (4,857)	$ (13,416)	$ 10,369	$ (26,920)

Property NOI

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

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

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

	Three months ended December 31,			Year ended December 31,		
(In thousands of CAD dollars)	2019	2018	Variance	2019	2018	Variance
Property NOI	$ 66,971	$ 73,479	$ (6,508)	$ 281,096	$ 293,343	$ (12,247)
Non-cash straight-line rent	(2,080)	(2,429)	349	(10,287)	(11,040)	753
Non-cash tenant incentive amortization	3,598	3,451	147	14,139	12,875	1,264
Property cash NOI	68,489	74,501	(6,012)	284,948	295,178	(10,230)
Acquisitions, dispositions and development property cash NOI	8,729	16,503	(7,774)	48,383	66,596	(18,213)
Same-asset property cash NOI	$ 59,760	$ 57,998	$ 1,762	$ 236,565	$ 228,582	$ 7,983

Three months

Same-asset property cash NOI increased by $1,762 or 3.0% compared to the fourth quarter of 2018 primarily due to rate increases on existing tenant leases, new leasing activity and revenues from modernization investments and land use intensifications at certain properties. These items make up $1,471 (or 2.5%) of the increase, with the remaining increase due to the favourable impact from the adoption of IFRS 16 'Leases' on January 1, 2019.

Year

On an annual basis, same-asset cash NOI increased 3.5% with rate increases on existing tenant leases, new leasing activity, lease termination income and revenues from modernization investments and land use intensifications accounting for approximately $6,821 (or 3.0%) of the increase, with the remaining increase due to the favourable impact from the adoption of IFRS 16.

Same-asset property cash NOI is as follows:

	Three months ended December 31,				Year ended December 31,			
(In thousands of CAD dollars)	2019	2018	Variance	Percent	2019	2018	Variance	Percent
Retail and Commercial[1]	$ 54,496	$ 53,344	$ 1,152	2.2%	$ 216,380	$ 210,780	$ 5,600	2.7%
Office	3,165	2,749	416	15.1%	12,353	10,220	2,133	20.9%
Retail-Related Industrial[2]	2,099	1,905	194	10.2%	7,832	7,582	250	3.3%
Same-asset property cash NOI	$ 59,760	$ 57,998	$ 1,762	3.0%	$ 236,565	$ 228,582	$ 7,983	3.5%

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

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

	Three months ended December 31,			Year ended December 31,		
(In thousands of CAD dollars)	2019	2018	Variance	2019	2018	Variance
Acquisitions and dispositions property cash NOI	$ 1,714	$ 9,614	$ (7,900)	$ 20,461	$ 41,332	$ (20,871)
Development property cash NOI	7,015	6,889	126	27,922	25,264	2,658
Total acquisitions, dispositions and development property cash NOI	$ 8,729	$ 16,503	$ (7,774)	$ 48,383	$ 66,596	$ (18,213)

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

Property NOI for the three months and year ended December 31, 2019 by province was as follows:

(In thousands of CAD dollars)	Three months ended December 31, 2019 Property NOI	2018 Property NOI	Variance	Year ended December 31, 2019 Property NOI	2018 Property NOI	Variance
AB	$ 14,279	$ 16,145	$ (1,866)	$ 61,646	$ 64,960	$ (3,314)
BC	9,210	9,797	(587)	38,358	37,168	1,190
MB	3,023	3,341	(318)	12,711	13,446	(735)
NB	3,639	3,623	16	14,990	14,315	675
NL	6,161	7,081	(920)	25,676	26,767	(1,091)
NS	13,911	13,385	526	56,576	56,715	(139)
ON	8,649	10,522	(1,873)	36,665	42,809	(6,144)
PE	288	425	(137)	1,420	1,702	(282)
QC	6,178	7,332	(1,154)	26,478	28,226	(1,748)
SK	1,633	1,828	(195)	6,576	7,235	(659)
Total	$ 66,971	$ 73,479	$ (6,508)	$ 281,096	$ 293,343	$ (12,247)

FFO and AFFO

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

Funds from Operations (FFO)

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

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

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

The calculation of FFO for the three months and year ended December 31, 2019 and 2018 is as follows:

	Three months ended December 31,			Year ended December 31,		
(In thousands of CAD dollars)	2019	2018	Variance	2019	2018	Variance
Increase (decrease) in net assets attributable to Unitholders	$ (4,857)	$ (13,416)	$ 8,559	$ 10,369	$ (26,920)	$ 37,289
Add (deduct):						
Amortization of tenant incentives	3,598	3,451	147	14,139	12,875	1,264
Gain on disposal of investment properties	(30,198)	(4,580)	(25,618)	(81,803)	(50,023)	(31,780)
Impairment of investment properties	6,000	7,000	(1,000)	6,000	15,000	(9,000)
Depreciation and amortization of investment properties	18,041	19,894	(1,853)	73,138	96,311	(23,173)
Depreciation of investment properties included in Income from equity accounted investments	41	5	36	102	28	74
Principal payments on right of use assets	(24)	–	(24)	(96)	–	(96)
Internal leasing costs	525	609	(84)	2,184	2,436	(252)
Finance costs – distributions to Unitholders	48,936	33,724	15,212	150,169	134,729	15,440
Finance costs (income) – change in fair value of financial instruments	70	(197)	267	1,337	(402)	1,739
FFO as calculated based on REALPAC recommendations	$ 42,132	$ 46,490	$ (4,358)	$ 175,539	$ 184,034	$ (8,495)

Three months and year

The decrease in FFO is primarily due to the reduced property NOI (a decrease of $6,508 for the quarter and $12,247 for the year) resulting from the disposition of properties in the current and prior quarters as well as increased general and administrative costs of $671 for the quarter and $4,495 for the year, the annual increase primarily related to the impact of increased unit price on unit-based compensation expense.

Adjusted Funds from Operations (AFFO)

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

The calculation of AFFO for the three months and year ended December 31, 2019 and 2018 is as follows:

	Three months ended December 31,			Year ended December 31,		
(In thousands of CAD dollars)	2019	2018	Variance	2019	2018	Variance
FFO as calculated based on REALPAC recommendations	$ 42,132	$ 46,490	$ (4,358)	$ 175,539	$ 184,034	$ (8,495)
Add (deduct):						
Amortization of effective swap agreements	356	557	(201)	1,677	2,263	(586)
Straight-line rent adjustment	(2,080)	(2,429)	349	(10,287)	(11,040)	753
Internal leasing costs	(525)	(609)	84	(2,184)	(2,436)	252
Maintenance expenditures on a square footage basis	(3,877)	(4,238)	361	(16,113)	(17,027)	914
AFFO as calculated based on REALPAC recommendations	$ 36,006	$ 39,771	$ (3,765)	$ 148,632	$ 155,794	$ (7,162)

Three months and year

The decline in AFFO is primarily due to the disposition of properties in the current and prior quarters impacting FFO as described above, partially offset by the resulting decrease in maintenance expenditures on a square footage basis (a decrease of $361 for the fourth quarter of 2019 and $914 for the year ended December 31, 2019 compared to the respective periods in 2018).

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

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

Crombie's policy is to charge AFFO and ACFO with maintenance expenditures based on a normalized rate per square foot applied to the weighted average GLA, as these expenditures are not generally incurred on a consistent basis during the year, or from year to year. Crombie also discloses actual maintenance expenditures for comparative purposes. The rate per square foot is a proxy for actual historic costs, anticipated future costs and any significant changes in the nature and age of the properties in the portfolio as it evolves over time. For 2019, Crombie has maintained the normalized rate of $0.90 per square foot of weighted average GLA that was charged in 2018 based on the actual spend for 2018 and 2017 and estimated spend for 2019. Additionally, Crombie combines maintenance capital expenditures with maintenance 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			
(In thousands of CAD dollars)	Dec. 31, 2019	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
Total additions to investment properties	$ 94,769	$ 37,799	$ 19,149	$ 20,602	$ 17,219	$ 91,211	$ 29,716	$ 21,616	$ 16,877	$ 23,002
Less: revenue enhancing expenditures	(86,807)	(34,322)	(17,195)	(19,951)	(15,339)	(82,647)	(26,488)	(19,982)	(15,316)	(20,861)
Maintenance capital expenditures	7,962	3,477	1,954	651	1,880	8,564	3,228	1,634	1,561	2,141
Total additions to TI and deferred leasing costs	61,035	21,238	24,853	11,336	3,608	17,488	3,099	3,629	2,779	7,981
Less: revenue enhancing expenditures	(53,564)	(17,879)	(23,992)	(9,612)	(2,081)	(10,936)	(2,295)	(940)	(1,267)	(6,434)
Maintenance TI and deferred leasing costs	7,471	3,359	861	1,724	1,527	6,552	804	2,689	1,512	1,547
Total maintenance expenditures – actual	$ 15,433	$ 6,836	$ 2,815	$ 2,375	$ 3,407	$ 15,116	$ 4,032	$ 4,323	$ 3,073	$ 3,688
Reserve amount charged against AFFO and ACFO	$ 16,113	$ 3,877	$ 3,982	$ 4,045	$ 4,209	$ 17,027	$ 4,238	$ 4,221	$ 4,288	$ 4,280

Obligations for expenditures for TI's occur when renewing existing tenant leases or for new tenants occupying a space. Typically, leasing costs for existing tenants are lowter 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 2019 and 2018.

Revenue enhancing expenditures are capitalized and depreciated or charged against revenue over their useful lives, but not deducted when calculating AFFO or ACFO. Revenue enhancing expenditures during the year ended December 31, 2019 consisted primarily of development work, modernization investments and GLA expansions.

Depreciation, Amortization and Impairment

Crombie's total fair value of investment properties exceeds carrying value by $808,674 at December 31, 2019 (December 31, 2018 – $797,088). Crombie uses the cost method for accounting for investment properties, and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment, if any, is recognized on a property by property basis when circumstances indicate that fair value is less than carrying value.

	Three months ended December 31,			Year ended December 31,		
(In thousands of CAD dollars)	2019	2018	Variance	2019	2018	Variance
Same-asset depreciation and amortization	$ 15,958	$ 15,603	$ (355)	$ 63,215	$ 62,091	$ (1,124)
Acquisitions, dispositions and development depreciation/amortization	2,389	4,303	1,914	11,098	34,262	23,164
Depreciation and amortization	$ 18,347	$ 19,906	$ 1,559	74,313	$ 96,353	$ 22,040
Impairment	$ 6,000	$ 7,000	$ 1,000	$ 6,000	$ 15,000	$ 9,000

Three months and year

The decrease in depreciation and amortization is due to the dispositions of properties in 2019 and in the third quarter of 2018, accelerated depreciation in the first and third quarters of 2018, as well as classification of investment properties as assets held for sale in the second quarter of 2019, for which depreciation is not recorded.

During the year ended December 31, 2019, Crombie recorded impairments totalling $6,000 on three properties. The impairments were the result of the fair value impact of tenant lease expiries and slower than expected leasing activity in secondary markets. Impairment was measured on a per property basis and was determined as the amount by which carrying value, using the cost method, exceeded the recoverable amount for that property. The recoverable amount was determined to be each property's fair value defined as the higher of the economic benefit of the continued use of the asset or the selling price less costs to sell.

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,		
(In thousands of CAD dollars)	2019	2018	Variance	2019	2018	Variance
Salaries and benefits	$ 4,604	$ 3,511	$ (1,093)	$ 16,874	$ 13,111	$ (3,763)
Professional fees	351	97	(254)	1,336	924	(412)
Public company costs	408	612	204	2,196	2,161	(35)
Rent and occupancy	159	206	47	612	728	116
Other	333	758	425	2,703	2,302	(401)
General and administrative expenses	$ 5,855	$ 5,184	$ (671)	$ 23,721	$ 19,226	$ (4,495)
As a percentage of property revenue	6.0%	5.0%	(1.0)%	5.9%	4.6%	(1.3)%

Three months

The increase in expenses in the quarter is primarily due to higher salaries and benefits costs of $1,093.

Year

On an annual basis, the increase is primarily due to higher salaries and benefits costs of $3,763, the majority of which is due to the increase in Crombie's unit price and its impact on unit-based compensation plans.

General and administrative expenses as a percentage of property revenue has increased in part due to the decline in property revenue as a result of the property dispositions.

Finance Costs – Operations

	Three months ended December 31,			Year ended December 31,		
(In thousands of CAD dollars)	2019	2018	Variance	2019	2018	Variance
Finance costs	$ 21,627	$ 24,481	$ 2,854	$ 92,065	$ 98,210	$ 6,145
Amortization of effective swaps and deferred financing charges	1,183	1,487	304	5,251	7,421	2,170
Finance costs – operations	$ 22,810	$ 25,968	$ 3,158	$ 97,316	$ 105,631	$ 8,315

Three months and year

Finance costs decreased by $2,854 and $6,145 respectively primarily due to repayments and dispositions of mortgages to joint operations during 2019.

Finance Costs – Distributions

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

Crombie announced a special distribution of $0.56 per unit, to all Unitholders as of December 31, 2019. The distribution arises from the increase in income generated by capital recycling transactions completed during the twelve-month period ended December 31, 2019. Crombie is making the special distribution payable partially in cash ($0.10) and partially in units ($0.46), in order to provide Unitholders with cash to help fund any additional tax that may arise associated with the special distribution. Immediately following the unit portion of the special distribution, the outstanding units of Crombie were consolidated such that each Unitholder held, after the consolidation, the same number of units as before the special distribution. The remaining cash portion of the special distribution was paid on January 15, 2020. Given that Crombie's Units, in accordance with IAS 32, are accounted for as financial liabilities (as discussed in Note 2(w)(i) to Crombie's audited consolidated financial statements for the year ended December 31, 2019 and December 31, 2018), the impact of the unit portion had no impact on our financial results ending December 31, 2019.

Details of distributions to Unitholders are as follows:

(In thousands of CAD dollars, except as otherwise noted)	Three months ended December 31, 2019	2018	Year ended December 31, 2019	2018
Distributions to Unitholders	$ 28,927	$ 19,934	$ 88,766	$ 79,638
Distributions to Special Voting Unitholders[1]	20,009	13,790	61,403	55,091
Total distributions	$ 48,936	$ 33,724	$ 150,169	$ 134,729
FFO payout ratio	116.1%	72.5%	85.5%	73.2%
AFFO payout ratio	135.9%	84.8%	101.0%	86.5%
ACFO payout ratio	131.9%	85.7%	100.5%	85.7%
FFO payout ratio, excluding special distribution	80.1%	72.5%	76.9%	73.2%
AFFO payout ratio, excluding special distribution	93.8%	84.8%	90.8%	86.5%
ACFO payout ratio, excluding special distribution	91.0%	85.7%	90.3%	85.7%

(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.

Income Taxes

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

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

Taxation of Distributions

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

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

Taxation Year	Return of Capital	Investment Income	Dividend Income	Capital Gains
2018 per $ of distribution	19.6%	62.8%	0.0%	17.6%
2017 per $ of distribution	51.8%	48.0%	0.0%	0.2%
2016 per $ of distribution	24.9%	54.5%	0.0%	20.6%
2015 per $ of distribution	56.3%	28.8%	13.4%	1.5%
2014 per $ of distribution	64.4%	18.1%	0.0%	17.5%

LIQUIDITY AND CAPITAL RESOURCES

The real estate industry is highly capital intensive.

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

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

(i) secured short-term financing through an authorized revolving credit facility, maturing June 30, 2023, of up to $400,000, subject to available borrowing base, of which $15,339 ($20,984 including outstanding letters of credit) was drawn at December 31, 2019;

(ii) unsecured short-term financing through an authorized floating rate revolving credit facility, maturing May 14, 2021, of up to $100,000, of which $30,000 was drawn at December 31, 2019;

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

(iv) secured mortgage and term debt on unencumbered properties, Crombie currently has $1,223,452 of fair value in unencumbered properties, which is defined as those properties that are free and clear of any encumbrances, including mortgages and pledging as security for floating rate revolving credit facility;

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

(vi) the issuance of new units.

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

Capital Structure

(In thousands of CAD dollars)	December 31, 2019			December 31, 2018		
Fixed rate mortgages	$	1,302,510	34.6%	$	1,601,584	40.8%
Credit facilities		54,308	1.5%		178,843	4.6%
Senior unsecured notes		922,479	24.5%		698,716	17.8%
Crombie REIT Unitholders		870,792	23.1%		864,779	22.1%
Special Voting Units and Class B Limited Partnership Unitholders		584,251	15.5%		578,061	14.7%
Lease liabilities		29,419	0.8%		–	0.0%
	$	3,763,759	100.0%	$	3,921,983	100.0%

Liquidity and Financing Sources

Revolving credit facility

Crombie has in place an authorized floating rate revolving credit facility of up to $400,000 (the "revolving credit facility"), with a maturity date of June 30, 2023, of which $15,339 ($20,984 including outstanding letters of credit) was drawn as at December 31, 2019. The revolving credit facility is secured by a pool of first and second mortgages on certain properties. Borrowings under the revolving credit facility can be by way of Bankers Acceptance or Prime Rate Advances and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS and whether the facility remains secured or migrates to an unsecured status. Funds available for drawdown pursuant to the revolving credit facility are determined with reference to the value of the Borrowing Base (as defined under "Borrowing Capacity and Debt Covenants") relative to certain financial covenants of Crombie. As at December 31, 2019, Crombie had sufficient Borrowing Base to permit $400,000 of funds to be drawn pursuant to the revolving credit facility, subject to certain other financial covenants. See "Borrowing Capacity and Debt Covenants".

