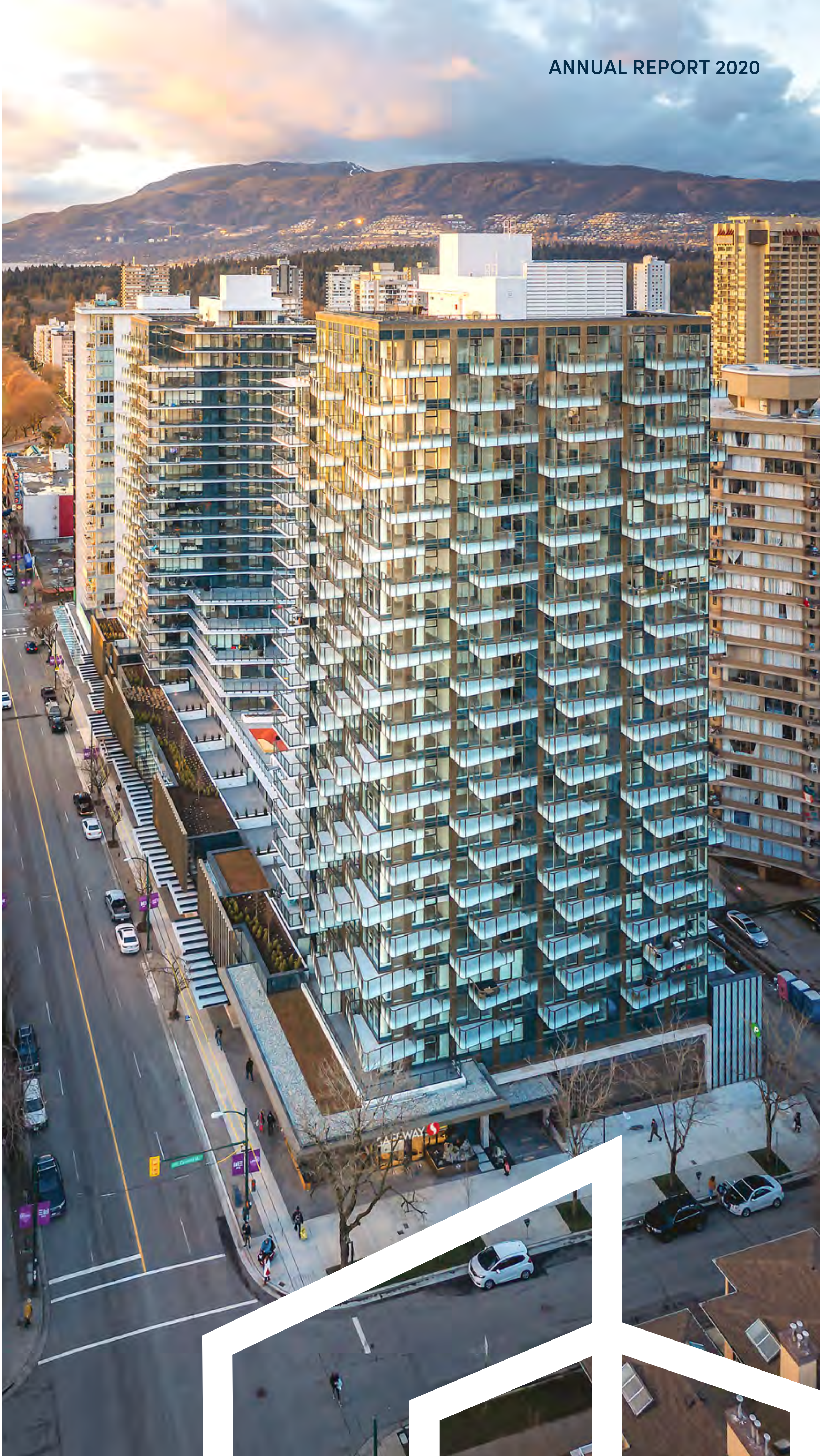
Crombie

ANNUAL REPORT 2020

Proven Stability and Sustainable Growth



Crombie

About Crombie REIT

For decades, Crombie REIT and its predecessors have invested in high-quality, sustainable real estate where people live, work, shop, and play. While our name has changed in the 60+ years we've been operating, our commitment to our communities, tenants, investors, and team has never wavered.

With 284 investment properties nationwide, Crombie's portfolio of approximately 18.0 million square feet, with an additional nine properties under development or owned in a joint venture, enhances local communities and is adaptable to long-term growth. We are focused on steady income growth and asset value creation through the ownership, operation, and development of high-quality grocery-anchored retail, shopping centres, industrial, and mixed-use developments in Canada's top urban and suburban markets.

About the Cover

Davie Street, located in one of Canada's great neighbourhoods, the West End of Vancouver, is Crombie's first major mixed-use development. The approximately 54,000 square feet of wholly owned commercial space is anchored by a Safeway. The residential building, named Zephyr, is owned in partnership with Westbank and contains approximately 330 residential rental units. This community of homes sets a new standard for urban, green and sustainable living.

Inside This Report

Financial Review

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 on page 87.

ABOUT NON-GAAP MEASURES

Certain financial measures in this document, including FFO, AFFO, NAV, NOI, SANOI, EBITDA, D/GFV, 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 on page 84.

Proven Stability and Sustainable Growth

2020 was a year filled with uncertainty, yet Crombie's solid foundation and its long-term strategy remained fully intact. Our grocery-anchored portfolio stood up to the unique challenges presented, and key milestones were achieved on our major mixed-use developments. We are confident in the future we are building at Crombie.

Davie Street
Vancouver, British Columbia

Crombie At-A-Glance

Retailer-Related REIT

Empire owns 41.5% interest

293 Properties

including properties under development and 4 properties owned in joint ventures

$4.8b

fair value of investment properties

$4.3 - 6.1b

development pipeline future investment potential

Broadway and Commercial Rendering
Vancouver, British Columbia

COVID-19 Impact

In the first quarter of 2020, the outbreak of the novel strain of coronavirus, COVID-19, was declared a worldwide pandemic. States of emergency with varying degrees of mandatory business closures and operating restrictions were declared repeatedly in 2020 across Canada, resulting in a national economic recession. The duration and impact of these emergency measures and their impact on Crombie's financial results into the future are not fully known. Approximately 77% of Crombie's annual minimum rent is generated from essential grocery and pharmacy-anchored properties and to date, Crombie has collected approximately 96% of its contractual rents for the year ended December 31, 2020.

Crombie is committed to the health of communities in which we operate, which includes the health, safety, and well-being of our employees, tenants, and customers. Our pandemic planning team, comprised of cross-functional leaders from across the organization, has been actively managing our ongoing response to the COVID-19 pandemic. We continuously review business needs and empower all employees to take appropriate precautions, and to respond to all confirmed or suspected COVID-19 cases in any of our properties or offices across the country. We implemented, and regularly update, Business Continuity Plans with guidance from trusted sources (primarily the World Health Organization and Public Health Agency of Canada).

COVID-19 related impacts are further discussed in the following sections in the MD&A: "COVID-19 Impact - Operations", "COVID-19 Impact - Financial", "Financial Performance Review", "Development", "Capital Management", "Risk Management" and "Other Disclosures".

Relentless Commitment

As I think back to this time last year, when we were preparing to release our year-end results and actively planning for the year ahead, I marvel at the unexpected turmoil that we were about to experience.

As we prepared for 2020, we focused on our strategic pillars: Real Estate, Financial Condition, People, and Risk. We took none of those things for granted, and we were looking ahead to a year of growth and achievement. Our unit price was at an all-time high, the market was valuing our potential, our real estate was thriving with our strong strategic partnership with Empire, low vacancy rates, and exciting development completions on the horizon, and we knew we had a highly skilled team. What we may have taken for granted was the remarkable resilience and dedication of that team. When the pandemic was declared a month later, our real estate remained strong and our team proved to be incredible. In 2020, this team solidified the foundation of all our strategic pillars. In a year when many other real estate companies struggled to adapt to the ever-changing marketplace, Crombie achieved a top-quartile unit price performance in the REIT space.

The theme of this year's annual report is Proven Stability and Sustainable Growth. We've proven ourselves on these measures this year. Our team has kept our balance sheet and liquidity stable, and our business on track. We continued to improve our strategic and mutually advantageous relationship with Empire through long-term planning and commitments to growth, including $133 million in modernizations, conversions, and related investments. We are excited about the further diversification of our portfolio with the completion of the Voilà par IGA Customer Fulfilment Centre, in Montreal, in late 2020. Effectively, major developments remained on time and on budget, despite numerous lockdown requests in those regions where we are under construction. We remained committed to doing what is right in the long term, even if it seems difficult in the short term. That commitment has resulted in significant reductions in energy and water consumption in many of our properties, in our ongoing effort to reduce our impact on the environment.

2020 was a year of disruption nonetheless. The COVID-19 pandemic is beyond anyone's imagination. There was a high level of uncertainty, economies around the world shut down, businesses struggled to keep afloat, and there was no rule book for what we were experiencing. We quickly decided to rely on our values to guide us through this unprecedented situation. From Trustees to individual contributors, all members of Crombie's team annually commit to our Code of Conduct and Ethics, and this guides our behavior across the organization. We are committed to excellence, value relationships, and have a strong sense of integrity. Given that, we acted quickly to send home all employees who could work remotely, and worked diligently to ensure that our Operations team, tenants, and visitors were safe through enhanced cleaning protocols and a commitment to follow all public health regulations. Once our people were safe, our Finance team went to work on ensuring that we had the financial strength to succeed through the pandemic, and a collaborative multi-functional team developed the Crombie Values Small Business program, to help those tenants who would be most impacted by the lockdowns. This team worked tirelessly to answer questions, provide support and assist tenants in their need for rent assistance and more. We communicated weekly with all employees and tenants, and held regular company-wide check-in calls to ensure our team stayed safe and was kept updated on our business activities.

As we look ahead to 2021, the challenge of COVID-19 remains. As we continue to work our way through the pandemic, the safety and well-being of our stakeholders remains a priority. Our strategy remains unchanged, and we look forward to the exciting completion of several of our major developments. Residents are now living in Zephyr (our Davie Street JV partnership with WestBank featured on the cover of this report), and residential leasing is now underway for our Bronte Village location (JV partnership with Prince Dev). Our relationship with Empire continues to strengthen, and we are committed to an investment of $100 million – $200 million in 2021.

Empire had a very successful year serving Canadians in 2020, and we are proud to work with them on further enhancing the quality of their customers' experiences in-store and online. We have recently begun the work of reporting on our commitment to ESG. We've been practicing the principles of ESG for many years, and now we're pleased to be taking the steps to submit to GRESB in 2021. Crombie leads by our values, and our goal has always been to enhance communities through long-term sustainable growth. This translates well to our ESG work, including maintaining our commitment to ethical operations, gold standard governance, sustainable design and building maintenance, and building welcoming spaces for all employees, tenants, and visitors.

Sincerely,

Donald Clow FCPA, FCA
President & Chief Executive Officer

Building the Crombie of Tomorrow

Donald Clow
President & CEO
HALIFAX, NS

Clinton Keay
Chief Financial Officer and Secretary
NEW GLASGOW, NS

Glenn Hynes
EVP & Chief Operating Officer
NEW GLASGOW, NS

Cheryl Fraser
Chief Talent Officer & VP, Communications
NEW GLASGOW, NS

John Barnoski
EVP, Corporate Development
TORONTO, ON

Arie Bitton
SVP, Leasing & Operations
TORONTO, ON

Trevor Lee
SVP, Development & Construction
CALGARY, AB

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

Jelena Plecas
VP, Corporate Development Strategy
TORONTO, ON

Fred Santini
General Counsel
TORONTO, ON

Andrew Watt
VP, Leasing
TORONTO, ON

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

Jennifer Sieber
VP, Investments
TORONTO, ON

Sid Schraeder
VP, Construction West
CALGARY, AB

Terry Doran
VP, Office Properties
HALIFAX, NS

Aaron Bryant
VP, Construction East
NEW GLASGOW, NS

Matt Craig
VP, Operations
NEW GLASGOW, NS

Our Business

OUR GOAL

To enrich communities through long-term sustainable growth.

OUR VALUES

- Commitment
- Collaboration
- Innovation
- Integrity
- Relationships
- Excellence and Quality

OUR CULTURE

- One Team
- Vibrant
- Energetic
- Thought Leadership Learning at all levels of the organization

18.0m sq.ft.[1]

ASSET TYPE

83.7%

retail (15.0m sq.ft.)

5.3%

office (1.0m sq.ft.)

11.0%

retail-related industrial (2.0m sq.ft.)

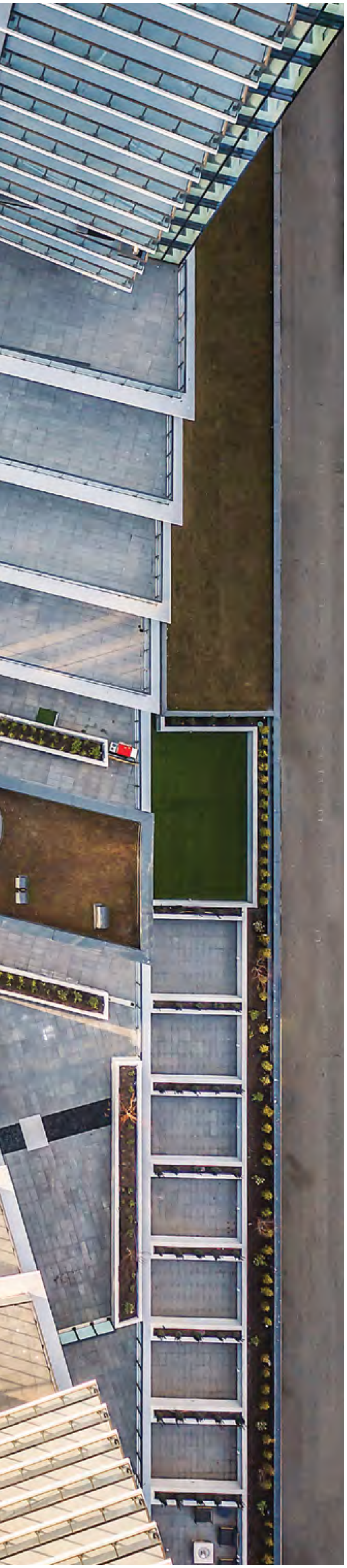
30 projects

3 active

3 with zoning approvals

[1] Includes partially-owned properties subject to proportionate consolidation

Davie Street
Vancouver, British Columbia



Our Purpose

We own and operate high-quality, sustainable real estate where people live, work, shop and play.

WHO WE DELIVER FOR

Our Tenants and Customers	Our Partners	Our Unitholders	Our People	Our Communities

WHAT WE HAVE	WHAT WE DO	VALUE WE CREATE
Strong, stable portfolio	**Effective and efficient property management** **Strategic acquisitions / dispositions**	Resilient grocery-anchored needs-based properties that meet the needs of our tenants, their customers and communities Stable and growing cash flow
Strategic partnership	**Strategically engage with Empire to complete conversions, modernizations, expansions, customer fulfilment centres and more, as well as collaborate on developments**	Accretively optimized portfolio designed to meet Empire and Crombie's current and future needs, including unlocking development opportunities
Development pipeline	**Planning and zoning of land** **Design and execution of projects**	High-quality real estate that enhances communities and provides sustainable long-term growth

UNDERPINNED BY

Strong financial condition	**Reasonable and balanced debt ladder with multiple sources of capital and ample liquidity** **Disciplined and innovative capital funding and management** **Strong balance sheet**	Optimize cost of capital Available capital sources Minimized financial risk
A highly skilled team that generates strong returns by executing on strategy and caring about our properties, tenants, and communities	**Attract, develop and retain talented people who can execute our strategy and think innovatively** **Prioritize employee engagement, development, and community outreach** **Focus on environmental, social and governance ("ESG") footprint including a commitment to the long-term sustainability of our properties and communities**	Diverse and inclusive team of skilled real estate professionals Experienced and focused leadership Address the needs of our employees and care for our communities Minimized environmental impact of our buildings and operations Strong governance Strong risk management and risk appetitie framework Supported communities

Avalon Mall
St. John's, Newfoundland and Labrador

Crombie's Priorities

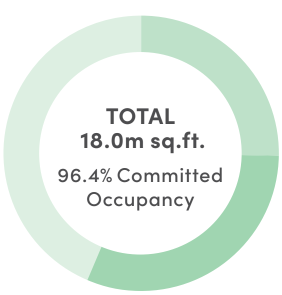
1

Stable and Growing Portfolio

We build and own a high-quality, resilient, and diversified portfolio, anchored primarily by grocery and pharmacy tenants that provide stable and growing long-term earnings, cash flow, and Net Asset Value ("NAV").

Over the last decade, Crombie has grown and optimized the quality of our grocery-anchored portfolio by developing and acquiring assets in Canada's top markets, as well as recycling properties, mostly in secondary and tertiary markets. Crombie's 284 investment property portfolio is built on strong fundamentals, driven by record high committed occupancy of 96.4% and a lengthy weighted average lease term of 9.5 years.

Rent collections throughout 2020 were strong highlighting the quality of our portfolio. However, not all tenants have been able to weather the recession caused by the pandemic. Our leasing and operations teams have worked very closely with our tenants to maintain strong relationships and provide appropriate levels of financial assistance.

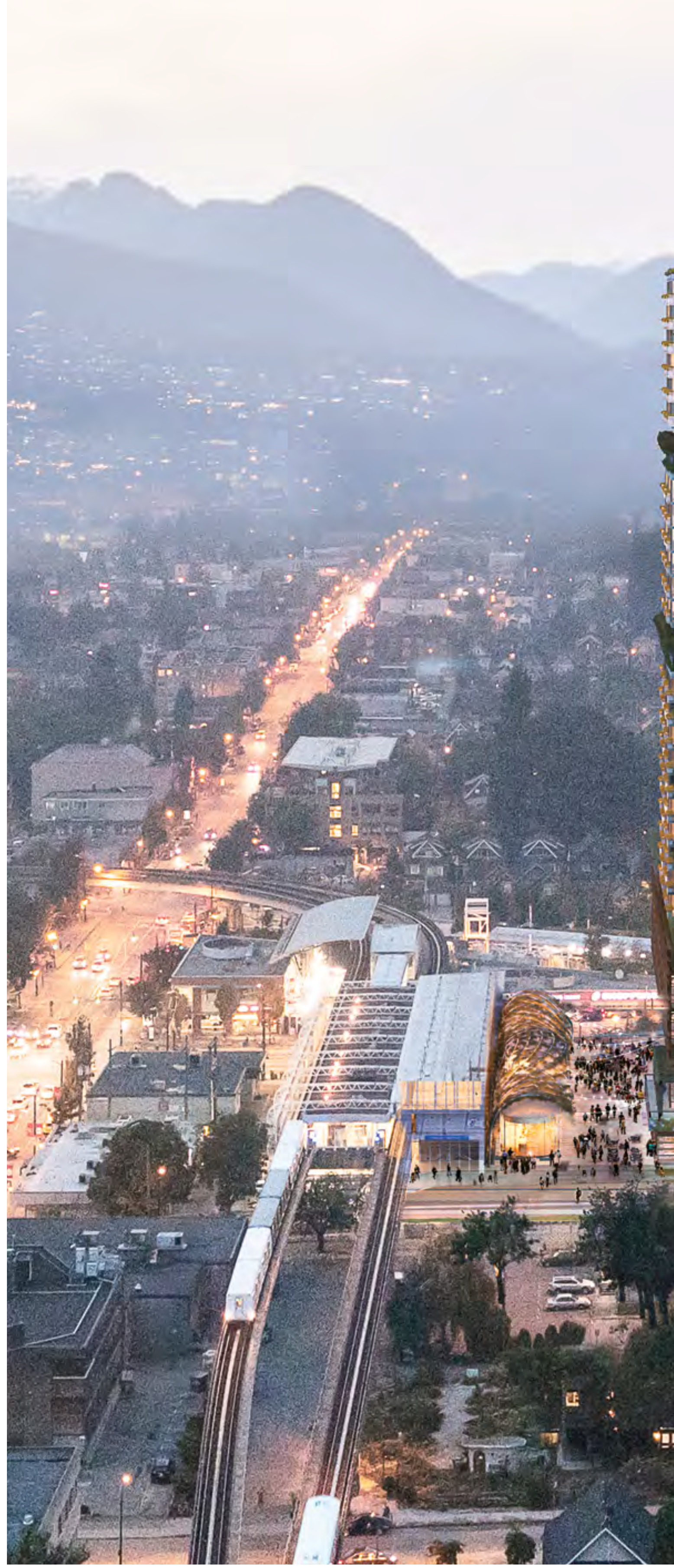


Major Markets 4.6m sq.ft.
96.1% Committed Occupancy

VECTOM 5.6m sq.ft.
99.0% Committed Occupancy

Rest of Canada 7.8m sq.ft.
94.7% Committed Occupancy

Broadway and Commercial Rendering
Vancouver, British Columbia



0.8m sq. ft.
leases renewed

4.1%
renewal leasing spread

9.5 years
weighted average lease term

$258,861
net property income

(1.1)%
SANOI
+2.8% excluding impact of COVID-19

$0.88
AFFO/unit

$1.05
FFO/unit

2

Strategic Partnership with Empire

Our relationship with Empire is our sustainable competitive advantage. We collaborate to deliver the best solutions and work together to execute projects of mutual interest that enable operational stability, resilience, and growth.

Empire has achieved great momentum with improved operating and financial performance, and market share growth. Supporting this momentum is the recent launch of Voilà by Sobeys in the Greater Toronto Area. Empire recently announced their new three-year strategy, Project Horizon, which focuses on core business expansion and the acceleration of their e-commerce network.

Aligning our strategy with that of Empire enables Crombie to expand and diversify our real estate portfolio with solid risk-adjusted returns. We work closely with Empire to collectively drive high quality and defensive low-risk growth through strategic and accretive transactions such as:

- Modernization and expansion of grocery stores;
- Store conversions;
- Accelerating Empire's build-out of their Voilà online grocery home delivery service through investments in their network;
- Land-use intensifications; and,
- Unlocking of major urban developments.

Pointe-Claire CFC
Montreal, Quebec

54.9%

of annual minimum rent generated by Empire

57.2%

(10.3m sq. ft.) of occupied portfolio GLA

12.5 years

weighted average remaining Empire lease term

$133m

capital spend in 2020 to support Empire-related projects

Broadway and Commercial Rendering
Vancouver, British Columbia

3

Strong Development Pipeline

By merging residential, retail, office, and retail-related industrial properties, our development projects are a cornerstone for our vision of creating thriving communities where people live, work, shop, and play.

Our value-enhancing major development pipeline consists of 30 properties, including three active developments. Many of these sites are strategically located within walking distance of existing and future transit corridors/nodes within growing census metropolitan areas. Four projects, with total costs of approximately $334 million, reached substantial completion in 2020. The remaining three active developments are expected to reach substantial completion in 2021. This is truly a transformational time for Crombie as a material number of development projects have reached or will reach substantial completion. These properties are expected to enhance communities, provide long-term sustainable growth, and increase our presence in the country's top urban markets, while diversifying and improving our overall portfolio quality and income stream.

Crombie expects to invest $150 million to $250 million in our development pipeline program annually. As our active developments approach completion, Crombie continues its work to entitle an additional ten projects across Canada. Crombie is committed to unlocking the significant land value embedded in our major urban market grocery stores and generate opportunities to continue our development program.

Timeline

Belmont Market Q1 2020

Avalon Mall
Phase 1 Q3 2020 / Phase 2 Q4 2020

Pointe-Claire Q4 2020

Davie Street
Retail Q2 2020 / Residential Q1 2021

Le Duke Q3 2021

Bronte Village Q4 2021

Spotlight on Davie Street Residential

- Crombie's first residential rental property, tenants began taking occupancy in November
- Partner: Westbank
  254,000 sq. ft. residential GLA
  330 units

Zephyr is a community of homes that set a new standard for urban, green and sustainable living in one of Canada's great neighbourhoods, the West End. Zephyr is attempting to create a culture that is focused on living locally – the West End is Vancouver's most walkable neighbourhood.

$4.3 - 6.1b

development pipeline future investment potential

4 Completed

679,000 sq. ft. commercial GLA

$334m total project cost

3 Active

5.3% - 5.8% estimated yield on cost[1]

80,000 sq. ft. commercial GLA

961,000 sq. ft. residential GLA

27 Future

1.3m sq. ft. commercial GLA

9.4m sq. ft. residential GLA

11% with zoning approvals

7% zoning application submitted

[1] Please see the development section of the MD&A for disclosure on assumptions and risks.

4

Strong Financial Condition

We continue to de-risk our business and build financial strength by strategically managing our capital structure, accessing capital in a timely and cost-effective manner, and optimizing capital allocation.

Crombie improves its cost of capital through disciplined and innovative capital sourcing and strategic allocation to support NAV and AFFO growth. Historically, Crombie has funded its business with traditional equity issuances and commercial debt. Over the past few years, Crombie has achieved a more balanced approach to funding through our capital recycling program, including both full and partial interest dispositions, and unsecured notes. Recycling of capital provides organic equity funding which enables us to both lower/maintain our leverage and enhance our asset portfolio.

Over many decades, a very solid foundation was built to support our business. Despite the ongoing challenges due to the COVID-19 pandemic, Crombie remains in good financial health with a strong, flexible balance sheet, and ample liquidity. The year began with an equity issuance at a price of $16.00 per unit, the highest issue price to date. Crombie issued two tranches of $150 million each of unsecured notes, achieving both the longest duration and lowest coupon in Crombie's history, and secured two long-term mortgage financings at attractive interest rates. Both financing activities aligned with our debt strategy to increase our weighted average term to maturity and harvest interest savings.

Scotia Square
Halifax, Nova Scotia

$1.4b

fair value of
unencumbered assets

5.3 years

weighted average term
to maturity

$472m

available liquidity

49.4%

D/GFV
48.8% net of cash

5

Highly Skilled Team and Caring Culture

We are proud of the smart, engaged people who enable Crombie to live up to our promise of enriching the communities in which we operate.

Our Operations teams keep our properties safe and our tenants supported, and our office teams maintain a focused commitment to keeping our strategy on track. Even in the midst of a global pandemic, our people showed remarkable resilience and a continued commitment to our core values of integrity, collaboration, excellence, and relationships. These are just a few of the many people who strengthen Crombie's foundation through their fine work every day.

Michael Glynn
Project Manager

"As part of the construction team, Crombie's pipeline of development projects is very exciting to me. I'm enabled to contribute to the success of the organization by driving projects with the skills I've acquired through experience, continued learning, and personal development opportunities. I learn from my colleagues, and that pushes me to set ambitious goals and continually work toward achieving them."

Thehani Guruge
Lawyer

"Crombie's culture creates a sense of family, and I work with a really great team who make me feel like a part of that family. This sets the organization apart from other places I've worked in the past, and really inspires me to work hard and contribute to Crombie's ongoing success."

Carla Quigley
Senior Manager, Internal Reporting

"In my work, I love to challenge and improve current processes, and Crombie empowers me to do what I do best. My colleagues are passionate about what they do and understand the value of teamwork. As an organization, we collaborate together as one team which is a strong contributor to the company's success."

Kaitlyn Siddall
Communications Specialist

"Crombie understands that its people are at the center of its success, and it shows. The company culture encourages personal development, prioritizes employee well-being, and promotes continual growth. When I joined the organization in 2019, I realized very quickly that Crombie is the right fit for me to build a fulfilling career."

Patrick Langille
Analyst, Corporate Realty Tax

"Crombie has constantly progressed over the course of my four years with the company. Its evolution to a national REIT and developer of large mixed-use properties is what inspires me about Crombie's future."

Ian MacDonald
Manager, Development

"Sustainable design and construction is embedded in Crombie's development process, and I love being a part of an organization that considers building an environmentally sustainable future a key focus. Working directly on Crombie's developments that are enriching the communities where we live and work, is something that fuels me to continue to build my career with Crombie."

Rebecca MacNeil
Manager, Recruitment and Employee Engagement

"Although we are spread out across Canada, we are a tight-knit, dedicated, and strong team, all working toward common goals. My job is to help find the right people to build an engaged, skillful team that not only contributes to Crombie's success today, but ensures we have a talented team to support Crombie's future. My colleagues are some of the best in the industry."

Ruth Martin
Director, Investor Relations and Financial Analysis

"From my perspective, the most important of Crombie's guiding values are commitment, collaboration, integrity, and relationships. I feel that these values drive a business, and without them, it's challenging to make forward progress or have a healthy culture. Crombie lives these values every day through its commitment to enriching communities, supporting its tenants, and empowering employees. This dedication makes me a proud member of the team."

Annie Smith
Analyst, Corporate Development

"I'm proud of how resilient Crombie has proven to be over the past year, navigating through the COVID-19 pandemic. The team has demonstrated great agility and adaptability through strong communication and collaboration."

Karen Solursh-Smith
Director, Leasing

"Crombie has evolved its portfolio to include mixed-use, larger scale developments. This evolution and quality of our portfolio is an exciting transformation toward the future success of the company. Crombie's strong relationship with Empire, our preferred partner, builds on this success and helps establish us as a leader in Canadian real estate."

Ryan Sun
Property Accountant

"Crombie is an engaging, motivating, and supportive workplace. Senior leadership keeps us involved with strategic goals of the company, cares about employee career development, and we're offered a flexible and supportive work environment. My colleagues are some of the most hard-working, dedicated, and inspiring people I have worked with. They make me a proud member of the team and Crombie family."

Mike Verge
Director, Information Systems and Technology

"As a large, successful organization, it's important to set ambitious goals and focus on the future; but it's also important to stay true to company roots and values. Crombie does an excellent job of balancing future plans and aspirations with the foundational culture that's helped to build its success."

ESG Initiatives

Since our earliest days, Crombie has been committed to the well-being of communities. The locations of many of our properties allow our visitors to access essential needs close to their homes, reducing transportation time and, therefore, environmental impact.

Crombie has been and remains committed to embedding sustainability principles into the way we do business, our decision-making processes, and everyday activities. In order to better understand sustainability performance at Crombie, we are committed to improving the measurement of our baseline performance in all three categories of sustainability (environmental, social, and governance). We are developing the policies and procedures that will set the targets and actionable processes necessary to achieve our short- and long-term ESG goals. Our sustainability agenda is a critical component of our culture.

Environmental Performance

As a real estate company, we understand that our properties can have a significant impact on our environment, both through construction and operations. Crombie is increasing our commitment to:

- Enhancing our inclusion of environmental considerations in the design of all new projects;
- Increasing opportunities for efficiencies at existing buildings; and
- Continuing operation of our properties and business in ways that minimize our impact on the environment.

Social Impact

Recognizing that building stronger communities requires an investment of additional resources, Crombie is committed to:

- offering our employees a safe, welcoming, diverse and inclusive workplace that actively encourages continued well-being, development, growth, and a positive overall work experience;
- prioritizing our people and promoting a culture where our employees share in our company's sustainability vision; and
- supporting charitable organizations that play a role in improving the health and well-being of their communities through donations of money, time, and space.

Corporate Governance

Good governance is about having a skilled and diverse Board of Trustees and implementing best practices of Board governance. Good governance must be implemented by talented people who have the integrity, knowledge and experience to set and support achieving the goals of the company.

Crombie understands that we have a responsibility to consider the impacts of our activities and we commit to manage those impacts, mitigate risks, and identify value-add opportunities. We also commit to future collaborations with stakeholders to determine material issues for consideration in our sustainability journey.

We have recently conducted an internal materiality analysis of key ESG topics that are important to Crombie and, we believe, to our stakeholders. From this analysis, we will focus on the following material ESG topics:

- Sustainable Design and Construction
- Energy Consumption
- Building and Attracting Talent
- Diversity, Equity and Inclusion
- Health, Safety and Wellness
- Risk Management
- Board Composition and Governance

Avalon Mall received the BOMA Newfoundland and Labrador Earth Award - Retail

Crombie was named BOMA NL's Company of the Year in 2019

Looking ahead: ESG Program Advancement – 2021 Goals

2021 will be transformational for our ESG program. We will report publicly our ESG strategy and operating model, our priority ESG objectives, and we will publish an ESG Report with commitments that authentically reflect our values. We will report our performance in alignment with the GRESB framework, which is an investor-grade, industry-recognized tool specifically designed to measure ESG performance in real estate. We are currently collecting and reviewing relevant information, which will be used to highlight existing best practices, which are significant but unreported, and identify areas where we have opportunity to improve our performance. We look forward to continuing work with our Board of Trustees to develop comprehensive ESG measurement and reporting.

