



BUILDING A BETTER REIT

MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Three and Nine Months Ended September 30, 2017



Davie Street, Vancouver Rendering

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INTRODUCTION

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

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Crombie Real Estate Investment Trust ("Crombie") for the three and nine months ended September 30, 2017, with a comparison to the financial condition and results of operations for the comparable period in 2016.

This MD&A should be read in conjunction with Crombie's interim condensed consolidated financial statements and accompanying notes for the period ended September 30, 2017, prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. This MD&A should also be read in conjunction with Crombie's audited consolidated financial statements and accompanying notes for the year ended December 31, 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Information about Crombie can be found on SEDAR at www.sedar.com.

Date of MD&A

The information contained in the MD&A, including forward-looking statements, is based on information available to management as of November 8, 2017, except as otherwise noted.

Forward-Looking Information

This MD&A contains forward-looking statements about expected future events and the financial and operating performance of Crombie. These statements include, but are not limited to, statements concerning management's beliefs, plans, estimates, intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical fact. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "estimate", "anticipate", "believe", "expect", "intend" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. All forward-looking information in this MD&A is qualified by the following cautionary statements as well as all cautionary statements included in Crombie's December 31, 2016 MD&A which can be found on SEDAR:

- (i) generating improved rental income and occupancy levels, which could be impacted by changes in demand for Crombie's properties, tenant bankruptcies, the effects of general economic conditions and supply of competitive locations in proximity to Crombie locations;
- (ii) overall indebtedness levels and terms and expectations relating to refinancing, which could be impacted by the level of acquisition 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 market conditions;
- (iii) asset growth and reinvesting to develop or otherwise make improvements to existing properties, which could be impacted by the availability of labour, capital resource availability and allocation decisions as well as actual development costs;
- (iv) tax exempt status, which can be impacted by regulatory changes enacted by governmental authorities;
- (v) anticipated distributions, distribution growth and payout ratios, which could be impacted by results of operations and capital resource allocation decisions; and,
- (vi) statements and images under the heading "Property Development/Redevelopment" including the locations identified, timing, cost, development size and nature, impact on net asset value, cash flow growth, unitholder value or other financial measures, all of which may be impacted by real estate market cycles, the availability of financing opportunities and labour, actual development costs and general economic conditions and factors described under the "Property Development/Redevelopment" section and which assumes obtaining required municipal zoning and development approvals and successful agreements with development partners and existing tenants.

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

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

Non-GAAP Financial Measures

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

Financial Highlights

Financial Highlights for the three and nine months ended September 30, 2017 and 2016 are as follows:

	As at			
	September 30, 2017		September 30, 2016	
Number of income-producing properties	287		283	
Gross leaseable area (square feet)	19,453,000		19,336,000	
Debt to gross book value - fair value basis	50.2%		50.5%	
Weighted average interest rate				
Mortgage debt	4.33%		4.54%	
All fixed rate debt	4.22%		4.40%	

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
(In thousands of CAD dollars, except per unit amounts and as otherwise noted)				
Property revenue	\$ 102,424	\$ 98,757	\$ 306,146	\$ 294,732
Property net operating income	\$ 74,165	\$ 71,025	\$ 216,699	\$ 208,821
Same-asset property cash NOI	\$ 61,259	\$ 60,249	\$ 182,341	\$ 177,979
Operating income attributable to Unitholders	\$ 21,321	\$ 23,126	\$ 136,648	\$ 93,652
Operating income attributable to Unitholders per unit - basic	\$ 0.14	\$ 0.16	\$ 0.92	\$ 0.68
Operating income attributable to Unitholders per unit - diluted	\$ 0.14	\$ 0.16	\$ 0.91	\$ 0.68
FFO, with 2016 "as adjusted" (see FFO section)				
Basic	\$ 46,652	\$ 46,079	\$ 133,915	\$ 122,319
Diluted	\$ 47,664	\$ 47,811	\$ 138,361	\$ 127,485
Per unit – basic	\$ 0.31	\$ 0.31	\$ 0.90	\$ 0.89
Per unit – diluted	\$ 0.31	\$ 0.31	\$ 0.89	\$ 0.88
Payout ratio (%)	71.6%	71.4%	74.5%	75.8%
AFFO, with 2016 "as adjusted" (see AFFO section)				
Basic	\$ 38,713	\$ 38,131	\$ 110,377	\$ 100,397
Diluted	\$ 39,725	\$ 39,863	\$ 113,298	\$ 103,319
Per unit – basic	\$ 0.26	\$ 0.26	\$ 0.74	\$ 0.73
Per unit – diluted	\$ 0.26	\$ 0.26	\$ 0.74	\$ 0.73
Payout ratio (%) ⁽¹⁾	86.2%	86.3%	90.4%	92.4%
Distributions per unit	\$ 0.22	\$ 0.22	\$ 0.67	\$ 0.67
ACFO, with 2016 "as adjusted" (see ACFO section)	\$ 36,661	\$ 38,284	\$ 111,075	\$ 102,194
ACFO payout ratio (%) ⁽¹⁾	91.1%	85.9%	89.8%	90.8%
Interest service coverage			2.86	2.92
Debt service coverage			1.87	1.91

⁽¹⁾ AFFO and ACFO payout ratios are calculated using a per square foot charge for maintenance expenditures (see "AFFO" and "ACFO" sections).

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Basic number of Units for all measures	149,809,596	147,613,313	149,206,356	137,193,620
Diluted for operating income attributable to Unitholders purposes	149,809,596	147,754,168	155,701,544	141,675,646
Diluted for FFO purposes	154,408,991	155,077,435	155,701,544	144,660,721
Diluted for AFFO purposes	154,408,991	155,077,435	153,678,691	141,675,646

The diluted weighted average number of Units outstanding does not include the impact of any series of convertible debentures that would be anti-dilutive for that calculation.

Highlights

- FFO for the three months ended September 30, 2017 increased 1.2% to \$46,652; or \$0.31 per unit diluted, an increase of 0.1% per unit from the three months ended September 30, 2016.

- AFFO for the three months ended September 30, 2017 increased 1.5% to \$38,713; or \$0.26 per unit diluted, an increase of 0.1% per unit from the three months ended September 30, 2016.
- ACFO for the three months ended September 30, 2017 decreased 4.2% to \$36,661 from the three months ended September 30, 2016.
- FFO payout ratio of 71.6% for the three months ended September 30, 2017 compared to 71.4% for the same period in 2016. AFFO payout ratio of 86.2% for the three months ended September 30, 2017 compared to 86.3% for the same period in 2016. ACFO payout ratio of 91.1% for the three months ended September 30, 2017 compared to 85.9% for the same period in 2016.
- Same-asset property cash NOI for the three months ended September 30, 2017 increased by 1.7% or \$1,010 (\$61,259 compared to \$60,249 for the three months ended September 30, 2016).
- Completed acquisition in the quarter of six retail properties from third parties totalling 300,000 square feet, one in Toronto, ON and five in Quebec, for a total purchase price of \$100,257 before closing and transaction costs. Completed acquisition from Empire Company Limited ("Empire") of 31,000 square feet of additional development on a pre-existing retail property in Ontario for a total purchase price of \$7,671 before closing and transaction costs.
- Third quarter property revenue of \$102,424, an increase of \$3,667 or 3.7% over third quarter 2016.
- Committed occupancy was 94.7% at September 30, 2017 compared with 94.4% at December 31, 2016 and 94.2% at September 30, 2016.
- Crombie's renewal activity during the nine months ended September 30, 2017 included renewals on 363,000 square feet of 2017 expiring leases at an average rate of \$22.46 per square foot, an increase of 4.6% over the expiring lease rate.
- Crombie's renewal activity during the three months ended September 30, 2017 included renewals on 93,000 square feet of 2017 expiring leases with an increase of 1.9% over the expiring lease rate and renewals on 207,000 square feet of future years expiring leases with an increase of 3.4% over the expiring lease rate.
- New leases and expansions increased occupancy by 313,000 square feet at September 30, 2017 at an average first year rate of \$16.13 per square foot. 46,000 square feet of space was committed at September 30, 2017 at an average first year rate of \$22.83 per square foot.
- Debt to gross book value (fair value basis) was 50.2% at September 30, 2017, compared to 50.5% at September 30, 2016.
- Crombie's interest service coverage for the nine months ended September 30, 2017 was 2.86 times EBITDA and debt service coverage was 1.87 times EBITDA, compared to 2.92 times EBITDA and 1.91 times EBITDA, respectively, for the nine months ended September 30, 2016.

Business Overview

Crombie is an unincorporated, "open-ended" real estate investment trust (REIT) established pursuant to the Declaration of Trust dated January 1, 2006, as amended and restated (the "Declaration of Trust") under, and governed by, the laws of the Province of Ontario. The REIT Units of Crombie trade on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

Crombie invests in income-producing retail, office and commercial mixed use properties in Canada, with a growth strategy focused primarily on the acquisition of grocery and drug store anchored retail properties in Canada's top markets. At September 30, 2017, Crombie owned a portfolio of 287 income-producing properties in 10 provinces, comprising approximately 19.5 million square feet of gross leaseable area ("GLA"). Empire, through a subsidiary, holds a 41.5% (fully diluted 40.3%) economic and voting interest in Crombie at September 30, 2017.