Joint Operation Credit Facility

In conjunction with the 89% sale of a portfolio of assets in the second quarter of 2019, Crombie and its co-owner entered into a credit agreement with a Canadian Chartered Bank for a $62,250 term loan facility and a $5,800 revolving credit facility. Both facilities are secured by first mortgages on select properties and have a term of five years maturing on April 25, 2024. Borrowings under both facilities can be by way of Bankers Acceptance or Prime Rate Advance and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into these facilities, Crombie and its co-owner entered into a fixed for floating interest rate swap effectively fixing the interest rate on both facilities at 3.58%. At December 31, 2019, Crombie's portion of the term and revolving credit facilities was $6,848 and $130, respectively.

In conjunction with the 89% sale of a portfolio of assets in the fourth quarter of 2019, Crombie and its co-owner entered into a credit agreement with a Canadian Chartered Bank for a $16,500 term loan facility and a $15,500 revolving credit facility. Both facilities are secured by first and second mortgages on select properties and have a term of five years maturing on October 7, 2024. Borrowings under both facilities can be by way of Bankers Acceptance or Prime Rate Advance and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into these facilities, Crombie and its co-owner entered into a fixed for floating interest rate swap effectively fixing the interest rate on both facilities at 3.27%. At December 31, 2019, Crombie's portion of the term and revolving credit facilities was $1,815 and $176 respectively.

Unsecured Bilateral Credit Facility

The unsecured bilateral credit facility has a maximum principal amount of $100,000, of which $30,000 was drawn as at December 31, 2019, and was renewed for an additional year in the second quarter of 2019 and now matures May 14, 2021. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. Borrowings under the bilateral credit facility can be by way of Bankers Acceptance or Prime Rate Advance and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS.

Mortgage debt and credit facilities

Crombie had fixed rate mortgages outstanding consisting of:

	December 31, 2019		December 31, 2018	
Fixed rate mortgages	$	1,308,147	$	1,608,749
Unamortized fair value debt adjustment and interest rate subsidy		930		1,891
		1,309,077		1,610,640
Deferred financing charges on fixed rate mortgages		(6,567)		(9,056)
Total mortgage debt	$	1,302,510	$	1,601,584

The mortgages carry a weighted average interest rate of 4.25% (after giving effect to the interest rate subsidy from Empire under an omnibus subsidy agreement) and a weighted average term to maturity of 3.9 years.

From time to time, Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount (see "Risk Management"). Crombie currently has interest rate swap agreements in place on $115,149 of floating rate debt.

During the quarter, Crombie recognized a mortgage payable of $20,401 in settlement of an amount payable to 1600 Davie Limited Partnership. This mortgage, bearing interest at 3.22%, relates to the commercial component of the Davie Street development, 100% of which is included in Crombie's financial statements.

During the second, third and fourth quarters of 2019, Crombie disposed of $129,200 in mortgages as part of the disposition of an 89% interest in 42 properties. For the year ended December 31, 2019, $161,472 in mortgages were disposed in total.

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

(In thousands of CAD dollars)	Maturing Debt Balances						
12 Months Ending	Mortgages	Credit Facilities	Total	% of Total	Payments of Principal	Total Required Payments	% of Total
December 31, 2020	$ 216,024	$ –	$ 216,024	18.8%	$ 41,471	$ 257,495	18.9%
December 31, 2021	83,856	30,000	113,856	9.9%	40,337	154,193	11.3%
December 31, 2022	159,451	–	159,451	13.8%	34,889	194,340	14.2%
December 31, 2023	238,384	15,339	253,723	22.0%	28,159	281,882	20.7%
December 30, 2024	226,268	8,969	235,237	20.4%	16,194	251,431	18.5%
Thereafter	173,827	–	173,827	15.1%	49,287	223,114	16.4%
Total[1]	$ 1,097,810	$ 54,308	$ 1,152,118	100.0%	$ 210,337	$ 1,362,455	100.0%

(1) Excludes fair value debt adjustment and deferred financing charges.

Of the maturing debt balances, 41.8% of mortgages and 42.5% of total maturing debt balances mature over the next three years.

Senior unsecured notes

	Maturity Date	Interest Rate	December 31, 2019	December 31, 2018
Series B	June 1, 2021	3.962%	$ 250,000	$ 250,000
Series C	February 10, 2020	2.775%	–	125,000
Series D	November 21, 2022	4.066%	150,000	150,000
Series E	January 31, 2025	4.802%	175,000	175,000
Series F	August 26, 2026	3.677%	200,000	–
Series G	June 21, 2027	3.917%	150,000	–
Unamortized Series B issue premium			627	1,068
Deferred financing charges			(3,148)	(2,352)
			$ 922,479	$ 698,716

2019

On December 20, 2019, Crombie issued on a private placement basis, $150,000 Series G notes (senior unsecured) maturing June 21, 2027. The proceeds will be used to fund the repayment of upcoming secured mortgage maturities. The notes were priced with an effective yield to maturity of 3.917% and sold at a price of $1,000.00 per $1,000.00 principal amount. Interest is payable in equal semi-annual installments on June 21 and December 21.

On August 26, 2019, Crombie issued, on a private placement basis, $200,000 Series F notes (senior unsecured) maturing August 26, 2026. The proceeds were used to fund the early repayment of the Series C notes and repay bank indebtedness. The notes were priced with an effective yield to maturity of 3.677% and sold at a price of $1,000.00 per $1,000.00 principal amount. Interest is payable in equal semi-annual installments on February 26 and August 26.

2018

On October 31, 2018, Crombie issued, on a private placement basis, $175,000 Series E notes (senior unsecured) maturing January 31, 2025. The proceeds were used to fund the repayment of the Series A notes. The notes were priced with an effective yield to maturity of 4.802% and sold at a price of $999.96 per $1,000.00 principal amount. Interest is payable in equal semi-annual installments on January 31 and July 31.

On August 31, 2018, Crombie issued, on a private placement basis, an additional $75,000 Series B notes (senior unsecured) maturing June 1, 2021. The proceeds were used to fund the redemption of the Series E Convertible Debentures. The additional notes were priced with an effective yield to maturity of 3.882% and sold at a price of $1,002.02 per $1,000.00 principal amount plus accrued interest. Interest is payable in equal semi-annual installments in arrears on June 1 and December 1.

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

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

For the year ended December 31, 2019, Crombie issued 92,685 REIT Units and 65,721 Class B LP Units under its DRIP. Units issued under the DRIP are issued at a price equal to 100% of the volume-weighted average trading price of the REIT Units on the TSX for the five trading days immediately preceding the relevant distribution payment date.

Total units outstanding at January 31, 2020, were as follows:

Units	89,680,252
Special Voting Units[1]	62,033,415

(1) Crombie Limited Partnership, a subsidiary of Crombie, has also issued 62,033,415 Class B LP Units. These Class B LP Units accompany the Special Voting Units, are the economic equivalent of a Unit, and are exchangeable for Units on a one-for-one basis.

Sources and Uses of Funds

	Three months ended December 31,			Year ended December 31,		
(In thousands of CAD dollars)	2019	2018	Variance	2019	2018	Variance
Cash provided by (used in):						
Operating activities	$ (9,236)	$ 7,528	$ (16,764)	$ (35,869)	$ 37,765	$ (73,634)
Financing activities	47,452	9,967	37,485	(63,487)	5,778	(69,265)
Investing activities	(38,216)	(17,495)	(20,721)	99,356	(43,543)	142,899
Net change during the period	–	–	–	–	–	–

Operating Activities

Three months

The decrease from the prior year on a quarterly basis is primarily due to modernizations of $15,297 and reduced property NOI of $6,508 as a result of property dispositions, offset in part by a $2,854 reduction in finance costs as a result of the repayment of mortgages related to the disposition of investment properties and the special distribution payable of $15,174.

Year

The decrease from the prior year is largely due to reduced property NOI of $12,247 as a result of property dispositions, a reduction in distributions reinvested through the DRIP of $7,770 and a decrease in operating items related to modernizations of $33,446, all of which was partially offset by the increase in net assets attributable to Unitholders of $37,289 in 2019.

Pursuant to the requirement of National Policy 41-201, Income Trusts and Other Indirect Offerings, the table below outlines the differences between cash flow from operating activities and cash distributions as well as the differences between operating income attributable to Unitholders and cash distributions, in accordance with the policy guidelines.

	Three months ended December 31,		Year ended December 31,	
(In thousands of CAD dollars, except as otherwise noted)	2019	2018	2019	2018
Operating income attributable to Unitholders	$ 44,149	$ 20,111	$ 161,875	$ 107,407
Monthly distributions paid and payable	(33,762)	(33,724)	(134,995)	(134,729)
Special distribution payable in cash	(15,174)	–	(15,174)	–
Cash flows from operating activities shortfall of distributions paid and payable	$ (4,787)	$ (13,613)	$ 11,706	$ (27,322)

Monthly distributions paid for the three months and years ended December 31, 2019 and 2018 were funded with cash flows from operating activities and borrowing on the revolving credit facility. The special distribution payable in cash on January 15, 2020 was funded from the revolving credit facility.

Financing Activities

Three months

Cash provided by financing activities is primarily generated from the issuance of $150,000 unsecured notes. The increase in 2019 over 2018 is due to the redemption of $175,000 Series A senior unsecured notes in the fourth quarter of 2018, offset in part by the $105,193 repayment of mortgages with the proceeds from the disposition of investment properties in 2019.

Year

The increase in cash used in financing activities is due to repayment of mortgages of $185,263 and credit facilities of $124,535 with the proceeds from the disposition of properties, offset in part by the $350,000 issue of senior unsecured notes.

Investing Activities

Three months

The increase in cash used in investing activities is due to the acquisition of investment properties of $110,144, offset in part by proceeds from disposition of properties of $110,596 before closing and transaction costs.

Year

The increase in cash provided by investing activities is due to the proceeds from disposition of properties of $339,391, offset in part by the acquisition of properties during 2019 of $152,507.

Adjusted Cash Flow from Operations (ACFO)

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

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

REALPAC provides for other adjustments in determining ACFO which are currently not applicable to Crombie, therefore not included in the above list. The calculation of ACFO for the three months and year ended December 31, 2019 and 2018 is as follows:

	Three months ended December 31,		Year ended December 31,	
(In thousands of CAD dollars)	2019	2018	2019	2018
Cash flow from operations	$ (9,236)	$ 7,528	$ (35,869)	$ 37,765
Add (deduct):				
Distributions to Unitholders included in cash flow from operations	48,936	33,724	150,169	134,729
Non-cash DRIP amount included in above distributions	(630)	(677)	(2,330)	(10,100)
Non-cash accrued special distribution to Unitholders	(15,174)	–	(15,174)	–
Change in non-cash working capital balances not indicative of sustainable cash flows	(2,964)	1,070	13,494	541
Reserve for maintenance capital expenditures	(3,877)	(4,238)	(16,113)	(17,027)
Tenant improvements	20,902	2,873	58,919	16,505
Principal payments on right of use assets	(24)	–	(96)	–
Amortization of deferred financing charges	(827)	(930)	(3,574)	(5,158)
ACFO as calculated based on REALPAC recommendations	37,106	39,350	149,426	157,255
Total distributions declared during the period	48,936	33,724	150,169	134,729
Excess of ACFO over total distributions	$ (11,830)	$ 5,626	$ (743)	$ 22,526
ACFO payout ratio, excluding special distribution	91.0%	85.7%	90.3%	85.7%

Borrowing Capacity and Debt Covenants

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

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

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

At December 31, 2019, the remaining amount available under the revolving credit facility was approximately $385,000 (prior to reduction for standby letters of credit outstanding of $5,645) and was not limited by the Aggregate Borrowing Base. At December 31, 2019, Crombie remained in compliance with all debt covenants.

Debt to Gross Book Value – Fair Value Basis

When calculating debt to gross book value, debt is defined under the terms of the Declaration of Trust as obligations for borrowed money including obligations incurred in connection with acquisitions, excluding specific deferred taxes payable, trade payables and accruals in the ordinary course of business and distributions payable. Gross book value is, at any time, the book value of the assets of Crombie and its consolidated subsidiaries plus deferred financing charges, accumulated depreciation and amortization in respect of Crombie's properties and cost of any below-market component of properties less (i) the amount of any receivable reflecting interest rate subsidies on any debt assumed by Crombie and (ii) the amount of deferred tax liability arising out of the fair value adjustment in respect of the indirect acquisitions of certain properties. If approved by a majority of the independent trustees, the appraised value of the assets of Crombie and its consolidated subsidiaries may be used instead of book value.

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

The fair value included in this calculation reflects the fair value of the properties as at December 31, 2019 and 2018, respectively, based on each property's current use as a revenue generating investment property.

The debt to gross book value on a fair value basis was 48.9% at December 31, 2019 compared to 51.0% at December 31, 2018. This leverage ratio is below the maximum 60%, or 65% including convertible debentures, as permitted by Crombie's Declaration of Trust. On a long-term basis, Crombie intends to maintain reasonable overall indebtedness so as to maintain and strengthen its investment grade rating.

During the year ended December 31, 2019, Crombie's weighted average cap rate used in the determination of the fair value of its investment properties decreased 0.11% to 5.99%.

	As at				
(In thousands of CAD dollars, except as otherwise noted)	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018
Fixed rate mortgages	$ 1,309,077	$ 1,474,996	$ 1,504,095	$ 1,572,402	$ 1,610,640
Senior unsecured notes	925,000	775,000	700,000	700,000	700,000
Revolving credit facility	15,339	9,388	55,707	107,986	108,843
Joint operation credit facility	8,969	6,926	6,848	–	–
Bilateral credit facility	30,000	34,000	24,000	40,000	70,000
Lease liabilities	29,419	29,336	29,436	29,689	–
Total debt outstanding	2,317,804	2,329,646	2,320,086	2,450,077	2,489,483
Less: Applicable fair value debt adjustment	(539)	(607)	(676)	(746)	(818)
Debt	$ 2,317,265	$ 2,329,039	$ 2,319,410	$ 2,449,331	$ 2,488,665
Investment properties, at fair value	$ 4,605,000	$ 4,626,000	$ 4,592,000	$ 4,755,000	$ 4,776,000
Other assets, cost[1]	80,982	78,923	75,629	59,077	52,677
Deferred financing charges	9,715	9,920	9,878	10,379	11,408
Investment in joint ventures	45,123	45,160	41,913	41,807	39,485
Interest rate subsidy	(539)	(607)	(676)	(746)	(818)
Gross book value – fair value basis	$ 4,740,281	$ 4,759,396	$ 4,718,744	$ 4,865,517	$ 4,878,752
Debt to gross book value – fair value basis	48.9%	48.9%	49.2%	50.3%	51.0%

(1) Other assets exclude Tenant incentives and Accrued straight-line rent receivable.

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

Coverage Ratios

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

	Three months ended							
	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
Property revenue	$ 96,823	$ 97,346	$ 99,332	$ 105,240	$ 104,296	$ 100,505	$ 104,143	$ 105,705
Amortization of tenant incentives	3,598	3,515	3,411	3,615	3,451	3,334	2,468	3,622
Adjusted property revenue	100,421	100,861	102,743	108,855	107,747	103,839	106,611	109,327
Property operating expenses	(29,852)	(27,205)	(28,222)	(32,366)	(30,817)	(27,660)	(29,925)	(32,904)
General and administrative expenses	(5,855)	(6,112)	(5,970)	(5,784)	(5,184)	(4,925)	(4,626)	(4,491)
Income (loss) from equity accounted investments	(8)	125	123	94	111	69	39	35
EBITDA[1]	$ 64,706	$ 67,669	$ 68,674	$ 70,799	$ 71,857	$ 71,323	$ 72,099	$ 71,967
Trailing 12 months EBITDA[4]	$ 271,848	$ 278,999	$ 282,653	$ 286,078	$ 287,246	$ 288,688	$ 289,655	$ 287,181
Finance costs – operations	$ 22,810	$ 24,504	$ 24,335	$ 25,667	$ 25,968	$ 26,573	$ 26,381	$ 26,709
Amortization of deferred financing charges	(827)	(922)	(913)	(912)	(930)	(2,019)	(1,093)	(1,116)
Amortization of effective swap agreements	(356)	(226)	(544)	(551)	(557)	(563)	(568)	(575)
Adjusted interest expense[2]	$ 21,627	$ 23,356	$ 22,878	$ 24,204	$ 24,481	$ 23,991	$ 24,720	$ 25,018
Debt principal repayments [3]	$ 12,167	$ 12,773	$ 12,917	$ 13,647	$ 13,108	$ 13,033	$ 13,124	$ 13,880
Debt outstanding (see Debt to Gross Book Value)(5)[1]	$ 2,317,265	$ 2,329,039	$ 2,319,410	$ 2,449,331	$ 2,488,665	$ 2,471,746	$ 2,462,564	$ 2,478,325
Interest service coverage ratio {(1)/(2)}	2.99x	2.90x	3.00x	2.93x	2.94x	2.97x	2.92x	2.88x
Debt service coverage ratio {(1)/((2)+(3))}	1.91x	1.87x	1.92x	1.87x	1.91x	1.93x	1.91x	1.85x
Debt to trailing 12 months EBITDA {(5)/(4)}	8.52x	8.35x	8.21x	8.56x	8.66x	8.56x	8.50x	8.63x

(1) Outstanding debt previously calculated as part of the Debt to Gross Book Value – Fair Value Basis calculation.