Energy Consumption

As we evolve, so too does our commitment to our communities, and to the planet at large. Across the country, Crombie continues to implement initiatives to improve our environmental impact on the communities in which we operate.

In collaboration with Sobeys, there have been LED retrofits at 147 properties across Canada.

Case Study: Avalon Mall

Avalon Mall has received several environmental awards since its major redevelopment commenced in 2018. Clean St. John's awarded Avalon the Golden Broom Corporate Award in 2020 for its efforts to reduce waste through the implementation of multi-stream waste bins and installation of an industrial composter which, to date, has helped divert nearly 20,000kgs of organic waste from the landfill.

Avalon Mall received the BOMA Newfoundland and Labrador Earth Award – Retail, and Crombie was named BOMA NL's Company of the Year in 2019. Several energy-saving projects contributed to these awards, including the completion of upgrades to the NOVAR Building Management System, which allowed for better control of heating and cooling set points and time control for lighting. Installing occupancy sensors in all secondary corridors and upgrading all common area lighting to LED further controls and reduces overall energy consumption at the property.

Avalon Mall
St. John's, Newfoundland and Labrador

Sustainable Design and Construction

Major Developments offer us the opportunity to start protecting the environment from the onset of a project. For all new builds, we start with a project visioning exercise that looks at the micro market in which we are building to determine the best way to further enhance that community for the future. It is important to us to understand what matters to each community, and provide the right space and amenities as we move forward. In addition, we closely examine the impact we will have on the planet and build for the betterment of all.

Davie Street, Vancouver, British Columbia

- Public art feature "Zephyr" to enhance the streetscape.
- LEED Gold Equivalent project.
- 6 Shared Vehicle Stalls on site.
- 409 bicycle stalls (1.25 per residential unit).
- 18 short term bicycle parking stalls for public use.
- Public bike share facility on Cardero Street.
- Designed to be able to connect to a Neighbourhood Energy System when it becomes available in the future.
- Electric vehicle charging stations provided for Residential and Commercial use.

Building and Attracting Talent

Over the past several years, Crombie has consistently won Atlantic Canadian and Nova Scotian Employer of the Year awards because of our commitment to our people and culture. In 2020, we also won a Top Canadian Small and Medium Enterprise award. These awards are recognition of the work we do to engage our people in building a strong, caring culture. We actively recruit smart people who have diverse ways of thinking, are passionate about learning, thrive at solving problems, and are highly committed to our core values. We focus on true engagement metrics, identifying and addressing when there are opportunities to further enhance people's sense of purpose in their work. We support professional development and learning opportunities and encourage our employees to develop their unique skills and talents for future growth.

Health, Safety and Wellness

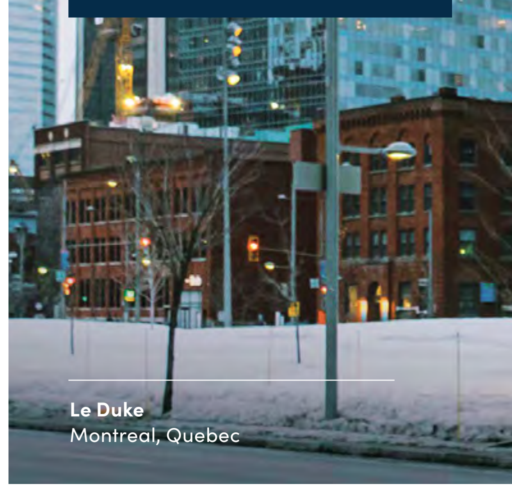
Like so many others, Crombie's office employees moved to home offices last year, and most still work remotely at the time of this writing. Our Operations employees maintained our properties' high health and safety standards throughout the pandemic, upholding Crombie's commitment to the communities in which we operate. Our people's health, safety, and well-being were our highest priority during the most significant pandemic our world has experienced in a century. We took every precaution to protect them from COVID-19, and we all worked diligently to adhere to public health advice. With much of the country in lockdown, we knew that mental health was also suffering, so we provided increased communications and resources to our employees to keep them well. Our leaders met weekly to discuss how to best support their teams, we held regular company-wide check-in calls, and our CEO sent weekly emails and met with employees virtually to answer questions and provide guidance.

Diversity, Equity and Inclusion at Crombie

Building and maintaining a diverse, equitable and inclusive culture that is reflective of the communities in which we operate is instrumental to Crombie's continued success. Our commitment to workforce diversity means we will create an inclusive culture and a sense of belonging for everyone. Through leadership and action, Crombie's diversity, equity, and inclusion goals are intended to ensure that Crombie is reflective of the diversity inherent across all levels of our communities and Canadian society, and that Crombie benefits from the range of perspectives, ideas and experiences that diversity provides.

2020 Actions:

- Updated our Diversity, Equity and Inclusion Policy to include goals, accountabilities, and commitments.
- Launched a Diversity Advisory Group that includes diverse employee representation from across the organization.
- Held Virtual Inclusion Conversations.
- CEO signed BlackNorth Pledge.



Le Duke
Montreal, Quebec

Board Composition and Governance

Crombie has always taken a conservative approach to governance and ethics. While we have a strategic relationship with Empire, who owns a 41.5% interest in Crombie, we take every effort to ensure our independence. All "related party" transactions must be voted on by our elected Trustees only, while Empire-appointed Trustees abstain.

We are committed to engaging with our stakeholders through quarterly conference calls, our annual general meeting and regular investor relations meetings. In addition, unitholders can contact the Chair of our Board via email at chair@crombie.ca.

Risk Management

To monitor and mitigate risk, an extensive risk management framework is in place, and is reviewed annually by the Board and its individual committees.

At Crombie, we are guided by our values and commitments, and "doing right while doing good" is ingrained in our culture. Each year, our Trustees and all employees at Crombie sign an extensive Code of Conduct and Business Ethics. From the Chair of the Board to our operations and office staff, everyone at Crombie is expected to act with integrity and the upmost regard for ethical decision making. Included in the code is an ethics "whistleblower" line that is available for any employee to report a breach of our Code.

Message from the Chair

The commitment of Crombie's Board of Trustees is to serve in the best interest of our unitholders, regardless of the daily challenges the business may face. To say 2020 was an unusual and challenging year is an understatement. The pandemic played a huge role in how organizations around the world operated, and Crombie was no exception.

The disruptive impact of COVID-19 was significant for the retail REIT sector in Canada, and many retailers faced incredibly difficult conditions during the ongoing national lockdowns. Crombie is fortunate to hold the most resilient asset class, essential needs retail, including our largest tenant Empire, whose business thrived in these challenging conditions. Our relationship with Empire strengthened in 2020, as everyone worked together to prioritize the safety and well-being of employees and customers across the country.

The Board has supported management through their response to COVID-19. Our Trustees have been supportive of the major development projects that are underway and of those in the pipeline. The pandemic didn't affect that support; we didn't make any changes that would impact the long-term strategic direction of the organization. Crombie continues to offer a sustainable return to our unitholders.

Management worked diligently this year to strengthen the business and get things done in a way that would ensure our performance remained strong. They were quick on their feet in reacting to the changing business requirements, kept our employees and business safe, and diligently maintained our properties. The company remains strong and committed to its strategic growth path.

In 2020, we welcomed Karen Weaver to our Board. In addition to her robust financial leadership experience, Karen's wealth of knowledge in governance has been invaluable. One of the key priority areas of focus for the Board and the company over the next year is creating a full ESG plan along with a strategy for implementation. Crombie has been built on a foundation of sustainable long-term commitment to its stakeholders, and this work will allow the company to plan for and measure its successes in this important work.

I thank all our Trustees for their commitment and dedication in 2020 and commend the Management team for a successful year.

Sincerely,

J. Michael Knowlton
Chair

“Management worked diligently this year to strengthen the business and get things done in a way that would ensure our performance remained strong. They were quick on their feet in reacting to the changing business requirements, kept our employees and business safe, and diligently maintained our properties.”

J. MICHAEL KNOWLTON
CHAIR

Board of Trustees

J. Michael Knowlton
Independent Trustee & Chair

Paul Beesley
Independent Trustee

Donald E. Clow
Trustee

Jim M. Dickson
Independent Trustee*

John C. Eby
Independent Trustee

Barbara Palk
Independent Trustee

Jason P. Shannon
Independent Trustee

Jana Sobey
Independent Trustee*

Paul D. Sobey
Independent Trustee*

Karen Weaver
Independent Trustee

*Empire appointed Trustee

Bronte Village
Oakville (Toronto), Ontario

Key Highlights

The following Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and financial performance of Crombie Real Estate Investment Trust ("Crombie") should be read in conjunction with Crombie's audited consolidated financial statements as at and for the years ended December 31, 2020 and 2019.

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

The information contained in the MD&A, including forward-looking statements, is based on information available to management as of February 24, 2021, except as otherwise noted.

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

For definitions of certain acronyms and specialized terms we use in this document, refer to the "Glossary of Terms" on page 35.

FOOTNOTES

(*) NON-GAAP FINANCIAL MEASURES
Some of the financial measures we provide in this document are non-GAAP financial measures that have no standardized meaning under International Financial Reporting Standards (IFRS) and therefore may not be comparable to similar measures presented by other companies. See "Non-GAAP Financial Measures", starting on page 84, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

FORWARD-LOOKING STATEMENTS
Some of the information we provide in this document is forward-looking and therefore could change over time to reflect changes in the environment in which we operate and compete. See "Forward-looking Information", starting on page 87, for more information.

KEY HIGHLIGHTS

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

FINANCIAL METRICS

(in thousands except GLA and per unit amounts)

Property revenue

Q4 2020	Year 2020
$97,060	**$388,733**
Q4 2019 **$96,823** +0.24%	Year 2019 **$398,741** -2.51%

Property revenue on a quarterly basis has increased slightly compared to the fourth quarter of 2019. The decrease in property revenue of 2.51% on an annual basis is primarily due to property dispositions in 2019. Due to COVID-19, parking revenue has been negatively impacted by reduced demand and rental revenue has been decreased by abatements primarily resulting from the implementation of the federal government's Canada Emergency Commercial Rent Assistance ("CECRA") program. In addition, tenant incentive amortization increased as a result of modernizations and energy upgrades.

Operating income attributable to Unitholders

Q4 2020	Year 2020
$17,157	**$67,608**
Q4 2019 **$44,149** -61.14%	Year 2019 **$161,875** -58.23%

The quarterly and annual decrease in operating income attributable to Unitholders is driven primarily by a gain on disposal of $81,803 from property dispositions in 2019, as well as 2020 increased rent abatements, and increased bad debt expense as a result of estimates for credit losses on rents receivable as a result of COVID-19. This is offset slightly by reduced general and administrative expenses and, on an annual basis, by lower finance costs due to the repayment of mortgages related to 2019 asset sales.

Same-asset property cash NOI*

Q4 2020	Year 2020
+1.85%	**-1.14%**
Q4 2020 **$61,805**	Year 2020 **$237,522**
Q4 2019 **$60,680**	Year 2019 **$240,250**

The quarterly increase in same-asset property cash NOI of $1,125 or 1.85% compared to the fourth quarter of 2019 is primarily due to higher supplemental rents from modernizations and capital improvements, offset in part by the impact of COVID-19 on parking revenue and rent abatements. On an annual basis, in addition to decreased parking revenue and rent abatement increases resulting from the impact of COVID-19, bad debt expense increased significantly on same-asset properties compared to 2019.

FFO* per unit

Q4 2020	Year 2020
$0.27	**$1.05**
Q4 2019 **$0.28** -3.57%	Year 2019 **$1.16** -8.99%

FFO per unit for both the quarter and on an annual basis was impacted by the increase in the number of Units outstanding from the Unit issuance in Q1 2020.

On an annual basis, the decrease in FFO is driven by bad debts and rent abatements related to the impact of COVID-19, reduced net property income resulting from the disposition of properties in 2019, and severance costs in the second quarter of 2020. This is offset in part by a decrease in general and administrative expenses and the impact of decreased unit price on unit-based compensation plans.

FFO* payout ratio

Q4 2020	Year 2020
83.2%	**84.6%**
Q4 2019 **80.1%** +3.10%	Year 2019 **76.9%** +7.69%

Higher FFO payout ratios for the quarter and on an annual basis are a direct result of the combined effects of decreased FFO and higher total distributions due to an increase in the number of Units outstanding from the Unit issuance in Q1 2020.

FINANCIAL METRICS (CONTINUED)

AFFO* per Unit

Q4 2020	Year 2020
$0.23	$0.88
Q4 2019 **$0.24** -4.17%	Year 2019 **$0.98** -10.20%

The quarterly decrease in AFFO per unit is primarily due to the higher number of units outstanding and the conclusion of the amortization of effective swap agreements resulting from mortgage maturities, in addition to items affecting FFO. On an annual basis, AFFO decreased primarily due to lower FFO, partially offset by a decrease in maintenance expenditures on a square footage basis resulting from property dispositions.

AFFO* payout ratio

Q4 2020	Year 2020
98.7%	101.0%
Q4 2019 **93.8%** +4.92%	Year 2019 **90.8%** +10.20%

The increased number of Units outstanding from the Unit issuance in Q1 2020 resulted in higher total distributions. This, combined with the reduction in AFFO, resulted in an increase to payout ratios.

OPERATIONAL METRICS

Renewals (GLA)

Q4 2020	Year 2020
200,000	758,000
Q4 2019 **699,000** -499,000	Year 2019 **1,626,000** -868,000

The decreased 2020 renewal variances on a quarterly and annual basis are primarily related to 684,000 square feet of Empire leases executed in 2019. During 2020, 758,000 square feet was renewed at rents 4.1% over the expiring rental rate.

Renewal spreads

Q4 2020	Year 2020
4.5%	4.1%
Q4 2019 **3.9%** +0.57%	Year 2019 **3.9%** +0.24%

The primary driver of the renewal growth in the quarter was retail enclosed renewals on approximately 81,000 square feet, at an increase of 6.8% over expiring rental rates. On an annual basis, growth was a result of strong renewal activity in the retail plaza portfolio with approximately 404,000 square feet of renewals, at an increase of 5.0% over expiring rental rates.

Committed Occupancy	Economic Occupancy
Year 2020	Year 2020
96.4%	94.0%
Year 2019 **96.1%** +0.30%	Year 2019 **95.4%** -1.40%

Economic occupancy was negatively impacted by the addition of approximately 345,000 square feet of vacant development GLA at Avalon Mall and Pointe-Claire CFC with economic occupancy expected in early 2021. This was partially offset by new leases of 248,000 square feet, outpacing lease expiries by 181,000 square feet. Notable new leases include H&M at Avalon Mall, The Brick at Woodgate Plaza, and Giant Tiger at North Bay.

432,000 square feet of committed space at year end led to record high committed occupancy of 96.4%. Approximately 350,000 square feet of committed space is at Avalon Mall, Belmont Market and Pointe-Claire CFC. Additionally, approximately 49,000 square feet is in our office portfolio.

FINANCIAL CONDITION METRICS

Interest coverage ratio*

Q4 2020	Year 2020
2.77x	**2.90x**
Q4 2019 **2.99x** -0.22x	Year 2019 **2.95x** -0.05x

The quarterly reduction in interest coverage ratio is due to the increase in finance costs primarily resulting from the premium paid relating to partial early redemption of unsecured notes. On an annual basis, reduced EBITDA resulting from lower property revenue from 2019 dispositions and the impacts of COVID-19 described above is the main driver in the reduction of the ratio.

Debt to gross fair value* (D/GFV)

Q4 2020	Q4 2019
49.4%	**48.9%**
Q4 2019 **48.9%** -0.50%	Q4 2017 **51.0%** +2.11%

The increase in D/GFV is due to spending on major developments, offset in part by increased cash equivalents of $63,293 related to a mortgage at our Pointe-Claire development and increased value in investment properties from development.

Debt to gross fair value*, applying cash and cash equivalents to reduce debt, is **48.8%** at Q4 2020.

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

Q4 2020

9.73x

Q4 2019 **8.52x** -1.21x

D/EBITDA increased on an annual basis due to spending on major developments, and reduced EBITDA resulting from property dispositions in 2019 and the impacts of COVID-19 on parking revenue, rent abatements, and bad debt expense in 2020.

Debt to trailing 12 months EBITDA*, applying cash and cash equivalents to reduce debt, is **9.48x** at Q4 2020.

Available liquidity – unutilized credit facilities

Q4 2020

$471,708

Q4 2019 **$449,016**

Available liquidity improved over 2019 primarily as a result of increasing the maximum principal amount of the unsecured bilateral credit facility to $130,000 from $100,000.

COVID-19 IMPACT - OPERATIONS

In the first quarter of 2020, an outbreak of the novel strain of coronavirus, COVID-19, was declared a worldwide pandemic. States of emergency with varying degrees of mandatory business closures and operating restrictions were declared repeatedly in 2020 across Canada, resulting in a national economic slowdown. The duration and impact of these emergency measures and their impact on Crombie's financial results into the future are not fully known. Approximately 77% of Crombie's annual minimum rent is generated from essential grocery and pharmacy-anchored properties and to date, Crombie has collected approximately 96% of its contractual rents for the year ended December 31, 2020.

Crombie is committed to enriching the neighbourhoods in which we operate, which includes the health, safety, and well-being of our employees, tenants, customers and communities. Our pandemic planning team, comprised of cross-functional leaders from across the organization, has been actively managing our ongoing response to the COVID-19 pandemic. We continuously review business needs and empower all employees to take appropriate precautions, and to respond to all confirmed or suspected COVID-19 cases in any of our properties or offices across the country. We implemented, and regularly update, Business Continuity Plans with guidance from trusted sources (primarily the World Health Organization and Public Health Agency of Canada).

OUR EMPLOYEES

In early March, following guidelines provided by these trusted sources, we asked our employees to cancel all work-related travel, reinforced the need to practice good sanitation/handwashing techniques, and to stay home and consult a physician if ill. In keeping with guidelines to facilitate physical distancing, we implemented a work-from-home program in mid-March for most of our workforce, ensuring technology solutions were in place with little to no disruption to business operations. These same protocols remain in place today, and many of our employees continue to work productively and safely from home. We continue to pay close attention to our employee engagement and culture data, and have committed to increased regular two-way communications with our teams.

We maintain these open lines of communication across the organization through effective leveraging of technology and coaching our people leaders to have regular contact with their remote team(s). Continued wellness is a priority, so we share information from federal and provincial authorities about the importance of following public health guidelines to keep our communities safe. We also care deeply about our employees' mental health, so we ensure that all employees have access to mental health resources and supports. The continued level of uncertainty around how the COVID-19 situation will evolve may require us to take further, longer-term decisions to ensure the well-being of our people, as well as that of our tenants, customers, and suppliers, and we will always do our part to support the objectives of leading health organizations.

Crombie is extremely proud of the efforts made by our team. While most office employees continue to work from home, our Operations teams ensure our properties are operational, clean and safe, and their work helps ensure that goods and services are readily accessible to the communities we serve.

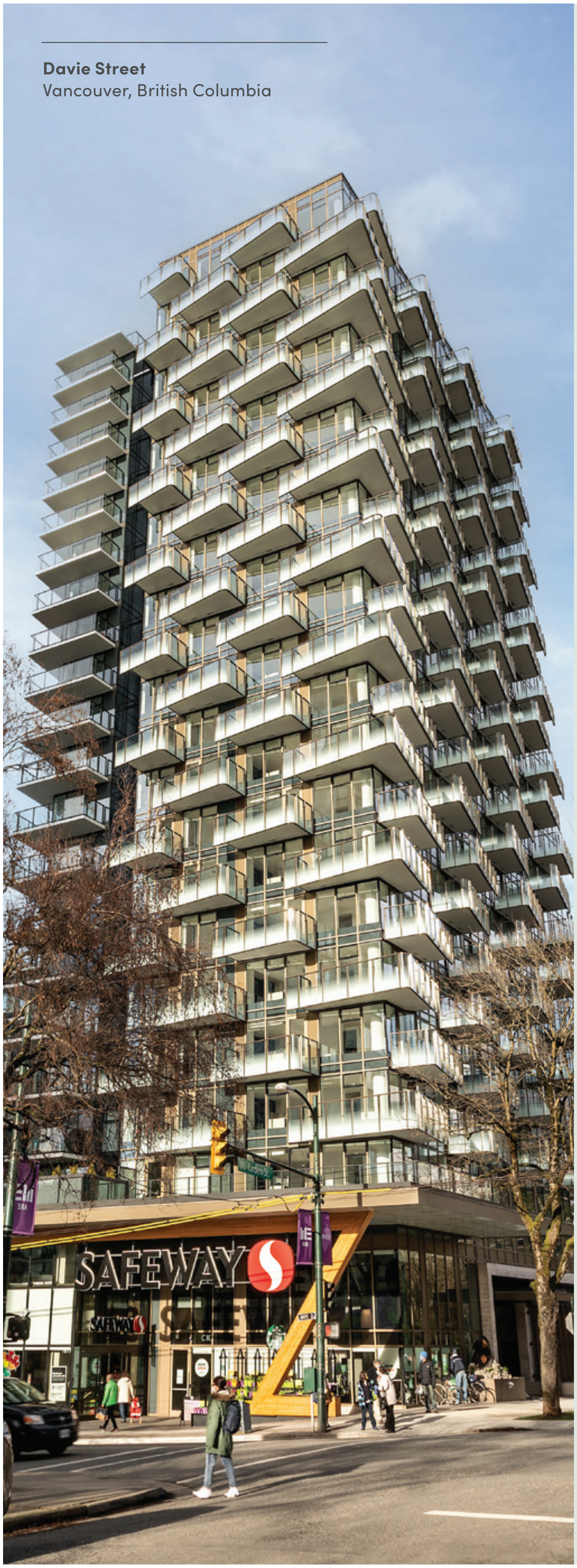
OUR TENANTS AND CUSTOMERS

During this time, we have continued to maintain and proactively augment health and safety protocols at all our properties. Our regular cleaning activities remain of utmost importance as a protective measure against the virus in our offices and at each of our properties. Public health authorities have advised that regular cleaning practices should be increased, and we have done so by increasing the frequency of our cleaning efforts and ensuring a focus on touch points. Hand sanitizer dispensers are available in all common areas. Our on-site Operations employees are asked to wear masks and maintain physical distancing at all times.

We also maintain open lines of communication with our tenants. We provide regular updates and have established clear expectations around sharing known presumptive or confirmed cases on our properties, so we can take the necessary steps to inform and protect all tenants, employees, customers and service providers.

Many tenants are faced with substantial changes to the way they serve their customers, and we have supported them with physical distancing protocols and site signage. We have a comprehensive communication plan that connects Operations, Talent Management and Executive teams, ensuring immediate awareness of any concerns. The health and safety of tenants, visitors and employees at our sites remains a priority to our team.

Our Business Continuity Plan contains steps to mitigate the risk of business interruption and ensure that we continue to deliver the same level of service and experience to which our tenants and customers are accustomed. We implemented a Crombie Values Small Business ("CVSB") program in March, as a way of supporting our small business tenants throughout the pandemic. We have provided additional assistance to tenants requiring rent relief through the federal government's Canada Emergency Commercial Rent Assistance ("CECRA") program and Canada Emergency Rent Subsidy ("CERS"). We continue to support tenants through the pandemic's ongoing and changing economic impacts. As of the end of January 2021, 97% of leased GLA was open for business.



Davie Street
Vancouver, British Columbia

OUR MAJOR DEVELOPMENTS

Although not significant, COVID-19-related inefficiencies and delays have increased risk around date and cost completion as well as future residential lease-up schedules on our major development program.

The shutdown of nonessential construction in Quebec from March 24th to May 11th extended the completion date of the Le Duke development to Q3 2021. Despite this shutdown, Pointe-Claire achieved substantial completion of the base building construction in the fourth quarter of 2020.

COVID-19-related measures and procedures caused slight delays in other major developments in British Columbia and Ontario. The 160,000 square foot Belmont Market development achieved substantial completion in 2020, with the remaining 17,000 square feet of construction delayed due to pre-leasing disruption, to be completed by Q4 2021. Davie Street retail development achieved substantial completion in 2020 with the residential development projected to be substantially complete in early 2021.

Please refer to the "Active Major Developments" section of this MD&A for further details on each project.

OTHER CONSTITUENTS

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

COVID-19 related impacts are further discussed in the following sections of this MD&A: "COVID-19 Impact – Financial", "Financial Performance Review", "Development", "Capital Management", "Risk Management" and "Other Disclosures".

COVID-19 IMPACT - FINANCIAL

Crombie has provided relief to qualifying small business tenants impacted by the COVID-19 pandemic through our own CVSB assistance program and the federal government's CECRA and CERS programs.

On March 27, 2020, Crombie announced the launch of CVSB, our small business support program, which included relief that deferred rent payments to assist small businesses during this unprecedented time. Effective April 1, 2020, small businesses within Crombie's portfolio that demonstrated a need for assistance qualified to defer a portion or all of their rent for two months. A team was established to deal with the needs of our tenants and assess eligibility of tenants who requested rent relief.

In order to ensure Crombie is doing its part to contribute to the survivability of its tenants during the pandemic, management has been actively working with tenants seeking rental concessions or who have stated that they are not going to pay their rent during the pandemic. To address certain needs, Crombie deferred amounts for qualifying tenants which are due to be repaid over a 12-month period. As of December 31, 2020, there was approximately $188 or 0.2% of the quarter's contractual rent deferred. This amount also includes rent deferral arrangements with our larger tenants who have been adversely affected by COVID-19. Most of Crombie's leases require that rent be paid on the first day of each month. During the three months and year ended December 31, 2020 and for the month of January, we have collected or expect to collect the following approximate contractual rents:

	Three months ended December 31, 2020		Year ended December 31, 2020		January 2021	
	% of Gross Rent Collected	% of Gross Rent, Total Portfolio	% of Gross Rent Collected	% of Gross Rent, Total Portfolio	% of Gross Rent Collected	% of Gross Rent, Total Portfolio
Retail	98%	91%	96%	91%	98%	91%
Office	99%	6%	99%	6%	99%	6%
Retail-related industrial	100%	3%	100%	3%	100%	3%
Total	98%[1]	100%	96%[1]	100%	98%[1]	100%

(1) Avalon Mall was significantly impacted by the pandemic. Since reopening on June 8th, we continue to see improvements at Avalon Mall. As of the end of January 2021, close to 100% of leased GLA is open for business, traffic counts continue to improve, rent collection has improved from 38% in May to 94% in January and approximately 90% of the new expansion space is now leased.

In April, the federal government, in cooperation with all 10 provinces, unveiled the Canada Emergency Commercial Rent Assistance ("CECRA") program, which subsidized 50% of small and medium-sized business rent for six months for qualifying businesses and required landlords to reduce their rent receivable by 25%, effectively reducing rent payments for the tenants by 75%. Crombie actively supported its tenants in the application for rent relief through the CECRA program, which ended as of September 2020. Crombie filed 286 tenant applications under the program, representing approximately 5% of gross monthly rent.

Crombie elected to treat the 25% reduction in rent receivable under the CECRA program as a credit loss under IFRS 9, where qualifying tenants had accounts receivable balances. Where no balance exists, the 25% reduction was considered a lease modification in accordance with IFRS 16 and averaged over the life of the lease as straight-line rent.

The Canada Emergency Rent Subsidy ("CERS") was announced in October by the federal government to replace the CECRA program by providing support for commercial rent and property expenses to small businesses affected by COVID-19. It subsidizes a percentage of eligible expenses, on a sliding scale, up to a maximum of 65% until June 2021. As application for CERS is the responsibility of the tenant, Crombie has reached out to those small business tenants who would qualify in order to gauge interest in the program. Management is currently reviewing the potential impacts, if any, of CERS.

Crombie assesses, on a tenant-by-tenant basis, losses expected with its rent receivables in determining the provision for doubtful accounts. Crombie takes into account the payment history and future expectations of likely default events (i.e., tenant requests for rental concessions/abatements, applications for rental relief through government programs such as the CECRA and CERS programs, or stating they will not be making rental payments on the due date) based on actual or expected insolvency filings or company voluntary arrangements and likely deferrals of payments due, and potential abatements to be granted by the landlord through tenant negotiations or under CECRA. Crombie's assessment is subjective due to the forward-looking nature of the situation. As a result, the provision for doubtful accounts is subject to a high degree of uncertainty and is made based on assumptions which may not prove to be accurate with the unprecedented uncertainty caused by COVID-19.

Based on its review, Crombie recorded a bad debt expense of $10,894 in 2020, reducing property operating income for the year ended December 31, 2020. The following table further outlines total bad debt expense for the three months and year ended December 31, 2020.

(In thousands of CAD dollars)		Three months ended December 31, 2020	% of total tenant billings		Year ended December 31, 2020	% of total tenant billings
Total tenant billings[1]	$	101,883	100.0%	$	410,179	100.0%
Less: amounts received and deferrals repaid to date		(100,012)	(98.2)%		(384,231)	(93.7)%
Less: CECRA collections		—	—%		(7,958)	(1.9)%
Balance outstanding		1,871	1.8%		17,990	4.4%
Total rents expected to be collected as per rent deferral arrangements		445	0.5%		(2,452)	(0.6)%
Total rents to be collected excluding collectible deferrals		2,316	2.3%		15,538	3.8%
Less: bad debt expense		(67)	(0.1)%		(10,894)	(2.7)%
Balance expected to be recovered	$	2,249	2.2%	$	4,644	1.1%

(1) Total tenant billings is the amount billed to tenants for the period per their contractual obligations. It does not include other components of property revenue, such as accrued recovery revenue, contingent rental revenue, straight-line rent recognition, tenant incentive amortization, lease termination income, or parking revenue.

(In thousands of CAD dollars)		Three months ended December 31, 2020		Year ended December 31, 2020
Expense recognized for CECRA-eligible tenants (25% landlord share)	$	—	$	(1,696)
Expense recognized for tenants with negotiated rent abatements		473		(3,002)
Expense recognized for additional expected credit losses		(540)		(6,196)
Bad debt expense	$	(67)	$	(10,894)

The following table further outlines what management estimates to be the material impacts of COVID-19 on Crombie's operating performance for the three months ended December 31, 2020:

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	FFO*				AFFO*				Same-asset property cash NOI*		Same-asset property cash NOI* growth		
		$		Per unit		$		Per unit		$		$	%
Actual results – Q4 2020	$	42,305	$	0.27	$	35,679	$	0.23	$	61,805	$	1,125	1.9%
Adjusted for:													
Bad debt expense		67		—		67		—		30		30	—%
Rent abatements[1]		365		—		377		—		178		178	0.3%
Parking revenue[2]		854		0.01		854		0.01		854		854	1.4%
Adjusted results – Q4 2020	$	43,591	$	0.28	$	36,977	$	0.24	$	62,867	$	2,187	3.6%
Q4 2019	$	42,132	$	0.28	$	36,006	$	0.24	$	60,680			

(1) Total amount of rent abatements recognized for AFFO* purposes was $377. Where qualifying tenants had accounts receivable balances, Crombie has elected to treat the abatements as a credit loss under IFRS 9. In cases where insufficient accounts receivable balances exist, Crombie has applied IFRS 16 and treated the abatement as a lease modification which is averaged over the life of the lease as straight-line rent. For purposes of FFO*, the abatements are partially offset by the straight-line rent impact of $(12).

(2) Parking revenue is calculated as the decrease in parking revenue from the same quarter in 2019, which Crombie has attributed to the impact of COVID-19.

The following table further outlines what management estimates to be the material impacts of COVID-19 on Crombie's operating performance for the year ended December 31, 2020:

For further information on these impacts, see the "COVID-19 Impact – Operations" section of this MD&A.

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	FFO*		AFFO*		Same-asset property cash NOI*	Same-asset property cash NOI* growth	
	$	Per unit	$	Per unit	$	$	%
Actual results	$ 165,850	$ 1.05	$ 138,963	$ 0.88	$ 237,522	$ (2,728)	(1.1)%
Adjusted for:							
Bad debt expense[1]	9,807	0.06	9,807	0.06	5,228	5,228	2.2%
Rent abatements[2]	1,012	0.01	2,315	0.01	1,490	1,490	0.6%
Parking revenue[3]	2,715	0.02	2,715	0.02	2,715	2,715	1.1%
Organizational realignment severance costs	1,509	0.01	1,509	0.01	—	—	—%
Adjusted results – Year 2020	$ 180,893	$ 1.15	$ 155,309	$ 0.98	$ 246,955	$ 6,705	2.8%
Year 2019	$ 175,539	$ 1.16	$ 148,632	$ 0.98	$ 240,250		

(1) Crombie considers bad debt expense for Q2 to Q4 2020 only to be attributed to the impact of COVID-19.