Business Objectives and Outlook and Business Environment

Crombie describes its business objectives and outlook and business environment in the MD&A for the year ended December 31, 2016.

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Portfolio

At September 30, 2017, Crombie's property portfolio consisted of 287 income-producing properties that contain approximately 19.5 million square feet of GLA in all 10 provinces.

As at September 30, 2017, the portfolio distribution of the GLA by province was as follows:

Province	GLA (sq. ft.)			September 30, 2017	Number of Income-Producing Properties	% of GLA	% of Annual Minimum Rent
	January 1, 2017	Acquisitions (Dispositions)	Other				
AB	3,374,000	50,000	—	3,424,000	56	17.6%	20.5%
BC	1,768,000	—	11,000	1,779,000	41	9.2%	11.5%
MB	644,000	—	—	644,000	15	3.3%	4.1%
NB	1,586,000	—	14,000	1,600,000	20	8.2%	5.6%
NL	1,383,000	—	(53,000)	1,330,000	13	6.8%	9.3%
NS	5,320,000	—	(18,000)	5,302,000	43	27.3%	21.4%
ON	2,850,000	92,000	5,000	2,947,000	51	15.2%	15.9%
PE	104,000	—	20,000	124,000	2	0.6%	0.7%
QC	1,610,000	239,000	—	1,849,000	38	9.5%	8.6%
SK	454,000	—	—	454,000	8	2.3%	2.4%
Total	19,093,000	381,000	(21,000)	19,453,000	287	100.0%	100.0%

Crombie continues to diversify its geographic concentration through growth and divestiture opportunities. During the nine months ended September 30, 2017, Crombie had an increase of 381,000 square feet or 2.0% growth of GLA from acquisition activity consisting of:

- acquisition of one property in Alberta, totalling 50,000 square feet;
- acquisition of one property totalling 61,000 square feet and a 31,000 square foot addition to a property in Ontario; and,
- acquisition of five properties in Quebec, totalling 239,000 square feet.

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

As at September 30, 2017, our allocation of Annual Minimum Rent consists of: Atlantic Canada 37.0%; Central Canada 24.5%; and Western Canada 38.5%. Crombie believes this diversification adds stability to the portfolio while reducing vulnerability to economic fluctuations that may affect any particular region.

Property Categorization

Crombie breaks out its property count and square footage by the following categories:

	Q3 2017		Q2 2017		Q3 2016	
	# of Properties	GLA	# of Properties	GLA	# of Properties	GLA
Same-asset	229	13,813,000	229	13,786,000	229	13,911,000
Same-asset Development	2	820,000	2	819,000	1	265,000
Total Same-asset	231	14,633,000	231	14,605,000	230	14,176,000
Major Development	1	37,000	1	37,000	—	—
Other Property Redevelopment	10	1,804,000	10	1,793,000	11	2,221,000
Acquisitions - 2015 ⁽¹⁾	—	—	—	—	5	320,000
Acquisitions - 2016 ⁽¹⁾	38	2,629,000	38	2,630,000	37	2,619,000
Acquisitions - 2017 ⁽¹⁾	7	350,000	1	50,000	—	—
Total Non Same-asset	56	4,820,000	50	4,510,000	53	5,160,000
Total Properties	287	19,453,000	281	19,115,000	283	19,336,000

⁽¹⁾ Excludes acquisitions of additions to existing properties.

Portfolio Occupancy and Lease Activity

The portfolio occupancy and committed activity for the nine months ended September 30, 2017 were as follows:

Province	Occupied space (sq. ft.)					September 30, 2017	Committed Space (sq. ft.) ⁽³⁾	Total Leased Space (sq. ft.)	Leased September 30, 2017
	January 1, 2017	Acquisitions (Dispositions)	New Leases ⁽¹⁾	Lease Expiries	Other Changes ⁽²⁾				
AB	3,362,000	50,000	9,000	(3,000)	(1,000)	3,417,000	—	3,417,000	99.8%
BC	1,764,000	—	11,000	—	—	1,775,000	—	1,775,000	99.8%
MB	644,000	—	1,000	—	(1,000)	644,000	—	644,000	100.0%
NB	1,266,000	—	60,000	(15,000)	(19,000)	1,292,000	3,000	1,295,000	80.9%
NL	1,337,000	—	12,000	(23,000)	(30,000)	1,296,000	5,000	1,301,000	97.8%
NS	4,770,000	—	136,000	(34,000)	(30,000)	4,842,000	30,000	4,872,000	91.9%
ON	2,654,000	92,000	35,000	(3,000)	(42,000)	2,736,000	8,000	2,744,000	93.1%
PE	99,000	—	25,000	—	—	124,000	—	124,000	100.0%
QC	1,595,000	233,000	1,000	(3,000)	—	1,826,000	—	1,826,000	98.8%
SK	404,000	—	23,000	(1,000)	—	426,000	—	426,000	93.8%
Total	17,895,000	375,000	313,000	(82,000)	(123,000)	18,378,000	46,000	18,424,000	94.7%

⁽¹⁾ New leases include: new leases and expansions to existing properties.

⁽²⁾ Other changes include: amendments to existing leases; lease terminations and surrenders; bankruptcies; and space certifications.

⁽³⁾ Committed space represents lease contracts for future occupancy of currently vacant space. Management believes such reporting, along with reported lease maturities, provides more balanced reporting of potential pending overall vacant space. Committed space decreased to 46,000 square feet at September 30, 2017, from 132,000 square feet at December 31, 2016.

Overall leased space (occupied plus committed) increased from 94.4% at December 31, 2016 to 94.7% at September 30, 2017. During the first nine months of 2017, Crombie had a net increase from acquisitions and dispositions of 375,000 square feet; had new leases outpace lease expiries by 231,000 square feet.

New leases and expansions increased occupancy by 313,000 square feet at September 30, 2017 at an average first year rate of \$16.13 per square foot. 263,000 square feet are new leases at an average rate of \$17.39 per square foot while the remaining 50,000 square feet are expansions of existing tenants at an average rate of \$9.47 per square foot. 46,000 square feet of space was committed at September 30, 2017 at an average first year rate of \$22.83 per square foot. New leases and expansions increased occupancy in the quarter by 101,000 square feet at an average rate of \$18.44 per square foot.

During the nine months ended September 30, 2017, Crombie renewed 363,000 square feet of 2017 anchor and non-anchor tenant lease maturities at an average rate of \$22.46 per square foot, an increase of 4.6% over the expiring lease rate. The renewal activity compares favourably with the average rent per square foot on full year 2017 lease maturities of \$17.43 per square foot. Crombie also renewed 245,000 square feet of 2018 and later anchor and non-anchor expiring leases at an average rate of \$13.19 per square foot, an increase of 4.5% over the expiring lease rate. Crombie renewed a total of 300,000 square feet in the quarter, at an average rate of \$14.82, an increase of 2.7% over the expiring lease rate.

Sector Information

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

As at September 30, 2017, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Income-Producing Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Leased ⁽¹⁾
Retail and Commercial Mixed Use	282	18,454,000	94.9%	96.1%	95.0%
Office	5	999,000	5.1%	3.9%	88.9%
Total	287	19,453,000	100.0%	100.0%	94.7%

⁽¹⁾ For purposes of calculating leased percentage, Crombie considers GLA covered by head lease agreements as occupied.

As at September 30, 2016, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Income-Producing Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Leased ⁽¹⁾
Retail and Commercial Mixed Use	278	18,347,000	94.9%	96.0%	94.4%
Office	5	989,000	5.1%	4.0%	89.6%
Total	283	19,336,000	100.0%	100.0%	94.2%

⁽¹⁾ For purposes of calculating leased percentage, Crombie considers GLA covered by head lease agreements as occupied.

Retail and commercial mixed use properties represent 94.9% of Crombie's GLA and 96.1% of annual minimum rent at September 30, 2017 compared to 94.9% of GLA and 96.0% of annual minimum rent at September 30, 2016.

Leased space in retail and commercial mixed use properties of 95.0% at September 30, 2017, increased from 94.4% at September 30, 2016. Leased space in office properties of 88.9% decreased from 89.6% at September 30, 2016.

Lease Maturities

The following table sets out as of September 30, 2017, the number of leases maturing during the periods indicated (assuming tenants do not holdover on a month-to-month basis or exercise renewal options or termination rights), 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	Renewal Area (sq. ft.)	% of Total GLA	Average Rent per sq. ft. at Expiry
Remainder of 2017	86	522,000	2.7%	\$ 11.11
2018	179	711,000	3.7%	19.14
2019	179	920,000	4.7%	16.88
2020	158	671,000	3.4%	19.35
2021	166	825,000	4.2%	19.01
Thereafter	831	14,775,000	76.0%	18.37
Total	1,599	18,424,000	94.7%	\$ 18.19

Largest Tenants

The following table illustrates the ten largest tenants in Crombie's portfolio of income-producing properties as measured by their percentage contribution to total annual minimum rent as at September 30, 2017.

Tenant	% of Annual Minimum Rent	Average Remaining Lease Term
Sobeys ⁽¹⁾	52.6%	14.7 years
Shoppers Drug Mart	5.1%	10.4 years
Cineplex	1.3%	7.8 years
Good Life Fitness	1.2%	10.0 years
Province of Nova Scotia	1.2%	1.5 years
Dollarama	1.1%	6.5 years
CIBC	1.1%	13.6 years
Lawtons/Sobeys Pharmacy	1.0%	9.6 years
Bank of Montreal	1.0%	9.9 years
Bank of Nova Scotia	0.9%	3.8 years
Total	66.5%	

⁽¹⁾ Excludes Lawtons/Sobeys Pharmacy.