ACCOUNTING

Related Party Transactions

As at December 31, 2019, Empire, through its wholly-owned subsidiary ECLD, holds a 41.5% indirect interest in Crombie. Related party transactions primarily include transactions with entities associated with Crombie through Empire's indirect interest. Related party transactions also include transactions with joint venture entities in which Crombie has a 50% interest, as well as transactions with key management personnel and post-employment benefit plans.

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

Crombie's transactions with related parties are as follows:

		Three months ended December 31,		Year ended December 31,	
(In thousands of CAD dollars)		2019	2018	2019	2018
Property revenue					
Property revenue	(a)	$ 51,032	$ 51,241	$ 207,948	$ 214,565
Head lease income	(b)	$ 178	$ 254	$ 856	$ 730
Lease termination income		$ 33	$ –	$ 521	$ –
Property operating expenses					
General and administrative expenses	(c)	$ (19)	$ (18)	$ (60)	$ (58)
Property management services recovered		$ 177	$ 189	$ 602	$ 611
Other general and administrative expenses	(d)	$ (59)	$ (53)	$ (240)	$ (203)
Finance costs – operations					
Interest rate subsidy	(b)	$ 68	$ 73	$ 279	$ 299
Finance costs – distributions to Unitholders		$ (20,302)	$ (13,992)	$ (62,303)	$ (55,900)

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

(b) For various periods, ECLD has an obligation to provide rental income and interest rate subsidies pursuant to an Omnibus Subsidy Agreement dated March 23, 2006, between Crombie Developments Limited, Crombie Limited Partnership and ECLD. The rental income is included in Property revenue and the interest rate subsidy is netted against Finance costs – operations.

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

Included in the above, during the year ended December 31, 2019, Crombie issued 65,721 (December 31, 2018 – 333,058) Class B LP Units to ECLD under the DRIP.

On August 1, 2019, Crombie purchased a 50% interest in a property from a subsidiary of Empire for a total purchase price of $9,500 before closing and transaction costs.

On August 2, 2019, Crombie transferred air rights at its Davie Street Property to 1600 Davie Limited Partnership. This transfer, as agreed upon in the 2016 joint venture arrangement, was completed for gross proceeds of $27,379.

On November 28, 2019, Crombie purchased a property from a subsidiary of Empire for a total purchase price of $12,422 before transaction costs.

On December 16, 2019, Crombie purchased the remaining 50% interest in a property from a subsidiary of Empire for a total purchase price of $95,900 before transaction costs.

During the year ended December 31, 2019, Crombie invested $33,446 in the modernizations and conversions of 16 existing properties anchored by subsidiaries of Empire. The amounts are included in tenant incentive additions and are being amortized over the amended lease terms.

During the quarter, Crombie recognized a mortgage payable of $20,401 in settlement of an amount payable to 1600 Davie Limited Partnership. This mortgage, bearing interest at 3.22%, 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 $15,533 (December 31, 2018 – $14,636) in 6% subordinated notes receivable due from Bronte Village Limited Partnership and The Duke Limited Partnership.

Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Crombie. The following are considered to be Crombie's key management personnel: the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and the two other highest compensated executives.

The remuneration of members of key management during the period was approximately as follows:

	Year ended December 31,	
(In thousands of CAD dollars)	2019	2018
Salary, bonus and other short-term employee benefits	$ 5,899	$ 4,805
Other long-term benefits	109	92
	$ 6,008	$ 4,897

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. Actual results could differ from these estimates.

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

Investment property acquisitions

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; 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.

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.

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.

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

Property revenue includes rents earned from tenants under lease agreements, percentage rent, realty tax and operating cost recoveries, 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 operating cost recoveries, and other incidental income, are recognized on an accrual basis.

Critical Judgments

Judgments made by management in the preparation of these 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.

Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of Crombie's defined benefit liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account Crombie's specific anticipation of future salary increases. Discount factors are determined each reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of Crombie's defined benefit obligations.

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 Crombie's investment property portfolio on a rotating basis over a maximum period of four years. The fair values, based on the date of the valuation, represent an estimate of the price that would be agreed upon between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Internal quarterly revaluations are performed using internally generated valuation models prepared by considering the aggregate cash flows received from leasing the property, that is stabilized for any major tenant movement. A biannual yield obtained from an independent valuation company, which reflects the specific risks inherent in the net cash flows, is then applied to the net annual cash flows to arrive at property valuations. Net annual cash flows are primarily determined using the trailing 12 months actual results.

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, estimated cash flows, discount rates, lease-up rates, inflation rates, renewal rates and leasing costs.

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.

Application of new IFRS

In January 2016, the IASB issued IFRS 16 "Leases" which replaces IAS 17 and its associated interpretative guidance. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. A lessee is required to recognize a right of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured on a present value basis. Lessor accounting remains largely unchanged with the distinction between operating and finance leases retained and no adjustments were required, except for where Crombie has sub-leases. Under IFRS 16, Crombie reassessed the classifications of sub-lease contracts previously classified as operating leases under IAS 17. Certain land sub-leases were reassessed as finance leases under IFRS 16 and accordingly, a finance lease receivable was recognized on January 1, 2019, included in other assets.

Crombie adopted the standard on January 1, 2019 using the modified retrospective approach, and accordingly, has not restated comparatives for the 2018 reporting period. The reclassifications and the adjustments arising from the new standard are recognized in the opening consolidated balance sheet on January 1, 2019.

Crombie elected to retain the previous determination of whether a contract is a lease for existing contracts. On initial application, Crombie used the following practical expedients permitted by the standard:

- Reliance on previous assessments on whether leases are onerous;
- Accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- Exclusion of low-value asset leases;
- Exclusion of initial direct costs for the measurement of the right of use asset at the date of initial application; and,
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On adoption of IFRS 16, Crombie recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, consisting primarily of ground leases on land and fleet vehicle leases. These liabilities were measured at the present value of the remaining lease payments, discounted using Crombie's incremental borrowing rate as of January 1, 2019.

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 year ended December 31, 2019.

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

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

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

	December 31, 2019		December 31, 2018	
(In thousands of CAD dollars)	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Long-term receivables[1]	$ 23,911	$ 24,120	$ 21,885	$ 21,882
Financial liabilities				
Investment property debt	$ 1,400,821	$ 1,363,385	$ 1,829,772	$ 1,789,483
Senior unsecured notes	946,700	925,000	702,893	700,000
Total other financial liabilities	$ 2,347,521	$ 2,288,385	$ 2,532,665	$ 2,489,483

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

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

Commitments, Contingencies and Guarantees

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

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

Crombie obtains letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at December 31, 2019, Crombie has a total of $5,645 in outstanding letters of credit related to:

(In thousands of CAD dollars)	December 31, 2019	December 31, 2018
Construction work being performed on investment properties	$ 3,805	$ 3,858
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	1,840	4,840
Total outstanding letters of credit	$ 5,645	$ 8,698

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

As at December 31, 2019, Crombie had signed construction contracts totalling $293,603 of which $171,790 has been paid. This includes contracts signed within joint ventures at Crombie's ownership percentage.

Crombie has 100% guarantees on mortgages related to properties in which it has less than a 100% interest. The mortgages payable related to these guarantees are secured by specific charges against the properties. As at December 31, 2019, Crombie has provided guarantees of approximately $145,713 (December 31, 2018 – $38,245) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 4.9 years.

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

RISK MANAGEMENT

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. The more significant risks, and the action taken to manage them, are as follows:

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 leases 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 help to mitigate this risk.

Credit Risk

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

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

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

- Crombie's largest tenant, Empire (including Sobeys and all other subsidiaries of Empire), represents 54.2% of annual minimum rent; no other tenant accounts for more than 4.1% of Crombie's total minimum rent, and;
- Total property revenue includes operating and realty tax cost recovery income and percentage rent. These amounts can vary by property type, specific tenant leases and where tenants may directly incur and pay operating and realty tax costs. Crombie earned total property revenue of $51,032 and $207,948 respectively for the three months and year ended December 31, 2019 (three months and year ended December 31, 2018 – $51,241 and $214,565 respectively) from Sobeys Inc. and other subsidiaries of Empire.

Over the next five years, leases representing no more than 5.0% of the gross leaseable area of Crombie will expire in any one year.

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

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

Crombie 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.

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

There have been no significant changes to Crombie's credit risk since December 31, 2018.

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 are 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.

Risk Factors Related to the Business of Crombie

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 risk 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 which 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 risks 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. 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.

Significant Relationship

Crombie's anchor tenants are concentrated in a relatively small number of retail operators. Specifically, 54.2% of the annual minimum rent and 52.2% 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.

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 contains 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-man insurance on any of its key employees.

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 seven years, Crombie has reduced its geographic concentration in Atlantic Canada, and reduced the adverse impact an economic downturn any one specific geographic region in Canada could have on Crombie's financial condition. The geographic breakdown of properties and percentage of annual minimum rent of Crombie's properties as at December 31, 2019 is detailed under the Property Portfolio section.

Crombie's growth strategy of expansion outside of Atlantic Canada has been predicated on reducing the geographic concentration risk. The percentage of annual minimum rent to be earned in Atlantic Canada has decreased from 43.4% at December 31, 2013 to 38.0% at December 31, 2019.

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 results could be reputational damage with tenants and suppliers as well as financial costs or a disruption to Crombie's business. Crombie has implemented processes, procedures and controls to help mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by the occurrence of any such event.

Interest Rate Risk

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

As at December 31, 2019:

- Crombie's weighted average term to maturity of its fixed rate mortgages is 3.9 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 $15,339 at December 31, 2019;
- Crombie has a floating rate bilateral credit facility available to a maximum of $100,000 with a balance of $30,000 at December 31, 2019;
- Crombie has an 11% interest in a $62,250 and a $16,500 floating rate term loan credit facility which are both fully utilized as of December 31, 2019 (Crombie's portion – $6,848 and $1,815, respectively);
- Crombie has an 11% interest in a $5,800 floating rate revolving credit facility (as of December 31, 2019, Crombie's portion – $130) and a $15,500 floating rate revolving credit facility (as of December 31, 2019, Crombie's portion – $176); and,
- Crombie has interest rate swap agreements in place on $115,149 of floating rate debt.

Crombie estimates that $451 of accumulated other comprehensive income (loss) will be reclassified to finance costs during the year ended December 31, 2020, based on all settled swap agreements as of December 31, 2019.

A fluctuation in interest rates would have had an impact on Crombie's operating income related to the use of floating rate debt. Based on the previous year's rate changes, a 0.5% interest rate change would reasonably be considered possible. The changes would have had the following impact:

(In thousands of CAD dollars)	Impact of a 0.5% interest rate change	
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility	Decrease in rate	Increase in rate
Twelve months ended December 31, 2019	**$ 359**	**$ (359)**
Twelve months ended December 31, 2018	$ 611	$ (611)

There have been no significant changes to Crombie's interest rate risk since December 31, 2018.

Liquidity Risk

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

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

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

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

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

		Twelve months ending December 31,					
(In thousands of CAD dollars)	Contractual Cash Flows[1]	2020	2021	2022	2023	2024	Thereafter
Fixed rate mortgages[2]	$ 1,492,525	$ 304,017	$ 165,813	$ 227,366	$ 292,179	$ 255,628	$ 247,522
Senior unsecured notes	1,092,182	37,634	281,856	177,053	21,630	21,630	552,379
Lease Liabilities	149,218	2,580	2,432	2,281	2,181	2,060	137,684
	2,733,925	344,231	450,101	406,700	315,990	279,318	937,585
Credit facilities	59,152	1,989	31,281	856	15,925	9,101	–
Total	**$ 2,793,077**	**$ 346,220**	**$ 481,382**	**$ 407,556**	**$ 331,915**	**$ 288,419**	**$ 937,585**

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

There have been no significant changes to Crombie's liquidity risk.

Environmental Matters

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. The failure to remove or otherwise address such substances, 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.

Crombie is not aware of any material non-compliance with environmental laws at any of its properties, and is not aware of any 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 to manage exposure to liability.

Reliance on Empire, Sobeys and Other Empire Affiliates

Empire has agreed to support Crombie under an omnibus subsidy agreement and to pay ongoing rent pursuant to a head lease and a ground lease. In addition, a significant portion of Crombie's rental income will be received from tenants that are affiliates of Empire. Finally, 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 under an omnibus environmental indemnity agreement entered into as part of the closing of the acquisition of the applicable properties. There is no certainty that Empire will be able to perform its 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.

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 $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 available for distribution 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 LP 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 are disposed of, the gain for tax purposes recognized by Crombie LP 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 throughout the 2008 through 2019 fiscal years. 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 ("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.

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.

SUBSEQUENT EVENTS

(a) On January 15, 2020, the $0.10 per unit cash portion of the special distribution announced on December 12, 2019 was paid to Unitholders of record as of December 31, 2019.

(b) On January 21, 2020, Crombie declared distributions of 7.417 cents per Unit for the period from January 1, 2020 to and including, January 31, 2020. The distributions were paid on February 14, 2020, to Unitholders of record as of January 31, 2020.

(c) On February 1, 2020, mortgages totalling $153,000, bearing interest of 5.63%, were fully paid, primarily with the proceeds from the 3.917% Series G notes issued in December 2019 as further described in the Liquidity and Financing Sources section.

(d) On February 11, 2020, Crombie closed on an offering, on a bought deal basis, of $58,512 of Units at a price of $16.00 per Unit to a syndicate of underwriters co-led by CIBC Capital Markets and BMO Capital Markets. In addition, a subsidiary of Empire purchased, on a private placement basis, $41,500 of Class B LP Units of a subsidiary of Crombie, together with the attached Special Voting Units of Crombie, at a price of $16.00 per Class B Unit. After the closing of the public offering and the private placement, Empire continues to hold a 41.5% economic and voting interest in Crombie.

(e) On February 18, 2020, Crombie declared distributions of 7.417 cents per Unit for the period from February 1, 2020 to and including, February 29, 2020. The distributions will be paid on March 13, 2020, to Unitholders of record as of February 29, 2020.

CONTROLS AND PROCEDURES

Crombie maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by Crombie in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by Crombie is accumulated and communicated to Crombie's management, including its President and Chief Executive Officer ("CEO") and Executive Vice President, Chief Financial Officer and Secretary ("CFO"), as appropriate, to allow timely decisions regarding disclosure. Our CEO and CFO have evaluated the design and effectiveness of our disclosure controls and procedures as of December 31, 2019. They have concluded that our current disclosure controls and procedures are effective.

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

The appropriate changes to ICFR in relation to Crombie's migration to the new ERP system have been made in order to continue to maintain appropriate internal controls over financial reporting. Other than these changes, there were no changes to Crombie's ICFR that occurred during the year ended December 31, 2019 that have materially affected or are reasonably likely to materially affect Crombie's ICFR.

QUARTERLY INFORMATION

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

(In thousands of CAD dollars, except per unit amounts)	Three Months Ended Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
Property revenue	$ 96,823	$ 97,346	$ 99,332	$ 105,240	$ 104,296	$ 100,505	$ 104,143	$ 105,705
Property operating expenses	29,852	27,205	28,222	32,366	30,817	27,660	29,925	32,904
Property net operating income	66,971	70,141	71,110	72,874	73,479	72,845	74,218	72,801
Gain on disposal	30,198	8,315	16,661	26,629	4,580	100	33,502	11,841
Expenses:								
General and administrative	(5,855)	(6,112)	(5,970)	(5,784)	(5,184)	(4,925)	(4,626)	(4,491)
Finance costs – operations	(22,810)	(24,504)	(24,335)	(25,667)	(25,968)	(26,573)	(26,381)	(26,709)
Income (loss) from equity accounted investments	(8)	125	123	94	111	69	39	35
Depreciation and amortization	(18,347)	(17,908)	(18,140)	(19,918)	(19,906)	(28,696)	(19,719)	(28,032)
Impairment	(6,000)	–	–	–	(7,000)	–	(8,000)	–
Operating income before taxes	44,149	30,057	39,449	48,228	20,112	12,820	49,033	25,445
Taxes – current	–	(8)	–	–	(1)	(2)	–	–
Operating income	44,149	30,049	39,449	48,228	20,111	12,818	49,033	25,445
Finance costs – distributions to Unitholders	(48,936)	(33,753)	(33,744)	(33,736)	(33,724)	(33,711)	(33,688)	(33,606)
Finance income (costs) – change in fair value of financial instruments	(70)	(264)	(332)	(671)	197	(40)	(50)	295
Increase (decrease) in net assets attributable to Unitholders	$ (4,857)	$ (3,968)	$ 5,373	$ 13,821	$ (13,416)	$ (20,933)	$ 15,295	$ (7,866)
Operating income per unit – Basic	$ 0.29	$ 0.20	$ 0.26	$ 0.32	$ 0.13	$ 0.08	$ 0.32	$ 0.17

(In thousands of CAD dollars, except per unit amounts)	Three Months Ended Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
Distributions								
Distributions	$ 48,936	$ 33,753	$ 33,744	$ 33,736	$ 33,724	$ 33,711	$ 33,688	$ 33,606
Per unit	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22
AFFO								
Basic	$ 36,006	$ 36,417	$ 37,549	$ 38,660	$ 39,771	$ 37,867	$ 39,492	$ 38,664
Per unit – Basic	$ 0.24	$ 0.24	$ 0.25	$ 0.26	$ 0.26	$ 0.25	$ 0.26	$ 0.26
Payout ratio[1]	93.8%	92.7 %	89.9%	87.3%	84.8%	89.0%	85.3%	86.9%
FFO								
Basic	$ 42,132	$ 43,380	$ 44,567	$ 45,460	$ 46,490	$ 45,355	$ 46,325	$ 45,864
Per unit – Basic	$ 0.28	$ 0.29	$ 0.29	$ 0.30	$ 0.31	$ 0.30	$ 0.31	$ 0.30
Payout ratio[2]	80.1%	77.8%	75.7%	74.2%	72.5%	74.3%	72.7%	73.3%

(1) Excludes special distribution December 31, 2019. Payout ratio including total distributions is 135.4%.
(2) Excludes special distribution December 31, 2019. Payout ratio including total distributions is 115.8%.