(2) Total amount of rent abatements recognized for AFFO* purposes, primarily related to CECRA, was $2,315. Where qualifying tenants had accounts receivable balances, Crombie has elected to treat the abatements as a credit loss under IFRS 9. In cases where insufficient accounts receivable balances exist, Crombie has applied IFRS 16 and treated the abatement as a lease modification which is averaged over the life of the lease as straight-line rent. For purposes of FFO*, the abatements are partially offset by the straight-line rent impact of $(1,303).

(3) Parking revenue is calculated as the decrease in parking revenue for Q2 to Q4 2020 from the same period in 2019, which Crombie has attributed to the impact of COVID-19.

GLOSSARY OF TERMS

AFFO*	Adjusted Funds from Operations. Crombie follows the recommendations of REALPAC's February 2019 white paper in determining AFFO.
AMR	Annual Minimum Rent.
CFC	Customer Fulfilment Centre.
CMA	Census Metropolitan Area.
Committed occupancy	Represents current economic occupancy plus future occupancy of currently vacant space for which lease contracts are currently in place.
CRU	Commercial Rental Units.
D/GFV*	Debt to gross fair value.
EBITDA*	Represents Earnings Before Interest, Taxes, Depreciation and Amortization excluding certain items such as amortization of tenant incentives, impairment of investment properties and gain (loss) on disposal of investment properties. EBITDA is a non-GAAP measure that is used as an input in several of our debt metrics.
Economic occupancy	Represents space currently occupied (excluding residential).
ESG	Environmental, Social and Governance.
Fair value	The amount at which an asset or liability could be exchanged between two knowledgeable, willing and unconnected parties in an arm's length transaction.
FFO*	Funds from Operations. Crombie follows the recommendations of REALPAC's February 2019 white paper in determining FFO.
Future Estimated Density	Estimated buildable areas or site area multiples based on general community plans, guidelines, or management estimates of same based on area precedents which have not yet been officially approved or endorsed by municipal authorities.
GHG	Greenhouse Gas Emissions.
GLA	Gross Leasable Area.
IFRS	International Financial Reporting Standards.
Major Markets	A Crombie-specific definition that includes Abbotsford-Mission, Barrie, Chilliwack, Halifax, Hamilton, Kitchener-Cambridge-Waterloo, Oshawa, Quebec City, Regina, Saskatoon, Victoria, and Winnipeg, as defined by Statistics Canada 2016 CMA/CA boundaries.
Modernization Income	Income earned from a capital investment to modernize/renovate Crombie owned grocery store properties in exchange for a defined return and potential extended lease term.
NAV	Net Asset Value.
Net property income	Property revenue less property operating expenses, which excludes certain expenses such as interest expense and indirect operating expenses.
Pre-leased space	Refers to GLA of properties under development reserved by prospective tenants for a future rental period.
Property cash NOI*	Property NOI on a cash basis, excluding non-cash straight-line rent recognition and non-cash tenant incentive amortization.
Proportionate share basis	Represents Crombie's proportionate interest in the financial position and results of operations of its entire portfolio, taking into account the difference in accounting for joint ventures using proportionate consolidation versus equity accounting.
REALPAC	Real Property Association of Canada.
Rest of Canada ("RoC")	A Crombie-specific definition that includes all remaining geographies outside of VECTOM and Major Markets.
Retail	Includes our substantial retail portfolio with commercial reflecting certain few additional properties which comprise both retail and office space. These properties have been consistently included in our retail category.
Retail-related Industrial	Retail-related Industrial includes retail distribution centres and Customer Fulfilment Centres (CFC) owned in major urban markets.
Same-asset properties*	Properties owned and operated throughout the current and comparative reporting periods, excluding any property that was designated for redevelopment during either the current or comparative period.
Sq. ft.	Square footage.
Unencumbered assets	Represents assets that have not been pledged as security or collateral under a credit agreement or mortgage.
VECTOM	Vancouver, Edmonton, Calgary, Toronto, Ottawa-Gatineau, Montreal, as defined by Statistics Canada 2016 CMA/CA boundaries.
WATM	Weighted Average Term to Maturity.
Zoning Applications Submitted	A formal municipal re-zoning application has been submitted for the purpose of achieving a new land use (ie. residential, mixed-use) and generally to obtain higher levels of density and height.
Zoning Approved	Property has received municipal approval for a new land use designation which generally permits different uses (ie. residential, mixed-use) and higher levels of density and height.

* See "Non-GAAP Financial Measures", starting on page 84, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

PORTFOLIO REVIEW

As at December 31, 2020, Crombie's property portfolio consisted of full ownership interests in 225 investment properties, and partial ownership interests in 59 investment properties. The partial ownership interests are subject to proportionate consolidation, the results of which are reflected in our consolidated balance sheet and income statement, based on our proportionate interest in such joint operations. Together these 284 properties contain, at Crombie's share, approximately 18.0 million square feet of GLA in all 10 provinces.

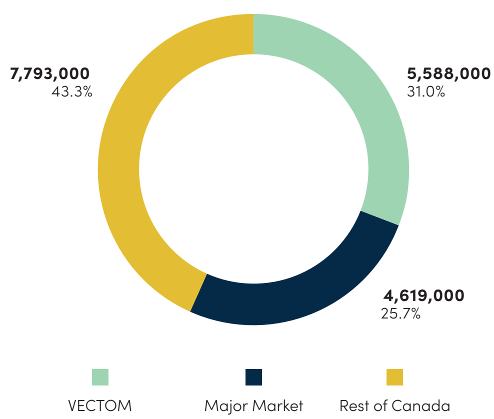
Crombie also holds partial ownership interests in four joint venture properties that are subject to equity-accounting. As such, the results of these equity-accounted investments are not included in certain financial metrics, such as net property income, property cash NOI* and same-asset property NOI*, nor in operating metrics such as occupancy and GLA, unless specifically indicated that such metrics are presented on a proportionate consolidation basis.

MARKET CLASS

We are increasing Crombie's presence in high-growth VECTOM and Major Markets through acquisitions and large-scale, mixed-use development, to strategically elevate our portfolio quality and strength.

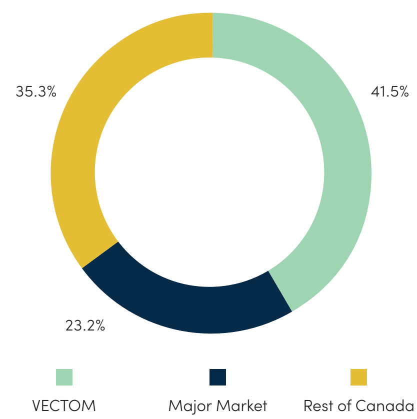
PORTFOLIO GLA BY MARKET CLASS (SQ. FT.)

as at December 31, 2020



PORTFOLIO FAIR VALUE BY MARKET CLASS (%)

as at December 31, 2020



Crombie's portfolio diversification by market class as at December 31, 2020 and 2019 is as follows:

	GLA (sq. ft.)								
	January 1, 2020	Acquisitions (Dispositions)	Other[1]	**December 31, 2020**	Number of Investment Properties	% of AMR	% NOI	Economic Occupancy	Committed Occupancy
VECTOM	5,295,000	2,000	291,000	**5,588,000**	89	32.3%	33.1%	93.5%	99.0%
Major Markets	4,597,000	(17,000)	39,000	**4,619,000**	59	26.3%	26.7%	94.8%	96.1%
Rest of Canada	7,666,000	46,000	81,000	**7,793,000**	136	41.4%	40.2%	93.8%	94.7%
Total	17,558,000	31,000	411,000	**18,000,000**	284	100.0%	100.0%	94.0%	96.4%

	GLA (sq. ft.)								
	January 1, 2019	Acquisitions (Dispositions)	Other[1]	December 31, 2019	Number of Investment Properties	% of AMR	% NOI	Economic Occupancy	Committed Occupancy
VECTOM	5,231,000	69,000	(5,000)	5,295,000	89	32.1%	30.9%	98.9%	99.0%
Major Markets	4,993,000	(371,000)	(25,000)	4,597,000	60	26.5%	27.0%	96.3%	96.7%
Rest of Canada	8,672,000	(1,096,000)	90,000	7,666,000	136	41.4%	42.1%	92.5%	93.7 %
Total	18,896,000	(1,398,000)	60,000	17,558,000	285	100.0%	100.0%	95.4%	96.1%

(1) Changes in GLA included in Other include increases for completed developments and additions/expansions to GLA on existing properties, and decreases primarily related to GLA removals in preparation for property redevelopment.

When compared to December 31, 2019, the percentage of total annual minimum rent generated from VECTOM increased by 20 basis points, while Major Market total annual minimum rent decreased by 20 basis points. The increase in VECTOM is primarily due to the opening of CRU tenants at Davie Street retail, modernization and new leasing activity at West Broadway, both located in Vancouver, and the acquisition of a retail plaza in Montreal.

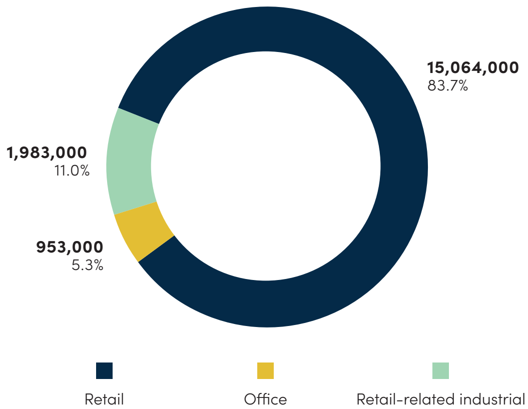
As at December 31, 2020, committed and economic occupancy stand at 96.4% and 94.0% respectively. Committed occupancy increased by 30 basis points when compared to December 31, 2019, which marked record committed occupancy levels for Crombie. Economic occupancy decreased by 140 basis points. The decrease is primarily driven by the addition of development GLA in the fourth quarter with the tenant not yet entering economic occupancy. Strong leasing throughout the year resulted in 248,000 square feet of new leases at an average rate of $18.04 per square foot. Approximately 81.0% of Crombie's committed leases are at active or completed major development properties, demonstrating continued progress in leasing our development space.

ASSET TYPE

Retail properties represent 83.7% of Crombie's GLA and 91.8% of annual minimum rent at December 31, 2020 compared to 84.9% of GLA and 91.7% of annual minimum rent at December 31, 2019. The main driver of the decrease is due to the addition of 300,000 square feet of GLA to retail-related industrial. This is partially offset by additions to retail GLA as a result of development (46,000 square feet at Woodgate Plaza and 45,000 square feet at Avalon Mall, both located in St. John's, Newfoundland and Labrador), and 31,000 net square feet of retail acquisition activity.

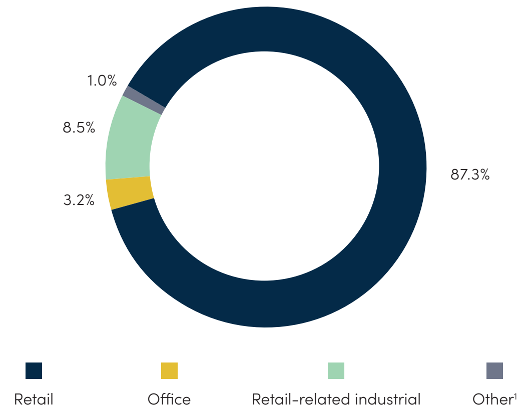
PORTFOLIO GLA BY ASSET TYPE (SQ. FT.)

as at December 31, 2020



PORTFOLIO FAIR VALUE BY ASSET TYPE (%)

as at December 31, 2020



(1) Other includes Properties Under Development (PUD) and Land.

Crombie's portfolio diversification by asset type as at December 31, 2020 and 2019 is as follows:

	GLA (sq. ft.)							
	January 1, 2020	Acquisitions (Dispositions)	Other[1]	**December 31, 2020**	Number of properties	% of AMR	Economic Occupancy	Committed Occupancy
Retail	14,910,000	31,000	123,000	**15,064,000**	275	91.8%	95.5%	96.0%
Office	965,000	—	(12,000)	**953,000**	5	4.0%	89.1%	94.2%
Retail-related industrial	1,683,000	—	300,000	**1,983,000**	4	4.2%	84.9%	100.0 %
Total	17,558,000	31,000	411,000	**18,000,000**	284	100.0%	94.0%	96.4%

	GLA (sq. ft.)							
	January 1, 2019	Acquisitions (Dispositions)	Other[1]	December 31, 2019	Number of properties	% of AMR	Economic Occupancy	Committed Occupancy
Retail	16,609,000	(1,795,000)	96,000	14,910,000	277	91.7%	95.2%	95.8 %
Office	1,000,000	—	(35,000)	965,000	5	4.2%	91.6%	93.1 %
Retail-related industrial	1,287,000	397,000	(1,000)	1,683,000	3	4.1%	100.0%	100.0 %
Total	18,896,000	(1,398,000)	60,000	17,558,000	285	100.0%	95.4%	96.1 %

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

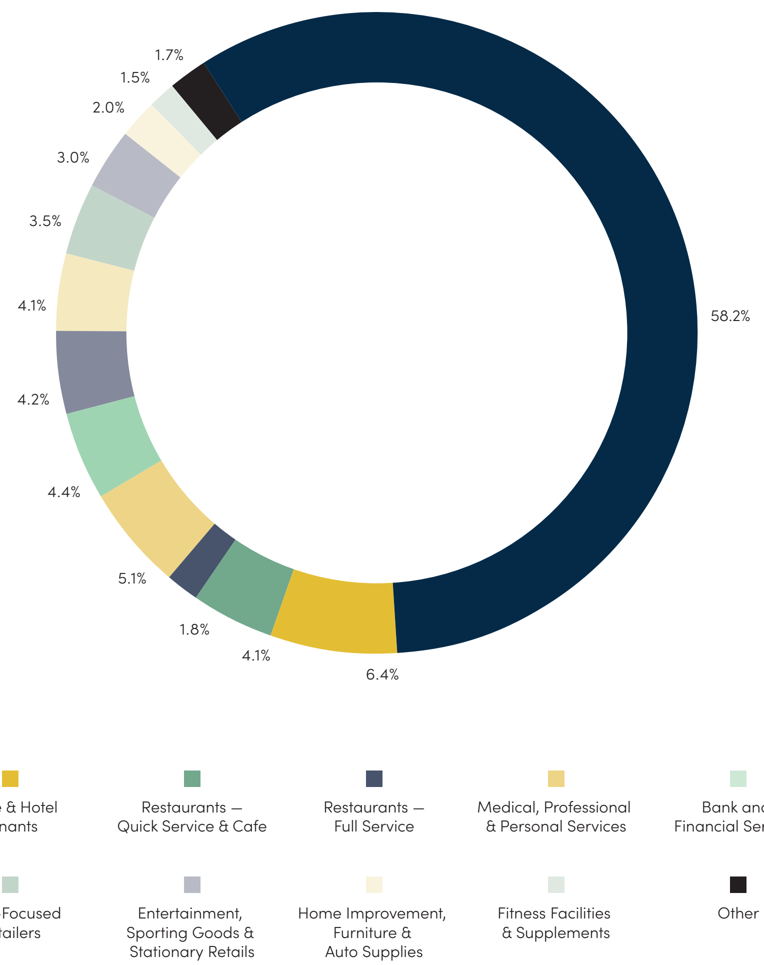
During 2020, economic occupancy decreased, while committed occupancy increased compared to December 31, 2019. The main driver of the decrease in economic occupancy relates to the addition of 300,000 square feet of retail-related industrial GLA at Crombie's major development in Pointe-Claire, outside of Montreal, Quebec. The lease for this space is included in committed occupancy. Economic and committed occupancy in our retail portfolio increased as the result of strong leasing activity, including the development space at Avalon Mall. Committed occupancy in our office portfolio increased to 94.2% primarily due to the execution of an approximate 49,000 square foot lease with one tenant, signed in the fourth quarter of 2020.

Our mixed-use development strategy enables Crombie to evolve from defensive grocery-anchored retail to a balance of grocery-anchored retail and industrial, as well as large-scale mixed-use properties, creating long-term value for retail tenants, residential tenants, and local communities. Over the next year, we expect to see a further evolution in our portfolio. Grocery-anchored retail will continue to grow and, as a result of our development strategy, we expect our residential and retail-related industrial asset types will make up an even greater percentage of our total portfolio.

TENANT PROFILE

We build and own a high-quality, resilient, and diversified portfolio, backed primarily by grocery and pharmacy tenants, that deliver consistent long-term earnings and cash flow stability. As at December 31, 2020, 77% of our annual minimum rent was generated from grocery and pharmacy-anchored properties compared to 76% at December 31, 2019. The increase is primarily due to the acquisition of two Empire properties in 2020, as well as modernization income and contractual rental step-ups on other grocery properties. This is partially offset by the disposition of five properties in 2020 containing Shoppers Drug Marts. This highlights the quality and resilience of Crombie's portfolio and the stability of underlying cash flows and income as necessity-based tenants are more resilient to changes in economic cycles and evolving retail trends, and form a solid foundation for organic same-asset property cash NOI* and AFFO* growth.

TENANTS BY INDUSTRY (% OF AMR)



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

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

Tenant	% of AMR	Average Remaining Lease Term	DBRS Credit Rating
Empire Company Limited[1]	54.9%	12.5 years	BBB (low)
Shoppers Drug Mart	3.3%	7.5 years	BBB
Province of Nova Scotia	1.5%	7.1 years	A (high)
Dollarama	1.4%	5.6 years	BBB
Government of Canada	1.2%	3.2 years	AAA
CIBC	1.2%	12.0 years	AA
Bank of Nova Scotia	1.1%	2.4 years	AA
Goodlife Fitness	1.1%	8.1 years	
Cineplex	1.1%	9.4 years	
Bank of Montreal	1.0%	6.8 years	AA
Canadian Tire Corporation	1.0%	4.0 years	BBB
Leon's Furniture	0.7%	7.3 years	
Restaurant Brands International	0.7%	5.3 years	
Royal Bank of Canada	0.6%	2.8 years	AA (high)
Bell Canada	0.6%	4.2 years	BBB (high)
Metro	0.6%	6.6 years	BBB
SAQ/Province of Quebec	0.6%	5.8 years	AA (low)
Giant Tiger	0.5%	4.3 years	
TJX Canada[2]	0.5%	7.6 years	
Staples	0.4%	3.0 years	
Total	74.0%		

(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 54.9% of annual minimum rent and Shoppers Drug Mart, which accounts for 3.3% of annual minimum rent, no other tenant accounts for more than 1.5% of Crombie's annual minimum rent.

For the year ended December 31, 2020, Empire also represents 54.0% 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.

Crombie continues to work in partnership with Empire to align our strategies to maximize value creation through modernizations, store conversions (including the FreshCo discount format in Western Canada and Farm Boy in Ontario), participation in the build-out of Empire's Voilà e-commerce home delivery hub-and-spoke network, land-use intensifications, and the unlocking of major developments. Crombie acknowledges that not all retail is created equal. Recognizing that, Crombie is focused on fostering relationships in our needs-based properties that are performing very well in the evolving retail landscape and are poised for future growth.

The weighted average remaining term of all Crombie leases is approximately 9.5 years, which decreased by 0.7 years as compared to December 31, 2019. This remaining lease term is influenced by the average Empire remaining lease term of 12.5 years, which decreased by 0.9 years from December 31, 2019.

Same-asset properties

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 (excludes any properties held in joint ventures).

Crombie measures certain performance and operating metrics on a same-asset basis to evaluate the period-over-period performance of those properties owned and operated by Crombie since January 1, 2019, inclusive. "Same-asset" refers to those properties that were owned and operated by Crombie for the entire two years ended December 31, 2020. Development properties are included in same-asset after completion and once a full year of post-development comparative data is available. Properties that will be undergoing a redevelopment in a future period, including adjacent parcels of land, and those having planning activities underway are also in this category until such development activities commence and/or tenant leasing/renewal activity is suspended.

	Crombie Owned Properties				
	Investment Properties ("IP")	Properties Under Development ("PUD")	Sub-total	Additional Properties in Joint Ventures ("JV")	Total
Same-asset properties	270	—	270	—	270
Adjustments					
Acquisitions – 2020	3	2	5	—	5
Acquisitions – 2019	2	—	2	—	2
Other[1]	5	3	8	1	9
Active and Completed Major Developments[2]	4	—	4	3	7
	14	5	19	4	23
Total	284	5	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 and Completed Major Development includes:
Davie Street retail (IP)
Avalon Mall retail (IP)
Belmont Market retail and Office (IP)
Pointe-Claire (IP)
Davie Street residential (JV)
Le Duke (JV)
Bronte Village (JV)

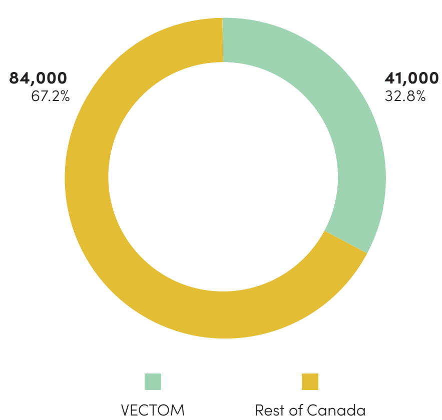
Davie Street is being developed as both a commercial (Crombie owned) and residential (Joint Venture owned) development. Davie Street is treated as two properties, one Crombie owned Investment Property (retail) and a separate Active Major Development (residential rental property) within the 1600 Davie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

In the fourth quarter of 2020, Crombie's major development in Pointe-Claire, outside of Montreal, Quebec, reached substantial completion and was transferred from Properties Under Development to Investment Properties. Therefore, the corresponding property count is now included under Investment Properties – Active and Completed Major Developments (previously included in Properties Under Development – Active and Completed Major Developments).

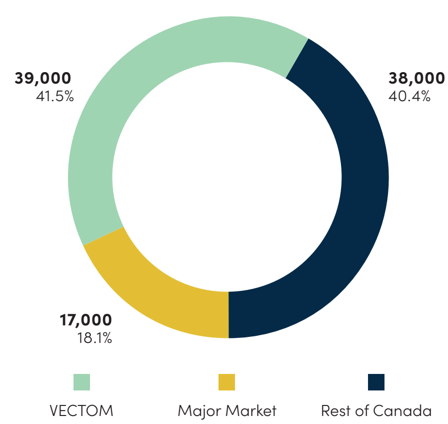
STRATEGIC ACQUISITIONS AND DISPOSITIONS

As at December 31, 2020, GLA at Crombie's interest was 18.0 million square feet compared to 17.6 million square feet as at December 31, 2019. The increase in GLA of approximately 400,000 was driven by 363,000 of development square footage entering GLA and 125,000 square feet of acquisitions. This was partially offset by 94,000 square feet of dispositions.

ACQUIRED GLA BY MARKET CLASS (SQ. FT.)
year ended December 31, 2020



DISPOSED GLA BY MARKET CLASS (SQ. FT.)
year ended December 31, 2020



STRATEGIC ACQUISITIONS

Through strategic and selective acquisitions of high-quality assets, Crombie intends to continue to enhance overall portfolio quality in urban and top tier markets. Crombie's acquisitions are intended to add strategic value to the portfolio, while leading to strong AFFO* accretion and NAV growth. During the year ended December 31, 2020, Crombie completed acquisitions of three income-producing properties, one land addition to an existing income-producing property and two development (PUD) properties for a total aggregate purchase price of $40,790. These acquisitions added 125,000 square feet of income-producing properties and potential for future density to be added to Crombie's GLA. Through these acquisitions, Crombie strengthened its presence in VECTOM and Major Markets in line with our urbanization strategy.

					Ownership			
Date	Property	Location	Vendor	Strategy	Number of Investment Properties	Interest	Sq. ft.	Price[1]
2020 First Quarter								
January 9, 2020	Antigonish Land Addition	Antigonish, NS	Third Party	Income-producing	—	100%	—	$ 280
2020 Second Quarter								
May 28, 2020	Williams Lake	Williams Lake, BC	Empire	Income-producing	1	100%	30,000	4,535
2020 Third Quarter								
July 7, 2020	Development Land	Toronto, ON	Third Party	Development	—	100%	—	4,575
2020 Fourth Quarter								
October 5, 2020	Notre-Dame Street	Montreal, QC	Third Party	Income-producing	1	100%	41,000	11,000
November 4, 2020	Don Reid Drive	Ottawa, ON	Third Party	Development	—	100%	—	3,300
December 15, 2020	Cliffe Avenue	Courtenay, BC	Empire	Income-producing	1	100%	54,000	17,100
					2		95,000	31,400
Total acquisitions for the year ended December 31, 2020					**3**		**125,000**	**$ 40,790**
Total acquisitions for the year ended December 31, 2019					2		481,000	$ 156,433

(1) Prices are stated before transaction and closing costs

STRATEGIC DISPOSITIONS

Over the past two years, Crombie has worked to optimize our portfolio through traditional dispositions of non-core assets and innovative partnerships totaling approximately 1,973,000 square feet of recycled area. In line with our strategy of recycling capital through dispositions at or above IFRS values, we used the proceeds raised to fund active and completed major development projects, increasing Crombie's concentration in VECTOM and Major Markets, as well as other higher-value opportunities, including support of Empire's growth into urban markets, e-commerce, and major mixed-use development. This disposition strategy resulted in a reduction of our in-place mortgage debt, which enabled growth in our unencumbered asset pool.

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

			Ownership			
Date	Property	Number of properties	Interest	Sq. ft.	Net Property Income[1]	Price
2020 First Quarter						
Total dispositions at 100% interest	Excess Land	—	100%	—	$ —	$ 1,000
				—	—	1,000
2020 Fourth Quarter						
Total dispositions at 100% interest	SDM Properties	5	100%	94,000	2,156	37,010
				94,000	2,156	37,010
Total dispositions for the year ended December 31, 2020		**5**		**94,000**	**$ 2,156**	**$ 38,010**
Total dispositions for the year ended December 31, 2019		5		1,879,000	$ 22,514	$ 536,471

(1) Reflects actual net property income earned for the year as reflected in our consolidated results, prior to disposition.

OPERATIONAL PERFORMANCE REVIEW

OCCUPANCY AND LEASING ACTIVITY

The portfolio occupancy and committed activity by market class and asset type for the year ended December 31, 2020 was as follows:

	Occupied space (sq. ft.)									
	January 1, 2020	Acquisitions (Dispositions)	New Leases[1]	Lease Expiries	Other Changes[2]	December 31, 2020	Economic Occupancy	Committed Space (sq. ft.)[3]	Total Committed Space (sq. ft.)	Committed Occupancy
VECTOM	5,239,000	2,000	26,000	(11,000)	(31,000)	5,225,000	93.5%	305,000	5,530,000	99.0%
Major Markets	4,426,000	(17,000)	50,000	(27,000)	(51,000)	4,381,000	94.8%	57,000	4,438,000	96.1%
Rest of Canada	7,090,000	44,000	172,000	(29,000)	33,000	7,310,000	93.8%	70,000	7,380,000	94.7%
Total	16,755,000	29,000	248,000	(67,000)	(49,000)	16,916,000	94.0%	432,000	17,348,000	96.4%

	Occupied space (sq. ft.)									
	January 1, 2020	Acquisitions (Dispositions)	New Leases[1]	Lease Expiries	Other Changes[2]	December 31, 2020	Economic Occupancy	Committed Space (sq. ft.)[3]	Total Committed Space (sq. ft.)	Committed Occupancy
Retail	14,187,000	29,000	228,000	(36,000)	(24,000)	14,384,000	95.5%	83,000	14,467,000	96.0%
Office	885,000	—	20,000	(31,000)	(25,000)	849,000	89.1%	49,000	898,000	94.2%
Retail-related industrial	1,683,000	—	—	—	—	1,683,000	84.9%	300,000	1,983,000	100.0%
Total	16,755,000	29,000	248,000	(67,000)	(49,000)	16,916,000	94.0%	432,000	17,348,000	96.4%

(1) New leases include new lease 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 contacts for future occupancy of currently vacant space. Management believes such reporting, along with reported lease maturities, provides more balanced reporting of overall vacant space.

Overall leased space (occupied plus committed) has increased from 96.1% at December 31, 2019 to 96.4% at December 31, 2020. During 2020, Crombie had a net increase from acquisitions of 29,000 square feet and had new leases outpace lease expiries by 181,000 square feet.

Leasing activity at major developments continued throughout the year, with approximately 42,000 square feet of new leases in economic occupancy at Avalon Mall, Belmont Market, and Davie Street retail. Economic occupancy at December 31, 2020 was 85.6%, 90.0%, and 96.0% respectively for these retail developments.

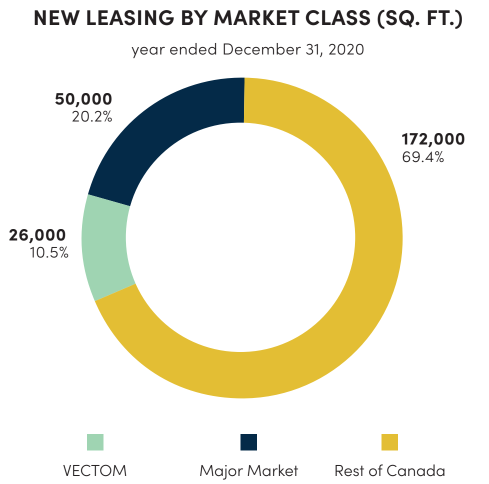
Leased space in our retail properties portfolio was 96.0% at December 31, 2020, an increase from 95.8% at December 31, 2019. This was driven by approximately 228,000 square feet of new leases in the year. The Brick opened a 45,000 square foot location at Woodgate Plaza and H&M opened a 22,000 square foot store at Avalon Mall. These are the first locations in Newfoundland and Labrador for both of these tenants.

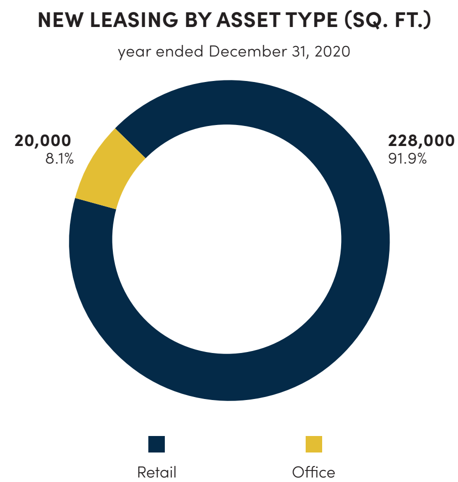
Leased space in office properties of 94.2% at December 31, 2020, increased from 93.1% at December 31, 2019. This was primarily due to approximately 20,000 square feet of new leases in economic occupancy, and an additional 49,000 square feet committed.

Leased space in retail-related industrial properties of 100.0% at December 31, 2020, remained constant from 100.0% at December 31, 2019. Retail-related industrial provides stability with solid NOI growth and long lease terms, and also provides growth opportunities through an increased presence in the e-commerce hub-and-spoke network.

The portfolio weighted average annual minimum rent per occupied square foot for our income producing properties was $16.74 as at December 31, 2020 compared to $16.61 as at December 31, 2019. The 0.8% increase in average annual minimum rent per occupied square foot was due to Crombie's strong leasing, which consisted of new leases, contractual rent increases within existing leases, and modernization income. The increase also reflects strategic commitment to portfolio quality improvement through both dispositions of non-core, low growth assets, and a positive return from the participation in modernizations with Empire.

New Leasing Activity





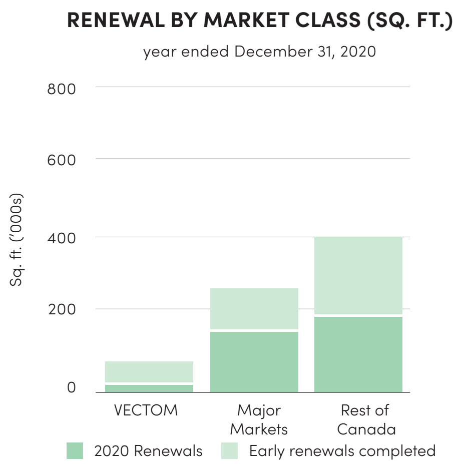
New leases and expansions increased occupancy by 248,000 square feet at December 31, 2020, at an average first year rate of $18.04 per square foot. New leases totaled 238,000 square feet, at an average first year rate of $17.65 per square foot. Expansions totaled 10,000 square feet, at an average first year rate of $27.03 per square foot.