Crombie's portfolio is leased to a wide variety of tenants. The above table is based on the tenant's percentage of annual minimum rent and, other than Sobeys which accounts for 52.6% of annual minimum rent and Shoppers Drug Mart which accounts for 5.1% of annual minimum rent, no other tenant accounts for more than 1.3% of Crombie's annual minimum rent.

For the nine months ended September 30, 2017, Sobeys also represents 50.1% of total property revenue. Total property revenue includes annual minimum rent as well as operating and realty tax cost recovery income and percentage rent. These additional amounts can vary by property type, specific tenant leases and where tenants may directly incur and pay operating and realty tax costs.

The weighted average remaining term of all Crombie leases is approximately 12.2 years. This remaining lease term is influenced by the average Sobeys remaining lease term of 14.7 years.

Property Development/Redevelopment ("Development")

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

Crombie believes it has the potential to unlock significant value within its current pipeline of 22 Major Development properties (four (4) Active Major Developments and 18 Potential Major Developments) over the next decade or longer. Crombie benefits from having solid income (FFO and AFFO) generated by its development pipeline properties while working through the various approvals and advance preparations required before each Major Development can commence. In aggregate, Crombie currently achieves an in-place NOI yield of approximately 5.4% on existing asset cost for its development pipeline properties.

Crombie enjoys value from its strategic relationship with Sobeys. Most of our Major Development properties have Sobeys as an anchor tenant and our strategic relationship should enable us to ensure a seamless transition from existing property / store operations to construction / development of each of these sites.

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 primarily purpose built rental accommodations that provides both revenue diversification and growth to Crombie. We view this approach as the optimal manner 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 and/or market requirements. Crombie may also have the option, if desired, to monetize its density value by selling certain air rights, or purpose built rental properties to third parties in lieu of, or after, development.

Our range of options enables us, on a case by case basis, to make choices that optimize unitholder value. In today's environment where NOI yields on cost for Major Development projects are projected to be in the 5% - 6% range and where exit cap rates in markets like Vancouver and Toronto (where Crombie has 12 Major Development properties) are in a current approximate range of 3% - 4% for comparable developments, NAV creation through development can be substantial. On this basis, we believe NAV creation upwards of 100% of invested dollars is possible.

In the sections that follow (Active Major Developments and Potential Major Developments), Crombie has identified 22 Major Development projects (June 30, 2017 - 21) with a total projected cost to develop these properties of \$3 to \$4.5 Billion (June 30, 2017 - \$2 to \$4 Billion).

During the quarter, Crombie acquired a 4.5 acre Major Development pipeline property at McCowan and Ellesmere in Toronto, ON from a third party, for \$42 million. The site currently hosts a 61,000 square foot grocery anchored retail plaza. This acquisition highlights a further option value opportunity where Crombie may pursue acquisition of properties with Sobeys long term leasehold interests where future development is the highest and best property use.

Active Major Developments

The below table provides additional detail into Crombie's Active Major Developments:

Non Same-asset Development		At Crombie's Share (\$ in millions)						
Property	Use	Commercial GLA on Completion	Residential GLA on Completion	Estimated Final Completion Date	Estimated Annual NOI	Estimated Total Cost ⁽³⁾	Estimated Yield on Cost ⁽³⁾	Estimated Cost to Complete
Davie Street ⁽¹⁾	Retail, Residential	53,000	253,000	Q2 2020	\$ 5.8-6.3	\$ 104.7	5.5%-6.0%	\$ 84.1
Belmont Market ⁽²⁾	Retail, Office	192,000	—	Q4 2018	5.7-6.5	103.8	5.5%-6.3%	66.2
Total		245,000	253,000		\$ 11.5-12.8	\$ 208.5	5.5%-6.1%	\$ 150.3

⁽¹⁾ Crombie has entered into a JV partnership agreement with a Vancouver based development partner (Westbank). Crombie will own 100% of the retail with a total project cost of \$29 million and 50% of the residential with a total project cost of \$152 million. Sobeys will continue lease payments through the development period to retain the rights under their existing lease.

⁽²⁾ Belmont is not yet included in property count as it is a greenfield development.

⁽³⁾ Estimated Total Cost/Yield on Cost includes all costs associated with the development, including but not limited to, estimated value of air rights and/or land value, predevelopment costs, construction costs, tenant costs and financing costs.

Same-asset Development		(\$ in millions)				
Property	Use	Incremental GLA	Estimated Completion Date	Estimated Total Cost ⁽¹⁾	Estimated Cost to Complete	
Avalon Mall - Phase I	Retail	—	Q4 2019	\$ 54.5	\$ 48.4	
Scotia Square - Phase II	Office, Retail	13,000	Complete	11.0	1.5	
Total		13,000		\$ 65.5	\$ 49.9	

⁽¹⁾ Estimated Total Cost includes all costs associated with the development, including but not limited to, predevelopment costs, construction costs and financing costs.

1641 Davie Street, Vancouver, British Columbia

Davie Street is currently under active development, and is being developed as an approximate 306,000 square foot mixed use asset, with its partner Westbank Corp. Demolition of the existing structure began in September 2017. The development will include a new, larger, approximately 44,000 square foot grocery store with almost 9,000 square feet of ancillary retail space, and rental residential space totalling up to 253,000 square feet (up to 330 rental units) comprised of two residential towers with an estimated total project cost of \$181 million, \$105 million at Crombie's share. Crombie will retain 100% of the new commercial component and own 50% of the rental residential component.



Davie Street, Vancouver (rendering)

Belmont Market, Victoria (Langford), British Columbia

Belmont Market is being developed as a 192,000 square foot grocery anchored mixed use centre in Victoria (Langford), BC which is 100% owned by Crombie REIT and under active development. The retail development will include a 53,000 square foot new Thrifty Foods store, a new Thrifty Office, and approximately 116,000 square feet of additional retail commercial space on 20 acres of land, expected to cost approximately \$103.8 million. An additional 4 acres of land is under agreement to sell to a residential developer who has plans to add 437 units of low rise residential rental and market condos to the immediate area, intended to create a vibrant new community village. The site is currently undergoing servicing, with the anchor Thrifty's tenancy and phase I retail tenancies expected to commence construction in January 2018, and scheduled to open in Fall 2018. 119,000 square feet or approximately 83% of phase I has committed leases or is in advanced stages of negotiation.



Belmont Market, Victoria (Langford) (rendering)

Avalon Mall, St. John's, Newfoundland and Labrador

Avalon Mall is a regional shopping centre located in St. John's, Newfoundland and Labrador. It is the largest enclosed shopping mall in Newfoundland and Labrador with approximately 557,000 square feet of GLA. Crombie has initiated a three year capital investment program to enhance Avalon Mall's position as the dominant enclosed mall in the province. The investment program began earlier this year and phase I includes construction of a four-level 875 space parking structure, redesign and realignment of the main mall vehicular access, and the redesign and phased renovation of the mall's interior common areas with an initial capital investment of \$54.5 million over three years. The parkade is currently under construction and is expected to be complete in October 2018. The redesign and phased renovation of the common areas are scheduled to begin in January 2018, with an estimated completion date of the fourth quarter of 2019. Crombie has negotiated a lease surrender of the 129,000 square foot Sears effective February 2018, enabling Crombie to accelerate future development plans. The recapture of the Sears space, in addition to the capital upgrade program, enables Crombie to maximize NOI, improve tenant mix and increase sales per square foot.



Avalon Mall, St. John's (rendering)

Scotia Square, Barrington Street, Halifax, Nova Scotia

Scotia Square is situated in the centre of the downtown Halifax business district at the corner of Barrington and Duke Streets. This complex comprises 1,600,000 square feet of office and retail space and is directly connected to two hotels. Crombie recently completed a three-level expansion on Barrington Street of approximately 25,000 square feet (gross building area) which includes a new and modern main entrance into the complex. The expansion is comprised of new third floor office space, second floor food court expansion and seating, and new street level retail GLA totaling approximately 13,000 square feet, of which 85% is currently leased. The three-storey glazed facade modernizes the overall image of the facility. The construction cost is approximately \$11 million and was completed in Q3 2017. Future mixed use development is being considered at this location.



Scotia Square, Halifax (Phase II rendering)

Potential Major Developments

In addition to Active Major Developments previously detailed, Crombie's current Potential Major Developments have the potential to add up to 600,000 square feet (June 30, 2017 - 498,000 square feet) of commercial GLA and up to 8,000,000 square feet (up to 9,500 units) (June 30, 2017 - 7,000,000 square feet and 8,000 units) of residential GLA (which may include either rental or condominium units).

Based on Crombie's current estimates, total costs to develop these properties could reach \$2.5 to \$4 billion (\$3 to \$4.5 Billion including Active Major Developments). Crombie may enter joint venture or other partnership arrangements for these properties to share cost, revenue, risks and development expertise depending upon the nature of each project. Each project remains subject to normal development approvals, achieving required economic hurdles including financial accretion analysis and Board of Trustees approval.