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

- Property acquisitions and dispositions (gross proceeds excluding closing and transaction costs) for each of the above three month periods were:
  - > December 31, 2019 – acquisition of one retail property and additions to one existing retail property and one existing retail-related industrial property for a total purchase price of $114,933 and disposition of an 89% interest in 15 retail properties for proceeds of $193,333.
  - > September 30, 2019 – acquisition of a 50% interest in one retail property for a total purchase price of $9,500, disposition of an 89% interest in one retail property for proceeds of $9,750, disposition of 100% of one retail property for proceeds of $12,255, disposition of air rights to a joint venture for proceeds of $27,379 and disposition of a freestanding building adjacent to a retail property for proceeds of $175.
  - > June 30, 2019 – disposition of one retail property for proceeds of $21,500, disposition of residential lands adjacent to a development property for proceeds of $3,275 and disposition of an 89% interest in 26 retail properties for proceeds of $161,589;
  - > March 31, 2019 – acquisition of one development property for a total purchase price of $32,000, disposition of three retail properties for proceeds of $64,780, disposition of a parcel of land adjacent to a retail property for proceeds of $821 and disposition of a 50% interest in seven retail properties for proceeds of $41,614;

> December 31, 2018 – acquisition of one retail property and an addition to an existing retail property for a total purchase price of $14,900 and disposition of three retail properties for proceeds of $26,600;
> September 30, 2018 – acquisition of an addition to an existing retail property for a total purchase price of $3,735 and disposition of one retail property for proceeds of $39,682;
> June 30, 2018 – acquisition of 10 retail properties and additions to two existing retail properties for a total purchase price of $100,610, disposition of two retail properties and one commercial property for proceeds of $75,084 and disposition of a 50% interest in nine retail properties for proceeds of $77,929; and,
> March 31, 2018 – disposition of two retail properties for proceeds of $35,627 and the disposition of residential lands adjacent to a development property for proceeds of $5,725.

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

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

Dated: February 26, 2020
New Glasgow, Nova Scotia, Canada

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 ("IFRS") as issued by the International Accounting Standards Board. 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, 2019, 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.

DONALD E. CLOW, FCPA, FCA
President and Chief Executive Officer

February 26, 2020

CLINTON D. KEAY, CPA, CA
Chief Financial Officer and Secretary

February 26, 2020

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, 2019 and 2018, 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).

What we have audited

The Trust's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2019 and 2018;
- 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 flow for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises 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 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, 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.

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, 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.

The engagement partner on the audit resulting in this independent auditor's report is Donald M. Flinn.

PricewaterhouseCoopers LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Halifax, Nova Scotia

February 26, 2020

CONSOLIDATED BALANCE SHEETS

(In thousands of CAD dollars)	Note	December 31, 2019	December 31, 2018
ASSETS			
Non-current assets			
Investment properties	3	$ 3,557,572	$ 3,759,643
Investment in joint ventures	4	45,123	39,485
Other assets	5	286,947	248,818
		3,889,642	4,047,946
Current assets			
Other assets	5	31,572	23,128
Total Assets		3,921,214	4,071,074
LIABILITIES			
Non-current liabilities			
Fixed rate mortgages	7	1,045,015	1,421,062
Credit facilities	7	54,308	178,843
Senior unsecured notes	8	922,479	698,716
Employee future benefits obligation	9	8,122	8,824
Trade and other payables	10	14,613	11,488
Lease liabilities	20	28,675	–
		2,073,212	2,318,933
Current liabilities			
Fixed rate mortgages	7	257,495	180,522
Employee future benefits obligation	9	289	296
Trade and other payables	10	134,431	128,483
Lease Liabilities	20	744	–
		392,959	309,301
Total liabilities excluding net assets attributable to Unitholders		2,466,171	2,628,234
Net assets attributable to Unitholders		$ 1,455,043	$ 1,442,840
Net assets attributable to Unitholders represented by:			
Crombie REIT Unitholders		$ 870,792	$ 864,779
Special Voting Units and Class B Limited Partnership Unitholders		584,251	578,061
		$ 1,455,043	$ 1,442,840
Commitments, contingencies and guarantees	21		
Subsequent events	22		

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Trustees

signed (Michael Knowlton)

MICHAEL KNOWLTON
Chair

signed (Paul Beesley)

PAUL BEESLEY
Audit Committee Chair

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

		Year ended	
(In thousands of CAD dollars)	Note	December 31, 2019	December 31, 2018
Property revenue	11	$ 398,741	$ 414,649
Property operating expenses		117,645	121,306
Net property income		281,096	293,343
Gain on disposal of investment properties	3	81,803	50,023
Impairment of investment properties	3	(6,000)	(15,000)
Depreciation and amortization	3,5	(74,313)	(96,353)
General and administrative expenses	13	(23,721)	(19,226)
Finance costs – operations	14	(97,316)	(105,631)
Income from equity accounted investments	4	334	254
Operating income before taxes		161,883	107,410
Taxes – current		(8)	(3)
Operating income attributable to Unitholders		161,875	107,407
Finance costs – other			
Distributions to Unitholders		(150,169)	(134,729)
Change in fair value of financial instruments	13	(1,337)	402
		(151,506)	(134,327)
Increase (decrease) in net assets attributable to Unitholders		10,369	(26,920)
Other comprehensive income			
Items that will be subsequently reclassified to Increase (decrease) in net assets attributable to Unitholders:			
Costs incurred on derivatives designated as cash flow hedges transferred to finance costs – operations		2,136	2,263
Net change in derivatives designated as cash flow hedges		(1,893)	(364)
Items that will not be subsequently reclassified to Increase (decrease) in net assets attributable to Unitholders:			
Unamortized actuarial gains in employee future benefits obligation		1,219	266
Other comprehensive income		1,462	2,165
Comprehensive income (loss)		$ 11,831	$ (24,755)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(In thousands of CAD dollars)	REIT Units, Special Voting Units and Class B LP Units (Note 15)	Net Assets (Liabilities) Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to Class B LP Units
Balance, January 1, 2019, as previously reported	$ 1,756,458	$ (312,287)	$ (1,331)	$ 1,442,840	$ 864,779	$ 578,061
Adjustments related to adoption of IFRS 16[1]	–	(2,505)	–	(2,505)	(1,501)	(1,004)
Adjustments related to EUPP	422	11	–	433	433	–
Statements of comprehensive income (loss)	–	10,369	1,462	11,831	5,611	6,220
Units issued under Distribution Reinvestment Plan ("DRIP")	2,330	–	–	2,330	1,356	974
Units issued under unit based compensation plan	114	–	–	114	114	–
Balance, December 31, 2019	**$ 1,759,324**	**$ (304,412)**	**$ 131**	**$ 1,455,043**	**$ 870,792**	**$ 584,251**

(1) See IFRS 16 transition note (note 2(z))

(In thousands of CAD dollars)	REIT Units, Special Voting Units and Class B LP Units (Note 15)	Net Assets (Liabilities) Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to Class B LP Units
Balance, January 1, 2018	$ 1,746,139	$ (285,388)	$ (3,496)	$ 1,457,255	$ 873,478	$ 583,777
Adjustments related to EUPP	61	21	–	82	82	–
Statements of comprehensive income (loss)	–	(26,920)	2,165	(24,755)	(14,841)	(9,914)
Units issued under DRIP	10,100	–	–	10,100	5,902	4,198
Units Issued under unit based compensation plan	158	–	–	158	158	–
Balance, December 31, 2018	**$ 1,756,458**	**$ (312,287)**	**$ (1,331)**	**$ 1,442,840**	**$ 864,779**	**$ 578,061**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended	
(In thousands of CAD dollars)	Note	December 31, 2019	December 31, 2018
CASH FLOWS PROVIDED BY (USED IN)			
Operating Activities			
Increase (decrease) in net assets attributable to Unitholders		$ 10,369	$ (26,920)
Additions to tenant incentives		(58,919)	(16,505)
Items not affecting operating cash	16	24,789	79,647
Change in other non-cash operating items	16	(12,100)	1,546
Income taxes paid		(8)	(3)
Cash provided by operating activities		(35,869)	37,765
Financing Activities			
Issue of mortgages	7	25,288	–
Financing – other		(3,730)	(2,852)
Repayment of mortgages – principal		(51,504)	(53,145)
Repayment of mortgages – maturity	7	(133,759)	(64,713)
Advance (repayment) of floating rate credit facilities		(133,504)	125,675
Advance of joint operation credit facilities	7	8,969	–
Issue of senior unsecured notes	8	350,000	250,152
Redemption of senior unsecured notes	8	(125,000)	(175,000)
Redemption of convertible debentures		–	(74,400)
Collection of EUPP loans receivable		422	61
Payments of lease liabilities		(669)	–
Cash (used in) provided by financing activities		(63,487)	5,778
Investing Activities			
Acquisition of investment properties and intangible assets		(152,507)	(118,184)
Additions to investment properties		(94,769)	(91,211)
Proceeds on disposal of investment properties	3	339,391	190,013
Acquisition of interest in joint ventures		–	(10,210)
Distributions from (contributions to) joint ventures		13,115	(4,020)
Additions to fixtures and computer equipment		(1,520)	(4,248)
Proceeds on disposal of marketable securities		–	1,252
Additions to deferred leasing costs		(2,116)	(983)
Advances on long-term receivables		(2,238)	(5,952)
Cash provided by (used in) investing activities		99,356	(43,543)
Net change in cash and cash equivalents		–	–
Cash and cash equivalents, beginning of period		–	–
Cash and cash equivalents, end of period		$ –	$ –

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of CAD dollars)

1) GENERAL INFORMATION AND NATURE OF OPERATIONS

Crombie Real Estate Investment Trust ("Crombie") is an unincorporated "open-ended" real estate investment trust created pursuant to the Declaration of Trust dated January 1, 2006, as amended. The principal business of Crombie is investing in income-producing retail, office and mixed-use properties in Canada. Crombie is registered in Canada and the address of its registered office is 610 East River Road, Suite 200, New Glasgow, Nova Scotia, Canada, B2H 3S2. The consolidated financial statements for the year ended December 31, 2019 and December 31, 2018 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 26, 2020.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

(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. The consolidated financial statements are prepared on a historical cost basis except for any financial assets and liabilities classified as fair value with changes in fair value either recognized as an Increase (decrease) in net assets attributable to Unitholders ("FVTPL" classification) or fair value through other comprehensive income ("FVOCI" classification).

(c) Presentation of financial statements

When Crombie: (i) applies an accounting policy retrospectively; (ii) makes a retrospective restatement of items in its financial statements; or (iii) reclassifies items on the balance sheet, it will present an additional balance sheet as at the beginning of the earliest comparative period.

(d) Basis of consolidation

(i) Subsidiaries

Crombie's financial statements consolidate those of Crombie and all of its subsidiary entities at December 31, 2019. Subsidiaries are all entities over which Crombie has control. All subsidiaries have a reporting date of December 31, 2019.

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.

(e) 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(v).

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.

(f) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, cash in bank and guaranteed investments with a maturity less than 90 days at date of acquisition.

(g) 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.

(h) 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).

(i) 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 Participant may redeem their vested DUs in whole or in part by filing a written notice of redemption; redemption will also 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.

(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 continuing employment. 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 continuing employment. 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 or entitle any participant to exercise voting rights or any other rights or entitlements associated with a REIT Unit.

(j) Distribution reinvestment plan ("DRIP")

Crombie has a DRIP which is described in Note 15.

(k) 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". Crombie recognises revenue to 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.

(l) Leases

Crombie adopted IFRS 16 "Leases" on January 1, 2019. Refer to note 2(z) for impact of the adoption.

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 all of its leases with its tenants are operating leases. Revenue is recorded in accordance with Crombie's revenue recognition policy.

Crombie as lessee

Crombie leases include land, office, equipment and vehicle leases. 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 income statement 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 liability is presented separately.

Prior to adoption of IFRS 16, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were recognized in income on a straight-line basis over the period of the lease.

(m) Deferred financing charges

Deferred financing charges consist of costs directly attributable to the issuance of debt. These charges are amortized in finance costs – operations using the effective interest method, over the term of the related debt.

(n) 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.

(o) Finance costs – 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.

(p) 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.

(q) Hedges

Crombie may use cash flow hedges to manage exposures to increases in variable interest rates. Cash flow hedges are recognized on the balance sheet 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 balance sheet 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.

(r) Comprehensive income (loss)

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.

(s) 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.

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.

Crombie's provisions are immaterial and are included in trade and other payables.

(t) 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
Marketable securities	FVTPL	Fair value
Derivative financial assets and liabilities	FVTPL	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. Financing costs incurred to establish revolving credit facilities are deferred and amortized on a straight-line basis over the term of the facilities. In the event any debt is extinguished, the associated unamortized financing costs are expensed immediately.

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

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

(u) 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.

(v) 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.

(w) 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 its Balance Sheet pursuant to IFRS. 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 Balance Sheet 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 is limited to the net assets of Crombie.

(iii) Statement of Comprehensive Income (Loss) presentation

As a result of the classification of all units as financial liabilities, the 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 Balance Sheet.

(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.

(x) 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(e). 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(w). 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.

(y) 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. Actual results may differ from these estimates. 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 Level 1 inputs are not available, Crombie estimates the fair value based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. The significant methods and assumptions used in estimating fair value are set out in Notes 2(i), 3 and 18.

(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) 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.

(iv) 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 Crombie's investment property portfolio on a rotating basis over a maximum period of four years. The fair values, based on the measurement date, represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Internal quarterly valuations are performed using internally generated valuation models prepared by considering the aggregate trailing net property income received from leasing the property, that is stabilized for any major tenant movement. Biannual yields are obtained from an independent valuation company, which reflects the specific risks inherent in the net property income, to arrive at property valuations.

(v) Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of Crombie's defined benefit liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account Crombie's specific anticipation of future salary increases. Discount factors are determined each reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of Crombie's defined benefit obligations.

(vi) 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 as described in Note 2(e). 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.

(z) Application of new IFRS

(i) IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 "Leases" which replaces IAS 17 and its associated interpretative guidance. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. A lessee is required to recognize a right of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured on a present value basis. Lessor accounting remains largely unchanged with the distinction between operating and finance leases retained and no adjustments were required, except for where Crombie has sub-leases. Under IFRS 16, Crombie reassessed the classifications of a sub-lease contract previously classified as operating leases under IAS 17. Certain land sub-leases were reassessed as finance leases under IFRS 16 and accordingly, a finance lease receivable of $8,801 was recognized on January 1, 2019, included in other assets.

Crombie adopted the standard on January 1, 2019 using the modified retrospective approach, and accordingly, has not restated comparatives for the 2018 reporting period. The reclassifications and the adjustments arising from the new standard are recognized in the opening consolidated balance sheet on January 1, 2019.

Crombie elected to retain the previous determination of whether a contract is a lease for existing contracts. On initial application, Crombie used the following practical expedients permitted by the standard:

- Reliance on previous assessments on whether leases are onerous;
- Accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- Exclusion of low-value asset leases;
- Exclusion of initial direct costs for the measurement of the right of use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On adoption of IFRS 16, Crombie recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, consisting primarily of land and vehicle leases. These liabilities were measured at the present value of the remaining lease payments, discounted using Crombie's incremental borrowing rate as of January 1, 2019.

The following presents the reconciliation of lease liabilities as of January 1, 2019:

Minimum lease payments under operating leases as of December 31, 2018	$	150,550
Effect from discounting at the incremental borrowing rate as of January 1, 2019		(120,810)
Lease liabilities recognized at January 1, 2019	$	29,740

The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6.28%.

The associated right of use assets were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial acquisition.