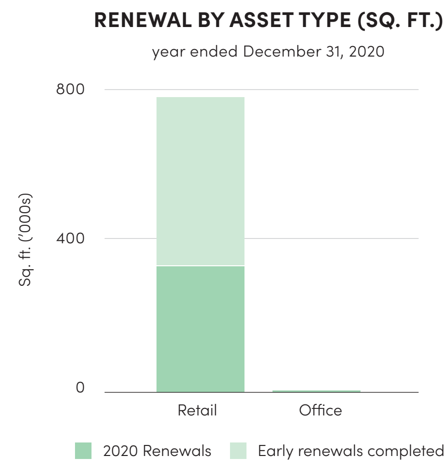
Crombie is focused on increasing its presence in VECTOM and Major Markets. In 2020, 30.6% of new leases, equivalent to 76,000 square feet, were completed in these markets. Strong rental rates were achieved with an average first year rate of $19.82 per square foot on 50,000 square feet in Major Markets. In VECTOM, 26,000 square feet of new leases, at an average first year rate of $39.73 per square foot, were completed. Growth in Major Markets was driven by Belmont Market, in Langford, British Columbia (one of our completed major developments) and a land-use intensification at Beauport Plaza, in Beauport, Quebec.

172,000 square feet of new leases occurred in Rest of Canada markets, with an average first year rate of $14.29 per square foot. The vast majority of the portfolio's vacancy is within this market and Crombie is pleased with the new leasing activity throughout 2020. Included in the activity were Giant Tiger in North Bay, Ontario, Cloud 5 at Loch Lomond in Saint John, New Brunswick, The Brick at Woodgate Plaza, and H&M in the development space at Avalon Mall in St. John's, Newfoundland and Labrador.

432,000 square feet of space at an average first year rate of $19.66 was committed at December 31, 2020 with tenants expected to take possession throughout 2021. A 49,000 square foot office lease is committed at our Scotia Square complex in Halifax, Nova Scotia. Leasing on our major developments continues to progress as approximately 350,000 square feet of committed space is at Pointe-Claire, Avalon Mall, and Belmont Market. 300,000 square feet of this committed space is the future home of Voilà par IGA in Montreal, Empire's Customer Fulfilment Centre for its online grocery home delivery service. Also included is a 26,000 square foot Sport Chek and a 16,000 square foot Old Navy at Avalon Mall. Additionally, there is approximately 34,000 square feet of development space with executed leases that has not yet been added to GLA at Avalon Mall. It is expected to be added to GLA in early 2021.

Renewal Activity





For 2020, renewal activity for our portfolio was as follows:

	Three months ended December 31, 2020				Year ended December 31, 2020			
	Sq. ft.		Rate PSF	Growth %	Sq. ft.		Rate PSF	Growth %
2020 Renewals	33,000	$	26.59	0.3%	341,000	$	17.03	4.0%
Early Renewals Completed	167,000	$	15.70	5.9%	417,000	$	17.27	4.3%
Total	200,000	$	17.48	4.5%	758,000	$	17.16	4.1%

Crombie's renewal activity for the year ended December 31, 2020 included retail renewals of 747,000 square feet with an increase of 4.2% over expiring rental rates. Driving this growth was 404,000 square feet of renewals at retail plazas, with an increase of 5.0% over expiring rental rates. Office renewals of 11,000 square feet were completed with a decrease of 4.1% over expiring rental rates. The decrease is a result of one lease executed in the fourth quarter with negative growth. Additionally, three other executions completed throughout 2020 remained flat. Renewal spreads are based on the first year rate and do not factor in any additional rental step-ups that may take place throughout the lease term.

During the year ended December 31, 2020, Crombie demonstrated portfolio stability with approximately 46.0% of renewals occurring in VECTOM and Major Markets. Total renewal growth was positively impacted by the 71,000 square feet of renewals in VECTOM at an average first year rate of $35.25 per square foot, an increase of 5.1% over expiring rental rates. Major Markets saw renewals of 278,000 square feet, with an increase of 3.7% over expiring rental rates or an average first year rate of $16.80 per square foot. The remaining 409,000 square feet of renewals was in the Rest of Canada at an average first year rate of $14.27, which is an increase of 4.1% over expiring rental rates.

LEASE MATURITIES

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

Year	Number of Leases[1]	Renewal Area (sq. ft.)	% of Total GLA		Average Rent per sq. ft. at Expiry
2021	290	1,225,000	6.9%	$	16.42
2022	194	857,000	4.8%		17.87
2023	143	652,000	3.7%		19.52
2024	160	887,000	5.0%		17.78
2025	131	1,098,000	6.2%		15.63
2026	79	771,000	4.4%		16.18
2027	77	816,000	4.6%		18.89
2028	60	770,000	4.3%		16.90
2029	94	1,097,000	6.2%		19.41
2030	47	600,000	3.4%		18.14
Thereafter	272	8,575,000	47.6%		20.02
Total	1,547	17,348,000	97.1%	$	18.79

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

The following table sets out, as at December 31, 2020, the number of Empire leases maturing during the periods indicated, the renewal area, the percentage of the total GLA of the properties represented by such maturities, and the estimated average 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
2021	13	210,000	1.2%	$	9.50
2022	6	95,000	0.5%		10.59
2023	3	8,000	0.1%		32.12
2024	2	68,000	0.4%		12.59
2025	8	301,000	1.7%		13.44
2026	12	339,000	1.9%		13.27
2027	10	335,000	1.9%		14.09
2028	10	353,000	2.0%		15.94
2029	17	596,000	3.3%		16.40
2030	8	294,000	1.6%		13.62
Thereafter	196	7,663,000	42.6%		19.84
Total	285	10,262,000	57.2%	$	18.40

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

Crombie proactively manages its lease maturities, taking advantage of opportunities to renew tenants prior to expiration. In 2020, approximately 417,000 square feet of renewals related to future year expiries. Crombie's partnership with Empire provides strategic alignment, maximizing value through accretive transactions.

FINANCIAL PERFORMANCE REVIEW

	Three months ended December 31,			Year ended December 31,			
	2020	2019	Variance	2020	2019	Variance	2018
Property revenue	$ 97,060	$ 96,823	$ 237	$ 388,733	$ 398,741	$ (10,008)	$ 414,649
Property operating expenses	29,245	29,852	607	129,872	117,645	(12,227)	121,306
Net property income	67,815	66,971	844	258,861	281,096	(22,235)	293,343
Net property income margin percentage	69.9%	69.2%	0.7%	66.6%	70.5%	(3.9)%	70.7%
Other items:							
Gain on disposal of investment properties	4,164	30,198	(26,034)	3,335	81,803	(78,468)	50,023
Impairment of investment properties	(4,500)	(6,000)	1,500	(6,600)	(6,000)	(600)	(15,000)
Depreciation and amortization	(19,506)	(18,347)	(1,159)	(75,567)	(74,313)	(1,254)	(96,353)
General and administrative expenses	(5,493)	(5,855)	362	(20,534)	(23,721)	3,187	(19,226)
Finance costs – operations	(24,912)	(22,810)	(2,102)	(91,808)	(97,316)	5,508	(105,631)
Income from equity accounted investments	(411)	(8)	(403)	(72)	334	(406)	254
Operating income before taxes	17,157	44,149	(26,992)	67,615	161,883	(94,268)	107,410
Taxes – current	—	–	–	(7)	(8)	1	(3)
Operating income attributable to Unitholders	17,157	44,149	(26,992)	67,608	161,875	(94,267)	107,407
Finance costs – distributions to Unitholders	(35,211)	(48,936)	13,725	(140,302)	(150,169)	9,867	(134,729)
Finance (costs) income – change in fair value of financial instruments	(725)	(70)	(655)	805	(1,337)	2,142	402
Increase (decrease) in net assets attributable to Unitholders	$ (18,779)	$ (4,857)	$ (13,922)	$ (71,889)	$ 10,369	$ (82,258)	$ (26,920)
Operating income attributable to Unitholders per Unit, Basic	$ 0.11	$ 0.29		$ 0.43	$ 1.07		$ 0.71
Basic weighted average Units outstanding (in 000's)	158,239	151,723		157,448	151,666		151,214
Distributions per Unit to Unitholders (excluding special distribution in 2019)	$ 0.22	$ 0.22		$ 0.89	$ 0.89		$ 0.89
Other Non-GAAP Performance Metrics							
Same-asset property cash NOI*	$ 61,805	$ 60,680	$ 1,125	$ 237,522	$ 240,250	$ (2,728)	$ 231,642
FFO*	$ 42,305	$ 42,132	$ 173	$ 165,850	$ 175,539	$ (9,689)	$ 184,034
FFO* per unit – basic	$ 0.27	$ 0.28	$ (0.01)	$ 1.05	$ 1.16	$ (0.11)	$ 1.22
FFO* payout ratio, excluding 2019 special distribution (%)	83.2%	80.1%	3.1%	84.6%	76.9%	7.7%	73.2%
AFFO*	$ 35,679	$ 36,006	$ (327)	$ 138,963	$ 148,632	$ (9,669)	$ 15,594
AFFO* per unit – basic	$ 0.23	$ 0.24	$ (0.01)	$ 0.88	$ 0.98	$ (0.10)	$ 1.03
AFFO* payout ratio, excluding 2019 special distribution (%)	98.7%	93.8%	4.9%	101.0%	90.8%	10.2%	86.5%

Operating income attributable to Unitholders

For the three months ended:

Operating income attributable to Unitholders decreased by $26,992, or 61.1%, compared to the fourth quarter of 2019 primarily due to the disposition of investment properties in 2019 with a gain on sale of $30,198. Additionally, tenant incentive amortization increased $1,261 due to modernizations, parking revenue decreased by $854 as a result of reduced demand due to COVID-19, and rent abatements increased by $365 in the quarter due to COVID-19. Finance costs from operations increased $2,102 primarily due to the premium paid related to partial early redemption of Series B unsecured notes. In the fourth quarter of 2020, an impairment of $4,500 was recognized on four retail properties, which was $1,500 lower than the impairment related to three retail properties in the fourth quarter of 2019. The impairment was the result of the fair value impact of tenant lease expiries, slower-than-expected leasing activity, and the ongoing impacts of COVID-19.

For the year ended:

Operating income attributable to Unitholders decreased by $94,267, or 58.2%, on an annual basis. Gain on disposal of investment properties decreased by $78,468 and net property income decreased $22,235 due to property dispositions and the factors noted for the quarter, including increased bad debt expense of $10,717 as a result of COVID-19-related collection risk, increased tenant incentive amortization of $3,710, decreased parking revenue of $2,715 due to COVID-19, and increased rent abatements of $1,012. The reduced net property income for the year was offset in part by a decrease of $3,187 in general and administrative expenses resulting primarily from reduced salaries, and a decrease of $5,508 in finance costs from operations due to a reduction in mortgage interest resulting from disposition activity and maturing mortgages, partially offset by the premium paid related to partial early redemption of unsecured notes.

Net Property Income

Management uses net property income on a cash basis (property cash NOI*) as a measure of performance as it reflects the cash generated by the properties period-over-period. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 84, for a more detailed discussion on property cash NOI*.

Net property income on a cash basis*, which excludes non-cash straight-line rent recognition and amortization of tenant incentive amounts, is as follows:

	Three months ended December 31,			Year ended December 31,		
	2020	2019	Variance	**2020**	2019	Variance
Net Property Income	**$ 67,815**	$ 66,971	$ 844	**$ 258,861**	$ 281,096	$ (22,235)
Non-cash straight-line rent	**(2,036)**	(2,080)	44	**(9,112)**	(10,287)	1,175
Non-cash tenant incentive amortization	**4,859**	3,598	1,261	**17,849**	14,139	3,710
Property cash NOI*	**70,638**	68,489	2,149	**267,598**	284,948	(17,350)
Acquisitions and dispositions property cash NOI*	**1,930**	738	1,192	**7,537**	16,360	(8,823)
Development property cash NOI*	**6,903**	7,071	(168)	**22,539**	28,338	(5,799)
Acquisitions, dispositions and development property cash NOI*	**8,833**	7,809	1,024	**30,076**	44,698	(14,622)
Same-asset property cash NOI*	**61,805**	60,680	1,125	**237,522**	240,250	(2,728)
Adjusted for management's estimate of the material impacts of COVID-19:						
Decrease in parking revenue	**854**	—	854	**2,715**	—	2,715
Rent abatements	**178**	—	178	**1,490**	—	1,490
Bad debt expense	**30**	—	30	**5,228**	—	5,228
Same-asset property cash NOI*, adjusted for COVID-19	**$ 62,867**	$ 60,680	$ 2,187	**$ 246,955**	$ 240,250	$ 6,705

Development properties include properties earning cash NOI that are: currently being developed, have recently completed development, and are 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, and more significantly in others. Consequently, comparison of period-over-period development operating results may not be meaningful. Avalon Mall is currently under development and its NOI inclusive of COVID-19 impact is reflected in the above table.

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

	Three months ended December 31,				Year ended December 31,			
	2020	2019	Variance	%	**2020**	2019	Variance	%
Retail[1]	**$ 57,064**	$ 55,360	$ 1,704	3.1%	**$ 218,321**	$ 219,854	$ (1,533)	(0.7)%
Office	**2,798**	3,221	(423)	(13.1)%	**11,462**	12,563	(1,101)	(8.8)%
Retail-related industrial[2]	**1,943**	2,099	(156)	(7.4)%	**7,739**	7,833	(94)	(1.2)%
Same-asset property cash NOI*	**$ 61,805**	$ 60,680	$ 1,125	1.9%	**$ 237,522**	$ 240,250	$ (2,728)	(1.1)%

(1) Retail 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%).

	Three months ended December 31,				Year ended December 31,			
	2020	2019	Variance	%	**2020**	2019	Variance	%
VECTOM	**$ 20,776**	$ 20,478	$ 298	1.5%	**$ 81,942**	$ 80,882	$ 1,060	1.3%
Major Markets	**17,606**	17,734	(128)	(0.7)%	**66,379**	70,943	(4,564)	(6.4)%
Rest of Canada	**23,423**	22,468	955	4.3%	**89,201**	88,425	776	0.9%
Same-asset property cash NOI*	**$ 61,805**	$ 60,680	$ 1,125	1.9%	**$ 237,522**	$ 240,250	$ (2,728)	(1.1)%

For the three months ended:

Same-asset property cash NOI increased by $1,125, or 1.9%, compared to the fourth quarter of 2019 primarily due to higher supplemental rents from modernizations and capital improvements. This was partially offset by a decrease in parking revenue of $854 as a result of reduced demand due to COVID-19 and an increase in rent abatements of $178. Same-asset property cash NOI restated for bad debt expense, rent abatements and the decrease in parking revenue is $62,867, an increase of 3.6% compared to the fourth quarter of 2019.

Compared to the fourth quarter of 2019, net property income increased by $844 and property cash NOI increased by $2,149, primarily due to the same factors affecting same-asset property cash NOI.

For the year ended:

On an annual basis, same-asset property cash NOI decreased 1.1% compared to the same period in 2019 primarily due to the impacts of COVID-19, which resulted in an increase in bad debt expense for the year of $5,228 on same-asset properties over the same period in 2019, a decrease in parking revenue of $2,715 and an increase in rent abatements of $1,490. Same-asset property cash NOI restated for the removal of these items is $246,955, an increase of 2.8% compared to the year ended December 31, 2019.

On an annual basis, net property income decreased by $22,235. and property cash NOI decreased by $17,350 compared to the same period in 2019, primarily for the same reasons affecting same-asset property cash NOI.

Funds from Operations (FFO)*

Crombie follows the recommendations of the Real Property Association of Canada ("REALPAC")'s February 2019 white paper in calculating FFO*. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 84, for a more detailed discussion on FFO.

The reconciliation of FFO for the three months and year ended December 31, 2020 and 2019 is as follows:

	Three months ended December 31,			Year ended December 31,		
	2020	2019	Variance	**2020**	2019	Variance
Increase (decrease) in net assets attributable to Unitholders	**$ (18,779)**	$ (4,857)	$ (13,922)	**$ (71,889)**	$ 10,369	$ (82,258)
Add (deduct):						
Amortization of tenant incentives	**4,859**	3,598	1,261	**17,849**	14,139	3,710
Gain on disposal of investment properties	**(4,164)**	(30,198)	26,034	**(3,335)**	(81,803)	78,468
Impairment of investment properties	**4,500**	6,000	(1,500)	**6,600**	6,000	600
Depreciation and amortization of investment properties	**19,183**	18,041	1,142	**74,316**	73,138	1,178
Depreciation of investment properties included in Income from equity accounted investments	**109**	41	68	**176**	102	74
Principal payments on right of use assets	**57**	(24)	81	**220**	(96)	316
Internal leasing costs	**604**	525	79	**2,416**	2,184	232
Finance costs – distributions to Unitholders	**35,211**	48,936	(13,725)	**140,302**	150,169	(9,867)
Finance costs (income) – change in fair value of financial instruments	**725**	70	655	**(805)**	1,337	(2,142)
FFO* as calculated based on REALPAC recommendations	**$ 42,305**	$ 42,132	$ 173	**$ 165,850**	$ 175,539	$ (9,689)
Basic weighted average Units (in 000's)	**158,239**	151,723		**157,448**	151,666	
FFO* per unit – basic	**$ 0.27**	$ 0.28	$ (0.01)	**$ 1.05**	$ 1.16	$ (0.11)
FFO* payout ratio, excluding special distribution (%)	**83.2%**	80.1%	3.1%	**84.6%**	76.9%	7.7%

For the three months ended:

The slight increase in FFO is primarily due to increased net property income (an increase of $844 for the quarter), which resulted from acquisitions and modernizations, and lower general and administrative costs of $362 for the quarter. Acquisitions include retail properties in the fourth quarter of 2020 and 2019 and the acquisition of the remaining 50% interest in a pre-existing retail-related industrial property in the fourth quarter of 2019. This is offset in part by increased finance costs from operations of $2,102, resulting from the premium paid relating to partial early redemption of unsecured notes.

FFO per unit was reduced by the increased number of Units outstanding as a result of the issuance of REIT Units and Class B LP Units in the first quarter of 2020.

For the year ended:

On an annual basis, FFO decreased primarily due to reduced net property income (a decrease of $22,235 year-over-year) resulting from the disposition of properties in 2019, lower parking revenue (a decrease of $2,715 year-over-year due to COVID-19), and significant increases in bad debt expense of $10,717 and rent abatements of $1,012 over the same period in 2019. The increased bad debt expense was a result of higher allowance for the potential impacts of COVID-19 on collection of receivable balances outstanding, write-off of specific bad debts, and the impact of the federal government's CECRA program. This is partially offset by a decrease in finance costs from operations of $5,508, and a decrease in general and administrative expenses of $3,187 compared to the same period in 2019. The decrease in finance costs is due to a reduction in mortgage interest resulting from disposition activity and maturing mortgages, partially offset by the premium paid related to partial early redemption of unsecured notes. The decline in general and administrative expenses is primarily related to the impact of decreased unit price on unit-based compensation plans, and lower salaries and benefits related to the organizational realignment in the second quarter of 2020, offset in part by the $1,509 of severance costs in the second quarter of 2020.

FFO per unit for the year ended December 31, 2020 would have been $1.10 per unit without the issuance of additional Units in the first quarter.

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. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 84, for a more detailed discussion.

The reconciliation of AFFO for the three months and year ended December 31, 2020 and 2019 is as follows:

	Three months ended December 31,			Year ended December 31,		
	2020	2019	Variance	**2020**	2019	Variance
FFO* as calculated based on REALPAC recommendations	**$ 42,305**	$ 42,132	$ 173	**$ 165,850**	$ 175,539	$ (9,689)
Add (deduct):						
Amortization of effective swap agreements	**—**	356	(356)	**510**	1,677	(1,167)
Straight-line rent adjustment	**(2,036)**	(2,080)	44	**(9,112)**	(10,287)	1,175
Internal leasing costs	**(604)**	(525)	(79)	**(2,416)**	(2,184)	(232)
Maintenance expenditures on a square footage basis	**(3,986)**	(3,877)	(109)	**(15,869)**	(16,113)	244
AFFO* as calculated based on REALPAC recommendations	**$ 35,679**	$ 36,006	$ (327)	**$ 138,963**	$ 148,632	$ (9,669)
Basic weighted average Units (in 000's)	**158,239**	151,723		**157,448**	151,666	
AFFO* per unit – basic	**$ 0.23**	$ 0.24	$ (0.01)	**$ 0.88**	$ 0.98	$ (0.10)
AFFO* payout ratio, excluding special distribution (%)	**98.7%**	93.8%	4.9%	**101.0%**	90.8%	10.2%

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

For the three months ended:

The decrease in AFFO in the quarter is primarily due to the conclusion of the amortization of effective swap agreements resulting from mortgage maturities, a decrease of $356 from the same period in 2019. This is offset in part by the items affecting FFO in the quarter.

AFFO per unit was reduced by the increased number of Units outstanding as a result of the issuance of Units in the first quarter of 2020.

For the year ended:

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 $244 for the year ended December 31, 2020 compared to the respective period in 2019).

Distributions to Unitholders

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 2020 and continues to do so. The relevant tests apply throughout the taxation year and as such the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

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

Details of distributions to Unitholders are as follows:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Distributions to Unitholders	**$ 20,810**	$ 28,927	**$ 82,917**	$ 88,766
Distributions to Class B Voting Unitholder[1]	**14,401**	20,009	**57,385**	61,403
Total distributions	**$ 35,211**	$ 48,936	**$ 140,302**	$ 150,169
FFO* payout ratio, excluding 2019 special distribution	**83.2%**	80.1%	**84.6%**	76.9%
AFFO* payout ratio, excluding 2019 special distribution	**98.7%**	93.8%	**101.0%**	90.8%
FFO* payout ratio	**83.2%**	116.1%	**84.6%**	85.5%
AFFO* payout ratio	**98.7%**	135.9%	**101.0%**	101.0%

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

The higher annual FFO* and AFFO* payout ratios (excluding the 2019 special distribution) are a direct result of the lower FFO in 2020. The decrease in FFO is primarily impacted by property dispositions in 2019 which resulted in reduced net property income as well as the impacts of COVID-19 on parking revenue, bad debt expense and rent abatements as discussed in the FFO* and AFFO* sections above.

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,	
	2020	2019	**2020**	2019
Operating income attributable to Unitholders	**$ 17,157**	$ 44,149	**$ 67,608**	$ 161,875
Monthly distributions paid and payable	**(35,211)**	(33,762)	**(140,302)**	(134,995)
Special distribution payable in cash	**—**	(15,174)	**—**	(15,174)
Operating income attributable to Unitholders shortfall of distributions paid and payable	**$ (18,054)**	$ (4,787)	**$ (72,694)**	$ 11,706

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

On January 18, 2021, Crombie declared distributions of 7.417 cents per Unit for the period from January 1, 2021 to and including January 31, 2021. The distributions were paid on February 15, 2021, to Unitholders of record as of January 31, 2021.

On February 16, 2021, Crombie declared distributions of 7.417 cents per Unit for the period from February 1, 2021 to and including February 28, 2021. The distributions will be paid on March 15, 2021, to Unitholders of record as of February 28, 2021.

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,		
	2020	2019	Variance	**2020**	2019	Variance
Salaries and benefits	**$ 4,292**	$ 4,604	$ 312	**$ 14,774**	$ 16,874	$ 2,100
Professional fees	**442**	351	(91)	**1,676**	1,336	(340)
Public company costs	**237**	408	171	**1,616**	2,196	580
Rent and occupancy	**133**	159	26	**569**	612	43
Travel	**(43)**	160	203	**29**	573	544
Other	**432**	173	(259)	**1,870**	2,130	260
General and administrative expenses	**$ 5,493**	$ 5,855	$ 362	**$ 20,534**	$ 23,721	$ 3,187
As a percentage of property revenue	**5.7%**	6.0%	0.3%	**5.3%**	5.9%	0.7%

For the three months ended:

The decrease in expenses in the quarter is primarily due to reduced salaries and benefits of $312 related to organizational realignment in the second quarter of 2020.

For the year ended:

On an annual basis, the reduction in expenses is due to reduced salaries and benefits of $2,100 related to the decrease in Crombie's unit price and its impact on unit-based compensation plans, and to the organizational realignment in the second quarter of 2020. These decreases are offset in part by $1,509 of severance in the second quarter related to the realignment. Additionally, travel costs in 2020 decreased by $544 compared to 2019.

Finance Costs – Operations

	Three months ended December 31,			Year ended December 31,		
	2020	2019	Variance	**2020**	2019	Variance
Finance costs	**$ 24,077**	$ 21,983	$ (2,094)	**$ 88,802**	$ 93,742	$ 4,940
Amortization of deferred financing charges	**835**	827	(8)	**3,006**	3,574	568
Finance costs – operations	**$ 24,912**	$ 22,810	$ (2,102)	**$ 91,808**	$ 97,316	$ 5,508

For the three-months ended:

Finance costs increased by $2,094 primarily due to the premium paid relating to partial early redemption of Series B unsecured notes in the quarter of $2,025.

For the year ended:

Finance costs decreased by $4,940 primarily due to a reduction in mortgage interest resulting from disposition activity and maturing mortgages, partially offset by the premium paid related to partial early redemption of unsecured notes.

Depreciation, Amortization and Impairment

Crombie's total fair value of investment properties exceeds carrying value by $921,974 at December 31, 2020 (December 31, 2019 – $808,674). Crombie uses the cost method for accounting for investment properties, and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment, if any, is recognized on a property by property basis when circumstances indicate that the carrying value may not be recoverable.

	Three months ended December 31,						Year ended December 31,					
		2020		2019		Variance		2020		2019		Variance
Same-asset* depreciation and amortization	$	15,871	$	16,198	$	327	$	63,888	$	64,656	$	768
Acquisitions, dispositions and development depreciation/amortization		3,635		2,149		(1,486)		11,679		9,657		(2,022)
Depreciation and amortization	$	19,506	$	18,347	$	(1,159)	$	75,567	$	74,313	$	(1,254)
Impairment	$	4,500	$	6,000	$	1,500	$	6,600	$	6,000	$	(600)

For the three-months ended:

The increase in depreciation and amortization is due to additions, most notably the 50% acquisition of Vaughan Distribution Centre, an existing retail-related industrial property in December 2019, and the completed developments of Avalon Mall and Davie Street retail. This is offset in part by disposition of properties in 2019 and classification of certain investment properties as assets held for sale in the third quarter of 2020, for which depreciation is not recorded.

For the year ended:

The increase in depreciation and amortization on an annual basis is due to the additions and developments noted for the quarter and accelerated depreciation due to the partial demolition of a building at the Avalon Mall site in the first quarter of 2020. It is partially offset by the dispositions of properties in 2019.

During the year ended December 31, 2020, Crombie recorded impairments totalling $6,600 on six properties. The impairments were the result of the fair value impact of tenant lease expiries, slower-than-expected leasing activity, and the ongoing impacts of COVID-19. 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. To calculate the benefit of the continued use of the asset, Crombie utilized the present value of the estimated future cash flows, discounted using a discount rate based on the risk associated with the property.

Selected Balance Sheet Information

	As at December 31,							
		2020		2019		Variance		2018
Total Assets	$	5,040,231	$	4,739,334	$	300,897	$	4,875,912
Investment properties, carrying value	$	3,893,026	$	3,796,326	$	96,700	$	3,978,912
Investment properties, fair value	$	4,815,000	$	4,605,000	$	210,000	$	4,776,000
Total Debt	$	2,637,712	$	2,473,773	$	163,939	$	2,634,916
Total non-current financial liabilities	$	2,192,047	$	2,073,212	$	118,835	$	2,318,933
Number of Units outstanding (in 000's)		158,258		151,743		6,515		151,419

Total assets include investment properties measured at fair value with all other components, including investment in joint ventures, measured at the carrying value included in Crombie's financial statements. Total debt consists of all payables in Crombie's financial statements excluding 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.

DEVELOPMENT

Property Development is a strategic priority for Crombie to improve NAV, cash flow growth and Unitholder value. With urban intensification an important reality across the country, Crombie is focused on evaluating and undertaking major developments at certain properties, where incremental costs to develop are greater than $50,000 and where development may include retail-related industrial, commercial, and/or residential uses ("Major Developments"). This discussion of Crombie's development activities contains forward-looking information. Refer to the "Forward-Looking Information" section of this MD&A starting on page 87 for additional information regarding such statements and the related risks and uncertainties.

Crombie has the potential to unlock significant value within its current pipeline of 30 Major Development properties (three Active (December 31, 2019 – six) and 27 Potential Major Developments (December 31, 2019 – 27)) over the next decade or longer. Crombie benefits from having solid income (FFO and AFFO) generated by these properties while working through the various approvals, entitlements, and advance preparations required before each Major Development can commence. In aggregate, Crombie currently achieves an in-place NOI yield of approximately 5.0% on existing asset cost for our potential development pipeline of properties.

Crombie has a strategic relationship with Empire. The majority of our development properties have Empire as an anchor tenant; our strategic relationship should enable us to unlock value and transition from existing property/store operations to construction/development 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 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.

Completed Developments

The table below summarizes projects that have reached substantial completion during the fiscal year. Crombie recognizes substantial completion when key project milestones are met and/or project spending has reached over 90% of total project costs.

As at December 31, 2020, Crombie has reached substantial completion on the following major development projects:

Property	CMA	Use	Ownership	Substantial Completion Date	Completed Commercial GLA	Completed Residential GLA	Major Tenant(s)[1]	Estimated Total Project Cost ($ in Millions)	Estimated Annual NOI ($ in Millions)	Estimated Yield on Cost
Belmont Market[2]	Victoria	Retail, Office	100%	Q1 2020	160,000	—	Thrifty Foods	$ 93.0	$ 5.4–5.7	5.8%–6.1%
Davie Street – retail	Vancouver	Retail	100%	Q2 2020	54,000	—	Safeway	29.2	1.8–1.9	6.2%–6.5%
Avalon Mall – Phase I	St. John's	Retail	100%	Q3 2020	—	—	N/A	54.5	—	—
Avalon Mall – Phase II[3, 4]	St. John's	Retail	100%	Q4 2020	165,000	—	Various	56.8	5.3–5.8	9.3%–10.2%
Pointe-Claire	Montreal	Retail-related industrial	100%	Q4 2020	300,000	—	Empire	100.0	6.1–6.4	6.1%–6.4%
Total Completed					**679,000**	**—**		**$ 333.5**	**$ 18.6–19.8**	

(1) A tenant leasing over 15,000 square feet is considered to be a Major Tenant
(2) There are 17,000 square feet left to be developed and the project is expected to be complete by Q4 2021 – timing dependent on pre-leasing effort
(3) Avalon Mall total GLA is expected to be 593,000 square feet when Phase II is completed. 165,000 square feet relates to the expected square footage of the redeveloped portion of the mall
(4) Tenants leasing over 15,000 square feet at Avalon Mall include Winners, H&M, Old Navy, GAP and Sport Chek

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

Estimated annual NOI is calculated using first year stabilized annual rent for each tenant, assuming 100% occupancy. These estimates are established by using contracted rents, Crombie's market knowledge, and/or using externally generated market studies for any current vacant space.

These projects have reached substantial completion, thereby reducing the amount of risk remaining in the development. The remaining risk is primarily related to achieving successful lease-up of vacant space at estimated rent per square foot.

Estimated total project cost includes the current carrying costs of development lands, where applicable, net of any reductions from land and air rights dispositions. Total estimated project costs include land costs measured at fair value on existing Income Producing Properties upon transfer to the development, soft and hard construction costs, tenant inducements, external leasing costs, finance costs, and capitalized interest and other carrying costs, such as capitalized construction and development staff and property taxes. These costs are determined by using internal knowledge and external professional resources, where applicable. There is no additional allocation of land cost included in the estimated total cost of Avalon Mall.

Development Pipeline

In the sections that follow (Active Major Developments and Potential Major Developments), Crombie has identified 30 Major Development projects as at December 31, 2020 (December 31, 2019 – 33), with a total projected cost to develop these properties of $4,300,000 to $6,100,000 (December 31, 2019 – $4,000,000 to $5,800,000). 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 future project remains subject to normal development approvals, achieving required economic hurdles, and Board of Trustees' approval.