As at September 30, 2017, Crombie has identified the following 18 locations as having potential to become Active Major Developments. Development of each property is subject to management completing full due diligence on the opportunity, including commercial and residential components, as well as seeking all necessary Board, municipal/provincial and tenant approvals prior to proceeding. The precise timing of each project is not determinable currently. The time horizon for certain of these projects may change, project scope may change, and/or Crombie may choose to not proceed with development on some properties after further review and completion of financial projections.

	Existing Property	City, Province	Site Size	Existing Tenants	Potential Commercial Expansion	Potential Residential Expansion	Status
1.	Bronte Village	Oakville, ON	5.66 acres	Sobeys/Other tenants	Yes	Yes	Development Planning
2.	1780 East Broadway (Broadway and Commercial)	Vancouver, BC	2.43 acres	Safeway	Yes	Yes	Pre-planning
3.	1170 East 27 Street (Lynn Valley)	North Vancouver, BC	2.82 acres	Safeway	Yes	Yes	Pre-planning
4.	524 Elbow Drive SW (Mission)	Calgary, AB	1.60 acres	Safeway	Yes	Yes	Pre-planning
5.	Penhorn Lands	Dartmouth, NS	31.00 acres	Land	Yes	Yes	Pre-planning
6.	East Hastings	Burnaby, BC	3.30 acres	Safeway/Other tenants	Yes	Yes	TBD ⁽¹⁾
7.	10355 King George Boulevard	Surrey, BC	5.07 acres	Safeway	Yes	Yes	TBD
8.	2733 West Broadway	Vancouver, BC	1.95 acres	Safeway	Yes	Yes	TBD
9.	3410 Kingsway	Vancouver, BC	3.74 acres	Safeway/Other tenants	Yes	Yes	TBD
10.	990 West 25 Avenue (King Edward)	Vancouver, BC	1.80 acres	Safeway	Yes	Yes	TBD
11.	Royal Oak	Vancouver, BC	2.76 acres	Safeway	Yes	Yes	TBD
12.	813 11 Avenue SW	Calgary, AB	2.59 acres	Safeway	Yes	Yes	TBD
13.	410 10 Street NW	Calgary, AB	1.73 acres	Safeway	Yes	Yes	TBD
14.	10930 82 Avenue	Edmonton, AB	2.44 acres	Safeway/Other tenants	Yes	Yes	TBD
15.	Brampton Mall	Brampton, ON	8.74 acres	Retail	Yes	Yes	TBD
16.	Centennial Parkway	Hamilton, ON	2.75 acres	Retail	Yes	Yes	TBD
17.	McCowan & Ellesmere	Toronto, ON	4.50 acres	Sobeys/Other tenants	Yes	Yes	TBD
18.	Triangle Lands	Halifax, NS	0.68 acres	Land	Yes	Yes	TBD
(2)	Scotia Square - Future Phases	Halifax, NS	14.47 acres	Office/Retail	Yes	Yes	TBD
(2)	Avalon Mall - Future Phases	St. John's, NL	50.91 acres	Retail	Yes	No	Pre-planning

⁽¹⁾ TBD: to be determined

⁽²⁾ Scotia Square Phase II and Avalon Mall Phase I are in Active Major Development

Projects described as having a "development planning" status include projects where significant progress has been made in several areas of the pre-planning phase and Crombie is in the process of committing costs to undertake a Major Development.

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

Properties in the Development Planning Phase

Bronte Village, 2441 Lakeshore Road West, Oakville, Ontario

Bronte Village is located in South Oakville at the intersection of the Lakeshore and Bronte Roads. The 5.66 acre property is presently developed with a single storey, multi-tenant commercial retail mall anchored by a 30,000 square foot Sobeys with a total building area of approximately 93,000 square feet. The redevelopment of Bronte Village provides an opportunity to add luxury rental residential density in a desirable area currently experiencing undersupplied market conditions. The redevelopment plan for mixed use residential/retail requires demolition of a portion of the existing retail centre. In its place two new luxury rental residential towers of 10 and 14 storeys containing 478 suites and 15,000 square feet of retail are proposed to be constructed.



Bronte Village, Oakville (rendering)

Properties in the Pre-Planning Phase

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

1780 East Broadway is located at the intersection of Commercial Drive and East Broadway in Vancouver, British Columbia. The single storey 38,000 square foot Safeway grocery store is situated at one of the busiest transit nodes in Western Canada. Crombie is currently working through the pre-zoning application process to capitalize on the recently adopted community plan which permits up to 24 storeys above the retail plinth and a floor to site ratio of 5.7 times.

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

Lynn Valley is located in the District of North Vancouver in the popular Lynn Valley Towne Centre. The 2.82 acre site currently has a 36,000 square foot Safeway as the major tenant. Crombie is currently developing plans to accommodate the targeted density and meet the guidelines of the Official Community Plan. Rezoning of this property is required prior to proceeding with any redevelopment.

524 Elbow Drive SW, Calgary (Mission), Alberta

The Mission Safeway located in the affluent Elbow Park area of Calgary currently has a 24,000 square foot grocery store located on the 1.6 acre site. The project will overlook the Elbow River and have exceptional city and mountain views when complete. Preliminary discussions with the City of Calgary will take place when market conditions improve and redevelopment of this site is warranted.

Penhorn Lands, Halifax (Dartmouth), Nova Scotia

The Penhorn Lands is a 31 acre development site located at the intersection of Highway 111 and Portland Street in Halifax (Dartmouth), Nova Scotia that was purchased from Empire in 2016. The site is adjacent to Penhorn Plaza, a Crombie owned 103,000 square foot Sobeys anchored retail plaza. Management expects to undertake the development in two phases. Phase I includes the development new commercial space on approximately 4 acres of land fronting on Portland Street. This commercial development will better integrate the two Penhorn properties. Phase II is a residential development comprised of a mix of low, medium and high density units on the remaining 27 acres of land. Pre-planning for Phase I is underway and Management expects to begin construction in 2018. Pre-planning for Phase II is expected to begin by the end of 2017.

Avalon Mall, St John's, Newfoundland and Labrador

In addition to the Major Development activity described under "Active Major Development", Crombie is also planning phase II redevelopment of an 8.6 acre property abutting Avalon Mall on Kenmount Road purchased in 2012. This redevelopment will replace two aging buildings with new retail space with modern design, additional parking, and integration of this property with Avalon Mall by significantly improving vehicular and pedestrian connectivity between the two properties. Crombie has negotiated a lease surrender of the 129,000 square foot Sears effective February 2018, enabling Crombie to accelerate future development plans. The Sears space and land is currently in pre-planning.

FINANCIAL RESULTS

Comparison to Previous Year

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	As At		
	September 30, 2017	December 31, 2016	September 30, 2016
Total assets	\$ 4,082,257	\$ 3,963,318	\$ 3,947,421
Total investment property debt and unsecured debt	\$ 2,513,180	\$ 2,396,199	\$ 2,389,663
Debt to gross book value - fair value basis ⁽¹⁾	50.2%	50.3%	50.5%

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

	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
Property revenue	\$ 102,424	\$ 98,757	\$ 3,667	\$ 306,146	\$ 294,732	\$ 11,414
Property operating expenses	28,259	27,732	(527)	89,447	85,911	(3,536)
Property NOI	74,165	71,025	3,140	216,699	208,821	7,878
NOI margin percentage	72.4%	71.9%	0.5%	70.8%	70.9%	(0.1)%
Other items:						
Gain on disposal of investment properties	—	1,225	(1,225)	—	27,729	(27,729)
Depreciation and amortization	(21,966)	(19,933)	(2,033)	(61,588)	(53,897)	(7,691)
General and administrative expenses	(4,675)	(3,546)	(1,129)	(14,831)	(12,075)	(2,756)
Finance costs – operations	(26,244)	(25,342)	(902)	(79,096)	(74,500)	(4,596)
Income from equity accounted investments	41	—	41	68	—	68
Operating income before taxes	21,321	23,429	(2,108)	61,252	96,078	(34,826)
Taxes – current	—	(3)	3	(4)	(26)	22
Taxes – deferred	—	(300)	300	75,400	(2,400)	77,800
Operating income attributable to Unitholders	21,321	23,126	(1,805)	136,648	93,652	42,996
Finance costs – distributions to Unitholders	(33,385)	(32,890)	(495)	(99,748)	(92,750)	(6,998)
Finance income (costs) – change in fair value of financial instruments	25	789	(764)	127	358	(231)
Increase (decrease) in net assets attributable to Unitholders	\$ (12,039)	\$ (8,975)	\$ (3,064)	\$ 37,027	\$ 1,260	\$ 35,767
Operating income attributable to Unitholders per Unit, Basic	\$ 0.14	\$ 0.16		\$ 0.92	\$ 0.68	
Operating income attributable to Unitholders per Unit, Diluted	\$ 0.14	\$ 0.16		\$ 0.91	\$ 0.68	
Basic weighted average Units outstanding (in 000's)	149,810	147,613		149,206	137,194	
Diluted weighted average Units outstanding (in 000's)	149,810	147,754		155,702	141,676	
Distributions per Unit to Unitholders	\$ 0.22	\$ 0.22		\$ 0.67	\$ 0.67	

Operating Results

For the three months ended September 30, 2017, Operating income before taxes of \$21,321 decreased by \$2,108 or 9.0% compared to the three months ended September 30, 2016. The decrease was primarily due to:

- an increase in depreciation and amortization of \$2,033 or 10.2% primarily caused by \$2,661 related to a change in the economic life of a property designated for development;
- a gain on disposal of \$1,225 recognized in the third quarter of 2016; and,
- an increase in general and administrative expenses of \$1,129 or 31.8% primarily related to salaries and benefits.

offset in part by:

- an increase in Property NOI of \$3,140 or 4.4% with property revenue increasing \$3,667 on net acquisition activity over the last year and increased average rental rates on lease renewals and new leases.