The recognized right of use assets as of January 1, 2019 relate to the following:

Land	$	16,812
Office		232
Fleet		1,390
Total right of use assets	$	18,434

The change in accounting policy affected the following items on the consolidated balance sheet on January 1, 2019:

		December 31, 2018 as reported		Impact of IFRS 16 adoption		January 1, 2019
Investment properties	$	3,759,643	$	16,812	$	3,776,455
Other assets	$	271,946	$	10,422	$	282,368
Lease liabilities	$	–	$	29,740	$	29,740
Net assets attributable to Unitholders represented by:						
Crombie REIT unitholders	$	864,779	$	(1,501)	$	863,278
Special Voting Units and Class B Limited Partnership Unitholders	$	578,061	$	(1,004)	$	577,057

3) INVESTMENT PROPERTIES

		December 31, 2019		December 31, 2018
Income properties	$	3,461,359	$	3,693,464
Properties under development		96,213		66,179
	$	3,557,572	$	3,759,643

Income properties

	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2019	$ 1,176,745	$ 2,968,216	$ 121,181	$ 7,010	$ 4,273,152
Impact of adoption of IFRS 16 (Note 2(z))	16,812	–	–	–	16,812
Acquisitions	39,408	84,685	3,138	–	127,231
Additions	3,158	70,118	–	1,740	75,016
Dispositions	(69,672)	(185,430)	(7,847)	(34)	(262,983)
Transfer to investment properties held for sale (Note 6)	(54,693)	(124,993)	(4,159)	–	(183,845)
Reclassification from properties under development	5,943	12,851	–	137	18,931
Balance, December 31, 2019	1,117,701	2,825,447	112,313	8,853	4,064,314
Accumulated depreciation and amortization and impairment					
Opening balance, January 1, 2019	2,357	509,304	65,777	2,250	579,688
Depreciation and amortization	320	66,198	5,812	808	73,138
Dispositions	(4)	(30,514)	(3,311)	(9)	(33,838)
Impairment	–	6,000	–	–	6,000
Transfer to investment properties held for sale (Note 6)	–	(20,412)	(1,621)	–	(22,033)
Balance, December 31, 2019	2,673	530,576	66,657	3,049	602,955
Net carrying value, December 31, 2019	$ 1,115,028	$ 2,294,871	$ 45,656	$ 5,804	$ 3,461,359

Included in land are right of use assets of $16,405 net of accumulated depreciation of $320 for land held under lease.

During the year ended December 31, 2019, Crombie recorded impairments totaling $6,000 on three properties. The impairments were the result of the fair value impact of tenant lease expiries and slower than expected leasing activity. Impairment was measured on a per property basis and was determined as the amount by which carrying value, using the cost method, exceeded the recoverable amount for that property. The recoverable amount was determined to be each property's fair value defined as the higher of the economic benefit of the continued use of the asset or the selling price less costs to sell.

	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2018	$ 1,208,424	$ 2,942,538	$ 120,650	$ 8,821	$ 4,280,433
Acquisitions	33,192	84,167	6,420	–	123,779
Additions	1,361	78,917	–	1,545	81,823
Dispositions	(82,191)	(132,704)	(5,681)	(681)	(221,257)
Write-off fully depreciated assets	–	(24,637)	(208)	(2,876)	(27,721)
Reclassification from properties under development	15,959	19,935	–	201	36,095
Balance, December 31, 2018	1,176,745	2,968,216	121,181	7,010	4,273,152
Accumulated depreciation and amortization and impairment					
Opening balance, January 1, 2018	2,357	458,973	63,056	4,785	529,171
Depreciation and amortization	–	88,818	6,701	792	96,311
Dispositions	–	(28,850)	(3,772)	(451)	(33,073)
Impairment	–	15,000	–	–	15,000
Write-off fully depreciated assets	–	(24,637)	(208)	(2,876)	(27,721)
Balance, December 31, 2018	2,357	509,304	65,777	2,250	579,688
Net carrying value, December 31, 2018	$ 1,174,388	$ 2,458,912	$ 55,404	$ 4,760	$ 3,693,464

Properties under development

		Land		Buildings		Deferred Leasing Costs		Total
Opening balance, January 1, 2019	$	49,967	$	16,095	$	117	$	66,179
Acquisitions		32,439		–		–		32,439
Additions		3,314		16,865		20		20,199
Dispositions		(3,673)		–		–		(3,673)
Reclassification to income-producing properties		(5,943)		(12,851)		(137)		(18,931)
Balance, December 31, 2019	**$**	**76,104**	**$**	**20,109**	**$**	**–**	**$**	**96,213**

		Land		Buildings		Deferred Leasing Costs		Total
Opening balance, January 1, 2018	$	68,725	$	6,858	$	116	$	75,699
Additions		2,981		29,172		202		32,355
Dispositions		(5,780)		–		–		(5,780)
Reclassification to income producing properties		(15,959)		(19,935)		(201)		(36,095)
Balance, December 31, 2018	$	49,967	$	16,095	$	117	$	66,179

Fair value

Crombie's total fair value of investment properties exceeds carrying value by $808,674 at December 31, 2019 (December 31, 2018 – $797,088). Crombie uses the cost method for accounting for investment properties and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment is recognized at the time of impairment.

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

		Fair Value		Carrying Value
December 31, 2019	$	4,605,000	$	3,796,326
December 31, 2018	$	4,776,000	$	3,978,912

Carrying value consists of the net carrying value of:

	Note		December 31, 2019		December 31, 2018
Income properties	3	$	3,461,359	$	3,693,464
Properties under development	3		96,213		66,179
Accrued straight-line rent receivable	5		80,268		81,689
Tenant incentives	5		158,486		137,580
Total carrying value		$	3,796,326	$	3,978,912

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, 2019 and 2018, respectively, based on each property's current use as a revenue generating investment property.

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

(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 assumption is the capitalization rates for each specific property. Crombie receives biannual capitalization rate reports from external, knowledgeable property valuators. 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 generally 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 properties on a rotational basis over a maximum period of four years.

As at December 31, 2019, all properties have been subjected to external, independent appraisal over the past four years.

Crombie has utilized the following weighted average capitalization rates on its income properties. Related to the growth in properties under development, Crombie reports the weighted average capitalization rate excluding the value of properties under development with the comparative rates adjusted to reflect this change. Crombie has determined that an increase (decrease) in this applied capitalization rate of 0.25% would result in an increase (decrease) in the fair value of the investment properties as follows:

	Impact of a 0.25% Change in Capitalization Rate		
	Weighted Average Capitalization Rate	Increase in Rate	Decrease in Rate
December 31, 2019	**5.99%**	**$ (189,000)**	**$ 192,000**
December 31, 2018	6.10%	$ (186,000)	$ 203,000

Property Acquisitions and Dispositions

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

2019

Transaction Date	Vendor/Purchaser	Properties Acquired (Disposed)	Approximate Square Footage	Initial Acquisition (Disposition) Price
January 7, 2019	Third Party	–	–	$ (821)
January 29, 2019	Third Party	(1)	(114,000)	(35,180)
February 5, 2019[1]	Third Party	(7)	(148,000)	(41,614)
February 8, 2019	Third Party	(1)	(50,000)	(19,925)
February 14, 2019	Third Party	(1)	(19,000)	(9,675)
March 25, 2019	Third Party	1	–	32,000
April 25, 2019[2]	Third Party	(26)	(785,000)	(161,589)
April 29, 2019	Third Party	(1)	(39,000)	(21,500)
June 3, 2019	Third Party	–	–	(3,275)
July 3, 2019[3]	Third Party	(1)	(44,000)	(9,750)
July 4, 2019	Third Party	(1)	(36,000)	(12,255)
August 1, 2019[4]	Empire	1	15,000	9,500
August 2, 2019[5]	Joint Venture	(1)	–	(27,379)
September 25, 2019[6]	Third Party	–	(3,000)	(175)
October 7, 2019[7]	Third Party	(15)	(641,000)	(193,333)
October 29, 2019[8]	Third Party	–	29,000	6,611
November 28, 2019	Empire	1	40,000	12,422
December 16, 2019[9]	Empire	–	397,000	95,900
			(1,398,000)	$ (380,038)

(1) Disposal of 50% interest in seven retail properties to a third party.
(2) Disposal of an 89% interest in 26 retail properties to a third party.
(3) Disposal of an 89% interest in one retail property to a third party.
(4) Acquisition of a 50% interest in one retail property from a related party.
(5) Disposal of air rights to a joint venture.
(6) Disposal of a freestanding building adjacent to a retail property.
(7) Disposal of an 89% interest in 15 properties to a third party.
(8) Additions to an existing property.
(9) Acquisition of the remaining 50% interest in one retail-related industrial property from a related party.

2018

Transaction Date	Vendor/Purchaser	Properties Acquired (Disposed)	Approximate Square Footage		Initial Acquisition (Disposition) Price		Assumed Mortgages
February 5, 2018	Third party	(1)	(92,000)	$	(15,000)	$	–
February 20, 2018	Third party	(1)	(103,000)		(20,627)		–
March 6, 2018	Third Party	–	–		(5,725)		–
April 6, 2018[1]	Related party	9	421,000		88,110		–
April 19, 2018	Third party	(1)	(40,000)		(14,000)		–
May 11, 2018	Third party	(1)	(25,000)		(9,000		–
May 11, 2018[2]	Third party	(9)	(203,000)		(77,929)		–
June 18, 2018	Third party	(1)	(273,000)		(52,084)		–
June 29, 2018	Related party	1	37,000		12,500		–
August 16, 2018[3]	Joint venture	(1)	(30,000)		(39,682)		–
September 28, 2018[1]	Related party	–	10,000		3,735		–
December 5, 2018	Third party	1	40,000		9,300		5,595
December 13, 2018[1]	Third party	–	5,000		5,600		–
December 18, 2018	Third parties	(3)	(51,000)		(26,600)		–
			(304,000)	$	(141,402)	$	5,595

(1) Includes additions to existing retail properties.
(2) Represents disposition of 50% interest in a portfolio of properties.
(3) Represents dispositions of property to a joint venture.

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

	Year ended December 31,	
Investment property disposed	2019	2018
Gross proceeds	$ 536,471	$ 260,647
Selling costs	(8,229)	(3,831)
	528,242	256,816
Carrying values derecognized		
Land	(128,034)	(87,971)
Buildings	(259,496)	(103,854)
Intangibles	(7,073)	(1,909)
Deferred leasing costs	(25)	(230)
Tenant Incentives	(31,565)	(7,760)
Accrued straight-line rent	(11,706)	(2,094)
Development costs	–	(2,561)
Provisions	(8,540)	(414)
Gain on disposal	$ 81,803	$ 50,023

	Year ended December 31,	
	2019	2018
Proceeds	$ 528,242	$ 256,816
Mortgages assumed by buyer	(161,472)	(38,971)
Non-cash consideration, addition to investment in joint venture	(27,379)	–
Non-cash consideration, acquisition of investment in joint venture	–	(27,832)
Cash proceeds	$ 339,391	$ 190,013

4) INVESTMENT IN JOINT VENTURES

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

	December 31, 2019	December 31, 2018
1600 Davie Limited Partnership	50.0%	50.0%
Bronte Village Limited Partnership	50.0%	50.0%
The Duke Limited Partnership	50.0%	50.0%
140 CPN Limited	50.0%	50.0%

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

	December 31, 2019	December 31, 2018
Non-current assets	$ 297,598	$ 112,581
Current assets	31,287	30,043
Non-current liabilities	(111,845)	(53,005)
Current liabilities	(127,444)	(25,286)
Net assets	$ 89,596	$ 64,333
Crombie's investment in joint ventures	$ 45,123	$ 39,485

	Year ended	
	December 31, 2019	December 31, 2018
Revenue	$ 1,708	$ 1,184
Property operating expenses	(434)	(507)
General and administrative expenses	(2)	(75)
Depreciation of investment properties	(203)	(55)
Finance costs – operations	(401)	(39)
Net income	$ 668	$ 508
Crombie's income from equity accounted investments	$ 334	$ 254

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

	December 31, 2019	December 31, 2018
Opening Balance	$ 39,485	$ 2,602
Contributions	28,111	36,698
Distributions	(15,366)	(69)
Deferred gain	(7,441)	–
Share of income	334	254
Closing Balance	$ 45,123	$ 39,485

5) OTHER ASSETS

	December 31, 2019			December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
Net trade receivables	$ 14,636	$ 6,041	$ 20,677	$ 8,337	$ –	$ 8,337
Prepaid expenses and deposits	15,533	–	15,533	11,857	–	11,857
Fair value of interest rate swap agreements	947	–	947	2,840	–	2,840
Other fixed assets[1,2]	–	10,000	10,000	–	7,761	7,761
Finance lease receivable	363	8,125	8,488	–	–	–
Accrued straight-line rent receivable	–	80,268	80,268	–	81,689	81,689
Tenant incentives	–	158,486	158,486	–	137,580	137,580
Capital expenditure program	–	105	105	–	105	105
Interest rate subsidy	93	110	203	94	203	297
Amounts receivable from related parties	–	23,812	23,812	–	21,480	21,480
	$ 31,572	$ 286,947	$ 318,519	$ 23,128	$ 248,818	$ 271,946

(1) For the year ended December 31, 2019, depreciation of other fixed assets was $1,175 (December 31, 2018 – $42).
(2) Other fixed assets include right of use assets of $1,493 (December 31, 2018 – $nil) net of accumulated depreciation of $574 relating to office and vehicle leases.

Tenant Incentives		Cost		Accumulated Amortization		Net Carrying Value
Balance, January 1, 2019	$	204,250	$	66,670	$	137,580
Additions		60,379		–		60,379
Amortization		–		14,139		(14,139)
Disposition		(19,914)		(1,977)		(17,937)
Transfer to investment properties held for sale		(8,644)		(1,247)		(7,397)
Balance, December 31, 2019	$	236,071	$	77,585	$	158,486
Balance, January 1, 2018	$	211,394	$	67,902	$	143,492
Additions		14,723		–		14,723
Amortization		–		12,875		(12,875)
Disposition		(12,739)		(4,979)		(7,760)
Write-off fully depreciated assets		(9,128)		(9,128)		–
Balance, December 31, 2018	$	204,250	$	66,670	$	137,580

6) INVESTMENT PROPERTIES HELD FOR SALE

2019

		Land		Buildings		Intangibles		Tenant Incentives		Total
Assets transferred to held for sale	$	54,693	$	104,581	$	2,538	$	7,397	$	169,209
Additions to assets held for sale		–		–		–		6,230		6,230
Derecognition through disposition		(54,693)		(104,581)		(2,538)		(13,627)		(175,439)
Net carrying value, December 31, 2019	$	–	$	–	$	–	$	–	$	–

2018

		Land		Buildings		Intangibles		Tenant Incentives		Total
Assets transferred to held for sale	$	–	$	–	$	–	$	–	$	–
Additions to assets held for sale		–		–		–		–		–
Derecognition through disposition		–		–		–		–		–
Net carrying value, December 31, 2018	$	–	$	–	$	–	$	–	$	–

7) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity		December 31, 2019		December 31, 2018
Fixed rate mortgages	2.35 – 6.80%	4.25%	3.9 years	$	1,309,077	$	1,610,640
Floating rate revolving credit facility			3.5 years		15,339		108,843
Joint operation credit facility I			4.3 years		6,978		–
Joint operation credit facility II			4.8 years		1,991		–
Unsecured bilateral credit facility			1.4 years		30,000		70,000
Deferred financing charges on fixed rate mortgages					(6,567)		(9,056)
				$	1,356,818	$	1,780,427
Mortgages							
Non-current				$	1,045,015	$	1,421,062
Current					257,495		180,522
Credit facilities							
Non-current					54,308		178,843
Current					–		–
				$	1,356,818	$	1,780,427

Specific investment properties with a carrying value of $2,705,625 as at December 31, 2019 (December 31, 2018 – $3,002,822) are currently pledged as security for mortgages or provided as security for the floating rate revolving credit facility. Carrying value includes investment properties, as well as accrued straight-line rent receivable and tenant incentives which are included in other assets.

Mortgage Activity

For the year ended:	Type	Number of Mortgages	Weighted Average Rates	Weighted Average Terms in Years	Weighted Average Amortization Period in Years		Proceeds (Repayments)
December 31, 2019	New[1]	7	3.43%	6.2	31.7	$	45,689
	Repaid	17	4.43%				(133,759)
	Disposition[2]	27	4.33%				(161,472)
						$	(249,542)

(1) During the quarter, Crombie recognized a mortgage payable of $20,401 in settlement of an amount payable to 1600 Davie Limited Partnership. This mortgage, bearing interest at 3.22%, relates to the commercial component of the Davie Street development, 100% which is included in Crombie's financial statements.

(2) Represents disposition of interests in mortgages related to partial dispositions of a portfolio of properties.

For the year ended:	Type	Number of Mortgages	Weighted Average Rates	Weighted Average Terms in Years	Weighted Average Amortization Period in Years		Proceeds (Repayments)
December 31, 2018	New	1	3.52%	6.3	25.0	$	5,595
	Repaid	11	4.98%				(64,713)
	Disposition	9	4.27%				(38,971)
						$	(98,089)

(1) Represents disposition of interests in mortgages related to partial dispositions of a portfolio of properties.

Floating Rate Revolving Credit Facility

The floating rate revolving credit facility has a maximum principal amount of $400,000 (December 31, 2018 – $400,000) and matures June 30, 2023. 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 and second mortgages on certain properties and the maximum principal amount is subject to available borrowing base (December 31, 2019 – 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 DBRS and whether the facility remains secured or migrates to an unsecured status.

Joint Operation Credit Facilities

In conjunction with the 89% sale of a portfolio of assets in Q2 2019, Crombie and its co-owner entered into a credit agreement with a Canadian Chartered Bank for a $62,250 term loan facility and a $5,800 revolving credit facility. Both facilities are secured by first mortgages on select properties and have a term of five years maturing on April 25, 2024. Borrowings under both facilities can be by way of Bankers Acceptance or Prime Rate Advance and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into these facilities, Crombie and its co-owner entered into a fixed for floating interest rate swap effectively fixing the interest rate on both facilities at 3.58%. At year end December 31, 2019, Crombie's portion of the term and revolving credit facilities was $6,848 and $130 respectively.