	Number of Projects	Total Projected Cost Range CAD $ millions[1]	Commercial GLA on Completion[2]	Commercial Incremental GLA[2]	Residential GLA on Completion[2]	Residential # of Units[2]
Active projects	3	$ 300	80,000	50,000	961,000	1,197
Future potential projects	27	4,000 – 5,800	1,300,000	740,000	9,400,000	11,000
Total Development Pipeline	30	$ 4,300 – 6,100	1,380,000	790,000	10,361,000	12,197

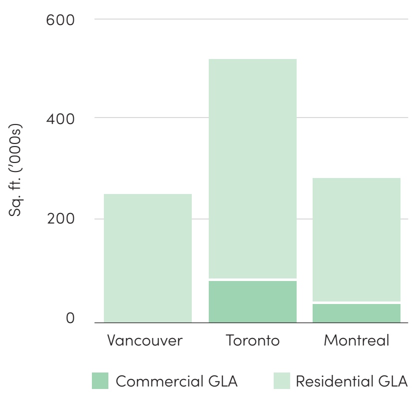
(1) The total projected cost range shown in development pipeline is rounded to the nearest hundredth
(2) GLA and Units reflective of upper projected cost range

In conjunction with our strategic partner Empire, Crombie management continuously reviews and prioritizes development opportunities that drive NAV and AFFO, including high-density urban re-development, new grocery-anchored retail, retail-related e-commerce facilities, and land-use intensification.

Active Major Developments

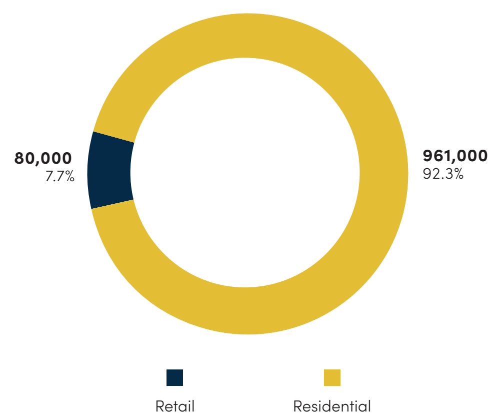
ACTIVE PROJECT GLA BY CITY

as at December 31, 2020



ACTIVE PROJECT GLA BY ASSET TYPE (SQ. FT.)

as at December 31, 2020



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

Property	CMA	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	Estimated Yield on Cost	Estimated Cost to Complete
Residential Properties[1]									
Davie St – residential	Vancouver	—	254,000	330	Q1 2021	$ 4.0-4.4	$ 80	5.0%-5.5%	$ 2
Total – Residential		**—**	**254,000**	**330**		**$ 4.0-4.4**	**$ 80**	**5.0%-5.5%**	**$ 2**
Retail and Residential Properties[1]									
Le Duke	Montreal	26,000	241,000	387	Q3 2021	$ 3.2-3.4	$ 59	5.4%-5.8%	$ 18
Bronte Village	Toronto	54,000	466,000	480	Q4 2021	7.5-8.3	139	5.4%-6.0%	39
Total – Retail and Residential		**80,000**	**707,000**	**867**		**$ 10.7-11.7**	**$ 198**	**5.4%-5.9%**	**$ 57**
Total Joint Ventures		**80,000**	**961,000**	**1,197**		**$ 14.7-16.1**	**$ 278**	**5.3%-5.8%**	**$ 59**
Total – Active Major Developments		**80,000**	**961,000**	**1,197**		**$ 14.7-16.1**	**$ 278**	**5.3%-5.8%**	**$ 59**

(1) These properties are held in joint venture agreements in which Crombie owns a 50% interest

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

Estimated annual NOI is calculated using first year stabilized annual rent for each tenant, assuming 100% occupancy. These estimates are established by using contracted rents, Crombie's market knowledge, and/or determined using externally generated market studies. Revenue assumptions are subject to uncertainty and proformas contain provision for revenue risk and/or timing of revenue achieving stabilization. Revenue risk in the 5% range is reasonable for typical projects and typical valuation appraisals contain provision for vacancy.

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

Estimated total cost includes the current carrying costs of development lands, net of any proceeds from land and air rights dispositions. Total estimated costs include land cost measured at fair value on existing Income Producing Properties upon transfer to the development, soft and hard construction costs, tenant inducements, external leasing costs, finance costs, and capitalized interest and other carrying costs, such as capitalized construction and development staff, and property taxes. These costs are determined by using internal knowledge and external professional resources, where applicable. Project capital cost uncertainty exists and project proformas contain contingency for capital cost exceedances in the ordinary course. Capital cost exceedances in the 5% – 10% range are reflective of such contingencies.

These major development projects have received Board of Trustees' approval. Ongoing reporting to the Board of Trustees continues throughout the duration of each project.

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

As previously disclosed, COVID-19 has affected project timelines, cost, and future lease-up schedules. Due to the shutdown of non-essential construction in Quebec during COVID-19, Le Duke and the Pointe-Claire developments were shutdown from March 24th to May 11th, 2020. Le

Duke's completion date moved from Q2 2021 to Q3 2021. Davie Street's residential completion date moved from Q3 2020 to Q1 2021 and project cost was increased in Q2 by $1,800 due to increased construction costs and financing costs from delays. As a result, estimated NOI yields on cost decreased to 5.0%- 5.5% from 5.1% – 5.6%.

1641 DAVIE STREET, VANCOUVER, BRITISH COLUMBIA

Type: Mixed-Use Retail / Residential Rental
Ownership: 50% residential, 100% Crombie ownership of commercial
Construction Status: The construction of the commercial portion of the development is now complete as Safeway opened in Q2 2020, while Scotiabank and a government liquor store opened in Q4 2020. Rental residential space will total 254,000 square feet (330 rental units) in two residential towers at completion. The West Tower was completed in Q4 2020 with initial tenant move-ins beginning in November 2020. The East Tower will be completed in Q1 2021 with move-ins beginning in February.

LE DUKE, 297 RUE DUKE, MONTREAL, QUEBEC

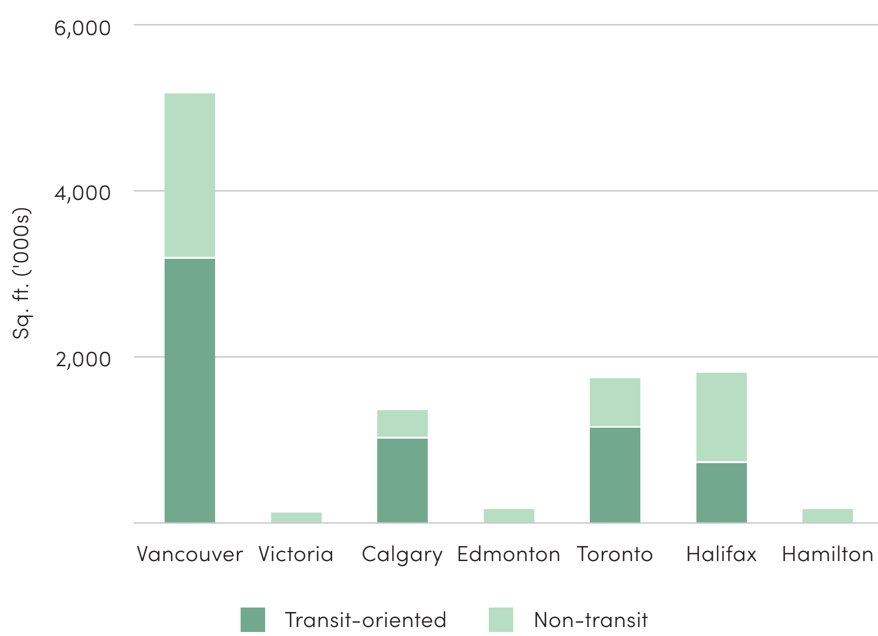
Type: Retail / Residential
Ownership: 50%
Construction Status: Development of Le Duke began late in 2017 and the residential structure is completed. This development is expected to be fully complete in Q3 2021 inclusive of COVID-19-related impacts with initial residential leasing commencing in Q3 2021.

BRONTE VILLAGE, 2441 LAKESHORE ROAD WEST, OAKVILLE (TORONTO), ONTARIO

Type: Retail / Residential
Ownership: 50%
Construction Status: The structure, pre-cast, and glazing are complete on both Building A (west) and Building B (east). Pre-leasing marketing is currently underway and interior finishing work is progressing well with substantial completion scheduled for Q4 2021.

Potential Major Developments

Future Projects by City
As at December 31, 2020



Crombie's current Potential Major Developments have the ability to add up to 740,000 square feet (December 31, 2019 – 540,000 square feet) of commercial GLA and up to 9,400,000 square feet (up to 11,000 units) (December 31, 2019 – 7,500,000 square feet and 9,000 units) of residential GLA (which may include a combination of rental or condominium units).

Based on Crombie's current estimates, total costs to develop these properties could reach $4,000,000 to $5,800,000 over 10 to 15 years. Crombie may develop some or all of these properties 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 AFFO accretion analysis), and Board of Trustees' approval.

As at December 31, 2020, Crombie has identified 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, and seeking all necessary Board, municipal/provincial entitlements, 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, entitlement assessment, and completion of financial projections.

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, density, 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.

An important part of creating a sustainable development program is a systematic approach to proactively moving potential development lands through the entitlement process to obtain zoning approvals. Crombie currently has 5 of these 27 potential major projects identified for near-term re-zoning and is currently in various stages of entitlement pursuit as noted in the following chart:

	Crombie's Entitled Projects					
	Number of Projects	Estimated Commercial Sq. ft.[1]	Estimated Residential Sq. ft.[1]	Estimated Total Sq. ft.[1]	% of Entitlement of Sq. ft.	Residential Units[1]
Zoned	3	20	940	960	58.2%	1,040
Application Submitted	2	130	560	690	41.8%	690
Total	**5**	**150**	**1,500**	**1,650**	**100.0%**	**1,730**

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

Zoning is in place for the following development sites: Westhill on Duke (Halifax), Belmont Market – Phase II (Victoria), and Triangle Lands (Halifax). Rezoning applications have been submitted and are in process for Broadway and Commercial (Vancouver) and Penhorn Lands (Halifax).

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

Potential Major Development Pipeline

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

(1) Westhill on Duke was formerly referred to as Westhill and Scotia Square residential
(2) Westhill on Duke can be developed through densification on 0.46 acres of the existing 9.05 acre Scotia Square site
(3) Brunswick Place can be developed through densification on the existing 0.75 acre Brunswick Place Parkade

CAPITAL MANAGEMENT

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

CAPITAL MANAGEMENT FRAMEWORK

The real estate industry is highly capital intensive.

Crombie's strategic capital management objective consists of three main priorities:

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

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

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

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

- Cash on hand;
- Cash flow generated from operating the property portfolio;
- Bank credit facilities;
- Proceeds from partial or full disposition of select non-core investment properties;
- Traditional construction financing;
- CMHC insured mortgages on residential properties;
- Secured mortgages and term debt on unencumbered properties;
- Issuance of senior unsecured notes;
- The issuance of new units; and
- The issuance of units under its distribution reinvestment plan ("DRIP").

Our guiding principles for managing capital are as follows:

Guiding Principles	Current Status
Target D/GFV below 50% and reduce total leverage over the medium/ long-term	D/GFV* (net of cash) is 48.8% at December 31, 2020.
Maintain minimum of $250 million liquidity	Increased liquidity to $472M, up $23M from 2019.
Increase weighted average term to maturity	Increased weighted average term to maturity by 1.2 years from 4.1 years to 5.3 years since December 31, 2019.
Lower cost of capital through equity raises and/or innovative funding solutions, such as capital recycling	During 2020, Crombie raised equity at a record net price of $16.00 per unit.
Take advantage of current low interest rates	Continue to harvest interest rate savings by refinancing high coupon debt in current low rate environment.
Increase unencumbered asset pool	Expanded unencumbered asset pool by approximately 12% to $1.4B since December 31, 2019.

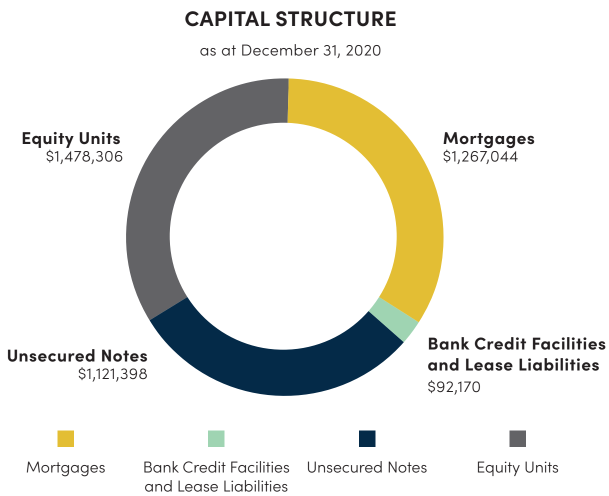
We have become a more dynamic, analytically focused organization, which allows us to constantly review the cause and effect to our base business as we evaluate key capital allocation and funding decisions that shape our business for the future.

Investment-Grade Credit Rating

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

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

STRONG CAPITAL STRUCTURE



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

	December 31, 2020			December 31, 2019		
Fixed rate mortgages	$	1,267,044	32.0%	$	1,302,510	34.6%
Drawn credit facilities		62,256	1.6%		54,308	1.5%
Senior unsecured notes		1,121,398	28.3%		922,479	24.5%
Lease liabilities		29,914	0.7%		29,419	0.8%
Crombie REIT Unitholders (Equity Units)		881,511	22.3%		870,792	23.1%
Special Voting Units and Class B Limited Partnership Unitholders (Equity Units)		596,795	15.1%		584,251	15.5%
	$	3,958,918	100.0%	$	3,763,759	100.0%

In 2019, asset recycling through full or partial dispositions provided the equity capital required to fund our capital investments at a time when our unit price was trading materially below our NAV. In aggregate, all dispositions were completed at or above our IFRS fair value, which resulted in material value preservation compared to raising equity at prices well below NAV. At the same time, Crombie continued to harvest interest rate savings by refinancing higher coupon debt at lower current interest rates.

DEBT METRICS

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

	December 31, 2020	December 31, 2019
Unencumbered investment properties[1]	$ 1,366,258	$ 1,223,452
Unencumbered investment properties[1] as a % of unsecured debt	117.8%	128.1%
Debt to gross fair value*	49.4%	48.9%
Weighted average interest rate[2]	3.9%	4.2%
Debt to trailing 12 months EBITDA*	9.73x	8.52x
Interest coverage ratio*	2.77x	2.99x

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

Crombie has continued to grow its unencumbered asset pool, increasing it from fair value of $1,223,452 as at December 31, 2019 to $1,366,258 as at December 31, 2020. This increase is primarily due to mortgage maturities, mortgage repayments as a result of capital recycling activity in 2019, and increased unsecured note balances.

Debt to Gross Fair Value*

The debt to gross fair value* was 49.4% at December 31, 2020 (48.8% after applying cash and cash equivalents to reduce debt) compared to 48.9% at December 31, 2019. This leverage ratio is below the maximum 60%, or 65% including convertible debentures, as permitted by Crombie's Declaration of Trust.

The increase in leverage ratio during the year was due to:

- increased senior unsecured notes due to issuance of Series H and Series I;

offset in part by:

- partial redemption of Series B unsecured notes;
- increased value in investment properties due to higher net assets from development progress;
- increased cash and cash equivalents related to construction financing at our Pointe-Claire development; and
- increased investment in joint ventures.

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

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

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

The fair value included in this calculation reflects the fair value of the properties as at December 31, 2020 and 2019, respectively, based on each property's current use as a revenue generating investment property. During the year ended December 31, 2020, Crombie's weighted average capitalization rate used in the determination of the fair value of its investment properties decreased 0.13% to 5.86%.

	December 31, 2020	December 31, 2019
Fixed rate mortgages	$ 1,274,304	$ 1,309,077
Senior unsecured notes	1,125,000	925,000
Revolving credit facility	17,712	15,339
Joint operation credit facility	9,544	8,969
Bilateral credit facility	35,000	30,000
Lease liabilities	29,914	29,419
Total debt outstanding	2,491,474	2,317,804
Less: Applicable fair value debt adjustment	(283)	(539)
Debt	$ 2,491,191	$ 2,317,265
Investment properties, at fair value	$ 4,815,000	$ 4,605,000
Other assets, cost[1]	100,206	80,035
Cash and cash equivalents	63,293	—
Deferred financing charges	10,972	9,715
Investment in joint ventures	51,043	45,123
Interest rate subsidy	(283)	(539)
Gross fair value	$ 5,040,231	$ 4,739,334
Debt to gross fair value*	49.4%	48.9%

(1) Other assets exclude tenant incentives and accrued straight-line rent receivable.

The debt to gross fair value*, applying cash and cash equivalents to reduce debt, is **48.8%** at December 31, 2020.

Debt to EBITDA* and Interest Coverage* Ratios:

Crombie's debt to EBITDA* increased to 9.73x for the trailing 12 months ended December 31, 2020 from 8.52x for the trailing 12 months ended December 31, 2019. The increase was primarily due to increased debt from the issuance of Series H and Series I senior unsecured notes and mortgages, and reduced EBITDA. (Debt to EBITDA* is 9.48x after applying cash and cash equivalents to reduce debt.) The decreased EBITDA resulted from property dispositions in 2019 and the impacts of COVID-19, including decreased parking revenue due to reduced demand, increased rent abatements and a significant increase in bad debt expense in 2020. After adjusting EBITDA for the impacts of COVID-19 on bad debt expense, rent abatements, parking revenue, and organizational realignment severance costs, the debt to EBITDA* ratio for the trailing 12 months ended December 31, 2020 was 9.19x.

EBITDA* decreased by $15,744 over the trailing 12 months ended December 31, 2020 when compared to the trailing 12 months ended December 31, 2019, as a result of property dispositions in 2019 and the impacts of COVID-19 in 2020 as discussed above.

The interest coverage* ratio for the quarter ended December 31, 2020 declined to 2.77x compared to 2.99x for the quarter ended December 31, 2019 due to reduced EBITDA resulting from lower property revenue and the impacts of COVID-19 described above. Finance costs decreased by $4,940 primarily due to a reduction in mortgage interest resulting from disposition activity and maturing mortgages, partially offset by the premium paid related to partial early redemption of unsecured notes. After adjusting EBITDA for the impacts of COVID-19 on bad debt expense, rent abatements, parking revenue, and organizational realignment severance costs, the interest coverage* ratio for the quarter ended December 31, 2020 was 2.83x.

Crombie's debt service coverage* increased slightly to 1.92x for the quarter ended December 31, 2020 from 1.91x for the quarter ended December 31, 2019 due to the decrease in EBITDA.

The following table presents a reconciliation of property revenue to EBITDA. EBITDA is a non-GAAP measure and should not be considered an alternative to operating income attributable to Unitholders and may not be comparable to that used by other entities. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 84, for more information.

	Three months ended							
	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019
Property revenue	$ 97,060	$ 92,920	$ 96,501	$ 102,252	$ 96,823	$ 97,346	$ 99,332	$ 105,240
Amortization of tenant incentives	4,859	4,752	4,419	3,819	3,598	3,515	3,411	3,615
Adjusted property revenue	101,919	97,672	100,920	106,071	100,421	100,861	102,743	108,855
Property operating expenses	(29,245)	(27,503)	(37,887)	(35,237)	(29,852)	(27,205)	(28,222)	(32,366)
General and administrative expenses	(5,493)	(5,062)	(6,960)	(3,019)	(5,855)	(6,112)	(5,970)	(5,784)
Income (loss) from equity accounted investments	(411)	101	123	115	(8)	125	123	94
EBITDA*[1]	$ 66,770	$ 65,208	$ 56,196	$ 67,930	$ 64,706	$ 67,669	$ 68,674	$ 70,799
Trailing 12 months EBITDA*[4]	$ 256,104	$ 254,040	$ 256,501	$ 268,979	$ 271,848	$ 278,999	$ 282,653	$ 286,078
Finance costs – operations	$ 24,912	$ 22,250	$ 22,006	$ 22,640	$ 22,810	$ 24,504	$ 24,335	$ 25,667
Amortization of deferred financing charges	(835)	(737)	(683)	(751)	(827)	(922)	(913)	(912)
Amortization of effective swap agreements	—	—	—	(510)	(356)	(226)	(544)	(551)
Adjusted interest expense[2]	$ 24,077	$ 21,513	$ 21,323	$ 21,379	$ 21,627	$ 23,356	$ 22,878	$ 24,204
Debt principal repayments[3]	$ 10,715	$ 10,786	$ 10,395	$ 10,790	$ 12,167	$ 12,773	$ 12,917	$ 13,647
Debt outstanding (see Debt to Gross Fair Value*)[5]	$ 2,491,191	$ 2,373,623	$ 2,338,288	$ 2,383,451	$ 2,317,265	$ 2,329,039	$ 2,319,410	$ 2,449,331
Interest service coverage* ratio {(1)/(2)}	2.77x	3.03x	2.64x	3.18x	2.99x	2.90x	3.00x	2.93x
Debt service coverage* ratio {(1)/((2)+(3))}	1.92x	2.02x	1.77x	2.11x	1.91x	1.87x	1.92x	1.87x
Debt to trailing 12 months EBITDA* {(5)/(4)}	9.73x	9.34x	9.12x	8.86x	8.52x	8.35x	8.21x	8.56x

Debt Profile

A continuity of Crombie's fixed-rate mortgages, senior unsecured notes, and credit facilities for the year ended December 31, 2020 is as follows:

	Mortgages	Senior Unsecured Notes	Credit Facilities
Opening balance at January 1, 2020	$ 1,308,147	$ 925,000	$ 54,308
Additions to existing mortgages	5,125	—	—
New borrowings or issuances	218,000	300,000	—
Principal repayments	(42,686)	—	—
Repayments on maturity	(214,912)	—	—
Early redemption	—	(100,000)	—
Net advances	—	—	7,948
Closing balance at December 31, 2020	$ 1,273,674	$ 1,125,000	$ 62,256

Mortgages

Crombie had outstanding fixed rate mortgages consisting of:

	December 31, 2020	December 31, 2019
Fixed rate mortgages	**$ 1,273,674**	$ 1,308,147
Unamortized fair value debt adjustment and interest rate subsidy	**630**	930
	1,274,304	1,309,077
Deferred financing charges on fixed rate mortgages	**(7,260)**	(6,567)
Total mortgage debt	**$ 1,267,044**	$ 1,302,510
Long-term portion	**$ 1,139,798**	$ 1,045,015
Current portion	**$ 127,246**	$ 257,495
Weighted average interest rate	**3.98%**	4.25%
Weighted average term to maturity	**5.7 years**	3.9 years

- Crombie has a mortgage payable of $25,526 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 year ended December 31, 2020, Crombie successfully closed on two mortgages totalling $218,000 at retail-related industrial properties. The proceeds of one of the mortgages were placed in escrow and will be drawn down once certain conditions have been met. As of December 31, Crombie has received $36,753 of the total commitment. Given that Crombie controls the total proceeds, the full remaining proceeds have been reflected as long-term debt and cash at December 31, 2020.

From time to time, Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount (see "Interest Rate Risk"). Crombie currently has interest rate swap agreements in place on $112,510 of floating rate debt.

Senior Unsecured Notes

The following series of senior unsecured debentures were outstanding as at December 31, 2020 and 2019:

	Maturity Date	Interest Rate	December 31, 2020	December 31, 2019
Series B	June 1, 2021	3.962%	$ 150,000	$ 250,000
Series D	November 21, 2022	4.066%	150,000	150,000
Series E	January 31, 2025	4.802%	175,000	175,000
Series F	August 26, 2026	3.677%	200,000	200,000
Series G	June 21, 2027	3.917%	150,000	150,000
Series H	March 31, 2028	2.686%	150,000	—
Series I	October 9, 2030	3.211%	150,000	—
Unamortized Series B issue premium			110	627
Deferred financing charges			(3,712)	(3,148)
Total senior unsecured notes			$ 1,121,398	$ 922,479
Long-term portion			$ 971,398	$ 922,479
Current portion			$ 150,000	$ —
Weighted average interest rate			3.78%	4.07%
Weighted average term to maturity			5.1 years	4.5 years

- On October 9, 2020, Crombie issued on a private placement basis, $150,000 Series H notes (senior unsecured) maturing March 31, 2028. The net proceeds were used to repay existing indebtedness, including repayment of outstanding credit facilities and partial repayment of the Series B unsecured notes. Crombie called for early redemption of $100,000 of the Series B unsecured notes on October 21, 2020 in conjunction with the offering of the Series H notes. The Series H notes were priced with an effective yield to maturity of 2.686% and sold at a price of $1,000.00 per $1,000.00 principal amount. Interest is payable in equal semi-annual instalments on March 31 and September 30.
- On the same date, Crombie issued on a private placement basis, $150,000 Series I notes (senior unsecured) maturing October 9, 2030. The proceeds were used for the same purposes as the Series H notes. The notes were priced with an effective yield to maturity of 3.211% and sold at a price of $1,000.00 per $1,000.00 principal amount. Interest is payable in equal semi-annual instalments on April 9 and October 9.

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

Credit Facilities

The following floating-rate credit facilities had balances drawn as at December 31, 2020 and 2019:

	Available Facility	Weighted average term to maturity	December 31, 2020	December 31, 2019
Revolving credit facility	$ 400,000	0.3 years	$ 17,712	$ 15,339
Unsecured bilateral credit facility	$ 130,000	0.7 years	35,000	30,000
Joint operation credit facility I	$ 68,050	3.3 years	7,188	6,978
Joint operation credit facility II	$ 32,000	3.8 years	2,356	1,991
Total credit facilities			$ 62,256	$ 54,308

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 $17,712 ($23,292 including outstanding letters of credit) was drawn as at December 31, 2020. The revolving credit facility is secured by a pool of first mortgages on certain properties. Borrowings under the revolving credit facility can be by way of Bankers' Acceptance or prime rate 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.

UNSECURED BILATERAL CREDIT FACILITY

The unsecured bilateral credit facility has a maximum principal amount of $130,000, increased from $100,000 in the third quarter of 2020 with the maturity date extended to September 1, 2021, of which $35,000 was drawn as at December 31, 2020. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. Borrowings under the bilateral credit facility can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS.

JOINT OPERATION CREDIT FACILITIES

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, 2020, Crombie's portion of the term and revolving credit facilities was $6,847 and $341, 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, 2020, Crombie's portion of the term and revolving credit facilities was $1,815 and $541, respectively.

Debt Maturities

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

	Maturing Debt Balances							
12 Months Ending	Mortgages	Senior Unsecured Notes	Credit Facilities	Total	% of Total	Payments of Principal	Total Required Payments	% of Total
December 31, 2021	$ 84,985	$ 150,000	$ 35,000	$ 269,985	12.3%	$ 42,261	$ 312,246	12.7%
December 31, 2022	159,451	150,000	—	309,451	14.0%	39,418	348,869	14.2%
December 31, 2023	238,384	—	17,712	256,096	11.6%	32,838	288,934	11.7%
December 31, 2024	226,268	—	9,544	235,812	10.7%	21,033	256,845	10.4%
December 31, 2025	30,596	175,000	—	205,596	9.3%	17,131	222,727	9.1%
Thereafter	279,991	650,000	—	929,991	42.1%	101,318	1,031,309	41.9%
Total[1]	$ 1,019,675	$ 1,125,000	$ 62,256	$ 2,206,931	100.0%	$ 253,999	$ 2,460,930	100.0%

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

Outstanding Unit Data

REIT UNITS AND CLASS B LP UNITS AND THE ATTACHED SPECIAL VOTING UNITS

On February 11, 2020, Crombie closed a public offering, on a bought deal basis, of 3,657,000 Units, at a price of $16.00 per Unit for proceeds of $55,848 net of issue costs. On the same date, concurrently with the issue of the REIT Units, in satisfaction of its pre-emptive right, ECL Developments (ECLD), a wholly owned subsidiary of Empire, purchased 2,593,750 Class B LP Units and the attached Special Voting Units at a price of $16.00 per Class B LP Unit for proceeds of $41,425 net of issue costs, on a private placement basis. After the closing of the public offering and the private placement, Empire continues to hold a 41.5% economic and voting interest in Crombie.

For the year ended December 31, 2020, Crombie issued 120,533 REIT Units and 85,433 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.

Throughout the year, Crombie issued 58,090 REIT Units under its unit based compensation plan.

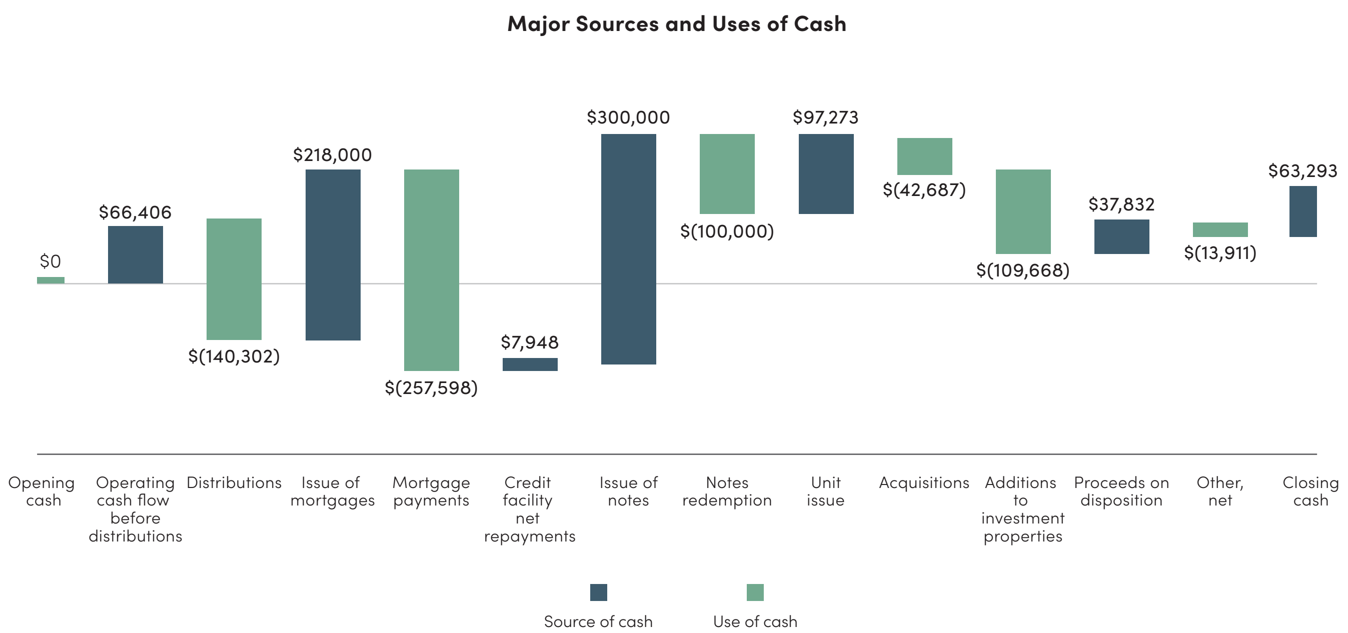
Total units outstanding at January 31, 2021, were as follows:

Units	93,541,132
Special Voting Units[1]	64,730,503

(1) Crombie Limited Partnership, a subsidiary of Crombie, has also issued 64,730,503 Class B LP Units. These Class B LP Units accompany the Special Voting Units, are the economic equivalent of a Unit, and are exchangeable for Units on a one-for-one basis

CASH FLOWS

The following shows the major sources and uses of cash for the year ended December 31, 2020:



	Three months ended December 31,			Year ended December 31,		
	2020	2019	Variance	**2020**	2019	Variance
Cash provided by (used in):						
Operating activities	**$ (2,289)**	$ (9,236)	$ 6,947	**$ (73,896)**	$ (35,869)	$ (38,027)
Financing activities	**114,356**	47,452	66,904	**261,469**	(63,487)	324,956
Investing activities	**(48,774)**	(38,216)	(10,558)	**(124,280)**	99,356	(223,636)
Net change during the period	**$ 63,293**	$ —	$ 63,293	**$ 63,293**	$ —	$ 63,293

Operating Activities

For the three months ended:

The decrease in cash used in operating activities in the quarter compared to the same quarter in 2019 is primarily due to additions to tenant incentives in 2019, including modernizations of $15,297.