For the nine months ended September 30, 2017, Operating income before taxes of \$61,252 decreased by \$34,826 or 36.2% compared to the nine months ended September 30, 2016. In addition to the above variance explanations for the three month period, the nine months were impacted by:

- the disposition of 10 retail properties in the first quarter of 2016 and two retail properties in the second quarter of 2016, resulting in a total gain on disposal of \$26,504; and,

- an increase in depreciation and amortization of \$7,691 or 14.3% related to acquisition activity since the first quarter of 2016 and \$3,548 related to a change in the economic life of a property designated for development.

On June 30, 2017, Crombie completed a tax reorganization, as approved by unitholders, resulting in, amongst other structural changes, the winding up of its most significant, wholly-owned corporate subsidiary. Through the tax reorganization, all property within the corporate entity was transferred to a limited partnership resulting in the elimination of Crombie's obligation for deferred income taxes related to this corporate subsidiary. The deferred tax liability of \$76,400 at the time of the tax reorganization has been reduced to \$NIL and the decrease has been recognized as an income tax recovery on Crombie's Consolidated Statement of Comprehensive Income for the nine months ended September 30, 2017. Professional fees of \$1,059 associated with the tax reorganization have been recorded as general and administrative expenses for the nine months ended September 30, 2017.

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

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Operating income attributable to Unitholders	\$ 21,321	\$ 23,126	\$ 136,648	\$ 93,652
Finance costs – distributions to Unitholders	(33,385)	(32,890)	(99,748)	(92,750)
Finance income (costs) – change in fair value of financial instruments	25	789	127	358
Increase (decrease) in net assets attributable to Unitholders	\$ (12,039)	\$ (8,975)	\$ 37,027	\$ 1,260

Property NOI

Same-asset properties are properties owned and operated by Crombie throughout the current and comparative reporting periods, excluding any property that is classified as held for sale or that was designated for redevelopment during either the current or comparative period.

Property NOI on a cash basis is as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
Property NOI	\$ 74,165	\$ 71,025	\$ 3,140	\$ 216,699	\$ 208,821	\$ 7,878
Non-cash straight-line rent	(3,479)	(3,592)	113	(10,262)	(9,036)	(1,226)
Non-cash tenant incentive amortization	2,759	3,433	(674)	9,261	8,294	967
Property cash NOI	73,445	70,866	2,579	215,698	208,079	7,619
Acquisitions, dispositions and development property cash NOI	12,186	10,617	1,569	33,357	30,100	3,257
Same-asset property cash NOI	\$ 61,259	\$ 60,249	\$ 1,010	\$ 182,341	\$ 177,979	\$ 4,362

Property NOI, on a cash basis, excludes non-cash straight-line rent recognition and amortization of tenant incentive amounts. The \$1,010 or 1.7% increase in same-asset cash NOI for the three months ended September 30, 2017 over the same period in 2016 is primarily the result of: improved occupancy rates; increased average rent per square foot from leasing activity; rental rate increases in existing leases; improved recovery rates; and, revenues from land use intensifications at certain properties.

The \$4,362 or 2.5% increase in same-asset cash NOI for the nine months ended September 30, 2017 over the same period in 2016 was impacted by the same factors noted above as well as the June 2016 \$58,823 investment in 10 Sobeys anchored properties which generated an additional \$2,058 in same-asset property cash NOI during the nine months ended September 30, 2017.

Acquisitions, dispositions and development property cash NOI increased \$1,569 for the three months ended September 30, 2017, and increased \$3,257 for the nine months ended September 30, 2017, over the same periods in 2016 primarily due to acquisitions in the fourth quarter of 2016 and the third quarter of 2017, offset in part by dispositions in the fourth quarter of 2016. During the second quarter of 2016, Crombie recorded \$10,344 net lease termination income from Target Canada.

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

Same-asset property cash NOI is as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,				Nine months ended September 30,			
	2017	2016	Variance	Percent	2017	2016	Variance	Percent
Retail and Commercial Mixed Use	\$ 58,587	\$ 57,481	\$ 1,106	1.9 %	\$ 174,291	\$ 169,623	\$ 4,668	2.8 %
Office	2,672	2,768	(96)	(3.5)%	8,050	8,356	(306)	(3.7)%
Same-asset property cash NOI	\$ 61,259	\$ 60,249	\$ 1,010	1.7%	\$ 182,341	\$ 177,979	\$ 4,362	2.5 %

Variances in same-asset property cash NOI for the three months ended September 30, 2017 compared to the same period in 2016 include:

- Retail and Commercial Mixed Use increased \$1,106 or 1.9% due to improved occupancy rates, increased base rent and related recoveries driven by new and renewal lease activity as well as continued land use intensification.
- Office decreased \$96 or 3.5% as a result of slight decreases in occupancy.

Same-asset property cash NOI for the nine months ended September 30, 2017 compared to the same period in 2016 were impacted by these same factors as well as the previously noted \$2,058 related to the additional investment in 10 Sobeys anchored properties.

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

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
Acquisitions and dispositions property cash NOI	\$ 8,974	\$ 8,182	\$ 792	\$ 25,502	\$ 12,743	\$ 12,759
Development property cash NOI	3,212	2,435	777	7,855	17,357	(9,502)
Total acquisitions, dispositions and development property cash NOI	\$ 12,186	\$ 10,617	\$ 1,569	\$ 33,357	\$ 30,100	\$ 3,257

For the three months ended September 30, 2017, acquisitions and dispositions property cash NOI increased \$792 compared to the three months ended September 30, 2016. The increase was the result of property acquisitions during 2016 and 2017, offset in part by property dispositions in the fourth quarter of 2016. For the nine months ended September 30, 2017, acquisitions and dispositions property cash NOI increased \$12,759 compared to the nine months ended September 30, 2016 as a result of the same acquisition and disposition activity as well as property dispositions in the first quarter of 2016.

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 a significant disruption in others. Consequently, comparison of period-over-period development operating results may not be meaningful. Lease termination income of \$10,344 from Target Canada is included in development property cash NOI for the nine months ended September 30, 2016.

Crombie undertakes development of properties to position them for long-term sustainability and growth in cash NOI resulting in improvement in value.

Property NOI for the three and nine months ended September 30, 2017 by province was as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	Property NOI	Property NOI		Property NOI	Property NOI	
AB	\$ 16,168	\$ 15,812	\$ 356	\$ 48,433	\$ 43,196	\$ 5,237
BC	9,125	8,794	331	27,257	21,964	5,293
MB	3,365	3,367	(2)	10,088	10,116	(28)
NB	3,545	3,106	439	9,493	10,830	(1,337)
NL	6,578	7,166	(588)	20,608	21,336	(728)
NS	15,885	14,256	1,629	44,522	43,414	1,108
ON	11,265	10,847	418	32,808	37,609	(4,801)
PE	447	486	(39)	1,234	1,353	(119)
QC	5,970	5,484	486	17,013	13,717	3,296
SK	1,817	1,707	110	5,243	5,286	(43)
Total	\$ 74,165	\$ 71,025	\$ 3,140	\$ 216,699	\$ 208,821	\$ 7,878

The significant variances in property NOI for the three and nine months ended September 30, 2017 compared to the same periods in 2016 primarily relate to:

- Alberta - property acquisitions including one in the first quarter of 2017; 10 properties acquired during 2016, including nine in the second quarter;
- British Columbia - property acquisitions including nine properties during 2016, eight in the second quarter and one in the third quarter as well as the previously mentioned June 2016 modernization investment in Sobeys anchored properties, offset in part by the disposition of one retail property in the third quarter of 2016;
- New Brunswick - acquisition of additional development on an existing office property in the fourth quarter of 2016 as well as the previously mentioned June 2016 modernization investment in Sobeys anchored properties, offset by lease termination income from Target Canada in the second quarter of 2016;

- Newfoundland and Labrador - property NOI decreased in the third quarter of 2017 when compared to the same period in 2016 on vacancy increases in the quarter and the related impact on cost recoveries.
- Nova Scotia - acquisition of one retail property in the second quarter of 2016 as well as the previously mentioned June 2016 modernization investment in Sobeys anchored properties, offset in part by the disposition of three retail properties in the fourth quarter of 2016 and lease termination income from Target Canada in the second quarter of 2016;
- Ontario - acquisition of two retail properties in the fourth quarter of 2016 and one in the third quarter of 2017 as well as the previously mentioned June 2016 modernization investment in Sobeys anchored properties, offset by lease termination income from Target Canada in the second quarter of 2016; and,
- Quebec - property acquisitions including 12 properties during 2016 and five in the third quarter of 2017, offset in part by the disposition of one property in the first quarter of 2016.