In conjunction with the 89% sale of a portfolio of assets in Q4 2019, Crombie and its co-owner entered into a credit agreement with a Canadian Chartered Bank for a $16,500 term loan facility and a $15,500 revolving credit facility. Both facilities are secured by first and second mortgages on select properties and have a term of five years maturing on October 7, 2024. Borrowings under both facilities can be by way of Bankers Acceptance or Prime Rate Advance and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into these facilities, Crombie and its co-owner entered into a fixed for floating interest rate swap effectively fixing the interest rate on both facilities at 3.27%. At year end December 31, 2019, Crombie's portion of the term and revolving credit facilities was $1,815 and $176 respectively.

Unsecured Bilateral Credit Facility

The unsecured bilateral credit facility agreement was renewed for an additional year in the second quarter of 2019. The unsecured bilateral credit facility has a maximum principal amount of $100,000 and matures May 14, 2021. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. Borrowings under the bilateral credit facility can be by way of Bankers Acceptance or Prime Rate Advance and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS.

8) SENIOR UNSECURED NOTES

	Maturity Date	Interest Rate	December 31, 2019	December 31, 2018
Series B	June 1, 2021	3.962%	$ 250,000	$ 250,000
Series C	February 10, 2020	2.775%	–	125,000
Series D	November 21, 2022	4.066%	150,000	150,000
Series E	January 31, 2025	4.800%	175,000	175,000
Series F	August 26, 2026	3.677%	200,000	–
Series G	June 21, 2027	3.917%	150,000	–
Unamortized Series B issue premium			627	1,068
Deferred financing charges			(3,148)	(2,352)
			$ 922,479	$ 698,716

2019

On December 20, 2019, Crombie issued on a private placement basis, $150,000 Series G notes (senior unsecured) maturing June 21, 2027. The proceeds will be used to fund the repayment of upcoming secured mortgage maturities. The notes were priced with an effective yield to maturity of 3.917% and sold at a price of $1,000.00 per $1,000.00 principal amount. Interest is payable in equal semi-annual installments on June 21 and December 21.

On August 26, 2019, Crombie issued, on a private placement basis, $200,000 Series F notes (senior unsecured) maturing August 26, 2026. The proceeds were used to fund the early repayment of the Series C notes and repay bank indebtedness. The notes were priced with an effective yield to maturity of 3.677% and sold at a price of $1,000.00 per $1,000.00 principal amount. Interest is payable in equal semi-annual installments on February 26 and August 26.

2018

On August 31, 2018 Crombie issued, on a private placement basis, an additional $75,000 Series B notes (senior unsecured) maturing June 1, 2021. The proceeds were used to fund the redemption of the Series E Convertible Debentures. The additional notes were priced with an effective yield to maturity of 3.882% and sold at a price of $1,002.02 per $1,000.00 principal amount plus accrued interest. Interest is payable in equal semi-annual installments in arrears on June 1 and December 1.

On October 31, 2018 Crombie issued, on a private placement basis, $175,000 Series E notes (senior unsecured) maturing January 31, 2025. The proceeds were used to fund the repayment of the Series A notes. The notes were priced with an effective yield to maturity of 4.802% and sold at a price of $999.96 per $1,000.00 principal amount. Interest is payable in equal semi-annual installments on January 31 and July 31.

9) 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 retirement benefit 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 income provided under the defined contribution pension plan and deferred profit sharing plan, the assumptions stipulated in the SERP 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, 2019 was $816 (year ended December 31, 2018 – $551).

The plan typically exposes 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 plan 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 plan's liability.

(iii) Salary risk – The present value of the defined benefit plan 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 plan's liability.

	Most recent valuation date	Next required valuation date
Senior Management Pension Plan	December 31, 2019	December 31, 2020
Post-Employment Benefit Plans	January 1, 2019	December 31, 2020

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

	December 31, 2019		December 31, 2018	
	Senior Management Pension Plan	Post-Employment Benefit Plans	Senior Management Pension Plan	Post-Employment Benefit Plans
Discount rate – accrued benefit obligation	3.00%	3.00%	3.60%	3.70%
Rate of compensation increase	3.00%	N/A	3.00%	N/A

For measurement purposes, a 5.00% (2018 – 5.25%) 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.

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, 2019		December 31, 2018	
	Senior Management Pension Plan	Post-Employment Benefit Plans	Senior Management Pension Plan	Post-Employment Benefit Plans
Accrued benefit obligation				
Balance, beginning of year	$ 4,918	$ 4,202	$ 4,831	$ 4,299
Current service cost	211	37	200	38
Past service cost	235	–	–	–
Interest cost	178	155	168	146
Actuarial losses (gains)	304	(1,523)	(81)	(185)
Benefits paid	(200)	(106)	(200)	(96)
Balance, end of year	5,646	2,765	4,918	4,202
Plan Assets				
Fair value, beginning of year	–	–	–	–
Employer contributions	200	106	200	96
Benefits paid	(200)	(106)	(200)	(96)
Fair value, end of year	–	–	–	–
Funded status – deficit	5,646	2,765	4,918	4,202
Current portion	200	89	200	96
Non-current portion	5,446	2,676	4,718	4,106
Accrued benefit obligation recorded as a liability	$ 5,646	$ 2,765	$ 4,918	$ 4,202
Net expense				
Current service cost	$ 211	$ 37	$ 200	$ 38
Interest cost	178	155	168	146
Net expense	$ 389	$ 192	$ 368	$ 184

The table below outlines the sensitivity of the fiscal 2019 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		3.00%	3.00%	3.00%	3.00%
Impact of:	1% increase	(659)	–	(330)	11
	1% decrease	805	(3)	401	(15)
Growth rate of health costs				5.00%	5.00%
Impact of:	1% increase			203	6
	1% decrease			(174)	(5)

(1) Reflects the impact of the current service costs, the interest cost and the expected return on assets.

For the year ended December 31, 2019, the net defined contribution pension plans expense was $975 (year ended December 31, 2018 – $873).

10) TRADE AND OTHER PAYABLES

	December 31, 2019			December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
Tenant incentives and capital expenditures	$ 51,751	$ –	$ 51,751	$ 60,549	$ –	$ 60,549
Property operating costs	29,932	–	29,932	30,872	–	30,872
Prepaid rents	9,665	–	9,665	8,555	–	8,555
Finance costs on investment property debt, notes and debentures	11,913	–	11,913	9,561	–	9,561
Amounts payable to related party	–	–	–	6,217	–	6,217
Distributions payable	26,429	–	26,429	11,243	–	11,243
Unit-based compensation plans	4,671	9,793	14,464	1,355	7,056	8,411
Deferred revenue	70	4,820	4,890	131	4,432	4,563
	$ 134,431	$ 14,613	$ 149,044	$ 128,483	$ 11,488	$ 139,971

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 is 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.

11) PROPERTY REVENUE

	Year ended	
	December 31, 2019	December 31, 2018
Operating lease revenue		
Rental revenue contractually due from tenants[1]	$ 344,803	$ 359,878
Contingent rental revenue	1,843	2,064
Straight-line rent recognition	10,287	11,040
Tenant incentive amortization	(14,139)	(12,875)
Lease termination income	1,670	710
Revenue from contracts with customers		
Common area cost recoveries	48,722	48,425
Parking revenue	5,555	5,407
	$ 398,741	$ 414,649

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

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

	Year ended			
	December 31, 2019		December 31, 2018	
Empire Company Limited[1]	$ 207,948	52.2%	$ 214,565	51.7%

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

12) 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, 2019, is as follows:

	Year Ending December 31,						
	2020	2021	2022	2023	2024	Thereafter	Total
Future minimum rental income	$ 263,167	$ 252,491	$ 242,814	$ 230,353	$ 218,660	$ 1,553,422	$ 2,760,907

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.

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

(a) General and administrative expenses

	Year ended	
	December 31, 2019	December 31, 2018
Salaries and benefits	$ 16,874	$ 13,111
Professional and public company costs	3,532	3,085
Occupancy and other	3,315	3,030
	$ 23,721	$ 19,226

(b) Change in fair value of financial instruments

	Year ended	
	December 31, 2019	December 31, 2018
Deferred Unit ("DU") Plan	$ (1,337)	$ 402

14) FINANCE COSTS – OPERATIONS

	Year ended	
	December 31, 2019	December 31, 2018
Fixed rate mortgages	$ 66,458	$ 75,454
Floating rate term, revolving and demand facilities	3,950	5,316
Capitalized interest	(4,759)	(4,104)
Senior unsecured notes	30,216	25,119
Convertible debentures	–	3,846
Interest income on finance lease receivable	(401)	–
Interest on lease liability	1,852	–
Finance costs – operations, expense	97,316	105,631
Amortization of fair value debt adjustment and accretion income	534	808
Change in accrued finance costs	(2,352)	1,068
Amortization of effective swap agreements	(1,677)	(2,263)
Capitalized interest[1]	4,759	4,104
Amortization of issue premium on senior unsecured notes	442	407
Amortization of deferred financing charges	(3,574)	(5,158)
Finance costs – operations, paid	$ 95,448	$ 104,597

(1) As at December 31, 2019, interest was capitalized to qualifying development projects based on a weighted average interest rate of 3.88% (December 31, 2018 – 3.72%).

15) 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, 2019	89,597,604	$	1,040,804	61,980,011	$	715,654	151,577,615	$ 1,756,458
Net change in EUPP loans receivable	–		422	–		–	–	422
Units issued under DRIP	92,685		1,356	65,721		974	158,406	2,330
Units issued under unit based compensation plan	7,334		114	–		–	7,334	114
Balance, December 31, 2019	89,697,623	$	1,042,696	62,045,732	$	716,628	151,743,355	$ 1,759,324

	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, 2018	89,115,328	$	1,034,683	61,646,953	$	711,456	150,762,281	$ 1,746,139
Net change in EUPP loans receivable	–		61	–		–	–	61
Units issued under DRIP	439,649		5,902	333,058		4,198	802,707	10,100
Units issued under unit based compensation plan	12,627		158	–		–	12,627	158
Balance, December 31, 2018	89,567,604	$	1,040,804	61,980,011	$	715,654	151,577,615	$ 1,756,458

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.

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.

Employee Unit Purchase Plan ("EUPP")

Crombie previously provided for REIT Unit purchase entitlements under the EUPP for certain senior executives. As at December 31, 2014, the EUPP was replaced with an RU Plan with a specific vesting period and no employee loans.

As at December 31, 2019, there are loans receivable from executives of $1,245 under Crombie's EUPP, representing 115,230 REIT Units, which are classified as a reduction to net assets attributable to Unitholders. The loans are being repaid through the application of the after-tax amounts of all distributions received on the REIT Units, as payments on interest and principal. The loans are required to be repaid by December 31, 2023. Loan repayments will result in a corresponding increase to net assets attributable to Unitholders. Market value of the REIT Units held as collateral at December 31, 2019 was $1,837.

The compensation expense related to the EUPP for the year ended December 31, 2019 was $11 (year ended December 31, 2018 – $21).

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 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.

Special Distribution

Crombie announced a special distribution of $0.56 per unit, to all Unitholders as of December 31, 2019. The distribution arises from the increase in income generated by capital recycling transactions completed during the twelve-month period ended December 31, 2019. Crombie is making the special distribution payable partially in cash ($0.10) and partially in units ($0.46), in order to provide Unitholders with cash to help fund any additional tax that may arise associated with the special distribution. Immediately following the special distribution, the outstanding units of Crombie will be consolidated such that each Unitholder will hold, after the consolidation, the same number of units held before the special distribution. The remaining cash portion of the special distribution is payable on January 15, 2020. Given that Crombie's Units in accordance with IAS 32 are accounted for as financial liabilities as discussed in Note 2(w)(i), the impact of the unit portion had no impact on our financial results ending December 31, 2019.

16) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Year ended	
	December 31, 2019	December 31, 2018
Items not affecting operating cash:		
Straight-line rent recognition	$ (10,287)	$ (11,040)
Amortization of tenant incentives	14,139	12,875
Gain on disposal of investment properties	(81,803)	(50,023)
Impairment of investment properties	6,000	15,000
Depreciation and amortization	74,313	96,353
Unit-based compensation	11	21
Amortization of effective swap agreements, financing charges and other	4,809	7,014
Income from equity accounted investments	(334)	(254)
Non-cash distributions to Unitholders in the form of DRIP Units	2,330	10,100
Non-cash accrued special distribution to Unitholders	15,174	–
Income tax expense	8	3
Non-cash lease termination income	(908)	–
Change in fair value of financial instruments	1,337	(402)
	$ 24,789	$ 79,647

b) Change in other non-cash operating items

	Year ended	
	December 31, 2019	December 31, 2018
Cash provided by (used in):		
Trade receivables	$ (12,340)	$ 211
Prepaid expenses and deposits and other assets	(3,756)	725
Payables and other liabilities	3,996	610
	$ (12,100)	$ 1,546

17) RELATED PARTY TRANSACTIONS

As at December 31, 2019 Empire, through its wholly-owned subsidiary ECLD, holds a 41.5% indirect interest in Crombie. Related party transactions primarily include transactions with entities associated with Crombie through Empire's indirect interest. Related party transactions also include transactions with joint venture entities in which Crombie has a 50% interest, as well as transactions with key management personnel and post-employment benefit plans.

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

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

	Year ended	
	December 31, 2019	December 31, 2018
Property revenue		
Property revenue	$ 207,948	$ 214,565
Head lease income	$ 856	$ 730
Lease termination income	$ 521	$ –
Property operating expenses	$ (60)	$ (58)
General and administrative expenses		
Property management services recovered	$ 602	$ 611
Other general and administrative expenses	$ (240)	$ (203)
Finance costs – operations		
Interest rate subsidy	$ 279	$ 299
Finance costs – distributions to Unitholders	$ (62,303)	$ (55,900)

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

During the year ended December 31, 2019, Crombie issued 65,721 (December 31, 2018 – 333,058) Class B LP Units to ECLD under the DRIP (Note 15).

On August 1, 2019, Crombie purchased a 50% interest in a property from a subsidiary of Empire for a total purchase price of $9,500 before transaction costs.

On August 2, 2019, Crombie transferred air rights at its Davie Street Property to 1600 Davie Limited Partnership. This transfer, as agreed upon in the 2016 joint venture arrangement, was completed for gross proceeds of approximately $27,379.

On November 28, 2019, Crombie purchased a property from a subsidiary of Empire for a total purchase price of $12,422 before transaction costs.

On December 16, 2019, Crombie purchased the remaining 50% interest in a property from a subsidiary of Empire for a total purchase price of $95,900 before transaction costs.

During the year ended December 31, 2019, Crombie invested $33,446 in the modernizations and conversions of 16 existing properties anchored by subsidiaries of Empire. The amounts are included in tenant incentive additions and are being amortized over the amended lease terms.

During the quarter, Crombie recognized a mortgage payable of $20,401 in settlement of an amount payable to 1600 Davie Limited Partnership. This mortgage, bearing interest at 3.22%, 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 $15,533 (December 31, 2018 – $14,636) in 6% subordinated notes receivable due from Bronte Village Limited Partnership and The Duke Limited Partnership.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Crombie. The following are considered to be Crombie's key management personnel: the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and the two other highest compensated executives.

The remuneration of members of key management during the year was approximately as follows:

	Year ended	
	December 31, 2019	December 31, 2018
Salary, bonus and other short-term employee benefits	$ 5,899	$ 4,805
Other long-term benefits	109	92
	$ 6,008	$ 4,897

18) 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, 2019.

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

	December 31, 2019		December 31, 2018	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Long-term receivables[1]	$ 23,911	$ 24,120	$ 21,885	$ 21,882
Financial liabilities				
Investment property debt	$ 1,400,821	$ 1,363,385	$ 1,829,772	$ 1,789,483
Senior unsecured notes	946,700	925,000	702,893	700,000
Total other financial liabilities	$ 2,347,521	$ 2,288,385	$ 2,532,665	$ 2,489,483

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

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

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

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

b) Risk Management

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. There has been no significant change in Crombie's risk management during the year ended December 31, 2019. The more 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 is taken for all anticipated collectability risks.

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

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

- Crombie's largest tenant, Empire (including Sobeys and all other subsidiaries of Empire), represents 54.2% of annual minimum rent; no other tenant accounts for more than 4.1% 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, 2019, Empire (including Sobeys and all other subsidiaries of Empire) represents 52.2% of total property revenue. Excluding these tenants, no other tenant accounts for more than 4.0% of Crombie's total property revenue.
- Over the next five years, leases on no more than 5.0% of the gross leaseable area of Crombie will expire in any one year.

Receivables are substantially comprised of current balances due from tenants. The balance of accounts receivable past due is not significant. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoiced, and in general, balances over 30 days are considered past due. 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, 2019	December 31, 2018
Provision for doubtful accounts, beginning of year	$ 345	$ 194
Additional provision	284	399
Recoveries	(62)	(85)
Write-offs	(227)	(163)
Provision for doubtful accounts, end of year	$ 340	$ 345

There have been no significant changes to Crombie's credit risk.