For the year ended:

The increase in cash used in operating activities on an annual basis is largely due to reduced net property income of $22,235 as a result of property dispositions and the impacts of COVID-19. These impacts include decreased parking revenue of $2,715, increased rent abatements of $1,012 and increased bad debt expense of $10,717 as a result of COVID-19-related collection risk. The reduced net property income for the year was offset in part by a decrease of $3,187 in general and administrative expenses resulting primarily from reduced salaries, and a decrease of $5,508 in finance costs from operations due to a reduction in mortgage interest resulting from disposition activity and maturing mortgages. Additionally, modernizations for energy upgrades of $14,489, payment of the special cash distribution of $14,857 on January 15, 2020, and higher distributions during the year compared to 2019 as a result of the Unit issuance in Q1 2020 contributed to the use of cash.

Financing Activities

For the three months ended:

The increase in cash provided by financing activities is primarily generated from the $100,000 mortgage at our Pointe-Claire development and issuance of senior unsecured notes of $300,000, offset in part by early redemption of Series B unsecured notes of $100,000 and repayment of credit facilities of $140,070.

For the year ended:

The increase in cash provided by financing activities on an annual basis is due to $300,000 issuance of unsecured notes, mortgage issues of $218,000, and the Unit issuance of $97,273 net of costs. This is partially offset by repayment of mortgages of $257,598.

Investing Activities

For the three months ended:

The increase in cash used in investing activities results primarily from the additions to investment properties of $49,797 compared to $37,799 in the fourth quarter of 2019.

For the year ended:

Annually, the decrease in cash provided by investing activities is due to the proceeds from disposition of properties of $37,832 compared to $339,391 in 2019, offset in part by the acquisition of properties of $42,687 ($152,507 in 2019).

AVAILABLE CREDIT LINE LIQUIDITY

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

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Revolving credit facility	$ 400,000	$ 364,558	$ 369,785	$ 400,000	$ 400,000
Amount drawn	(17,712)	(18,927)	(20,736)	(117,000)	(15,339)
Outstanding letters of credit	(5,580)	(5,746)	(5,746)	(5,759)	(5,645)
Available liquidity	376,708	339,885	343,303	277,241	379,016
Unsecured revolving bilateral credit facility	130,000	130,000	100,000	100,000	100,000
Amount drawn	(35,000)	(99,000)	(37,000)	(40,000)	(30,000)
Available liquidity	95,000	31,000	63,000	60,000	70,000
Unsecured short-term non-revolving credit facility	—	75,000	75,000	120,000	—
Amount drawn	—	(75,000)	(75,000)	(120,000)	—
Available liquidity	—	—	—	—	—
Cash	—	—	—	112,657	—
Total available liquidity	$ 471,708	$ 370,885	$ 406,303	$ 449,898	$ 449,016

Cash and cash equivalents on the balance sheet of $63,293 consists of restricted cash related to a mortgage on a retail-related industrial property and is therefore not included in available liquidity.

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

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

At December 31, 2020, the remaining amount available under the revolving credit facility was approximately $382,000 (prior to reduction for standby letters of credit outstanding of $5,580) and was not limited by the Aggregate Borrowing Base. At December 31, 2020, Crombie remained in compliance with all debt covenants.

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

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

	Twelve months ending December 31,						
	Contractual Cash Flows[1]	2021	2022	2023	2024	2025	Thereafter
Fixed rate mortgages – principal and interest[2]	$ 487,879	$ 91,305	$ 80,391	$ 70,992	$ 35,820	$ 32,327	$ 177,044
Fixed rate mortgages – maturities	1,019,674	84,985	159,451	238,384	226,268	30,596	279,990
Senior unsecured notes	1,326,040	189,051	185,899	30,476	30,476	197,776	692,362
Trade and other payables	124,853	108,878	2,953	1,714	964	964	9,380
Lease liabilities	148,115	2,537	2,476	2,390	2,254	2,267	136,191
	3,106,561	476,756	431,170	343,956	295,782	263,930	1,294,967
Credit facilities	64,811	36,176	672	18,215	9,748	—	—
Total	$ 3,171,372	$ 512,932	$ 431,842	$ 362,171	$ 305,530	$ 263,930	$ 1,294,967

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

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

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

Off-Balance Sheet Commitments and Guarantees

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

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

Crombie obtains standby letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at December 31, 2020, Crombie has a total of $5,580 in outstanding letters of credit related to:

	December 31, 2020	December 31, 2019
Construction work being performed on investment properties	$ 3,740	$ 3,805
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	1,840	1,840
Total outstanding letters of credit	$ 5,580	$ 5,645

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

As at December 31, 2020, Crombie had signed construction contracts totaling $358,813 of which $288,183 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, 2020, Crombie has provided guarantees of approximately $140,577 (December 31, 2019 – $145,713) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 3.8 years.

Crombie signed an indemnity for a bond on a several basis at 1600 Davie Limited Partnership for $1,337. This indemnity was related to removal of a lien issued from a third-party supplier. Subsequent to year end, the lien and bond were removed.

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.

FINANCIAL INSTRUMENTS

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

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

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

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

Level 3 – unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value during the year ended December 31, 2020.

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

- Cash and cash equivalents
- Trade receivables
- Trade and other payables.

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, 2020		December 31, 2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Long-term receivables[1]	$ 25,042	$ 25,051	$ 23,911	$ 24,120
Financial liabilities				
Investment property debt	$ 1,427,367	$ 1,336,560	$ 1,400,821	$ 1,363,385
Senior unsecured notes	1,206,285	1,125,000	946,700	925,000
Total other financial liabilities	$ 2,633,652	$ 2,461,560	$ 2,347,521	$ 2,288,385

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

Financial assets are derecognized when the contractual rights to benefits from the financial asset expire. The difference between the asset's carrying value and the consideration received or receivable is recognized as a charge to the statement of comprehensive income.

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

RISK MANAGEMENT

Risk Management Framework

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

Risk Factors Related to the Business of Crombie

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

ENTERPRISE RISK MANAGEMENT

Markets have been negatively impacted by COVID-19, which was declared a pandemic by the World Health Organization ("WHO") on March 11, 2020. The continued spread of COVID-19 and the actions being taken by governments, businesses and individuals to limit this pandemic, including business closures and physical distancing, and the effects of resulting layoffs and other job losses on the available income of retail customers, may adversely impact our operations and development activities including, among others, increasing the credit risk associated with our receivables, limiting our ability to quickly respond to changes in credit risk, extending the time to completion and occupancy of our major developments, and limiting our ability to serve our tenants. There is also increased risk as to the extent of the impact of COVID-19 on leasing, occupancy, tenant inducements, land use intensifications, market rents, and capital expenditures if the current economic slowdown continues long-term, potentially impacting future operational expectations and valuation of assets. This has resulted in significant economic uncertainty, of which the potential impact on Crombie's future financial results is difficult to reliably measure.

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.

COMPETITION

The real estate business is competitive. Numerous other developers, managers, and owners of properties compete with Crombie in seeking tenants. Some of the properties located in the same markets as Crombie's properties may be newer, better located, less levered, or have stronger anchor tenants than Crombie's properties. Some property owners with properties located in the same markets as Crombie's properties may be better capitalized and may be stronger financially and hence better able to withstand an economic downturn. Competitive pressures in such markets could have a negative effect on Crombie's ability to lease space in its properties and on the rents charged or concessions granted.

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 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

As at December 31, 2020, Empire, through its wholly-owned subsidiary ECLD, holds a 41.5% indirect interest in Crombie. Crombie's anchor tenants are concentrated in a relatively small number of retail operators. Specifically, 54.9% of the annual minimum rent and 54.0% 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 and Code of Conduct contain conflict of interest provisions requiring the trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. In addition, certain decisions regarding matters that may give rise to a conflict of interest must be made by a majority of independent elected trustees only.

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

RELIANCE ON KEY PERSONNEL

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

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 eight years, Crombie has reduced its geographic concentration in Atlantic Canada, and thereby reduced the adverse impact an economic downturn in any one specific geographic region in Canada could have on Crombie's financial condition.

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 include reputational damage with tenants and suppliers, 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.

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.

CLIMATE CHANGE RISK

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

RELIANCE ON EMPIRE, SOBEYS, AND OTHER EMPIRE AFFILIATES

A significant portion of Crombie's rental income will be received from tenants that are affiliates of Empire. In addition, Empire has obligations to indemnify Crombie in respect to the cost of environmental remediation of certain properties acquired by Crombie from Empire to a maximum permitted amount under an omnibus environmental indemnity agreement entered into as part of the closing of the acquisition of certain 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.

Financial Risk Management

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

CREDIT RISK

Risk Description Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. A provision for doubtful accounts and other adjustments to net property income are taken for all anticipated collectability risks.

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

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 54.9% of annual minimum rent. No other tenant accounts for more than 3.3% 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 $56,889 and $209,780 respectively for the three months and year ended December 31, 2020 (three months and year ended December 31, 2019 – $51,032 and $207,948 respectively) from Sobeys Inc. and other subsidiaries of Empire.

Receivables are substantially comprised of current balances due from tenants and past due receivables since the start of the pandemic, primarily July to September. The balance of accounts receivable past due is usually not significant; however, historically low receivable balances have increased significantly during the year as a result of the impacts of the COVID-19 pandemic. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoicing, 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 assesses, on a forward-looking basis, the expected credit losses associated with its rent receivables. In determining the expected credit losses, Crombie takes into account, on a tenant-by-tenant basis, the payment history, future expectations, and knowledge gathered through discussions for rental concessions, applications for rental relief through government programs, and ongoing discussions with tenants.

Crombie's assessment of expected credit losses is subjective and, due to the impacts of COVID-19, the degree of uncertainty in our assessments has increased. During the year ended December 31, 2020, Crombie has recorded bad debt expense of $10,894, with the corresponding amount recorded as an expected credit loss against our accounts receivable balance.

Our trade receivables and allowance for doubtful accounts balances at December 31, 2020 were $42,211 and $(7,955), respectively (December 31, 2019 – $21,017 and $(340), respectively).

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

Liquidity Risk

Risk Description Liquidity risk is the risk that Crombie may not have access to sufficient debt and equity capital to fund its growth program, refinance debt obligations as they mature, or meet its ongoing obligations as they arise.

Risk Management 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. Access to debt and equity capital markets may also be affected by national and international events, and economic conditions beyond Crombie's control. Crombie mitigates its exposure to liquidity risk utilizing a disciplined approach to capital management.

Access to the $400,000 floating rate 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 maximum principal amount of the unsecured bilateral revolving credit facility was increased from $100,000 to $130,000 in the third quarter of 2020 and the maturity date was extended to September 1, 2021.

Refer to section "Available Credit Line Liquidity" of this MD&A for a maturity analysis of our recognized financial liabilities and purchase obligations.

Interest Rate Risk

Risk Description Interest rate risk is the potential for financial loss arising from increases in interest rates.

Risk Management 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, 2020:

- Crombie's weighted average term to maturity of its fixed rate mortgages is 5.7 years;
- Crombie's weighted average term to maturity of its unsecured notes was 5.1 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 $17,712 at December 31, 2020;
- Crombie has a floating rate bilateral credit facility available to a maximum of $130,000 with a balance of $35,000 at December 31, 2020; and
- Crombie has interest rate swap agreements in place on $112,510 of floating rate debt.

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

	Three months ended December 31, 2020		Year ended December 31, 2020	
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility	Decrease in rate	Increase in rate	Decrease in rate	Increase in rate
Impact of a 0.5% interest rate change	$ 103	$ (103)	$ 648	$ (648)
Impact of a 1.0% interest rate change	$ 207	$ (207)	$ 1,296	$ (1,296)

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 distributions in the year, such excess net income and net realized capital gains will be distributed to Unitholders and such additional distributions may be in the form of cash and/or additional Units. Unitholders will generally be required to include an amount equal to the fair market value of any additional Units in their taxable income, notwithstanding that they do not directly receive a cash distribution.

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

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

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

Crombie and its advisors underwent an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it meets the REIT technical tests contained in the Act through the 2020 fiscal year. The relevant tests apply throughout the taxation year of Crombie and, as such, the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

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

INDIRECT OWNERSHIP OF UNITS BY EMPIRE

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

OWNERSHIP OF SENIOR UNSECURED NOTES ("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.

OTHER DISCLOSURES

RELATED PARTY TRANSACTIONS

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

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

Crombie's transactions with related parties are as follows:

		Three months ended December 31,				Year ended December 31,			
			2020		2019		**2020**		2019
Property revenue									
Property revenue	(a)	**$**	**56,889**	$	51,032	**$**	**209,780**	$	207,948
Head lease income		**$**	**456**	$	178	**$**	**1,162**	$	856
Lease termination income		**$**	**34**	$	33	**$**	**136**	$	521
Property operating expenses	(b)	**$**	**(18)**	$	(19)	**$**	**(58)**	$	(60)
General and administrative expenses									
Property management services recovered	(c)	**$**	**243**	$	177	**$**	**594**	$	602
Other general and administrative expenses		**$**	**(64)**	$	(59)	**$**	**(258)**	$	(240)
Finance costs – operations									
Interest rate subsidy		**$**	**62**	$	68	**$**	**256**	$	279
Finance costs – distributions to Unitholders		**$**	**(14,603)**	$	(20,302)	**$**	**(58,194)**	$	(62,303)

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

(b) 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.

(c) 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, 2020, Crombie issued 85,433 (December 31, 2019 – 65,721) Class B LP Units to ECLD under the DRIP.

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

On May 28, 2020, Crombie purchased a property from a subsidiary of Empire for a total purchase price of $4,535 before transaction costs.

On December 15, 2020, Crombie purchased a property from a subsidiary of Empire for a total purchase price of $17,100 before closing and transaction costs.

During the year ended December 31, 2020, Crombie invested $40,554 in properties anchored by subsidiaries of Empire, which resulted in amended lease terms. These amounts have been included in tenant incentive additions or income property additions depending on the nature of the work completed. The costs are being amortized over the amended lease terms or the useful life of the projects, as applicable.

Crombie has a mortgage payable of $25,526 (December 31, 2019 – $20,401) due to 1600 Davie Limited Partnership. This mortgage relates to the commercial component of the Davie Street development, 100% of which is included in Crombie's financial statements.

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

USE OF ESTIMATES AND JUDGMENTS

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

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

Critical Accounting Estimates and Assumptions

FAIR VALUE MEASUREMENT

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

INVESTMENT PROPERTY ACQUISITIONS

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

Crombie allocates the purchase price based on the following:

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

INVESTMENT PROPERTY VALUATION

External, independent valuation companies, having appropriate recognized professional qualifications and recent experience in the location and category of properties being valued, value substantially all of Crombie's investment property portfolio on a rotating basis over a maximum period of four years. On a periodic basis, Crombie obtains independent appraisals such that approximately 85% of our properties, by value, will be externally appraised over a four year period. The fair values, based on the measurement date, represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Internal quarterly valuations are performed using internally generated valuation models prepared by considering the aggregate trailing annual net property income recognized from leasing the property, that is stabilized for any major tenant movement. Crombie has adjusted net property income for expected impacts related to COVID-19 by looking at potential bad debts or other income implications at each property, and applying probability to several potential scenarios and, where appropriate, normalized the COVID-19 impact on net operating income. Biannual yields are obtained from an independent valuation company, which reflects the specific risks inherent in the net property income, to arrive at property valuations. As at December 31, 2020, management's determination of fair value was updated for current market assumptions, informed by property income, market capitalization rates and recent appraisals provided by independent appraisal professionals.

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.

LEASE MODIFICATIONS

From time to time, Crombie may agree with tenants to modify the terms of lease agreements, including changes to the consideration under the lease. When the changes result in a reduction in amounts receivable relating to past lease periods, Crombie applies IFRS 9 in determining whether to partially or fully derecognize those receivables. Other changes to the terms and conditions of the lease are treated as lease modifications in accordance with IFRS 16, and the modified lease is accounted for as a new lease from the effective date of the modification, with any prepaid or accrued lease payments relating to the original lease included as part of the lease payments for the new lease.

EXPECTED CREDIT LOSS

Crombie assesses, on a tenant-by-tenant basis, losses expected with its rent receivables. In determining the provision for doubtful accounts, Crombie takes into account the payment history and future expectations of likely default events (tenants asking for rental concessions/abatements, applications for rental relief through government programs such as CECRA and CERS, or stating they will not be making rental payments on the due date) based on actual or expected insolvency filings or company voluntary arrangements and likely deferrals of payments due, and potential abatements to be granted by the landlord through tenant negotiations or under CECRA. Crombie's assessment is subjective due to the forward-looking nature of the situation. As a result, the provision for doubtful accounts is subject to a degree of uncertainty and is made based on assumptions which may not prove to be accurate with the unprecedented uncertainty caused by COVID-19.

Critical Judgments

Judgments made by management in the preparation of the consolidated 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.

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

CONTROLS AND PROCEDURES

Crombie maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by Crombie in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized, and reported within the time periods specified in the securities legislation. Controls and procedures are designed to ensure that information required to be disclosed by Crombie is accumulated and communicated to Crombie's management, including its President and 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, 2020. They have concluded that our current disclosure controls and procedures are effective.

In addition, our CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes as defined in National Instrument 52-109. The control framework management used to design and assess the effectiveness of ICFR is *Internal Control-Integrated Framework* (2013) issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). Further, our CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the design and operation of ICFR as at December 31, 2020, and have concluded that our current ICFR was effective based on that evaluation. There have been no material changes to Crombie's internal controls during the year.

Quarterly Information

	Three months ended							
	Dec. 31, 2020	Sep.30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019
Property revenue	$ 97,060	$ 92,920	$ 96,501	$ 102,252	$ 96,823	$ 97,346	$ 99,332	$ 105,240
Property operating expenses	29,245	27,503	37,887	35,237	29,852	27,205	28,222	32,366
Net property income	67,815	65,417	58,614	67,015	66,971	70,141	71,110	72,874
Operating income	17,157	19,734	9,393	21,324	44,149	30,049	39,449	48,228
Finance costs – distributions to Unitholders	(35,211)	(35,202)	(35,187)	(34,702)	(48,936)	(33,753)	(33,744)	(33,736)
Finance income (costs) – change in fair value of financial instruments	(725)	(187)	(212)	1,929	(70)	(264)	(332)	(671)
Increase (decrease) in net assets attributable to Unitholders	$ (18,779)	$ (15,655)	$ (26,006)	$ (11,449)	$ (4,857)	$ (3,968)	$ 5,373	$ 13,821
Operating income per unit – Basic	$ 0.11	$ 0.12	$ 0.06	$ 0.14	$ 0.29	$ 0.20	$ 0.26	$ 0.32
Distributions								
Distributions	$ 35,211	$ 35,202	$ 35,187	$ 34,702	$ 48,936	$ 33,753	$ 33,744	$ 33,736
Per unit	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22
AFFO*								
Basic	$ 35,679	$ 35,494	$ 28,107	$ 39,683	$ 36,006	$ 36,417	$ 37,549	$ 38,660
Per unit – Basic	$ 0.23	$ 0.22	$ 0.18	$ 0.26	$ 0.24	$ 0.24	$ 0.25	$ 0.26
Payout ratio[1]	98.7%	99.2%	125.2%	87.4%	93.8%	92.7%	89.9%	87.3%
FFO*								
Basic	$ 42,305	$ 43,327	$ 34,557	$ 45,661	$ 42,132	$ 43,380	$ 44,567	$ 45,460
Per unit – Basic	$ 0.27	$ 0.27	$ 0.22	$ 0.29	$ 0.28	$ 0.29	$ 0.29	$ 0.30
Payout ratio[2]	83.2%	81.2%	101.8%	76.0%	80.1%	77.8%	75.7%	74.2%
Operating information								
Number of investment properties	284	286	286	285	285	284	284	285
Gross leasable area	18,000,000	17,684,000	17,614,000	17,583,000	17,558,000	17,732,000	17,746,000	18,604,000
Economic occupancy	94.0%	94.7%	95.1%	95.5%	95.4%	95.6%	95.2%	95.0%
Committed occupancy	96.4%	95.3%	95.6%	96.2%	96.1%	96.1%	95.9%	95.7%
Debt metrics								
Unencumbered investment properties[3]	$ 1,366,258	$ 1,460,152	$ 1,461,970	$ 1,479,211	$ 1,223,452	$ 960,275	$ 953,738	$ 1,012,707
Available liquidity	$ 471,708	$ 370,885	$ 406,303	$ 449,898	$ 449,016	$ 450,967	$ 413,087	$ 346,347
Debt to gross fair value*	49.4%	49.8%	49.2%	50.0%	48.9%	48.9%	49.1%	50.3%
Weighted average interest rate[4]	3.9%	4.1%	4.1%	4.1%	4.2%	4.2%	4.2%	4.2%
Debt to trailing 12 months EBITDA*	9.73x	9.34x	9.12x	8.86x	8.52x	8.35x	8.21x	8.56x
Interest coverage ratio*	2.77x	3.03x	2.64x	3.18x	2.99x	2.90x	3.00x	2.93x

(1) Excludes special distribution December 31, 2019. Payout ratio including total distributions is 135.9%.
(2) Excludes special distribution December 31, 2019. Payout ratio including total distributions is 116.1%.
(3) Represents fair value of unencumbered properties.
(4) Weighted average interest rate is calculated based on interest rates for all outstanding fixed rate debt.

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, 2020 – acquisition of two retail properties and one development property for a total purchase price of $31,400 and disposition of five retail properties for proceeds of $37,010;

  September 30, 2020 – acquisition of one development property for a total purchase price of $4,575;

  June 30, 2020 – acquisition of one retail property for a total purchase price of $4,535;

  March 31, 2020 – acquisition of a parcel of land adjacent to an existing retail property for a total purchase price of $280 and disposition of a parcel of land adjacent to an existing retail property for proceeds of $1,000;

  December 31, 2019 – acquisition of one retail property, 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; and

  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.

- 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.

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. Management includes these measures as they represent key performance indicators to management, and it believes certain investors use these measures as a means of assessing relative financial performance. These measures, as computed by Crombie, may differ from similar computations as reported by other entities and, accordingly, may not be comparable to other such entities. These measures are defined below and are cross referenced, as applicable, to a reconciliation elsewhere in this MD&A to the most comparable IFRS measure.

Non-GAAP Measure	Description and Purpose	Reconciliation
Property NOI on a cash basis	• Property NOI on a cash basis, which excludes non-cash straight-line rent recognition and non-cash tenant incentive amortization. • Management believes that Property NOI on a cash basis is an important measure of operating performance as it reflects the cash generated by the properties period-over-period.	"Net Property Income" starting on page 48
Same-asset property cash NOI	• Same-asset properties are properties owned and operated by Crombie throughout the current and comparative reporting periods, excluding any property that was designated for redevelopment during either the current or comparative period. Same-asset property cash NOI includes Crombie's proportionate ownership of jointly operated properties. • Management believes this is a useful measure in understanding period-over-period changes in property cash NOI before considering the changes in NOI that can be attributed to the certain transactions such as acquisitions and dispositions. • The number of same-asset properties was 270 for the year ended December 31, 2020.	"Net Property Income" starting on page 48
Funds from Operations ("FFO")	• Crombie follows the recommendations of the Real Property Association of Canada ("REALPAC")'s 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.	"Funds from Operations (FFO)[*]" starting on page 50

Non-GAAP Measure	Description and Purpose	Reconciliation
Adjusted Funds from Operations ("AFFO")	• Crombie considers AFFO to be a useful measure in evaluating the recurring economic performance of its operating results which will be used to support future distribution payments. • Crombie follows the recommendations of REALPAC's February 2019 white paper in calculating AFFO. • AFFO reflects earnings after the adjustments in arriving at FFO (excluding internal leasing costs) and the provision for non-cash straight-line rent included in revenue, amortization of effective swap agreements, maintenance capital expenditures, maintenance tenant incentives and leasing costs, and any settlement of effective interest rate swap agreements.	"Adjusted Funds from Operations (AFFO)*" starting on page 51
Debt to gross fair value	• Used to evaluate Crombie's flexibility to incur additional financial leverage.	"Debt Metrics" starting on page 63
Earnings before interest, taxes, depreciation and amortization ("EBITDA")	• Represents earnings before interest, taxes, depreciation, and amortization adjusted for certain items such as amortization of tenant incentives, impairment of investment properties, and gain (loss) on disposal of investment properties. • EBITDA is used as an input in several of our debt metrics, providing information with respect to certain financial ratios that we use in measuring our debt profile and assessing our ability to satisfy obligations, including servicing our debt. • Crombie believes EBITDA is an indicative measure of its ability to service debt requirements, fund capital projects and acquire properties.	"Debt Metrics" starting on page 63
Debt to EBITDA	• Used to assess Crombie's financial leverage, to measure its ability to meet financial obligations and measure its balance sheet strength.	"Debt Metrics" starting on page 63
Interest service coverage Debt service coverage	• These ratios are useful in determining Crombie's ability to service the interest requirements of its outstanding debt.	"Debt Metrics" starting on page 63

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

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

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

Maintenance Expenditures – Actual

	Year ended	Three months ended				Year ended	Three months ended			
	Dec. 31, 2020	**Dec. 31, 2020**	**Sep. 30, 2020**	**Jun. 30, 2020**	**Mar. 31, 2020**	Dec. 31, 2019	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019
Total additions to investment properties	**$ 109,668**	**$ 49,797**	**$ 30,913**	**$ 14,819**	**$ 14,139**	$ 94,769	$ 37,799	$ 19,149	$ 20,602	$ 17,219
Less: revenue enhancing expenditures	**(103,982)**	**(47,692)**	**(29,887)**	**(13,890)**	**(12,513)**	(86,807)	(34,322)	(17,195)	(19,951)	(15,339)
Maintenance capital expenditures	**5,686**	**2,105**	**1,026**	**929**	**1,626**	7,962	3,477	1,954	651	1,880
Total additions to TI and deferred leasing costs	**64,971**	**12,716**	**3,682**	**23,944**	**24,629**	61,035	21,238	24,853	11,336	3,608
Less: revenue enhancing expenditures	**(51,464)**	**(9,557)**	**(1,585)**	**(18,947)**	**(21,375)**	(53,564)	(17,879)	(23,992)	(9,612)	(2,081)
Maintenance TI and deferred leasing costs	**13,507**	**3,159**	**2,097**	**4,997**	**3,254**	7,471	3,359	861	1,724	1,527
Total maintenance expenditures – actual	**$ 19,193**	**$ 5,264**	**$ 3,123**	**$ 5,926**	**$ 4,880**	$ 15,433	$ 6,836	$ 2,815	$ 2,375	$ 3,407
Reserve amount charged against AFFO*	**$ 15,869**	**$ 3,986**	**$ 3,963**	**$ 3,967**	**$ 3,953**	$ 16,113	$ 3,877	$ 3,982	$ 4,045	$ 4,209

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

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

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

Crombie uses a normalized rate of $0.90 per square foot of weighted average GLA for the reserve amount charged against AFFO*.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements about expected future events and the financial and operating performance of Crombie. These statements, and the related estimates and assumptions used by management, can be found in several sections of the MD&A, including, but not limited to, "COVID-19 Impact – Operations", "COVID-19 Impact – Financial", "Development", "Capital Management", and "Other Disclosures." Forward-looking statements include, but are not limited to, statements concerning management's beliefs, plans, estimates, intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical fact. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "estimate", "anticipate", "believe", "expect", "intend", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. All forward-looking information in this MD&A is qualified by the cautionary statements under "Risk Factors Related to the Business of Crombie" above, as well as the additional statements in the "Risks" section of Crombie's Annual Information Form available at www.sedar.com. Forward-looking statements in this MD&A and principle related risks include statements regarding:

(i) anticipated annual spend with Empire for acquisitions and modernizations, which are based on historical experience, and may be impacted by the timing of Empire's development activities and the availability of Empire properties meeting Crombie's acquisition criteria, Empire's capital needs, and Empire business developments impacting the need for store modernizations;

(ii) AFFO accretion and NAV growth from strategic acquisitions, which may be affected by future occupancy and rental performance, and/or redevelopment activity of acquired properties;

(iii) disposition of properties and the anticipated reinvestment of net proceeds, which could be impacted by the availability of purchasers, the availability of accretive property acquisitions, the timing of property development activities or other accretive uses for net proceeds and real estate market conditions;

(iv) fair value of investment properties, which is based on assumptions regarding the short and potential long-term impacts of COVID-19, cash flow projections, and estimates of future cash flows and anticipated trends and economic conditions;

(v) 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;

(vi) statements under the heading "Development" 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 "Development" 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;

(vii) estimated GLA, estimated completion dates, estimated total costs, and estimated annual NOI cost for Active Major Developments, which are subject to changes in site plans, cost tendering processes, and continuing tenant negotiations, as well as access to job sites, supplies and labour availability, ability to attract tenants, tenant mix, building sizes, and availability and cost of construction financing;

(viii) 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;

(ix) 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;

(x) 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;

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

(xii) investment in joint ventures and the income contributed by those investments, which could be impacted by the risk and uncertainty from dependence on partners that are not under Crombie's control, including risk of default by a partner on financing obligations or non-performance of a partner's obligations on a project, which may include development, construction, management or leasing;

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

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

(xv) 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.

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, 2020, 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 24, 2021

CLINTON D. KEAY, CPA, CA
Chief Financial Officer and Secretary
February 24, 2021

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, 2020 and 2019, 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, 2020 and 2019;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in net assets attributable to unitholders for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

BASIS FOR OPINION

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

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

Independence

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *Refer to note 2 – Summary of significant accounting policies and note 3 – Investment properties to the consolidated financial statements* The REIT's total investment properties as at December 31, 2020 were $3.65 billion. The investment properties are carried at cost less accumulated depreciation, with their fair value disclosed at each reporting period. The REIT disclosed a total fair value of $4.7 billion on December 31, 2020. In determining the fair value of investment properties to be disclosed, management used an internally generated capitalized net operating income method (the method) by applying capitalization rates to trailing stabilized net operating income (NOI) of each investment property. To determine the capitalization rate, management receives bi-annual capitalization rate reports from external, knowledgeable property valuators that provide a range of rates for various geographic regions and for various types and qualities of properties within each region. Management selected the appropriate capitalization rate for each property from the range provided. Management has adjusted NOI for expected impacts related to COVID-19, by looking at potential bad debts or other lost income at each property and applying probability to several potential scenarios. The method requires certain key assumptions and estimates, which include the capitalization rates for each specific property and stabilized NOI. Significant judgments were made by management in respect of these key assumptions and estimates. We considered this a key audit matter due to the significant judgments made by management when determining the fair values of the investment properties for disclosure purposes and the high degree of complexity in assessing audit evidence related to the key assumptions and estimates made by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.	Our approach to addressing the matter included the following procedures, among others: For a sample of investment properties, tested how management determined the fair value, which included the following: • Evaluated the appropriateness of the method. • Tested the underlying data used in the method. • Evaluated the reasonableness of capitalization rates by comparing them to external market and industry data. • Professionals with specialized skill and knowledge in the field of real estate valuations further assisted us in assessing the capitalization rates by (i) comparing them to externally available market data and (ii) evaluating whether the allocation of capitalization rates to investment properties is reasonable based on location, current leases in place and the type of investment property. • Agreed NOI used in the method to accounting records and evaluated as applicable whether stabilization is reasonable considering (i) the current and past leasing activity of the investment properties, (ii) the comparability with external market and industry data, (iii) potential bad debts or lost income resulting from COVID-19 and (iv) whether these assumptions were aligned with evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
Impairment of certain investment properties Refer to note 2 – Summary of significant accounting policies and note 3 – Investment properties to the consolidated financial statements Investment properties have a total carrying value of $3.65 billion at December 31, 2020. Investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the investment properties may not be recoverable. When such an indication exists, the recoverable amount of the investment property is estimated in order to determine the extent of impairment loss (if any). During the year, management identified circumstances indicating that the carrying value for certain investment properties may not be recoverable. As a result, management performed an impairment test and determined the recoverable amounts of the six properties using one of the following methods: the capitalized net operating income method, the discounted cash flow method or obtaining external independent appraisals for the properties. In applying the capitalized net operating income method, capitalization rates are applied to trailing stabilized NOI. In applying the discounted cash flow 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 Trust adjusted NOI for expected impacts related to COVID-19, by looking at potential bad debts or other lost income at each property and applying probability to several potential scenarios. For the year ended December 31, 2020, management recognized an impairment loss related to the six investment properties of $6.6 million. The key assumptions and estimates used in the methods were capitalization rates, discount rates, lease renewals, leasing activity and stabilized NOI. Significant judgments were made by management in respect of these key assumptions and estimates. We considered this a key audit matter due to the subjectivity and complexity in applying audit procedures to test the valuation methods used by management and the key assumptions and estimates used in those methods, which involved significant judgment from management. In addition, professionals with specialized skill and knowledge in the field of real estate valuations assisted us in performing our procedures.	Our approach to addressing the matter included the following procedures, among others: For the six properties where management identified circumstances indicating that the carrying value may not be recoverable, tested how management determined the recoverable amount of the investment properties, which included the following: • Evaluated the appropriateness of the methods used by management. • Tested the underlying data used in the methods. *Where the capitalized net operating income method was used:* • Agreed NOI figures used in the methods to the accounting records and evaluated whether stabilization was reasonable considering (i) the current and past leasing activity of the investment properties, (ii) the comparability with external market and industry data,(iii) potential bad debts or lost income resulting from COVID-19 and (iv) whether these assumptions were aligned with evidence obtained in other areas of the audit. • Evaluated the reasonableness of capitalization rates by comparing them to external market and industry data. • Professionals with specialized skill and knowledge in the field of real estate valuations further assisted us in assessing the capitalization rates by (i) comparing them to externally available market data and (ii) evaluating whether the allocation of capitalization rates to investment properties is reasonable based on location, current leases in place and the type of investment property. *Where the discounted cash flow method was used:* • Evaluated the reasonableness of assumptions such as lease renewals and leasing activities by comparing them to current and past leasing activity of the investment properties. • Evaluated the reasonableness of discount rates by comparing them to external market and industry data. • Professionals with specialized skill and knowledge in the field of real estate valuations further assisted us in assessing the reasonability of the discount and capitalization rate used.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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.