FFO AND AFFO

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

Funds from Operations (FFO)

Crombie follows the recommendations of the Real Property Association of Canada ("REALPAC") (February 2017 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, including amortization of tenant incentives charged against property revenue;
- Incremental internal leasing expenses;
- Deferred taxes;
- 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. FFO for 2016 has been restated to include the add back of incremental internal leasing expenses as recommended in REALPAC's white paper. This amount represents leasing expenses that would otherwise be capitalized if incurred by external sources. Crombie's expenditures on tenant incentives are capital in nature. Crombie considers these costs comparable to other capital costs incurred to earn property revenue. Whereas the depreciation and amortization of other capital costs is added back in the calculation of FFO as recommended by REALPAC, Crombie also adds back the amortization of tenant incentives. Crombie's method of calculating FFO may differ from other issuers' methods and accordingly may not be directly comparable to FFO reported by other issuers. The calculation of FFO for the three and nine months ended September 30, 2017 and 2016 is as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
Increase (decrease) in net assets attributable to Unitholders	\$ (12,039)	\$ (8,975)	\$ (3,064)	\$ 37,027	\$ 1,260	\$ 35,767
Add (deduct):						
Amortization of tenant incentives	2,759	3,433	(674)	9,261	8,294	967
Loss (gain) on disposal of investment properties	—	(1,225)	1,225	—	(27,729)	27,729
Depreciation of investment properties	20,217	17,712	2,505	56,171	49,069	7,102
Amortization of intangible assets	1,579	2,073	(494)	4,948	4,379	569
Amortization of deferred leasing costs	170	148	22	469	449	20
Internal leasing costs	606	512	94	1,818	1,536	282
Taxes – deferred	—	300	(300)	(75,400)	2,400	(77,800)
Finance costs – distributions to Unitholders	33,385	32,890	495	99,748	92,750	6,998
Finance costs (income) – change in fair value of financial instruments	(25)	(789)	764	(127)	(358)	231
FFO as calculated based on REALPAC recommendations	46,652	46,079	573	133,915	132,050	1,865
Adjustments:						
Net lease termination income from Target Canada	—	—	—	—	(10,344)	10,344
Subscription Receipts Adjustment Payment	—	—	—	—	613	(613)
FFO, as adjusted	\$ 46,652	\$ 46,079	\$ 573	\$ 133,915	\$ 122,319	\$ 11,596

For the nine months ended September 30, 2016, Crombie is providing FFO on an adjusted basis by reducing it by \$9,731. The following adjustments were made in 2016:

- During the nine months ended September 30, 2016, Crombie recorded net lease termination income from Target Canada of \$10,344 related to three Target Canada leases vacated in May, 2015. Due to its significant size, this amount has been deducted from FFO for the nine months ended September 30, 2016.
- During the nine months ended September 30, 2016, Crombie issued Subscription Receipts related to a property acquisition. While the funds from the Subscription Receipts were held in trust, Crombie incurred a net finance cost of \$613. This amount has been added back to FFO for the nine months ended September 30, 2016.

Management believes that FFO, as adjusted, is more reflective of Crombie's ongoing operating results by removing these amounts from FFO as calculated by following REALPAC recommendations. All FFO, and by extension AFFO, measures within the MD&A are based on these adjusted amounts.

For the three months ended September 30, 2017, FFO increased by \$573 or 1.2% compared to the three months ended September 30, 2016. The increase primarily relates to improved operating results, as previously discussed.

For the nine months ended September 30, 2017, FFO increased by \$11,596 or 9.5% compared to the nine months ended September 30, 2016. The increase primarily relates to property NOI increase which is attributable to the previously mentioned June 2016 modernization; improved occupancy rates; increased average rent per square foot from leasing activity; rental rate increases in existing leases; improved recovery rates; and, revenues from land use intensification at certain properties. This increase is partly offset by increased general and administrative expenses as well as increased finance costs - operations.

Adjusted Funds from Operations (AFFO)

Crombie follows the recommendations of REALPAC's February 2017 white paper in calculating AFFO and has applied these recommendations to the comparative AFFO amounts included in this MD&A. Crombie considers AFFO to be a useful measure in evaluating the recurring economic performance of its operating results which will be used to support future distribution payments. AFFO reflects earnings after the adjustments in arriving at FFO (excluding internal leasing costs) and the provision for non-cash straight-line rent included in revenue, amortization of effective swap agreements, maintenance capital expenditures, maintenance tenant incentives ("TI") and leasing costs and any settlement of effective interest rate swap agreements.

The calculation of AFFO for the three and nine months ended September 30, 2017 and 2016 is as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
FFO as calculated based on REALPAC recommendations	\$ 46,652	\$ 46,079	\$ 573	\$ 133,915	\$ 132,050	\$ 1,865
Add (deduct):						
Amortization of effective swap agreements	586	607	(21)	1,774	1,837	(63)
Straight-line rent adjustment	(3,479)	(3,592)	113	(10,262)	(9,036)	(1,226)
Internal leasing costs	(606)	(512)	(94)	(1,818)	(1,536)	(282)
Maintenance expenditures on a square footage basis	(4,440)	(4,451)	11	(13,232)	(13,187)	(45)
AFFO as calculated based on REALPAC recommendations	38,713	38,131	582	110,377	110,128	249
Adjustments:						
Net lease termination income from Target Canada	—	—	—	—	(10,344)	10,344
Subscription Receipts Adjustment Payment	—	—	—	—	613	(613)
AFFO, as adjusted	\$ 38,713	\$ 38,131	\$ 582	\$ 110,377	\$ 100,397	\$ 9,980

For the three months ended September 30, 2017, AFFO increased by \$582 or 1.5% compared to the three months ended September 30, 2016. The increase relates to the \$573 or 1.2% increase in FFO as previously discussed.

For the nine months ended September 30, 2017, AFFO increased by \$9,980 or 9.9% compared to the nine months ended September 30, 2016. The increase relates to the \$11,596 or 9.5% increase in FFO as previously discussed and further impacted by straight-line rent increases in 2017 compared to 2016.

Maintenance Capital Expenditures, Maintenance Tenant Incentives and Leasing Costs (“Maintenance Expenditures”)

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

Crombie’s policy is to charge AFFO and ACFO with maintenance expenditures based on a normalized rate per square foot 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 2017, Crombie is applying a rate of \$0.92 per square foot of GLA.

Crombie has applied the REALPAC February 2017 white paper on AFFO to the previously reported AFFO for 2016, resulting in an increase of \$0.14 per square foot for maintenance expenditures from the previously reported rate. The increase in the previously reported 2016 rate primarily relates to Crombie’s treatment of recoverable expenditures and resulted in an increased charge to AFFO of \$677 for the three months ended September 30, 2016 and \$1,890 for the nine months ended September 30, 2016 from the previously reported amounts.

Maintenance Expenditures - Actual

<i>(In thousands of CAD dollars)</i>	Nine months ended		Three months ended			Year ended Dec. 31, 2016	Three months ended			
	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017		Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016
Total additions to investment properties	\$ 29,913	\$ 19,107	\$ 13,921	\$ 8,751	\$ 7,241	\$ 29,928	\$ 10,821	\$ 7,880	\$ 4,291	\$ 6,936
Less: revenue enhancing expenditures	(22,285)	(12,839)	(11,389)	(6,713)	(4,183)	(18,948)	(6,109)	(5,692)	(2,879)	(4,268)
Maintenance capital expenditures	7,628	6,268	2,532	2,038	3,058	10,980	4,712	2,188	1,412	2,668
Total additions to TI and deferred leasing costs	12,708	69,846	2,476	5,324	4,908	75,119	5,273	4,545	63,237	2,064
Less: revenue enhancing expenditures	(9,927)	(64,497)	(1,754)	(4,157)	(4,016)	(68,722)	(4,225)	(3,350)	(60,526)	(621)
Maintenance TI and deferred leasing costs	2,781	5,349	722	1,167	892	6,397	1,048	1,195	2,711	1,443
Total maintenance expenditures - actual	\$ 10,409	\$ 11,617	\$ 3,254	\$ 3,205	\$ 3,950	\$ 17,377	\$ 5,760	\$ 3,383	\$ 4,123	\$ 4,111

Maintenance capital expenditures for the nine months ended September 30, 2017, are primarily payments for costs associated with building interior and exterior maintenance, roof repairs and ongoing parking deck and structural maintenance.

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

Maintenance TI and deferred leasing costs are the result of both lease renewals and new leases and are reflective of the leasing activity during 2016 and 2017.

Revenue enhancing expenditures are capitalized and depreciated or charged against revenue over their useful lives, but not deducted when calculating AFFO or ACFO. Revenue enhancing expenditures during the nine months ended September 30, 2017 consisted primarily of development work and GLA expansions at: Scotia Square, Halifax, NS; Sydney Shopping Centre, Sydney, NS; Rockhaven Centre, Peterborough, ON; Vaughan Harvey Plaza, Moncton, NB; Avalon Mall, St. John's, NL; Fort St. John, BC; Downsview Mall, Halifax, NS; Belmont Market, Victoria, BC; and, Davie Street, Vancouver, BC.