Interest rate risk

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

As at December 31, 2019

- Crombie's weighted average term to maturity of its fixed rate mortgages was 3.9 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 $15,339 at December 31, 2019;
- Crombie has an unsecured bilateral credit facility available to a maximum of $100,000 with a balance of $30,000 at December 31, 2019; and,
- Crombie has interest rate swap agreements in place on $115,149 of floating rate mortgage debt.

Crombie estimates that $451 of accumulated other comprehensive income (loss) will be reclassified to finance costs during the year ending December 31, 2020, based on all settled swap agreements as of December 31, 2019.

A fluctuation in interest rates would have had an impact on Crombie's operating income related to the use of floating rate debt. Based on recent years' rate changes, a 0.5% interest rate change would reasonably be considered possible. The changes would have had the following impact:

	Impact of a 0.5% interest rate change	
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility and unsecured bilateral credit facility	Decrease in rate	Increase in rate
Twelve months ended December 31, 2019	**$ 359**	**$ (359)**
Twelve months ended December 31, 2018	$ 611	$ (611)

There have been no significant changes to Crombie's interest rate risk.

Liquidity risk

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

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

There is a risk that the debt capital markets may not refinance maturing fixed rate and floating rate debt on terms and conditions acceptable to Crombie or at any terms at all. Crombie seeks to mitigate this risk by staggering its debt maturity dates. There is also a risk that the equity capital markets may not be receptive to a REIT unit offering issue from Crombie with financial terms acceptable to Crombie. As discussed in Note 19, Crombie mitigates its exposure to liquidity risk utilizing a conservative approach to capital management.

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

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

		Twelve months ending December 31,					
	Contractual Cash Flows[1]	2020	2021	2022	2023	2024	Thereafter
Fixed rate mortgages[2]	$ 1,492,525	$ 304,017	$ 165,813	$ 227,366	$ 292,179	$ 255,628	$ 247,522
Senior unsecured notes	1,092,182	37,634	281,856	177,053	21,630	21,630	552,379
Lease Liabilities	149,218	2,580	2,432	2,281	2,181	2,060	137,684
	2,733,925	344,231	450,101	406,700	315,990	279,318	937,585
Credit facilities	59,152	1,989	31,281	856	15,925	9,101	–
Total	**$ 2,793,077**	**$ 346,220**	**$ 481,382**	**$ 407,556**	**$ 331,915**	**$ 288,419**	**$ 937,585**

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

There have been no significant changes to Crombie's liquidity risk.

19) 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, 2019	December 31, 2018
Fixed rate mortgages	$ 1,302,510	$ 1,601,584
Credit facilities	54,308	178,843
Senior unsecured notes	922,479	698,716
Crombie REIT Unitholders	870,792	864,779
SVU and Class B LP Unitholders	584,251	578,061
Lease liabilities	29,419	–
	$ 3,763,759	$ 3,921,983

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

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

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

	December 31, 2019	December 31, 2018
Fixed rate mortgages	$ 1,309,077	$ 1,610,640
Senior unsecured notes	925,000	700,000
Revolving credit facility	15,339	108,843
Joint operation credit facilities	8,969	–
Bilateral credit facility	30,000	70,000
Lease liabilities	29,419	–
Total debt outstanding	2,317,804	2,489,483
Less: Applicable fair value debt adjustment	(539)	(818)
Debt	$ 2,317,265	$ 2,488,665
Income properties, cost	4,061,957	4,270,795
Properties under development, cost	96,213	66,179
Below-market lease component, cost[1]	64,754	66,319
Investment in joint ventures	45,123	39,485
Other assets, cost	397,321	338,616
Deferred financing charges	9,715	11,408
Interest rate subsidy	(539)	(818)
Gross book value	$ 4,674,544	$ 4,791,984
Debt to gross book value – cost basis	49.6%	51.9%

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

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

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

As at December 31, 2019, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

20) LEASE LIABILITIES

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

	Twelve months ending December 31,						
	Total	2020	2021	2022	2023	2024	Thereafter
Future minimum lease payments	$ 149,218	$ 2,580	$ 2,432	$ 2,281	$ 2,181	$ 2,060	$ 137,684
Finance charges	(119,799)	(1,836)	(1,817)	(1,802)	(1,795)	(1,791)	(110,758)
Present value of lease payments	$ 29,419	$ 744	$ 615	$ 479	$ 386	$ 269	$ 26,926

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

Current	$ 744
Non-Current	28,675
Total	$ 29,419

Some of Crombie's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the consolidated statements of comprehensive income as required when contingent criteria are met. The lease agreements contain renewal options and purchase options. For the year ended December 31, 2019, minimum lease payments of $2,521 were paid by Crombie.

21) COMMITMENTS, CONTINGENCIES, AND GUARANTEES

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

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

Crombie obtains letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at December 31, 2019, Crombie has a total of $5,645 in outstanding letters of credit related to:

	December 31, 2019	December 31, 2018
Construction work being performed on investment properties	$ 3,805	$ 3,858
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	1,840	4,840
Total outstanding letters of credit	$ 5,645	$ 8,698

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

As at December 31, 2019, Crombie had signed construction contracts totalling $293,603 of which $171,790 has been paid, this includes contracts signed within joint ventures at Crombie's ownership percentage.

Crombie has 100% guarantees on mortgages related to properties in which it has less than a 100% interest. The mortgages payable related to these guarantees are secured by specific charges against the properties. As at December 31, 2019, Crombie has provided guarantees of approximately $145,713 (December 31, 2018 – $38,245) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 4.9 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.

22) SUBSEQUENT EVENTS

a) On January 15, 2020, the $0.10 per unit cash portion of the special distribution announced on December 12, 2019 was paid to Unitholders of record as of December 31, 2019.

b) On January 21, 2020, Crombie declared distributions of 7.417 cents per Unit for the period from January 1, 2020 to and including, January 31, 2020. The distributions were paid on February 14, 2020, to Unitholders of record as of January 31, 2020.

c) On February 1, 2020, mortgages totalling $153,000, bearing interest of 5.63%, were fully paid, primarily with the proceeds from the 3.917% Series G notes issued in December, 2019 as further described in Note 8.

d) On February 11, 2020, Crombie closed on an offering, on a bought deal basis, of $58,512 of Units at a price of $16.00 per Unit to a syndicate of underwriters co-led by CIBC Capital Markets and BMO Capital Markets. In addition, a subsidiary of Empire purchased, on a private placement basis, $41,500 of Class B LP Units of a subsidiary of Crombie, together with the attached Special Voting Units of Crombie, at a price of $16.00 per Class B Unit. After the closing of the public offering and the private placement, Empire continues to hold a 41.5% economic and voting interest in Crombie.

e) On February 18, 2020, Crombie declared distributions of 7.417 cents per Unit for the period from February 1, 2020 to and including, February 29, 2020. The distributions will be paid on March 13, 2020, to Unitholders of record as of February 29, 2020.

23) SEGMENT DISCLOSURE

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

24) 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.

PROPERTY PORTFOLIO

Retail – Plazas	Property	Description	GLA (approx. sq. ft.)	% Occu-pancy
NEWFOUNDLAND & LABRADOR				
Random Square	Clarenville	Retail – Enclosed	108,000	96.4
Conception Bay Plaza	Conception Bay	Retail – Plazas	65,000	98.6
2A Commerce Street	Deer Lake	Retail – Plazas	29,000	100.0
71 Grandview Boulevard	Grand Bank	Retail – Freestanding	19,000	100.0
21 Cromer Avenue	Grand Falls	Retail – Freestanding	3,000	100.0
69 Blockhouse Road	Placentia	Retail – Freestanding	2,000	100.0
10 Elizabeth Avenue	St John's	Retail – Freestanding	80,000	100.0
45 Ropewalk Lane	St John's	Retail – Freestanding	6,000	100.0
Avalon Mall	St John's	Retail – Enclosed	506,000	89.9
Hamlyn Road Plaza	St John's	Retail – Plazas	38,000	63.9
Kenmount Woodgate	St John's	Mixed Use	41,000	100.0
Topsail Road Plaza	St John's	Retail – Plazas	158,000	98.5
Torbay Road Plaza	St John's	Retail – Plazas	139,000	85.6
			1,194,000	**96.0**
PRINCE EDWARD ISLAND				
400 University Avenue	Charlottetown	Retail – Freestanding	6,000	100.0
Kinlock Plaza	Stratford	Retail – Plaza	84,000	100.0
			90,000	**100.0**
NOVA SCOTIA				
Amherst Centre	Amherst	Retail – Enclosed	228,000	46.6
Amherst Plaza	Amherst	Retail – Plazas	25,000	100.0
151 Church Street	Antigonish	Retail – Freestanding	6,000	100.0
Hemlock Square	Bedford	Retail – Plazas	169,000	100.0
Mill Cove Plaza	Bedford	Retail – Plazas	150,000	100.0
2 Forest Hills Parkway	Cole Harbour	Retail – Freestanding	22,000	100.0
Dartmouth Crossing – Cineplex	Dartmouth	Retail – Freestanding	45,000	100.0
Panavista Drive	Dartmouth	Retail – Freestanding	5,000	100.0
Penhorn Plaza	Dartmouth	Mixed Use	145,000	93.7
Russell Lake	Dartmouth	Retail – Plazas	31,000	100.0
Elmsdale Plaza	Elmsdale	Retail – Plazas	147,000	98.6
Fall River Plaza	Fall River	Retail – Plazas	101,000	97.4
North & Windsor Street	Halifax	Retail – Freestanding	50,000	100.0
Park West Plaza	Halifax	Retail – Plaza	143,000	97.6
Queen Street Plaza	Halifax	Retail – Freestanding	55,000	100.0
Downsview Mall	Lower Sackville	Retail – Plazas	80,000	98.5
Downsview Plaza	Lower Sackville	Retail – Plazas	226,000	97.5
Aberdeen Business Centre	New Glasgow	Mixed Use	387,000	100.0
Highland Square	New Glasgow	Retail – Enclosed	200,000	100.0
West Side Plaza	New Glasgow	Retail – Plazas	71,000	94.3
County Fair Mall	New Minas	Retail – Enclosed	241,000	55.6
75 Emerald Street	New Waterford	Retail – Freestanding	3,000	100.0
Blink Bonnie Plaza	Pictou	Retail – Plazas	51,000	100.0
622 Reeves Street	Port Hawkesbury	Retail – Freestanding	34,000	100.0
22579 Highway 7	Sheet Harbour	Retail – Freestanding	1,000	100.0
279, 289 & 303 Herring Cove Road	Spryfield	Retail – Freestanding	73,000	100.0
293 Foord Street	Stellarton	Retail – Freestanding	24,000	100.0
Prince Street Plaza	Sydney	Retail – Plazas	71,000	97.4
Sydney Shopping Centre	Sydney	Retail – Plazas	189,000	93.9
39 Pitt Street	Sydney Mines	Retail – Freestanding	18,000	100.0
North Shore Centre	Tatamagouche	Retail – Plazas	17,000	100.0
70 Marketway Lane	Timberlea	Retail – Freestanding	40,000	100.0
Fundy Trail Centre	Truro	Retail – Plaza	126,000	97.1
Tantallon Plaza	Upper Tantallon	Retail – Plazas	157,000	99.5
Scotia Square Properties				
Barrington Place	Halifax	Mixed Use	191,000	99.4
Barrington Tower	Halifax	Office	186,000	100.0
Brunswick Place	Halifax	Mixed Use	255,000	97.7
CIBC Building	Halifax	Office	207,000	80.7
Cogswell Tower	Halifax	Office	204,000	96.2
Duke Tower	Halifax	Office	217,000	89.9
Scotia Square	Halifax	Mixed Use	215,000	95.2
Scotia Square Parkade	Halifax	Mixed Use	–	0
			4,806,000	**92.8**
NEW BRUNSWICK				
850 Saint Peters Avenue	Bathurst	Retail – Freestanding	18,000	100.0
477 Paul Street	Dieppe	Retail – Freestanding	52,000	100.0
501 Regis Street	Dieppe	Retail – Freestanding	25,000	100.0
Edmundston	Edmundston	Retail – Freestanding	42,000	100.0
Brookside Mall	Fredericton	Retail – Freestanding	43,000	100.0
Prospect Street Plaza	Fredericton	Retail – Plazas	22,000	100.0
Uptown Centre	Fredericton	Retail – Plazas	263,000	86.6
1234 Main Street	Moncton	Office	151,000	92.1
Elmwood Drive	Moncton	Retail – Plazas	95,000	100.0
Mountain Road	Moncton	Retail – Plazas	17,000	100.0
Northwest Centre, Mountain Road	Moncton	Retail – Freestanding	52,000	100.0
Vaughan Harvey Plaza	Moncton	Retail – Plazas	103,000	100.0
273 Pleasant Street	Newcastle	Retail – Freestanding	20,000	100.0
Riverview – Findlay Boulevard	Riverview	Retail – Plazas	66,000	94.8

Retail – Plazas	Property	Description	GLA (approx. sq. ft.)	% Occu-pancy
Riverview Place	Riverview	Mixed Use	149,000	75.0
Fairvale Plaza	Rothesay	Retail – Freestanding	52,000	100.0
Catherwood Street	Saint John	Retail – Freestanding	5,000	100.0
Loch Lomond Place	Saint John	Mixed Use	193,000	63.1
Charlotte Mall	St Stephen	Retail – Plazas	116,000	97.8
Tracadie	Tracadie	Retail – Plazas	40,000	83.8
			1,524,000	**90.4**
QUÉBEC				
1500 rue de Bretagne	Baie Comeau	Retail – Freestanding	50,000	100.0
1020 boul. Monseigneur-de-Laval	Baie Saint Paul	Retail – Plazas	65,000	100.0
Beauport Plaza	Beauport	Retail – Plazas	68,000	96.5
50 rue Bourgeoys	Bromptonville	Retail – Plazas	7,000	37.7
3260 boul. Lapiniere & 3305 Broadway	Brossard	Retail – Plazas	48,000	96.0
645 boul. Thibeau	Cap-de-la-Madeleine	Retail – Freestanding	49,000	100.0
80-90 boul. d'Anjou	Chateauguay	Retail – Plazas	91,000	100.0
Marché St-Charles-de-Drummond	Drummondville	Retail – Plazas	48,000	100.0
1205 rue de Neuville	Gatineau	Retail – Plazas	31,000	100.0
1248 boul. de la Verendrye Est	Gatineau	Retail – Plazas	72,000	91.6
1298 rue de la Digue	Havre-Saint-Pierre	Retail – Freestanding	26,000	100.0
2195 Chemin Ridge	Huntingdon	Retail – Freestanding	19,000	100.0
Ile Perrot	Ile Perrot	Retail – Freestanding	24,000	100.0
Centre Lavaltrie	Lavaltrie	Retail – Plazas	43,000	100.0
Marché Lavaltrie	Lavaltrie	Retail – Plazas	52,000	97.8
Les Saules	Les Saules	Retail – Plazas	69,000	100.0
714 boul. St-Laurent O	Louiseville	Retail – Freestanding	3,000	100.0
1450 & 1454 rue Royale	Malartic	Retail – Plaza	28,000	100.0
551 Avenue du Phare Est	Matane	Retail – Freestanding	3,000	100.0
McMasterville	McMasterville	Retail – Plazas	55,000	100.0
Mercier	Mercier	Retail – Plazas	58,000	94.1
Marché St-Augustin	Mirabel	Retail – Plazas	38,000	100.0
1 Avenue Westminster N	Montreal	Retail – Freestanding	10,000	100.0
5651 rue de Verdun	Montreal	Retail – Freestanding	6,000	100.0
Paspebiac Plaza	Paspebiac	Retail – Plazas	73,000	91.7
Lebourgneuf	Quebec City	Retail – Freestanding	6,000	100.0
395 Avenue Sirois	Rimouski	Retail – Freestanding	11,000	48.0
375 boul. Jessop	Rimouski	Retail – Freestanding	41,000	100.0
254 de l'Hotel de Ville	Riviere du Loup	Retail – Plazas	72,000	100.0
680 Avenue Chausse	Rouyn-Noranda	Retail – Freestanding	5,000	100.0
Carrefour Bourgeois	Saint-Amable	Retail – Plaza	64,000	100.0
Saint-Apollinaire Plaza	Saint-Apollinaire	Retail – Plazas	62,000	100.0
867-871 rue Principale	Saint-Donat	Retail – Freestanding	34,000	100.0
8980 boul. Lacroix	Saint-Georges-de-Beauce	Retail – Freestanding	5,000	100.0
131-A Avenue Sainte-Cecile	Saint-Pie	Retail – Freestanding	14,000	100.0
Saint Romuald Plaza	Saint Romuald	Retail – Plazas	70,000	100.0
10505 boul. Sainte-Anne	Sainte-Anne-de-Beaupré	Retail – Freestanding	4,000	100.0
Shawinigan	Shawinigan	Retail – Plazas	67,000	100.0
2959 rue King Ouest	Sherbrooke	Retail – Freestanding	13,000	100.0
3950 rue King Ouest	Sherbrooke	Retail – Freestanding	6,000	100.0
411 boul. Poliquin	Sorel-Tracy	Retail – Freestanding	40,000	100.0
1101 boul. de la Piniere Ouest	Terrebonne	Industrial	235,000	100.0
Vanier	Vanier	Retail – Freestanding	17,000	100.0
			1,802,000	**98.4**
ONTARIO				
977 Golf Links Road	Ancaster	Retail – Freestanding	32,000	100.0
409 Bayfield Street	Barrie	Retail – Freestanding	24,000	100.0
680 Longworth Avenue	Bowmanville	Retail – Plazas	42,000	100.0
20 Melbourne Drive	Bradford	Retail – Freestanding	4,000	100.0
Brampton Mall	Brampton	Retail – Plazas	103,000	93.7
Brampton Plaza	Brampton	Retail – Plazas	38,000	100.0
Burlington Plaza	Burlington	Retail – Plazas	70,000	91.4
Milltowne Plaza	Burlington	Retail – Plazas	11,000	100.0
142 Dundas Street South	Cambridge	Retail – Freestanding	4,000	100.0
807 King Street	Cambridge	Retail – Freestanding	9,000	100.0
215 Park Avenue West	Chatham	Retail – Freestanding	5,000	100.0
Dorchester Road Centre	Dorchester	Retail – Freestanding	18,000	100.0
Village Centre	Dorchester	Retail – Plazas	32,000	100.0
Lindsay Street Centre	Fenelon Falls	Retail – Freestanding	4,000	100.0
417 Scott Street	Fort Frances	Retail – Freestanding	43,000	100.0
Sinclair Place	Georgetown	Retail – Plazas	29,000	100.0
44 Livingston Avenue	Grimsby	Retail – Freestanding	36,000	100.0
Grimsby Centre	Grimsby	Retail – Freestanding	29,000	100.0
Havelock Centre	Havelock	Retail – Freestanding	2,000	100.0
400 First Avenue South	Kenora	Retail – Freestanding	4,000	100.0
London Pine Valley	London	Retail – Plazas	39,000	100.0