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

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

PricewaterhouseCoopers LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Halifax, Nova Scotia

February 24, 2021

CONSOLIDATED BALANCE SHEETS

(in thousands of CAD dollars)	Note	December 31, 2020	December 31, 2019
Assets			
Non-current assets			
Investment properties	3	$ 3,583,939	$ 3,557,572
Investment in joint ventures	4	51,043	45,123
Other assets	5	307,724	286,947
		3,942,706	3,889,642
Current assets			
Cash and cash equivalents	7	63,293	—
Other assets	5	69,540	30,625
Investment properties held for sale	6	29,899	—
		162,732	30,625
Total Assets		4,105,438	3,920,267
Liabilities			
Non-current liabilities			
Fixed rate mortgages	7	1,139,798	1,045,015
Credit facilities	7	27,256	54,308
Senior unsecured notes	8	971,398	922,479
Employee future benefits obligation	9	8,378	8,122
Trade and other payables	10	15,975	14,613
Lease liabilities	20	29,242	28,675
		2,192,047	2,073,212
Current liabilities			
Fixed rate mortgages	7	127,246	257,495
Credit facilities	7	35,000	—
Senior unsecured notes	8	150,000	—
Employee future benefits obligation	9	279	289
Trade and other payables	10	121,888	133,484
Lease liabilities	20	672	744
		435,085	392,012
Total liabilities excluding net assets attributable to Unitholders		2,627,132	2,465,224
Net assets attributable to Unitholders		$ 1,478,306	$ 1,455,043
Net assets attributable to Unitholders represented by:			
Crombie REIT Unitholders		$ 881,511	$ 870,792
Special Voting Units and Class B Limited Partnership Unitholders		596,795	584,251
		$ 1,478,306	$ 1,455,043
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, 2020	December 31, 2019
Property revenue	11	$ 388,733	$ 398,741
Property operating expenses		129,872	117,645
Net property income		258,861	281,096
Gain on disposal of investment properties	3	3,335	81,803
Impairment of investment properties	3	(6,600)	(6,000)
Depreciation and amortization	3,5	(75,567)	(74,313)
General and administrative expenses	13	(20,534)	(23,721)
Finance costs – operations	14	(91,808)	(97,316)
Income (loss) from equity accounted investments	4	(72)	334
Operating income before taxes		67,615	161,883
Taxes – current		(7)	(8)
Operating income attributable to Unitholders		67,608	161,875
Finance costs – other			
Distributions to Unitholders		(140,302)	(150,169)
Change in fair value of financial instruments	13	805	(1,337)
		(139,497)	(151,506)
(Decrease) increase in net assets attributable to Unitholders		(71,889)	10,369
Other comprehensive income (loss)			
Items that will be subsequently reclassified to (decrease) increase in net assets attributable to Unitholders:			
Costs incurred on derivatives designated as cash flow hedges transferred to finance costs – operations		510	2,136
Net change in derivatives designated as cash flow hedges		(6,210)	(1,893)
Items that will not be subsequently reclassified to Increase (decrease) in net assets attributable to Unitholders:			
Unamortized actuarial gains in employee future benefits obligation		(61)	1,219
Other comprehensive (loss) income		(5,761)	1,462
Comprehensive (loss) income		$ (77,650)	$ 11,831

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	REIT Units, Special Voting Units and Class B LP Units	Net Liabilities Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to Class B LP Units
(in thousands of CAD dollars)	(Note 15)					
Balance, January 1, 2020	$ 1,759,324	$ (304,412)	$ 131	$ 1,455,043	$ 870,792	$ 584,251
Adjustments related to EUPP	39	—	—	39	39	—
Comprehensive income (loss)	—	(71,889)	(5,761)	(77,650)	(47,584)	(30,066)
Units issued under Distribution Reinvestment Plan ("DRIP")	2,856	—	—	2,856	1,671	1,185
Units issued under unit based compensation plan	745	—	—	745	745	—
Unit issue proceeds, net of costs	97,273	—	—	97,273	55,848	41,425
Balance, December 31, 2020	$ 1,860,237	$ (376,301)	$ (5,630)	$ 1,478,306	$ 881,511	$ 596,795

	REIT Units, Special Voting Units and Class B LP Units	Net Assets (Liabilities) Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to Class B LP Units
	(Note 15)					
Balance, January 1, 2019	$ 1,756,458	$ (312,287)	$ (1,331)	$ 1,442,840	$ 864,779	$ 578,061
Adjustments related to adoption of IFRS 16	—	(2,505)	—	(2,505)	(1,501)	(1,004)
Adjustments related to EUPP	422	11	—	433	433	—
Comprehensive income (loss)	—	10,369	1,462	11,831	5,611	6,220
Units issued under 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

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended	
(in thousands of CAD dollars)	Note	December 31, 2020	December 31, 2019
Cash flows provided by (used in)			
Operating Activities			
(Decrease) increase in net assets attributable to Unitholders		$ (71,889)	$ 10,369
Special cash distribution		(14,857)	—
Additions to tenant incentives		(63,536)	(58,919)
Items not affecting operating cash	16	92,293	24,789
Change in other non-cash operating items	16	(15,900)	(12,100)
Income taxes paid		(7)	(8)
Cash used in operating activities		(73,896)	(35,869)
Financing Activities			
Issue of mortgages	7	218,000	25,288
Financing – other		(3,419)	(3,308)
Repayment of mortgages – principal		(42,686)	(51,504)
Repayment of mortgages – maturity	7	(214,912)	(133,759)
Advance (repayment) of floating rate credit facilities		7,373	(133,504)
Advance of joint operation credit facilities	7	575	8,969
Issue of senior unsecured notes	8	300,000	350,000
Redemption of senior unsecured notes	8	(100,000)	(125,000)
REIT Units and Class B LP Units issued	15	100,012	—
REIT Units and Class B LP Units issue costs	15	(2,739)	—
Payments of lease liabilities		(735)	(669)
Cash provided by (used in) financing activities		261,469	(63,487)
Investing Activities			
Acquisition of investment properties and intangible assets		(42,687)	(152,507)
Additions to investment properties		(109,668)	(94,769)
Proceeds on disposal of investment properties	3	37,832	339,391
Contributions to joint ventures		(6,061)	(2,251)
Distributions from joint ventures		69	15,366
Additions to fixtures and computer equipment		(1,399)	(1,520)
Additions to deferred leasing costs		(1,435)	(2,116)
Advances on long-term receivables		(931)	(2,238)
Cash (used in) provided by investing activities		(124,280)	99,356
Net change in cash and cash equivalents		63,293	—
Cash and cash equivalents, beginning of period		—	—
Cash and cash equivalents, end of period		$ 63,293	$ —

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, retail-related industrial, mixed-use, and office properties in Canada. Crombie is registered in Canada and the address of its registered office is 610 East River Road, Suite 200, New Glasgow, Nova Scotia, Canada, B2H 3S2. The consolidated financial statements for the year ended December 31, 2020 and December 31, 2019 include the accounts of Crombie and all of its subsidiary entities. The units of Crombie are traded on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

The consolidated financial statements were authorized for issue by the Board of Trustees on February 24, 2021.

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, 2020. Subsidiaries are all entities over which Crombie has control. All subsidiaries have a reporting date of December 31, 2020.

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(u).

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, restricted cash, 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 being actively employed. The number of RUs which fully vest is determined by: (a) the dollar amount of the award divided by the market value of a REIT Unit on the award grant date, plus (b) deemed distributions on RUs during the vesting period at a rate equivalent to the number of REIT Units that would have been issued had the vested RUs been treated as a REIT Unit. The value of these additional RUs from deemed distributions are expensed to general and administrative expenses at the time of allocation. On the vesting date, each participant shall be entitled to receive a cash amount (net of any applicable withholding taxes) equal to the number of vested RUs held by the RU Participant multiplied by the market value on the vesting date, as determined by the market value of a REIT Unit. Alternatively, a RU Participant who is an eligible employee on the vesting date may elect to convert their vested RUs to DUs under Crombie's DU Plan. No REIT Units or other securities of Crombie will be issued from treasury as settlement of any obligation under the RU Plan.

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

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

(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 recognizes revenue from customers that reflects the consideration to which it expects to be exchanged for. This involves identifying the contract with its customers, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognizing revenue when the entity satisfies its performance obligations.

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

(l) Leases

Crombie as lessor

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

Crombie has determined that 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 vehicles. Crombie assesses whether a contract is or contains a lease at the inception of the contract.

Leases are recognized as a right of use asset with a corresponding liability at the date at which the leased asset is available for use by Crombie, except for short-term leases of 12 months or less or low value leases which are expensed in the consolidated 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 are presented separately.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

Financial assets are derecognized when the contractual rights to benefits from the financial asset expires. The difference between the asset's carrying value and the consideration received or receivable is recognized as a charge to the statement of comprehensive income. 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.

(t) 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.

(u) 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.

(v) 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 are 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.

(w) 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. 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.

(x) 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. As of December 31, 2020, there continues to be increased measurement uncertainty due to the outbreak of the novel strain of coronavirus ("COVID-19"). The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

(i) Fair value measurement

A number of assets and liabilities included in Crombie's consolidated financial statements require measurement at, and/or disclosure of, fair value. In estimating the fair value of an asset or a liability, Crombie uses market-observable data to the extent it is available. Where market-observable data is not available, Crombie estimates the fair value based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. The significant methods and assumptions used in estimating fair value are set out in Notes 2(i), 2(t), 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 substantially all of Crombie's investment property portfolio on a rotating basis over a maximum period of four years. The fair values, based on the measurement date, represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Internal quarterly valuations are performed using internally generated valuation models prepared by considering the aggregate trailing annual net property income recognized from leasing the property, that is stabilized for any major tenant movement. Crombie has adjusted net property income for expected impacts related to COVID-19 by looking at potential bad debts or other income implications at each property, and applying probability to several potential scenarios and where appropriate, normalized the COVID-19 impact on net operating income. Biannual yields are obtained from an independent valuation company, which reflects the specific risks inherent in the net property income, to arrive at property valuations. As at December 31, 2020, management's determination of fair value was updated for current market assumptions, informed by property income, market capitalization rates, and recent appraisals provided by independent appraisal professionals.

(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.

(vii) Lease modifications

From time to time, Crombie may agree with tenants to modify the terms of lease agreements, including changes to the consideration under the lease. When the changes result in a reduction in amounts receivable relating to past lease periods, Crombie applies IFRS 9 in determining whether to partially or fully derecognize those receivables. Other changes to the terms and conditions of the lease are treated as lease modifications in accordance with IFRS 16, and the modified lease is accounted for as a new lease from the effective date of the modification, with any prepaid or accrued lease payments relating to the original lease included as part of the lease payments for the new lease.

(viii) Risk management

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

(ix) Expected credit loss

Crombie assesses, on a tenant-by-tenant basis, losses expected with its rent receivables. In determining the provision for doubtful accounts, Crombie takes into account the payment history and future expectations of likely default events (tenants asking for rental concessions/abatements, applications for rental relief through government programs such as Canada Emergency Commercial Rent Assistance program ("CECRA") and Canada Emergency Rent Subsidy ("CERS") or stating they will not be making rental payments on the due date) based on actual or expected insolvency filings or company voluntary arrangements and likely deferrals of payments due, and potential abatements to be granted by the landlord through tenant negotiations or under CECRA. Crombie's assessment is subjective due to the forward-looking nature of the situation. As a result, the provision for doubtful accounts is subject to a degree of uncertainty and is made based on assumptions which may not prove to be accurate with the unprecedented uncertainty caused by COVID-19.

(y) Application of new IFRS

(i) IFRS 3 Business combinations

Effective January 1, 2020, Crombie has applied the amendments to the requirements of IFRS 3, "Business Combinations" ("IFRS 3"), in relation to whether a transaction meets the definition of a business combination. The amendments help provide guidance on whether the acquired assets and activities constitute a business. The change is applied prospectively on or after the effective date and as such there was no impact on the adoption of this amendment.

3) INVESTMENT PROPERTIES

		December 31, 2020		December 31, 2019
Income properties	$	3,520,562	$	3,461,359
Properties underdevelopment		63,377		96,213
	$	3,583,939	$	3,557,572

Income properties

		Land		Buildings		Intangibles		Deferred Leasing Costs		Total
Cost										
Opening balance, January 1, 2020	$	1,117,701	$	2,825,447	$	112,313	$	8,853	$	4,064,314
Acquisitions		12,115		20,520		2,360		—		34,995
Additions		1,054		49,888		—		1,462		52,404
Dispositions		(7,618)		(23,111)		(440)		—		(31,169)
Write-off of fully depreciated assets		—		(2,890)		(39,982)		(237)		(43,109)
Transfer to investment properties held for sale (Note 6)		(16,219)		(24,135)		(933)		—		(41,287)
Reclassification from properties under development		40,575		75,586		—		—		116,161
Balance, December 31, 2020		1,147,608		2,921,305		73,318		10,078		4,152,309
Accumulated depreciation, amortization, and impairment										
Opening balance, January 1, 2020		2,673		530,576		66,657		3,049		602,955
Depreciation and amortization		317		67,565		5,366		1,068		74,316
Dispositions		—		(4,078)		(203)		—		(4,281)
Impairment		3,300		3,300		—		—		6,600
Write-off of fully depreciated assets		—		(2,890)		(39,982)		(237)		(43,109)
Transfer to investment properties held for sale (Note 6)		—		(4,107)		(627)		—		(4,734)
Balance, December 31, 2020		6,290		590,366		31,211		3,880		631,747
Net carrying value, December 31, 2020	$	1,141,318	$	2,330,939	$	42,107	$	6,198	$	3,520,562

Included in land are right of use assets of $16,089 net of accumulated depreciation of $633 for land held under lease.

During the year ended December 31, 2020, Crombie recorded impairments totalling $6,600 on six properties. The impairments were the result of the fair value impact of tenant lease expiries, slower-than-expected leasing activity, and the ongoing impacts of COVID-19. 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 the higher of the economic benefit of the continued use of the asset or the selling price less costs to sell. To calculate the benefit of the continued use of the asset, Crombie utilized the present value of the estimated future cash flows, discounted using a discount rate based on the risk associated with the property.

		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		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, 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.

Properties under development

		Land		**Buildings**		**Deferred Leasing Costs**		**Total**
Opening balance, January 1, 2020	**$**	**76,104**	**$**	**20,109**	**$**	**—**	**$**	**96,213**
Acquisitions		**7,692**		**—**		**—**		**7,692**
Additions		**3,004**		**72,629**		**—**		**75,633**
Reclassification to income-producing properties		**(40,575)**		**(75,586)**		**—**		**(116,161)**
Balance, December 31, 2020	**$**	**46,225**	**$**	**17,152**	**$**	**—**	**$**	**63,377**

As of December 31, 2020, Crombie completed its initial construction phase of a retail-related industrial 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

Fair value

Crombie's total fair value of investment properties exceeds carrying value by $921,974 at December 31, 2020 (December 31, 2019 – $808,674). Crombie uses the cost method for accounting for investment properties and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment is recognized at the time of impairment. As of December 31, 2020, there continues to be increased measurement uncertainty around valuation regarding COVID-19. Crombie has disclosed increased sensitivity around capitalization rates and continues to monitor the ongoing potential impacts on valuation.

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

		Fair Value		Carrying Value
December 31, 2020	**$**	**4,815,000**	**$**	**3,893,026**
December 31, 2019	$	4,605,000	$	3,796,326

Carrying value consists of the net carrying value of:

	Note		December 31, 2020		December 31, 2019
Income properties	3	**$**	**3,520,562**	$	3,461,359
Properties under development	3		**63,377**		96,213
Accrued straight-line rent receivable	5		**88,299**		80,268
Tenant incentives	5		**190,889**		158,486
Investment properties held for sale	6		**29,899**		—
Total carrying value		**$**	**3,893,026**	$	3,796,326

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, 2020 and 2019, respectively, based on each property's current use as a revenue generating investment property.

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

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

(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 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 substantially all properties on a rotational basis over a maximum period of four years.

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

Crombie has utilized the following weighted average capitalization 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.

	December 31, 2020	December 31, 2019
Weighted average capitalization rate	**5.86%**	5.99%

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

Capitalization Rate Sensitivity			Increase in Rate		Decrease in Rate
December 31, 2020					
	0.25%	**$**	**(202,000)**	**$**	**214,000**
	0.50%	**$**	**(383,000)**	**$**	**454,000**
	0.75%	**$**	**(550,000)**	**$**	**720,000**

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.

2020

Transaction Date	Vendor/Purchaser	Properties Acquired (Disposed)	Approximate Square Footage		Initial Acquisition (Disposition) Price
January 9, 2020[1]	Third Party	—	—	$	280
February 4, 2020[2]	Third Party	—	—		(1,000)
May 28, 2020	Related Party	1	30,000		4,535
July 7, 2020	Third Party	1	—		4,575
October 5, 2020	Third Party	1	41,000		11,000
October 26, 2020	Third Party	(1)	(18,000)		(7,510)
November 4, 2020	Third Party	1	—		3,300
December 8, 2020	Third Party	(1)	(15,000)		(7,414)
December 9, 2020	Third Party	(1)	(20,000)		(7,112)
December 15, 2020	Related Party	1	54,000		17,100
December 22, 2020	Third Party	(2)	(41,000)		(14,974)

(1) Acquisition of a parcel of land adjacent to an existing retail property.
(2) Disposal of a parcel of land adjacent to an existing retail property.

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) 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.

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

	Year ended December 31	
Investment property disposals	**2020**	2019
Gross proceeds	$ 38,010	$ 536,471
Selling costs	(178)	(8,229)
	37,832	528,242
Carrying values derecognized		
Land	(8,690)	(128,034)
Buildings	(24,521)	(259,496)
Intangibles	(330)	(7,073)
Deferred leasing costs	—	(25)
Tenant Incentives	—	(31,565)
Accrued straight-line rent	(1,081)	(11,706)
Provisions	125	(8,540)
Gain (loss) on disposal	$ 3,335	$ 81,803

	Year ended December 31	
	2020	2019
Proceeds	$ 37,832	$ 528,242
Mortgages assumed by buyer	—	(161,472)
Non-cash consideration, addition to investment in joint venture	—	(27,379)
Cash proceeds	$ 37,832	$ 339,391

4) INVESTMENT IN JOINT VENTURES

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

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

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

	December 31, 2020	December 31, 2019
Non-current assets	$ 475,780	$ 297,598
Current assets	7,987	31,287
Non-current liabilities	(144,841)	(111,845)
Current liabilities	(237,490)	(127,444)
Net assets	$ 101,436	$ 89,596
Crombie's investment in joint ventures	$ 51,043	$ 45,123

	Year ended	
	December 31, 2020	December 31, 2019
Revenue	$ 1,830	$ 1,708
Property operating expenses	(495)	(434)
General and administrative expenses	(310)	(2)
Depreciation and amortization	(351)	(203)
Finance costs -operations	(818)	(401)
Net (loss) income	$ (144)	$ 668
Crombie's (loss) income from equity accounted investments	$ (72)	$ 334

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

	December 31, 2020		December 31, 2019	
Opening balance	$	45,123	$	39,485
Contributions		6,061		28,111
Distributions		(69)		(15,366)
Deferred gain		—		(7,441)
Share of (loss) income		(72)		334
Closing balance	$	51,043	$	45,123

5) OTHER ASSETS

	December 31, 2020						December 31, 2019					
	Current		Non-current		Total		Current		Non-current		Total	
Trade receivables	$	42,211	$	—	$	42,211	$	14,976	$	6,041	$	21,017
Provision for doubtful accounts		(7,955)		—		(7,955)		(340)		—		(340)
Net trade receivables		34,256		—		34,256		14,636		6,041		20,677
Prepaid expenses and deposits		19,271		—		19,271		15,533		—		15,533
Other fixed assets[1, 2]		—		11,373		11,373		—		10,000		10,000
Finance lease receivable		391		7,734		8,125		363		8,125		8,488
Accrued straight-line rent receivable		—		88,299		88,299		—		80,268		80,268
Tenant incentives		—		190,889		190,889		—		158,486		158,486
Other		89		127		216		93		215		308
Amounts receivable from related parties		15,533		9,302		24,835		—		23,812		23,812
	$	69,540	$	307,724	$	377,364	$	30,625	$	286,947	$	317,572

(1) For the year ended December 31, 2020, depreciation of other fixed assets was $1,251 (December 31, 2019 – $1,175).
(2) Other fixed assets include right of use assets of $2,136 (December 31, 2019 – $1,493) net of accumulated depreciation of $818 (December 31, 2019 – $574) relating to office and vehicle leases.

Tenant Incentives		Cost		Accumulated Amortization		Net Carrying Value
Balance, January 1, 2020	$	236,071	$	77,585	$	158,486
Additions		50,252		—		50,252
Amortization		—		17,849		(17,849)
Write-off fully depreciated assets		(11,129)		(11,129)		—
Balance, December 31, 2020	$	275,194	$	84,305	$	190,889

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 (Note 6)		(8,644)		(1,247)		(7,397)
Balance, December 31, 2019	$	236,071	$	77,585	$	158,486

Bad debt expense, recognized in property operating expenses, has been the following in each of the past four quarters:

Three months ended December 31, 2020	$	67
Three months ended September 30, 2020		1,018
Three months ended June 30, 2020		8,722
Three months ended March 31, 2020		1,087
	$	10,894

6) INVESTMENT PROPERTIES HELD FOR SALE

2020

		Land		Buildings		Intangibles		Tenant Incentives		Total
Assets transferred to held for sale	$	16,219	$	20,028	$	306	$	—	$	36,553
Derecognition through disposition		(1,072)		(5,489)		(93)		—		(6,654)
Net carrying value, December 31, 2020	$	15,147	$	14,539	$	213	$	—	$	29,899

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	$	—	$	—	$	—	$	—	$	—

Crombie has determined that three of its investment properties meet the criteria for classification as held for sale as at December 31, 2020 based on the current status of the sale process.

Prior to the classification as held for sale, the properties were assessed for impairment, which, at that time, is the amount by which the carrying amount exceeds its recoverable amount, if any. No depreciation or amortization will be recorded while the properties are classified as held for sale. Crombie expects to complete the sale of the properties during the next 12 months.

7) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Average Term to Maturity		December 31, 2020		December 31, 2019
Fixed rate mortgages	2.35 – 6.80%	3.98%	5.7 years	$	1,274,304	$	1,309,077
Floating rate revolving credit facility			2.5 years		17,712		15,339
Joint operation credit facility I			3.3 years		7,188		6,978
Joint operation credit facility II			3.8 years		2,356		1,991
Unsecured bilateral credit facility			0.7 years		35,000		30,000
Deferred financing charges on fixed rate mortgages					(7,260)		(6,567)
				$	1,329,300	$	1,356,818
Mortgages							
Non-current				$	1,139,798	$	1,045,015
Current					127,246		257,495
Credit facilities							
Non-current					27,256		54,308
Current					35,000		—
				$	1,329,300	$	1,356,818

Specific investment properties with a carrying value of $2,743,270 as at December 31, 2020 (December 31, 2019 – $2,705,625) are currently pledged as security for mortgages or provided as security for the floating rate revolving credit facility. Carrying value includes investment properties, as well as accrued straight-line rent receivable and tenant incentives which are included in other assets.

Mortgage Activity

			Weighted Average			
For the year ended:	Type	Number of Mortgages	Rates	Terms in Years	Amortization Period in Years	Proceeds (Repayments)
December 31, 2020	Addition	—	3.22%			$ 5,125
	New	2	3.42%	15.9	30.0	218,000
	Repaid	12	5.02%			(214,912)
						$ 8,213

During the year ended December 31, 2020, Crombie recognized an addition to a mortgage payable of $5,125 in settlement of an amount payable to 1600 Davie Limited Partnership. This mortgage relates to the commercial component of the Davie Street development, 100% of which is included in Crombie's financial statements.

During the year ended December 31, 2020, Crombie successfully closed on two mortgages totalling $218,000 at retail-related industrial properties. The proceeds of one of the mortgages were placed in escrow and will be drawn down once certain conditions have been met. As of December 31, Crombie has received $36,753 of the total $100,000 commitment. Given that Crombie controls the total proceeds, the remaining proceeds of $63,247 have been reflected as cash at December 31, 2020.

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

During the year ended December 31, 2019, 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.

The repayments of $161,472 represent 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, 2019 – $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 mortgages on certain properties and the maximum principal amount is subject to an available borrowing base (December 31, 2020 – 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 Morningstar 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 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, 2020, Crombie's portion of the term and revolving credit facilities was $6,847 and $341, 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, 2020, Crombie's portion of the term and revolving credit facilities was $1,815 and $541, respectively.

Unsecured Bilateral Credit Facility

The unsecured bilateral credit facility agreement was extended and increased in the third quarter of 2020. The unsecured bilateral credit facility has a maximum principal amount of $130,000 and matures September 1, 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 Morningstar.

8) SENIOR UNSECURED NOTES

	Maturity Date[1]	Interest Rate	December 31, 2020	December 31, 2019
Series B	June 1, 2021	3.962%	$ 150,000	$ 250,000
Series D	November 21, 2022	4.066%	150,000	150,000
Series E	January 31, 2025	4.800%	175,000	175,000
Series F	August 26, 2026	3.677%	200,000	200,000
Series G	June 21, 2027	3.917%	150,000	150,000
Series H	March 31, 2028	2.686%	150,000	—
Series I	October 9, 2030	3.211%	150,000	—
Unamortized Series B issue premium			110	627
Deferred financing charges			(3,712)	(3,148)
			$ 1,121,398	$ 922,479

(1) For the year ended December 31, 2020, the weighted average term to maturity was 5.1years.

Senior unsecured notes are presented in the consolidated balance sheet as follows:

	December 31, 2020	December 31, 2019
Non-current	$ 971,398	$ 922,479
Current	150,000	—
Total	$ 1,121,398	$ 922,479

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

	Senior Unsecured Notes
Opening balance at January 1, 2020	$ 925,000
New borrowings or issuances	300,000
Early redemption	(100,000)
Closing balance at December 31, 2020	**$ 1,125,000**

	Senior Unsecured Notes
Opening balance at January 1, 2019	$ 700,000
New borrowings or issuances	350,000
Early redemption	(125,000)
Closing balance at December 31, 2019	$ 925,000

2020

On October 9, 2020, Crombie issued on a private placement basis, $150,000 Series H notes (senior unsecured) maturing March 31, 2028. The net proceeds of the offering were used to repay existing debt; this included partial repayment of Series B unsecured notes, which Crombie called for early redemption in conjunction with this offering, and repayment of outstanding credit facilities. The notes were priced with an effective yield to maturity of 2.686% and sold at a price of $1,000.00 per $1,000.00 principal amount. Interest is payable in equal semi-annual instalments on March 31 and September 30.

On October 9, 2020, Crombie issued on a private placement basis, $150,000 Series I notes (senior unsecured) maturing October 9, 2030. The net proceeds of the offering were used to repay existing debt; this included partial repayment of Series B unsecured notes, which Crombie called for early redemption in conjunction with this offering, and repayment of outstanding facilities. The notes were priced with an effective yield to maturity of 3.211% and sold at a price of $1,000.00 per $1,000.00 principal amount. Interest is payable in equal semi-annual instalments on April 9 and October 9.

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 were 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 instalments 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 instalments on February 26 and August 26.

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, 2020 was $473 (year ended December 31, 2019 – $816).

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, 2020	December 31, 2021
Post-Employment Benefit Plans	January 1, 2019	January 1, 2022

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

	December 31, 2020		December 31, 2019	
	Senior Management Pension Plan	**Post-Employment Benefit Plans**	Senior Management Pension Plan	Post-Employment Benefit Plans
Discount rate – accrued benefit obligation	**2.50%**	**2.40%**	3.00%	3.00%
Rate of compensation increase	**3.00%**	**N/A**	3.00%	N/A

For measurement purposes, a 4.75% (2019 – 5.00%) 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, 2020			December 31, 2019		
	Senior Management Pension Plan	Post-Employment Benefit Plans	Total	Senior Management Pension Plan	Post-Employment Benefit Plans	Total
Accrued benefit obligation						
Balance, beginning of year	$ 5,646	$ 2,765	$ 8,411	$ 4,918	$ 4,202	$ 9,120
Current service cost	200	19	219	211	37	248
Past service cost	—	—	—	235	—	235
Interest cost	172	82	254	178	155	333
Actuarial losses (gains)	279	(218)	61	304	(1,523)	(1,219)
Benefits paid	(200)	(88)	(288)	(200)	(106)	(306)
Balance, end of year	6,097	2,560	8,657	5,646	2,765	8,411
Plan assets						
Fair value, beginning of year	—	—	—	—	—	—
Employer contributions	200	88	288	200	106	306
Benefits paid	(200)	(88)	(288)	(200)	(106)	(306)
Fair value, end of year	—	—	—	—	—	—
Funded status – deficit	6,097	2,560	8,657	5,646	2,765	8,411
Current portion	200	79	279	200	89	289
Non-current portion	5,897	2,481	8,378	5,446	2,676	8,122
Accrued benefit obligation recorded as a liability	$ 6,097	$ 2,560	$ 8,657	$ 5,646	$ 2,765	$ 8,411
Net expense						
Current service cost	$ 200	$ 19	$ 219	$ 211	$ 37	$ 248
Interest cost	172	82	254	178	155	333
Net expense	$ 372	$ 101	$ 473	$ 389	$ 192	$ 581

The table below outlines the sensitivity of the fiscal 2020 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		2.50%	2.50%	2.40%	2.40%
Impact of:	1% increase	(717)	—	(305)	8
	1% decrease	876	(3)	371	(12)
Growth rate of health costs				4.75%	4.75%
Impact of:	1% increase			188	5
	1% decrease			(161)	(4)

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

For the year ended December 31, 2020, the net defined contribution pension plans expense was $983 (year ended December 31, 2019 – $975).