Depreciation, Amortization and Impairment

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
Same-asset depreciation and amortization	\$ 15,144	\$ 15,153	\$ 9	\$ 45,996	\$ 45,872	\$ (124)
Acquisitions, dispositions and development depreciation/amortization	6,822	4,780	(2,042)	15,592	8,025	(7,567)
Depreciation and amortization	\$ 21,966	\$ 19,933	\$ (2,033)	\$ 61,588	\$ 53,897	\$ (7,691)

Same-asset depreciation and amortization decreased by \$9 for the three months ended September 30, 2017 and increased by \$124 for the nine months ended September 30, 2017 compared to the same periods in 2016. Same-asset depreciation and amortization should remain stable quarter over quarter as certain components of investment property are amortized over the term of tenant leases and will increase as a result of capital additions and improvements to same-asset investment properties.

Acquisitions, dispositions and development depreciation and amortization increased as a result of net acquisition activity during the first nine months of 2017 and 2016, including the acquisition of one property in the first quarter of 2017, six properties in the third quarter of 2017, the acquisition of 41 properties during 2016 and the disposition of 19 properties in 2016, including 10 properties in the first quarter of 2016. In the second quarter of 2017, a property in Vancouver was moved from same-asset to acquisitions, dispositions and development to reflect the change in its status. The economic life of the building was also amended resulting in an increase of \$2,661 in depreciation and amortization for the three months ended September 30, 2017 and \$3,548 for the nine months ended September 30, 2017.

Crombie's total fair value of investment properties, including properties held for sale, exceeds carrying value by \$930,365 at September 30, 2017 (September 30, 2016 - \$833,348). Crombie uses the cost method for accounting for investment properties, and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment, if any, is recognized on a property by property basis when circumstances indicate that fair value is less than carrying value.

General and Administrative Expenses

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

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
Salaries and benefits	\$ 3,022	\$ 2,140	\$ (882)	\$ 8,599	\$ 7,644	\$ (955)
Professional fees	301	240	(61)	2,067	1,067	(1,000)
Public company costs	574	394	(180)	1,612	1,275	(337)
Rent and occupancy	203	210	7	684	633	(51)
Other	575	562	(13)	1,869	1,456	(413)
General and administrative expenses	\$ 4,675	\$ 3,546	\$ (1,129)	\$ 14,831	\$ 12,075	\$ (2,756)
As a percentage of property revenue	4.6%	3.6%	(1.0)%	4.8%	4.1%	(0.7)%

For the three months ended September 30, 2017, general and administrative expenses, as a percentage of property revenue, were 4.6%, an increase of 1.0% from the same period in 2016, with expenses increasing \$1,129 or 31.8% and property revenue increasing 3.7%. For the nine months ended September 30, 2017, general and administrative expenses, as a percentage of property revenue, increased 0.7% compared to the nine months ended

September 30, 2016, with expenses increasing \$2,756 or 22.8% and property revenue increasing by 3.9%. Effective June 30, 2017, Crombie underwent a tax reorganization which resulted in the elimination of the \$76,400 deferred tax liability associated with Crombie's most significant corporate subsidiary. Costs related to the reorganization of approximately \$1,059 are included in professional fees for the nine months ended September 30, 2017. Excluding these costs, general and administrative expenses represent 4.5% of property revenue for the nine months ended September 30, 2017.

General and administrative expenses also increased due to increases in employee recruitment, transition, hiring and personnel development costs.

Finance Costs - Operations

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
Finance costs	\$ 24,648	\$ 23,898	\$ (750)	\$ 73,844	\$ 69,617	\$ (4,227)
Subscription Receipts Adjustment Payment	—	—	—	—	613	613
Amortization of effective swaps and deferred financing charges	1,596	1,444	(152)	5,252	4,270	(982)
Finance costs – operations	\$ 26,244	\$ 25,342	\$ (902)	\$ 79,096	\$ 74,500	\$ (4,596)

Finance costs for the three and nine months ended September 30, 2017 increased by \$750 and \$4,227, respectively, compared to the same periods in 2016. The increases relate to the significant acquisition activity in 2017 and 2016 funded with new mortgages, floating rate bank debt, proceeds from dispositions and the issuance of new units. The increases were partly offset by lower interest rates on new and refinanced debt. On July 4, 2017, Crombie redeemed \$60,000 of 5.00% Convertible Debentures scheduled to mature September 30, 2019.

During the nine months ended September 30, 2016, Crombie issued Subscription Receipts related to a property acquisition transaction. While the funds from the Subscription Receipts were held in trust, Crombie incurred a net finance cost of \$613.

Finance Costs - Distributions

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

Details of distributions to Unitholders are as follows:

<i>(In thousands of CAD dollars, except as otherwise noted)</i>	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Distributions to Unitholders	\$ 19,735	\$ 19,445	\$ 58,966	\$ 54,873
Distributions to Special Voting Unitholders	13,650	13,445	40,782	37,877
Total distributions	\$ 33,385	\$ 32,890	\$ 99,748	\$ 92,750
FFO payout ratio	71.6%	71.4%	74.5%	75.8%
AFFO payout ratio	86.2%	86.3%	90.4%	92.4%
ACFO payout ratio	91.1%	85.9%	89.8%	90.8%

The increase in distributions relates to the issuance of 8,952,400 REIT Units and 6,353,741 Class B LP Units and attached Special Voting Units on June 29, 2016 as well as units issued under Crombie's distribution reinvestment plan (the "DRIP").

Income Taxes

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

Crombie has organized its assets and operations to satisfy the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT. Crombie's management and its advisors have completed an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it met the REIT criteria throughout 2016 and continues to do so. The relevant tests apply throughout the taxation year of Crombie and as such the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

Effective June 30, 2017, Crombie underwent a tax reorganization, as approved by unitholders, which resulted in the elimination of the deferred tax liability of \$76,400 associated with its most significant corporate subsidiary.

Taxation of Distributions

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

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

Taxation Year	Return of Capital	Investment Income	Dividend Income	Capital Gains
2016 per \$ of distribution	24.9%	54.5%	0.0%	20.6%
2015 per \$ of distribution	56.3%	28.8%	13.4%	1.5%
2014 per \$ of distribution	64.4%	18.1%	0.0%	17.5%
2013 per \$ of distribution	90.2%	9.8%	0.0%	0.0%
2012 per \$ of distribution	67.1%	32.9%	0.0%	0.0%

LIQUIDITY AND CAPITAL RESOURCES

The real estate industry is highly capital intensive.

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

Crombie expects to refinance debt obligations as they mature.

Crombie has the following sources of financing available to fund future growth:

(i) secured short-term financing through an authorized revolving credit facility, maturing June 30, 2021, of up to \$400,000, subject to available borrowing base, of which \$100,491 (\$108,627 including outstanding letters of credit) was drawn at September 30, 2017;

(ii) unsecured short-term financing through an authorized floating rate revolving credit facility, maturing May 16, 2019, of up to \$100,000, of which \$100,000 was drawn at September 30, 2017;

(iii) secured mortgage and term debt on unencumbered assets, Crombie currently has \$955,284 of fair value in unencumbered properties;

(iv) the issuance of additional senior unsecured notes;

(v) the issuance of additional unsecured convertible debentures; and,

(vi) the issuance of new units.

Capital Structure

<i>(In thousands of CAD dollars)</i>	September 30, 2017		December 31, 2016		September 30, 2016	
Investment property debt	\$ 1,965,221	49.5%	\$ 1,865,477	49.3%	\$ 1,859,222	49.2%
Senior unsecured notes	474,890	12.0%	398,588	10.5%	398,461	10.6%
Convertible debentures	73,069	1.8%	132,134	3.5%	131,980	3.5%
Crombie REIT Unitholders	873,232	22.0%	834,203	22.0%	831,290	22.0%
Special Voting Units and Class B Limited Partnership Unitholders	583,456	14.7%	555,943	14.7%	553,782	14.7%
	\$ 3,969,868	100.0%	\$ 3,786,345	100.0%	\$ 3,774,735	100.0%

Liquidity and Financing Sources

Revolving credit facility

Crombie has in place an authorized floating rate revolving credit facility of up to \$400,000 (the "revolving credit facility"), with a maturity date of June 30, 2021, of which \$100,491 (\$108,627 including outstanding letters of credit) was drawn as at September 30, 2017. The revolving credit facility is secured by a pool of first and second mortgages on certain properties. Borrowings under the revolving credit facility can be by way of Bankers Acceptance or Prime Rate 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. Funds available for drawdown pursuant to the revolving credit facility are determined with reference to the value of the Borrowing Base (as defined under "Borrowing Capacity and Debt Covenants") relative to certain financial covenants of Crombie. As at September 30, 2017, Crombie had sufficient Borrowing Base to permit \$396,700 of funds to be drawn pursuant to the revolving credit facility, subject to certain other financial covenants. See "Borrowing Capacity and Debt Covenants".

Unsecured Bilateral Credit Facility

The unsecured bilateral credit facility has a maximum principal amount of \$100,000, of which \$100,000 was drawn as at September 30, 2017, and matures May 16, 2019. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. Borrowings under the bilateral credit facility can be by way of Bankers Acceptance or Prime Rate Advance and the Floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS.

Mortgage debt

As of September 30, 2017, Crombie had fixed rate mortgages outstanding of \$1,773,646 (\$1,776,716 after including the fair value debt adjustment of \$3,070), carrying a weighted average interest rate of 4.33% (after giving effect to the interest rate subsidy from Empire under an omnibus subsidy agreement) and a weighted average term to maturity of 5.7 years.