Retail – Plazas	Property	Description	GLA (approx. sq. ft.)	% Occu-pancy
5931 Kalar Road	Niagara Falls	Retail – Plazas	6,000	64.3
Niagara Plaza	Niagara Falls	Retail – Plazas	64,000	100.0
Village Square Mall	Nepean	Retail – Plazas	91,000	98.8
Algonquin Avenue Mall	North Bay	Retail – Plazas	163,000	79.7
500 Riddell Road	Orangeville	Retail – Freestanding	5,000	100.0
5150 Innes Road	Orleans	Retail – Plazas	63,000	100.0
Taunton and Wilson Plaza	Oshawa	Retail – Plazas	107,000	100.0
Parry Sound	Parry Sound	Retail – Plazas	46,000	100.0
Rockhaven Plaza	Peterborough	Retail – Plazas	60,000	100.0
3130 Danforth Avenue	Scarborough	Retail – Freestanding	3,000	100.0
Mountain Locks Plaza	St Catharines	Retail – Plazas	85,000	100.0
Stittsville Corner	Stittsville	Retail – Plazas	111,000	98.2
Stoney Creek Plaza	Stoney Creek	Retail – Plazas	12,000	100.0
105 Arthur Street West	Thornbury	Retail – Plazas	40,000	100.0
1099 Broadview Avenue	Toronto	Retail – Freestanding	15,000	100.0
1995 Weston Road	Toronto	Retail – Freestanding	16,000	100.0
3362-3370 Yonge Street	Toronto	Retail – Freestanding	29,000	100.0
McCowan Square	Toronto	Retail – Plaza	61,000	100.0
Queensway Plaza	Toronto	Retail – Plazas	67,000	54.3
8265 Huntington Road	Vaughan	Industrial	793,000	100.0
385 Springbank Avenue	Woodstock	Retail – Plazas	55,000	94.6
			2,470,000	**97.7**
MANITOBA				
498 Mountain Avenue	Neepawa	Retail – Freestanding	2,000	100.0
123-132 Saskatchewan Avenue E	Portage la Prairie	Retail – Freestanding	20,000	100.0
318 Manitoba Avenue	Selkirk	Retail – Freestanding	5,000	100.0
3156 Bird's Hill Road E	St Paul	Retail – Freestanding	4,000	100.0
285 Marion Street	Winnipeg	Retail – Freestanding	37,000	100.0
469-499 River Avenue	Winnipeg	Retail – Plazas	59,000	100.0
594 Mountain Avenue	Winnipeg	Retail – Freestanding	18,000	100.0
654 Kildare Avenue	Winnipeg	Retail – Freestanding	43,000	100.0
655 Osborne Street	Winnipeg	Retail – Freestanding	20,000	100.0
920 Jefferson Avenue	Winnipeg	Retail – Freestanding	55,000	100.0
1305-1321 Pembina Highway	Winnipeg	Retail – Plazas	39,000	100.0
2155 Pembina Highway	Winnipeg	Retail – Freestanding	46,000	100.0
3381 & 3393 Portage Avenue	Winnipeg	Retail – Freestanding	55,000	100.0
Kildonan Green	Winnipeg	Retail – Plaza	74,000	98.3
River East Plaza	Winnipeg	Retail – Plaza	84,000	95.9
			561,000	**99.3**
SASKATCHEWAN				
200 1st Avenue NW	Moose Jaw	Retail – Freestanding	39,000	100.0
9801 Territorial Drive	North Battleford	Retail – Freestanding	30,000	100.0
2895 2nd Avenue W	Prince Albert	Retail – Freestanding	56,000	100.0
2231 East Quance Street	Regina	Retail – Freestanding	19,000	100.0
2915 13th Avenue	Regina	Retail – Plazas	20,000	100.0
4250 Albert Street	Regina	Retail – Plazas	41,000	97.6
1860 McOrmond Drive	Saskatoon	Retail – Freestanding	50,000	100.0
River City Centre	Saskatoon	Retail – Plazas	160,000	82.7
			415,000	**93.0**
ALBERTA				
318 Marten Street	Banff	Retail – Freestanding	19,000	100.0
5700 50th Street	Beaumont	Retail – Plazas	21,000	100.0
Beaumont Shopping Centre	Beaumont	Retail – Plazas	58,000	100.0
550 Cassils Road & 4 Street W	Brooks	Retail – Plazas	60,000	100.0
55 Castleridge Boulevard NE	Calgary	Retail – Freestanding	6,000	100.0
99 Crowfoot Crescent NW	Calgary	Retail – Plazas	75,000	100.0
101 Crowfoot Way	Calgary	Retail – Freestanding	10,000	100.0
110-620 McKenzie Towne Gate SE	Calgary	Retail – Freestanding	9,000	100.0
410 10 Street NW	Calgary	Retail – Freestanding	38,000	100.0
511 17 Avenue SE	Calgary	Retail – Freestanding	42,000	100.0
504 & 524 Elbow Drive SW	Calgary	Retail – Plazas	25,000	100.0
813 11 Avenue SW	Calgary	Retail – Freestanding	40,000	100.0
850 Saddletowne Circle NE	Calgary	Retail – Freestanding	6,000	100.0
1818 Centre Street NE & 134 17th Avenue NE	Calgary	Retail – Freestanding	36,000	100.0
2425 34 Avenue SW	Calgary	Retail – Plazas	48,000	100.0
3550 32 Avenue NE	Calgary	Retail – Freestanding	69,000	100.0
5048 16 Avenue NW	Calgary	Retail – Freestanding	21,000	100.0
5607 4 Street NW	Calgary	Retail – Plazas	51,000	100.0
South Trail Plaza	Calgary	Retail – Plazas	79,000	100.0
Strathcona Square	Calgary	Retail – Plaza	81,000	96.1
1200 Railway Avenue	Canmore	Retail – Freestanding	53,000	100.0
135 Chestermere Station Way	Chestermere	Retail – Freestanding	43,000	100.0
304 5 Avenue W	Cochrane	Retail – Freestanding	54,000	100.0
400 & 500 Manning Crossing N	Edmonton	Retail – Freestanding	49,000	100.0
2304 109 Street NW	Edmonton	Retail – Freestanding	48,000	100.0
2534 Guardian Road NW	Edmonton	Retail – Freestanding	49,000	100.0
5119 167 Avenue NW	Edmonton	Retail – Freestanding	30,000	100.0

Retail – Plazas	Property	Description	GLA (approx. sq. ft.)	% Occu-pancy
5309 Ellerslie Road	Edmonton	Retail – Freestanding	50,000	100.0
8118 118 Avenue NW	Edmonton	Retail – Freestanding	22,000	100.0
8204 109 Street NW	Edmonton	Retail – Plazas	34,000	100.0
9611 167 Avenue NW	Edmonton	Retail – Freestanding	37,000	100.0
10907 82 Avenue NW	Edmonton	Retail – Freestanding	21,000	100.0
12950 137 Avenue NW	Edmonton	Retail – Freestanding	55,000	100.0
13550 Victoria Trail	Edmonton	Retail – Freestanding	37,000	100.0
Millwood Commons	Edmonton	Retail – Plazas	29,000	100.0
Namao Centre	Edmonton	Retail – Plazas	34,000	96.7
304 54 Street	Edson	Retail – Freestanding	33,000	100.0
9601 Franklin Avenue	Fort McMurray	Retail – Freestanding	4,000	100.0
Clearwater Landing	Fort McMurray	Retail – Plazas	143,000	100.0
8100-8300 100 Street	Grand Prairie	Retail – Plazas	66,000	100.0
9925 114 Avenue	Grand Prairie	Retail – Plazas	62,000	100.0
Leduc Centre	Leduc	Retail – Plazas	138,000	100.0
606 4th Avenue S	Lethbridge	Retail – Freestanding	20,000	100.0
1760 23 Street	Lethbridge	Retail – Freestanding	45,000	100.0
2750 Fairway Plaza Road S	Lethbridge	Retail – Plazas	7,000	100.0
West Highlands Towne Centre	Lethbridge	Retail – Plazas	29,000	100.0
West Lethbridge Towne Centre	Lethbridge	Retail – Plazas	104,000	99.1
615 Division Avenue S	Medicine Hat	Retail – Freestanding	42,000	100.0
410 & 610 Big Rock Lane	Okotoks	Retail – Freestanding	5,000	100.0
Gætz South Plaza	Red Deer	Retail – Plazas	74,000	100.0
260199 High Plains Boulevard	Rocky View	Industrial	655,000	97.8
688 Wye Road	Sherwood Park	Retail – Freestanding	23,000	100.0
1109 James Mowatt Trail SW	Southbrook	Retail – Freestanding	23,000	100.0
94 McLeod Avenue	Spruce Grove	Retail – Freestanding	5,000	100.0
395 St. Albert Trail	St. Albert	Retail – Freestanding	53,000	100.0
4607 50 Street	Stettler	Retail – Freestanding	31,000	100.0
100 Ranch Market	Strathmore	Retail – Freestanding	35,000	100.0
4202 South Park Drive	Stony Plain	Retail – Freestanding	5,000	100.0
			3,041,000	**99.9**
BRITISH COLUMBIA				
575 Alder Avenue	100 Mile House	Retail – Plazas	8,000	26.6
4454 East Hastings Street	Burnaby	Retail – Freestanding	4,000	100.0
5235 Kingsway	Burnaby	Retail – Plazas	33,000	100.0
Burnaby Heights	Burnaby	Retail – Plazas	61,000	100.0
1721 Columbia Avenue	Castlegar	Retail – Freestanding	3,000	100.0
45850 Yale Road	Chilliwack	Retail – Freestanding	6,000	100.0
Crown Isle Shopping Centre	Courtenay	Retail – Plazas	97,000	98.9
934 Baker Street	Cranbrook	Retail – Freestanding	8,000	100.0
1200 Baker Street	Cranbrook	Retail – Freestanding	47,000	100.0
11200 8 Street	Dawson Creek	Retail – Freestanding	5,000	100.0
9123 100 Street	Fort St. John	Retail – Plazas	67,000	100.0
750 Fortune Drive	Kamloops	Retail – Freestanding	56,000	100.0
945 Columbia Street W	Kamloops	Retail – Freestanding	5,000	100.0
294 Bernard Avenue	Kelowna	Retail – Freestanding	19,000	100.0
697 Bernard Avenue	Kelowna	Retail – Freestanding	30,000	100.0
Belmont Market	Langford	Retail – Plazas	137,000	85.5
20871 Fraser Highway	Langley	Retail – Freestanding	48,000	100.0
27566 Fraser Highway	Langley	Retail – Freestanding	45,000	100.0
32520 Lougheed Highway	Mission	Retail – Plazas	55,000	100.0
800 McBride Boulevard	New Westminster	Retail – Freestanding	43,000	100.0
1170 27 Street E	North Vancouver	Retail – Freestanding	37,000	100.0
1175 Mount Seymour Road	North Vancouver	Retail – Freestanding	36,000	100.0
801-1303 Main Street	Penticton	Retail – Plazas	59,000	100.0
2850 Shaughnessy Street	Port Coquitlam	Retail – Freestanding	49,000	100.0
200 2 Avenue W	Prince Rupert	Retail – Plazas	52,000	100.0
445 Reid Street	Quesnel	Retail – Freestanding	3,000	100.0
6140 Blundell Road	Richmond	Retail – Freestanding	28,000	100.0
3664 Yellowhead Highway	Smithers	Retail – Freestanding	5,000	100.0
7450 120 Street	Surrey	Retail – Plazas	53,000	100.0
8860 152 Street	Surrey	Retail – Freestanding	56,000	100.0
10355 King George Boulevard	Surrey	Retail – Freestanding	62,000	100.0
4655 Lakelse Avenue	Terrace	Retail – Freestanding	43,000	100.0
1599 Second Avenue	Trail	Retail – Plazas	32,000	100.0
990 King Edward Avenue W	Vancouver	Retail – Freestanding	28,000	100.0
1641 & 1653 Davie Street	Vancouver	Retail – Plazas	37,000	100.0
1766 Robson Street	Vancouver	Retail – Freestanding	41,000	100.0
1780 East Broadway	Vancouver	Retail – Freestanding	42,000	100.0
2733 West Broadway	Vancouver	Retail – Plazas	55,000	100.0
3410 Kingsway	Vancouver	Retail – Plazas	51,000	100.0
8475 Granville Street	Vancouver	Retail – Freestanding	24,000	100.0
3417 30 Avenue	Vernon	Retail – Freestanding	29,000	100.0
4300 32 Street	Vernon	Retail – Freestanding	56,000	100.0
			1,655,000	**98.6**
TOTAL			**17,558,000**	**96.1**

UNITHOLDERS' INFORMATION

BOARD OF TRUSTEES

OFFICERS

J. Michael Knowlton
Chair

Donald E. Clow
President and Chief Executive Officer

Clinton D. Keay
Chief Financial Officer and Secretary

Glenn R. Hynes
Executive Vice President and Chief Operating Officer

Cheryl Fraser
Chief Talent Officer and Vice President Communications

John Barnoski
Senior Vice President Corporate Development

Trevor Lee
Senior Vice President Construction and Development

Arie Bitton
Senior Vice President Leasing and Operations

Fred Santini
General Counsel

CROMBIE REIT

Head Office:
610 East River Road, Suite 200
New Glasgow, Nova Scotia
B2H 3S2

Telephone: (902) 755-8100
Fax: (902) 755-6477

Internet: www.crombiereit.com

INVESTOR RELATIONS AND INQUIRIES

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

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

Email: investing@crombie.ca

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

UNIT SYMBOL

REIT Trust Units – CRR.UN

STOCK EXCHANGE LISTING

Toronto Stock Exchange

TRANSFER AGENT

AST Trust Company (Canada)
Investor Correspondence
P.O. Box 700
Montreal, Quebec
H3B 3K3

Telephone: (800) 387-0825
Email: inquiries@astfinancial.com
Website: www.astfinancial.com/ca

COUNSEL

Stewart McKelvey
Halifax, Nova Scotia

AUDITORS

PricewaterhouseCoopers, LLP
Halifax, Nova Scotia

MULTIPLE MAILINGS

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

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

Design: Craib Design & Communications www.craib.com Printed in Canada

TOP 20 TENANTS

Crombie REIT

Crombie's portfolio is home to a diverse group of national and regional tenants, most of whom serve the everyday needs of Canadian consumers.

TENANT	% of Annual Minimum Rent	Average Remaining Lease Term	DBRS Credit Rating
Empire Company Limited[1]	54.2%	13.4 years	BBB (low)
Shoppers Drug Mart	4.1%	9.0 years	BBB
Province of Nova Scotia	1.5%	7.8 years	A (high)
Dollarama	1.4%	6.0 years	BBB
Government of Canada	1.2%	4.1 years	AAA
CIBC	1.2%	11.6 years	AA
Bank of Nova Scotia	1.1%	2.9 years	AA
Cineplex	1.1%	9.5 years	
GoodLife Fitness	1.1%	8.1 years	
Bank of Montreal	1.0%	7.8 years	AA
Canadian Tire Corporation	1.0%	4.0 years	BBB (high)
Restaurant Brands International	0.7%	5.9 years	
Bell Canada	0.6%	5.3 years	BBB (high)
Metro	0.6%	7.6 years	BBB
Royal Bank of Canada	0.6%	3.4 years	AA (high)
TJX Canada[2]	0.5%	8.6 years	
SAQ/Province of Quebec	0.5%	5.2 years	AA (low)
Leon's Furniture	0.5%	6.1 years	
Giant Tiger	0.5%	4.6 years	
Staples	0.5%	2.6 years	
TOTAL	**73.9%**		

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

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

Sobeys
ANCASTER, ON

Crombie
REIT