10) TRADE AND OTHER PAYABLES

	December 31, 2020			December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
Tenant incentives and capital expenditures	$ 51,960	$ —	$ 51,960	$ 51,751	$ —	$ 51,751
Property operating costs	19,548	—	19,548	29,932	—	29,932
Prepaid rents	15,938	—	15,938	9,665	—	9,665
Finance costs on investment property debt and notes	13,010	—	13,010	11,913	—	11,913
Amounts payable to related party	1,008	—	1,008	—	—	—
Fair value of interest rate swap agreements	5,263	—	5,263	(947)	—	(947)
Distributions payable	11,738	—	11,738	26,429	—	26,429
Unit-based compensation plans	3,165	11,575	14,740	4,671	9,793	14,464
Deferred revenue	258	4,400	4,658	70	4,820	4,890
	$ 121,888	$ 15,975	$ 137,863	$ 133,484	$ 14,613	$ 148,097

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, 2020	December 31, 2019
Operating lease revenue		
Rental revenue contractually due from tenants[1]	$ 343,113	$ 344,803
Contingent rental revenue	1,048	1,843
Straight-line rent recognition	9,112	10,287
Tenant incentive amortization	(17,849)	(14,139)
Lease termination income	405	1,670
Revenue from contracts with customers		
Common area cost recoveries	50,021	48,722
Parking revenue	2,883	5,555
	$ 388,733	$ 398,741

(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, 2020		December 31, 2019	
Sobeys Inc. (including all subsidiaries of Empire)	$ 209,780	54.0%	$ 207,948	52.2%

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, 2020, is as follows:

	Year ending December 31,						
	2021	2022	2023	2024	2025	Thereafter	Total
Future minimum rental income	$ 268,874	$ 257,782	$ 245,040	$ 234,208	$ 218,560	$ 1,497,941	$ 2,722,405

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) GENERAL AND ADMINISTRATION EXPENSES AND CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) General and administrative expenses

	Year ended	
	December 31, 2020	December 31, 2019
Salaries and benefits	**$ 14,774**	$ 16,874
Professional and public company costs	**3,292**	3,532
Occupancy and other	**2,468**	3,315
	$ 20,534	$ 23,721

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

	Year ended	
	December 31, 2020	December 31, 2019
Deferred Unit ("DU") Plan	**$ 805**	$ (1,337)

14) FINANCE COSTS — OPERATIONS

	Year ended	
	December 31, 2020	December 31, 2019
Fixed rate mortgages	**$ 50,540**	$ 66,458
Floating rate term, revolving, and demand facilities	**3,791**	3,950
Capitalized interest	**(5,331)**	(4,759)
Senior unsecured notes	**41,333**	30,216
Interest income on finance lease receivable	**(387)**	(401)
Interest on lease liability	**1,862**	1,852
Finance costs – operations, expense	**91,808**	97,316
Amortization of fair value debt adjustment and accretion income	**312**	534
Change in accrued finance costs	**(1,097)**	(2,352)
Amortization of effective swap agreements	**(510)**	(1,677)
Capitalized interest[1]	**5,331**	4,759
Amortization of issue premium on senior unsecured notes	**517**	442
Amortization of deferred financing charges	**(3,006)**	(3,574)
Finance costs – operations, paid	**$ 93,355**	$ 95,448

(1) As at December 31, 2020, interest was capitalized to qualifying development projects based on a weighted average interest rate of 3.47% (December 31, 2019 – 3.88%).

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, 2020	**89,697,623**	**$**	**1,042,696**	**62,045,732**	**$**	**716,628**	**151,743,355**	**$**	**1,759,324**
Net change in EUPP loans receivable	**—**		**39**	**—**		**—**	**—**		**39**
Units issued under DRIP	**120,533**		**1,671**	**85,433**		**1,185**	**205,966**		**2,856**
Units issued under unit based compensation plan	**58,090**		**745**	**—**		**—**	**58,090**		**745**
Units issued (proceeds are net of issue costs)	**3,657,000**		**55,848**	**2,593,750**		**41,425**	**6,250,750**		**97,273**
Balance, December 31, 2020	**93,533,246**	**$**	**1,100,999**	**64,724,915**	**$**	**759,238**	**158,258,161**	**$**	**1,860,237**

	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

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

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

(i) the total amount payable by Crombie in respect of such REIT Units and all other REIT Units tendered for redemption, in the same calendar month must not exceed $50 (provided that such limitation may be waived at the discretion of the Trustees);

(ii) at the time such REIT Units are tendered for redemption, the outstanding REIT Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the REIT Units; and

(iii) the normal trading of REIT Units is not suspended or halted on any stock exchange on which the REIT Units are listed (or if not listed on a stock exchange, in any market where the REIT Units are quoted for trading) on the redemption date or for more than five trading days during the 10-day trading period commencing immediately after the redemption date.

On February 11, 2020, Crombie closed a public offering, on a bought deal basis, of 3,657,000 Units, at a price of $16.00 per Unit for proceeds of $55,848 net of issue costs.

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

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

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

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

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

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, 2020, there are loans receivable from executives of $1,207 under Crombie's EUPP, representing 78,697 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, 2022. 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, 2020 was $1,129.

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.

16) SUPPLEMENTARY CASH FLOW INFORMATION

(a) Items not affecting operating cash

	Year ended	
	December 31, 2020	December 31, 2019
Items not affecting operating cash:		
Straight-line rent recognition	**$ (9,112)**	$ (10,287)
Amortization of tenant incentives	**17,849**	14,139
Gain on disposal of investment properties	**(3,335)**	(81,803)
Impairment of investment properties	**6,600**	6,000
Depreciation and amortization	**75,567**	74,313
Unit-based compensation	**—**	11
Amortization of effective swap agreements, financing charges, and other	**2,999**	4,809
Loss (income) from equity accounted investments	**72**	(334)
Non-cash distributions to Unitholders in the form of DRIP Units	**2,856**	2,330
Non-cash accrued special distribution to Unitholders	**—**	15,174
Income tax expense	**7**	8
Non-cash lease termination income	**(405)**	(908)
Change in fair value of financial instruments	**(805)**	1,337
	$ 92,293	$ 24,789

b) Change in other non-cash operating items

	Year ended	
	December 31, 2020	December 31, 2019
Cash provided by (used in):		
Trade receivables	**$ (13,579)**	$ (12,340)
Prepaid expenses and deposits and other assets	**(3,514)**	(3,756)
Payables and other liabilities	**1,193**	3,996
	$ (15,900)	$ (12,100)

17) RELATED PARTY TRANSACTIONS

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

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

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

	Year ended			
		December 31, 2020		December 31, 2019
Property revenue				
Property revenue	$	209,780	$	207,948
Head lease income	$	1,162	$	856
Lease termination income	$	136	$	521
Property operating expenses	$	(58)	$	(60)
General and administrative expenses				
Property management services recovered	$	594	$	602
Other general and administrative expenses	$	(258)	$	(240)
Finance costs – operations				
Interest rate subsidy	$	256	$	279
Finance costs – distributions to Unitholders	$	(58,194)	$	(62,303)

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, 2020, Crombie issued 85,433 (December 31, 2019 – 65,721) Class B LP Units to ECLD under the DRIP (Note 15).

On May 28, 2020, Crombie purchased a property from a subsidiary of Empire for a total purchase price of $4,535 before transaction costs.

On December 15, 2020, Crombie purchased a property from a subsidiary of Empire for a total purchase price of $17,100 before transaction costs.

During the year ended December 31, 2020, Crombie invested $40,554 in properties anchored by subsidiaries of Empire, which resulted in amended lease terms. These amounts have been included in tenant incentive additions or income property additions depending on the nature of the work completed. The costs are being amortized over the amended lease terms or the useful life of the projects, as applicable.

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

Crombie has a mortgage payable due to 1600 Davie Limited Partnership of $25,526 (December 31, 2019 – $20,401). This mortgage relates to the commercial component of the Davie Street development, 100% of which is included in Crombie's financial statements.

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, 2020		December 31, 2019
Salary, bonus, and other short-term employee benefits	$	6,193	$	5,899
Total compensation paid to Trustees		865		894
Other long-term benefits		122		109
	$	7,180	$	6,902

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, 2020.

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

	December 31, 2020		December 31, 2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Long-term receivables[1]	$ 25,042	$ 25,051	$ 23,911	$ 24,120
Financial liabilities				
Investment property debt	$ 1,427,367	$ 1,336,560	$ 1,400,821	$ 1,363,385
Senior unsecured notes	1,206,285	1,125,000	946,700	925,000
Total other financial liabilities	$ 2,633,652	$ 2,461,560	$ 2,347,521	$ 2,288,385

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

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

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

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

(b) Risk Management

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. 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 fulfil their lease commitments. A provision for doubtful accounts and other NOI adjustments are taken for all anticipated collectability risks.

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

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

- Crombie's largest tenant, Empire (including Sobeys and all other subsidiaries of Empire), represents 54.9% of annual minimum rent; no other tenant accounts for more than 3.3% 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, 2020, Empire (including Sobeys and all other subsidiaries of Empire) represents 54.0% of total property revenue. Excluding these tenants, no other tenant accounts for more than 4.1% of Crombie's total property revenue.
- Over the next five years, leases on no more than 6.2% of the gross leasable area of Crombie will expire in any one year.

Receivables are substantially comprised of current balances due from tenants and past due receivables. The balance of accounts receivable past due is usually not significant; however, historically low receivable balances have increased significantly during the year as a result of the impacts of the COVID-19 pandemic. 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, 2020		December 31, 2019	
Provision for doubtful accounts, beginning of year	**$**	**340**	$	345
Additional provision		**8,751**		284
Recoveries		**(749)**		(62)
Write-offs		**(387)**		(227)
Provision for doubtful accounts, end of year	**$**	**7,955**	$	340

Crombie assesses, on a forward-looking basis, the expected credit losses associated with its rent receivables. In determining the expected credit losses, Crombie takes into account, on a tenant-by-tenant basis, the payment history, future expectations, and knowledge gathered through discussions for rental concessions, applications for rental relief through government programs, and ongoing discussions with tenants.

Crombie's assessment of expected credit losses is subjective and, due to the impacts of COVID-19, the degree of uncertainty in our assessments has increased. During the year ended December 31, 2020, Crombie has recorded a bad debt expense of $10,894, with the corresponding amount recorded as an expected credit loss against our accounts receivable balance.

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, 2020

- Crombie's weighted average term to maturity of its fixed rate mortgages was 5.7 years.
- Crombie's weighted average term to maturity of its unsecured notes was 5.1 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 $17,712 at December 31, 2020; and
- Crombie has an unsecured bilateral credit facility available to a maximum of $130,000 with a balance of $35,000 at December 31, 2020.

Crombie has interest rate swap agreements in place on $112,510 of floating rate mortgage debt.

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

	Year ended December 31, 2020			
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility	**Decrease in rate**		**Increase in rate**	
Impact of a 0.5% interest rate change	**$**	**648**	**$**	**(648)**
Impact of a 1.0% interest rate change		**1,296**		**(1,296)**

Liquidity Risk

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

There is a risk that the debt capital markets may not refinance maturing fixed rate and floating rate debt on terms and conditions acceptable to Crombie or at any terms at all. Crombie seeks to mitigate this risk by staggering its debt maturity dates. There is also a risk that the equity capital markets may not be receptive to a REIT unit offering issue from Crombie with financial terms acceptable to Crombie. Crombie mitigates its exposure to liquidity risk utilizing a conservative approach to capital management (see Note 19). Access to the $400,000 floating rate 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 financial liabilities to maturity date are as follows:

	Twelve months ending December 31,						
	Contractual Cash Flows[1]	2021	2022	2023	2024	2025	Thereafter
Fixed rate mortgages[2]	$ 1,507,553	$ 176,290	$ 239,842	$ 309,376	$ 262,088	$ 62,923	$ 457,034
Senior unsecured notes	1,326,040	189,051	185,899	30,476	30,476	197,776	692,362
Trade and other payables	124,853	108,878	2,953	1,714	964	964	9,380
Lease liabilities	148,115	2,537	2,476	2,390	2,254	2,267	136,191
	3,106,561	476,756	431,170	343,956	295,782	263,930	1,294,967
Credit facilities	64,811	36,176	672	18,215	9,748	—	—
Total	**$ 3,171,372**	**$ 512,932**	**$ 431,842**	**$ 362,171**	**$ 305,530**	**$ 263,930**	**$ 1,294,967**

(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.

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, 2020	December 31, 2019
Fixed rate mortgages	$ 1,267,044	$ 1,302,510
Credit facilities	62,256	54,308
Senior unsecured notes	1,121,398	922,479
Crombie REIT Unitholders	881,511	870,792
SVU and Class B LP Unitholders	596,795	584,251
Lease liabilities	29,914	29,419
	$ 3,958,918	$ 3,763,759

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

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

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

	Year ended	
	December 31, 2020	December 31, 2019
Fixed rate mortgages	**$ 1,274,304**	$ 1,309,077
Senior unsecured notes	**1,125,000**	925,000
Floating rate revolving credit facility	**17,712**	15,339
Joint operation credit facilities	**9,544**	8,969
Bilateral credit facility	**35,000**	30,000
Lease liabilities	**29,914**	29,419
Total debt outstanding	**2,491,474**	2,317,804
Less: Applicable fair value debt adjustment	**(283)**	(539)
Debt	**$ 2,491,191**	$ 2,317,265
Income properties, cost[1]	**$ 4,146,652**	$ 4,061,957
Properties under development, cost	**63,377**	96,213
Below-market lease component, cost[2]	**64,873**	64,754
Investment in joint ventures	**51,043**	45,123
Other assets, cost	**463,699**	396,374
Cash and cash equivalents	**63,293**	—
Deferred financing charges	**10,972**	9,715
Investment properties held for sale, cost	**33,263**	—
Interest rate subsidy	**(283)**	(539)
Gross book value	**$ 4,896,889**	$ 4,673,597
Debt to gross book value – cost basis	**50.9%**	49.6%

(1) Includes impairments on land of $5,657.
(2) Below-market lease component is included in the carrying value of investment properties.

Under the amended terms governing the floating rate 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
- cash distributions to Unitholders are limited to 100% of funds from operations.

As at December 31, 2020, 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	2021	2022	2023	2024	2025	Thereafter
Future minimum lease payments	$ 148,115	$ 2,537	$ 2,476	$ 2,390	$ 2,254	$ 2,267	$ 136,191
Finance charges	(118,201)	(1,865)	(1,847)	(1,832)	(1,823)	(1,815)	(109,019)
Present value of lease payments	$ 29,914	$ 672	$ 629	$ 558	$ 431	$ 452	$ 27,172

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

		December 31, 2020		December 31, 2019
Current	$	672	$	744
Non-current		29,242		28,675
Total	$	29,914	$	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, 2020, minimum lease payments of $2,598 were paid by Crombie.

21) COMMITMENTS, CONTINGENCIES, AND GUARANTEES

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

Crombie obtains 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, 2020, Crombie has a total of $5,580 in outstanding letters of credit related to:

		December 31, 2020		December 31, 2019
Construction work being performed on investment properties	$	3,740	$	3,805
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties		1,840		1,840
Total outstanding letters of credit	$	5,580	$	5,645

As at December 31, 2020, Crombie had signed construction contracts totalling $358,813 of which $288,183 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, 2020, Crombie has provided guarantees of approximately $140,577 (December 31, 2019 – $145,713) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 3.8 years.

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

22) SUBSEQUENT EVENTS

(a) On January 18, 2021, Crombie declared distributions of 7.417 cents per Unit for the period from January 1, 2021 to and including January 31, 2021. The distributions were paid on February 15, 2021, to Unitholders of record as of January 31, 2021.

(b) On January 29, 2021, Crombie disposed of a 100% interest in two retail properties totalling 29,000 square feet of gross leasable area. Total proceeds, before closing adjustments and transactions costs, were approximately $17,600.

(c) On February 10, 2021, Crombie acquired a 100% interest in a retail property from a subsidiary of Empire totalling 26,000 square feet for $3,242, excluding closing and transaction costs.

(d) On February 16, 2021, Crombie declared distributions of 7.417 cents per Unit for the period from February 1, 2021 to and including February 28, 2021. The distributions will be paid on March 15, 2021, to Unitholders of record as of February 28, 2021.

23) SEGMENT DISCLOSURE

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

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.

Crombie signed an indemnity for a bond on a several basis for $1,337 related to a lien registered by a third-party supplier at our 1600 Davie Limited Partnership. Subsequent to year-end, the lien and bond were removed.

PROPERTY PORTFOLIO

Property	Location	Description	GLA (approx. sq. ft.)	% Occu-pancy
NEWFOUNDLAND & LABRADOR				
Random Square	Clarenville	Retail – Enclosed	108,000	96.1
Conception Bay Plaza	Conception Bay	Retail – Plaza	65,000	89.9
2A Commerce Street	Deer Lake	Retail – Plaza	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	552,000	94.1
Hamlyn Road Plaza	St. John's	Retail – Plaza	38,000	83.4
Kenmount Woodgate	St. John's	Mixed Use	86,000	100.0
Topsail Road Plaza	St. John's	Retail – Plaza	158,000	98.5
Torbay Road Plaza	St. John's	Retail – Plaza	139,000	82.7
			1,285,000	**94.1**
PRINCE EDWARD ISLAND				
400 University Avenue	Charlottetown	Retail – Freestanding	5,000	100.0
Kinlock Plaza	Stratford	Retail – Plaza	84,000	100.0
			89,000	**100.0**
NOVA SCOTIA				
Amherst Centre	Amherst	Retail – Enclosed	228,000	81.8
Amherst Plaza	Amherst	Retail – Plaza	24,000	100.0
151 Church Street	Antigonish	Retail – Freestanding	6,000	100.0
Hemlock Square	Bedford	Retail – Plaza	184,000	96.0
Mill Cove Plaza	Bedford	Retail – Plaza	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	94.0
Russell Lake	Dartmouth	Retail – Plaza	31,000	100.0
Elmsdale Plaza	Elmsdale	Retail – Plaza	147,000	99.3
Fall River Plaza	Fall River	Retail – Plaza	101,000	98.7
North & Windsor Street	Halifax	Retail – Freestanding	50,000	100.0
Park West Plaza	Halifax	Retail – Plaza	143,000	95.4
Queen Street Plaza	Halifax	Retail – Freestanding	55,000	100.0
Downsview Mall	Lower Sackville	Retail – Plaza	79,000	98.5
Downsview Plaza	Lower Sackville	Retail – Plaza	226,000	97.5
Aberdeen Business Centre	New Glasgow	Mixed Use	389,000	100.0
Highland Square	New Glasgow	Retail – Enclosed	200,000	100.0
West Side Plaza	New Glasgow	Retail – Plaza	71,000	94.3
County Fair Mall	New Minas	Retail – Enclosed	241,000	56.8
75 Emerald Street	New Waterford	Retail – Freestanding	3,000	100.0
Blink Bonnie Plaza	Pictou	Retail – Plaza	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 – Plaza	71,000	100.0
Sydney Shopping Centre	Sydney	Retail – Plaza	189,000	93.9
39 Pitt Street	Sydney Mines	Retail – Freestanding	18,000	100.0
North Shore Centre	Tatamagouche	Retail – Plaza	17,000	100.0
70 Marketway Lane	Timberlea	Retail – Freestanding	41,000	100.0
Fundy Trail Centre	Truro	Retail – Plaza	127,000	97.9
Tantallon Plaza	Upper Tantallon	Retail – Plaza	157,000	98.7
Scotia Square Properties				
Barrington Place	Halifax	Mixed Use	191,000	98.5
Barrington Tower	Halifax	Office	186,000	99.7
Brunswick Place	Halifax	Mixed Use	255,000	92.4
CIBC Building	Halifax	Office	206,000	90.0
Cogswell Tower	Halifax	Office	204,000	94.3
Duke Tower	Halifax	Office	217,000	94.8
Scotia Square	Halifax	Mixed Use	216,000	92.9
Scotia Square Parkade	Halifax	Mixed Use	–	–
			4,823,000	**94.2**
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 – Plaza	22,000	100.0
Uptown Centre	Fredericton	Retail – Plaza	262,000	87.8
1234 Main Street	Moncton	Office	140,000	89.9
Elmwood Drive	Moncton	Retail – Plaza	95,000	100.0
Mountain Road	Moncton	Retail – Plaza	17,000	100.0
Northwest Centre, Mountain Road	Moncton	Retail – Freestanding	52,000	100.0
Vaughan Harvey Plaza	Moncton	Retail – Plaza	103,000	100.0
273 Pleasant Street	Newcastle	Retail – Freestanding	20,000	100.0
Riverview – Findlay Boulevard	Riverview	Retail – Plaza	66,000	94.8
Riverview Place	Riverview	Mixed Use	149,000	80.7
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	75.9
Charlotte Mall	St. Stephen	Retail – Plaza	116,000	97.8
Tracadie	Tracadie	Retail – Plaza	40,000	83.8
			1,512,000	**91.3**
QUÉBEC				
1500 rue de Bretagne	Baie Comeau	Retail – Freestanding	50,000	100.0
1020 boul. Monseigneur-de-Laval	Baie Saint Paul	Retail – Plaza	65,000	100.0
Beauport Plaza	Beauport	Retail – Plaza	78,000	97.0
50 rue Bourgeoys	Bromptonville	Retail – Plaza	7,000	37.7
3260 boul. Lapiniere & 3305 Broadway	Brossard	Retail – Plaza	48,000	96.2
645 boul. Thibeau	Cap-de-la-Madeleine	Retail – Freestanding	49,000	100.0
80-90 boul. D'Anjou	Chateauguay	Retail – Plaza	91,000	100.0
Marché St-Charles-de-Drummond	Drummondville	Retail – Plaza	48,000	100.0
1205 rue de Neuville	Gatineau	Retail – Plaza	31,000	100.0
1248 boul. de la Verendrye Est	Gatineau	Retail – Plaza	71,000	92.1
1298 rue de la Digue	Havre-Saint-Pierre	Retail – Freestanding	26,000	100.0
2195 chemin Ridge	Huntingdon	Retail – Freestanding	19,000	100.0
Centre Lavaltrie	Lavaltrie	Retail – Plaza	43,000	100.0
Marché Lavaltrie	Lavaltrie	Retail – Plaza	52,000	97.8
Les Saules	Les Saules	Retail – Plaza	69,000	100.0
714 boul. Saint-Laurent O	Louiseville	Retail – Freestanding	3,000	100.0
1450 & 1454 rue Royale	Malartic	Retail – Plaza	28,000	100.0
551 avenue du Phare E	Matane	Retail – Freestanding	3,000	100.0
McMasterville	McMasterville	Retail – Plaza	55,000	98.6
Mercier	Mercier	Retail – Plaza	58,000	100.0
Marché St-Augustin	Mirabel	Retail – Plaza	38,000	100.0
1 avenue Westminster N	Montreal	Retail – Freestanding	10,000	100.0
3964 Notre Dame St W	Montreal	Retail – Plaza	41,000	100.0
5651 rue de Verdun	Montreal	Retail – Freestanding	6,000	100.0
Pointe-Claire	Montreal	Industrial	300,000	100.0
Paspebiac Plaza	Paspebiac	Retail – Plaza	73,000	91.7
Lebourgneuf	Quebec City	Retail – Freestanding	6,000	100.0
395 avenue Sirois	Rimouski	Retail – Freestanding	11,000	100.0
375 boul. Jessop	Rimouski	Retail – Freestanding	41,000	100.0
254 boul. de l'Hotel de Ville	Riviere du Loup	Retail – Plaza	72,000	100.0
680 avenue Chausse	Rouyn-Noranda	Retail – Freestanding	5,000	100.0
Carrefour Bourgeois	Saint-Amable	Retail – Plaza	64,000	93.1
Saint-Apollinaire Plaza	Saint-Apollinaire	Retail – Plaza	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 – Plaza	76,000	94.8
10505 boul. Sainte-Anne	Sainte-Anne-de-Beaupré	Retail – Freestanding	4,000	100.0
Shawinigan	Shawinigan	Retail – Plaza	67,000	100.0
2959 rue King O	Sherbrooke	Retail – Freestanding	13,000	100.0
3950 rue King O	Sherbrooke	Retail – Freestanding	6,000	100.0
411 boul. Poliquin	Sorel-Tracy	Retail – Freestanding	40,000	100.0
1101 boul. de la Piniere O	Terrebonne	Industrial	235,000	100.0
			2,117,000	**98.6**
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 – Plaza	42,000	100.0
20 Melbourne Drive	Bradford	Retail – Freestanding	4,000	100.0
Brampton Mall	Brampton	Retail – Plaza	103,000	95.8
Brampton Plaza	Brampton	Retail – Plaza	38,000	100.0
Burlington Plaza	Burlington	Retail – Plaza	70,000	76.8
Milltowne Plaza	Burlington	Retail – Plaza	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 W	Chatham	Retail – Freestanding	5,000	100.0
Village Centre	Dorchester	Retail – Plaza	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 – Plaza	28,000	100.0
44 Livingston Avenue	Grimbsy	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 S	Kenora	Retail – Freestanding	4,000	100.0
London Pine Valley	London	Retail – Plaza	39,000	100.0
5931 Kalar Road	Niagara Falls	Retail – Plaza	6,000	100.0
Niagara Plaza	Niagara Falls	Retail – Plaza	64,000	100.0
Village Square Mall	Nepean	Retail – Plaza	91,000	100.0
Algonquin Avenue Mall	North Bay	Retail – Plaza	163,000	94.0
500 Riddell Road	Orangeville	Retail – Freestanding	5,000	100.0
5150 Innes Road	Orleans	Retail – Plaza	63,000	100.0

Property	Location	Description	GLA (approx. sq. ft.)	% Occu-pancy
Taunton and Wilson Plaza	Oshawa	Retail – Plaza	107,000	98.0
Parry Sound	Parry Sound	Retail – Plaza	46,000	100.0
Rockhaven Plaza	Peterborough	Retail – Plaza	60,000	100.0
3130 Danforth Avenue	Scarborough	Retail – Freestanding	3,000	100.0
McCowan Square	Scarborough	Retail – Plaza	61,000	100.0
Mountain Locks Plaza	St. Catharines	Retail – Plaza	85,000	96.8
Stittsville Corner	Stittsville	Retail – Plaza	111,000	99.1
Stoney Creek Plaza	Stoney Creek	Retail – Plaza	12,000	100.0
105 Arthur Street W	Thornbury	Retail – Plaza	40,000	100.0
1099 Broadview Avenue	Toronto	Retail – Freestanding	15,000	100.0
3362-3370 Yonge Street	Toronto	Retail – Freestanding	29,000	100.0
Queensway Plaza	Toronto	Retail – Plaza	67,000	54.3
8265 Huntington Road	Vaughan	Industrial	793,000	100.0
385 Springbank Avenue	Woodstock	Retail – Plaza	55,000	97.8
			2,435,000	**97.2**
MANITOBA				
3156 Bird's Hill Road E	East St. Paul	Retail – Freestanding	4,000	100.0
498 Mountain Avenue	Neepawa	Retail – Freestanding	2,000	100.0
318 Manitoba Avenue	Selkirk	Retail – Freestanding	5,000	100.0
285 Marion Street	Winnipeg	Retail – Freestanding	38,000	100.0
469-499 River Avenue	Winnipeg	Retail – Plaza	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 – Plaza	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	96.7
River East Plaza	Winnipeg	Retail – Plaza	84,000	100.0
			542,000	**99.5**
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 – Plaza	20,000	100.0
4250 Albert Street	Regina	Retail – Plaza	41,000	97.6
1860 McOrmond Drive	Saskatoon	Retail – Freestanding	58,000	100.0
River City Centre	Saskatoon	Retail – Plaza	160,000	82.7
			423,000	**93.2**
ALBERTA				
318 Marten Street	Banff	Retail – Freestanding	19,000	100.0
5700 50th Street	Beaumont	Retail – Plaza	21,000	100.0
Beaumont Shopping Centre	Beaumont	Retail – Plaza	58,000	100.0
550 Cassils Road & 4 Street W	Brooks	Retail – Plaza	61,000	100.0
55 Castleridge Boulevard NE	Calgary	Retail – Freestanding	6,000	100.0
99 Crowfoot Crescent NW	Calgary	Retail – Plaza	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 – Plaza	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 17 Avenue NE	Calgary	Retail – Freestanding	36,000	100.0
2425 34 Avenue SW	Calgary	Retail – Plaza	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 – Plaza	51,000	94.1
South Trail Plaza	Calgary	Retail – Plaza	79,000	100.0
Strathcona Square	Calgary	Retail – Plaza	81,000	98.6
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
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 – Plaza	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 – Plaza	29,000	100.0
Namao Centre	Edmonton	Retail – Plaza	34,000	100.0
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 – Plaza	143,000	96.5
8100-8300 100 Street	Grand Prairie	Retail – Plaza	67,000	100.0
9925 114 Avenue	Grand Prairie	Retail – Plaza	62,000	100.0
Leduc Centre	Leduc	Retail – Plaza	138,000	100.0
606 4 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 – Plaza	7,000	100.0
West Highlands Towne Centre	Lethbridge	Retail – Plaza	29,000	100.0
West Lethbridge Towne Centre	Lethbridge	Retail – Plaza	104,000	99.1
615 Division Avenue S	Medicine Hat	Retail – Freestanding	43,000	100.0
410 & 610 Big Rock Lane	Okotoks	Retail – Freestanding	5,000	100.0
Gaetz South Plaza	Red Deer	Retail – Plaza	74,000	97.8
260199 High Plains Boulevard	Rocky View	Industrial	655,000	100.0
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	6,000	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
			3,045,000	**99.6**
BRITISH COLUMBIA				
575 Alder Avenue	100 Mile House	Retail – Plaza	8,000	26.6
4454 East Hastings Street	Burnaby	Retail – Freestanding	4,000	100.0
Burnaby Heights	Burnaby	Retail – Plaza	61,000	96.7
1721 Columbia Avenue	Castlegar	Retail – Freestanding	3,000	100.0
45850 Yale Road	Chilliwack	Retail – Freestanding	6,000	100.0
1551 Cliffe Avenue	Courtenay	Retail – Plaza	54,000	96.9
Crown Isle Shopping Centre	Courtenay	Retail – Plaza	97,000	98.9
934 Baker Street	Cranbrook	Retail – Freestanding	9,000	100.0
1200 Baker Street	Cranbrook	Retail – Freestanding	48,000	100.0
11200 8 Street	Dawson Creek	Retail – Freestanding	5,000	100.0
9123 100 Street	Fort St. John	Retail – Plaza	66,000	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 – Plaza	137,000	92.2
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 – Plaza	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
801-1301 Main Street	Penticton	Retail – Plaza	59,000	100.0
2850 Shaughnessy Street	Port Coquitlam	Retail – Freestanding	49,000	100.0
200 2 Avenue W	Prince Rupert	Retail – Plaza	50,000	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 – Plaza	60,000	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 – Plaza	32,000	100.0
990 King Edward Avenue W	Vancouver	Retail – Freestanding	28,000	100.0
1641 & 1653 Davie Street	Vancouver	Retail – Plaza	54,000	96.0
1766 Robson Street	Vancouver	Retail – Freestanding	42,000	100.0
1780 East Broadway	Vancouver	Retail – Freestanding	42,000	100.0
2733 West Broadway	Vancouver	Retail – Plaza	55,000	100.0
3410 Kingsway	Vancouver	Retail – Plaza	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
451 Oliver Street	Williams Lake	Retail – Freestanding	29,000	100.0
			1,729,000	**98.6**
TOTAL			**18,000,000**	**96.4**

UNITHOLDERS' INFORMATION

BOARD OF TRUSTEES

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General Counsel

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

Email: investing@crombie.ca

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

UNIT SYMBOL

REIT Trust Units — CRR.UN

STOCK EXCHANGE LISTING

Toronto Stock Exchange

TRANSFER AGENT

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Vancouver, British Columbia

Top 20 Tenants

Crombie builds and owns a high-quality, resilient, and diversified portfolio backed by a diverse group of national and regional tenants, that deliver consistent long-term earnings and cash flow stability.

Tenant	% of Annual Minimum Rent	Average Remaining Lease Term	DBRS Credit Rating
Empire Company Limited[1]	54.9%	12.5 years	BBB (low)
Shoppers Drug Mart	3.3%	7.5 years	BBB
Province of Nova Scotia	1.5%	7.1 years	A (high)
Dollarama	1.4%	5.6 years	BBB
Government of Canada	1.2%	3.2 years	AAA
CIBC	1.2%	12.0 years	AA
Bank of Nova Scotia	1.1%	2.4 years	AA
GoodLife Fitness	1.1%	8.1 years	
Cineplex	1.1%	9.4 years	
Bank of Montreal	1.0%	6.8 years	AA
Canadian Tire Corporation	1.0%	4.0 years	BBB
Leon's Furniture	0.7%	7.3 years	
Restaurant Brands International	0.7%	5.3 years	
Royal Bank of Canada	0.6%	2.8 years	AA (high)
Bell Canada	0.6%	4.2 years	BBB (high)
Metro	0.6%	6.6 years	BBB
SAQ/Province of Quebec	0.6%	5.8 years	AA (low)
Giant Tiger	0.5%	4.3 years	
TJX Canada[2]	0.5%	7.6 years	
Staples	0.4%	3.0 years	
TOTAL	**74.0%**		

(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.

Crombie REIT

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