From time to time, Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount (see "Risk Management"). Crombie currently has no such outstanding interest rate swap agreements.

Principal repayments of the debt are scheduled as follows:

12 Months Ending	Maturing Debt Balances				Payments of Principal	Total Required Payments	% of Total
	Fixed Rate	Floating Rate	Total	% of Total			
September 30, 2018	\$ 64,666	\$ —	\$ 64,666	4.0%	\$ 54,230	\$ 118,896	6.0%
September 30, 2019	15,711	100,000	115,711	7.2%	54,567	170,278	8.6%
September 30, 2020	282,818	—	282,818	17.5%	49,638	332,456	16.8%
September 30, 2021	63,173	100,491	163,664	10.2%	46,875	210,539	10.7%
September 30, 2022	253,167	—	253,167	15.7%	41,825	294,992	15.0%
Thereafter	730,568	—	730,568	45.4%	116,408	846,976	42.9%
Total ⁽¹⁾	\$ 1,410,103	\$ 200,491	\$ 1,610,594	100.0%	\$ 363,543	\$ 1,974,137	100.0%

⁽¹⁾ Excludes fair value debt adjustment of \$3,070 and deferred financing charges of \$11,986.

Of the maturing debt balances, only 25.8% of fixed rate debt and 28.7% of total maturing debt balances mature over the next three years.

Senior unsecured notes

	Maturity Date	Effective Interest Rate	September 30, 2017		
			September 30, 2017	December 31, 2016	September 30, 2016
Series A	October 31, 2018	3.986%	\$ 175,000	\$ 175,000	\$ 175,000
Series B	June 1, 2021	3.720%	175,000	100,000	100,000
Series C	February 10, 2020	2.775%	125,000	125,000	125,000
Unamortized Series B issue premium			1,421	240	253
Deferred financing charges			(1,530)	(1,652)	(1,792)
			\$ 474,890	\$ 398,588	\$ 398,461

On March 3, 2017, Crombie issued, on a private placement basis, an additional \$75,000 aggregate principal amount of 3.962% Series B Notes (senior unsecured) (the "Additional Notes"), maturing June 1, 2021. The Additional Notes were priced with an effective yield to maturity of 3.48% and sold at a price of \$1,018.84 per \$1,000 principal amount plus accrued interest.

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

Convertible debentures

	Conversion Price	Maturity Date	Interest Rate	September 30, 2017		
				September 30, 2017	December 31, 2016	September 30, 2016
Series D	\$ 20.10	July 4, 2017	5.00%	\$ —	\$ 60,000	\$ 60,000
Series E (CRR.DB.E)	\$ 17.15	March 31, 2021	5.25%	74,400	74,400	74,400
Deferred financing charges				(1,331)	(2,266)	(2,420)
				\$ 73,069	\$ 132,134	\$ 131,980

Maximum REIT Units issuable at September 30, 2017 was 4,338,192 for Series E Debentures.

On July 4, 2017, Crombie exercised its right to redeem its 5.00% Series D Convertible Unsecured Subordinated Debentures originally scheduled to mature on September 30, 2019 (the "Debentures") in accordance with the terms of the supplemental trust indenture. Upon redemption, Crombie paid the holders of Debentures \$1,013.01 per \$1,000 principal amount of Debentures, representing the principal amount plus accrued and unpaid interest.

The Series E Debentures (issued August 14, 2013) pay interest semi-annually on March 31 and September 30 of each year and Crombie has the option to pay interest on any interest payment date by issuing REIT Units and applying the proceeds to satisfy its interest obligation.

For the first three years from the date of issue, there is no ability to redeem the convertible debentures, after which, each series of convertible debentures has a period, lasting two years, during which the convertible debentures may be redeemed, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted average trading price of the REIT Units on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given exceeds 125% of the conversion price. After the end of the five year period from the date of issue, and to the maturity date, the convertible debentures may be redeemed, in whole or in part, at any time at the redemption price equal to the principal amount thereof plus accrued and unpaid interest. Provided that there is not a current event of default, Crombie will have the option to satisfy its obligation to pay the principal amount of the convertible debentures at maturity or upon redemption, in whole or in part, by issuing the number of REIT Units equal

to the principal amount of the convertible debentures then outstanding divided by 95% of the volume-weighted average trading price of the REIT Units for a stipulated period prior to the date of redemption or maturity, as applicable. Upon change of control of Crombie, convertible debenture holders have the right to put the convertible debentures to Crombie at a price equal to 101% of the principal amount plus accrued and unpaid interest.

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

For the nine months ended September 30, 2017, Crombie issued 1,088,522 REIT Units and 771,981 Class B LP Units under its DRIP at a three percent (3%) discount to market prices as determined under the DRIP.

Total units outstanding at October 31, 2017, were as follows:

Units	88,795,981
Special Voting Units ⁽¹⁾	61,513,673

⁽¹⁾ Crombie Limited Partnership, a subsidiary of Crombie, has also issued 61,513,673 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.

In addition to the total units outstanding at October 31, 2017, Crombie has convertible debentures which could result in a total of 4,338,192 REIT Units being issued should all outstanding debentures be converted.

Sources and Uses of Funds

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
Cash provided by (used in):						
Operating activities	\$ 38,343	\$ 38,426	\$ (83)	\$ 69,796	\$ 50,681	\$ 19,115
Financing activities	72,281	(3,090)	75,371	94,953	405,859	(310,906)
Investing activities	(110,624)	(35,336)	(75,288)	(164,749)	(457,597)	292,848
Net change during the period	\$ —	\$ —	\$ —	\$ —	\$ (1,057)	\$ 1,057

Operating Activities

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
Cash provided by (used in):						
Net assets attributable to Unitholders and non-cash items	\$ 19,200	\$ 16,060	\$ 3,140	\$ 51,920	\$ 48,568	\$ 3,352
Non-cash operating items	19,143	22,366	(3,223)	17,876	2,113	15,763
Cash provided by (used in) operating activities	\$ 38,343	\$ 38,426	\$ (83)	\$ 69,796	\$ 50,681	\$ 19,115

For the three months ended September 30, 2017, cash from operating activities decreased by \$83 over the same period in 2016. Cash from operations increased \$3,140 primarily due to improved operating results. Cash flows from non-cash operating items are impacted by the timing of receipts on trade receivables and payments on prepaid expenses and payables. During the third quarter of 2016, Crombie decreased trade receivables \$18,421 which is the primary reason for the decrease of \$3,223 in non-cash operating items when compared to the same period in 2016.

For the nine months ended September 30, 2017, cash from operating activities increased \$19,115 over the same period in 2016. The increase primarily relates to the decrease in prepaid expenses and deposits as Crombie received \$8,600 in mortgage proceeds held back from December 2016 as well as an increase in payables and other liabilities higher than the increase last year.

Financing Activities

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
Cash provided by (used in):						
Issuance of new mortgages	\$ —	\$ 30,000	\$ (30,000)	\$ 192,783	\$ 69,670	\$ 123,113
Regular principal repayment of mortgages	(13,402)	(12,048)	(1,354)	(39,902)	(36,737)	(3,165)
Lump sum principal repayment of mortgages	(11,573)	(8,750)	(2,823)	(50,379)	(49,774)	(605)
Net issue (repayment) on credit facilities	158,433	(5,969)	164,402	(19,883)	211,371	(231,254)
Deferred financing charges - investment property debt	(1,216)	(600)	(616)	(3,346)	(1,868)	(1,478)
Issuance of senior unsecured notes	—	—	—	76,413	—	76,413
Deferred financing charges - senior unsecured notes	—	—	—	(347)	—	(347)
Redemption of convertible debentures	(60,000)	—	(60,000)	(60,000)	—	(60,000)
Net issue of REIT Units and Class B LP Units	—	—	—	—	219,111	(219,111)
Other items (net)	39	(5,723)	5,762	(386)	(5,914)	5,528
Cash provided by (used in) financing activities	\$ 72,281	\$ (3,090)	\$ 75,371	\$ 94,953	\$ 405,859	\$ (310,906)

Cash from financing activities for the three months ended September 30, 2017 increased by \$75,371 from the same period in 2016. During the three months ended September 30, 2017, Crombie increased the balance of its floating rate credit facilities by \$158,433 (three months ended September 30, 2016 - decrease of \$5,969) to fund property acquisitions and redemption of convertible debentures. Crombie also repaid \$11,573 (three months ended September 30, 2016 - \$8,750) in maturing mortgages.

Cash from financing activities for the nine months ended September 30, 2017 decreased by \$310,906 over the same period in 2016. During the nine months ended September 30, 2017, Crombie issued \$192,783 (nine months ended September 30, 2016 - \$69,670) in new mortgages with a weighted average interest rate of 3.43% and utilized the proceeds for property acquisitions and to reduce floating rate credit facilities in the second quarter. Crombie also repaid \$50,379 (nine months ended September 30, 2016 - \$49,774) in maturing mortgages. On March 3, 2017, Crombie issued an additional \$75,000 of the 3.962% Series B Notes (senior unsecured) for gross proceeds of \$76,413, resulting in an effective yield to maturity of 3.48%. The proceeds were used to reduce floating rate credit facilities. During the nine months ended September 30, 2016, Crombie disposed of 14 retail properties with the proceeds used to pay out maturing mortgages and reduce floating rate credit facilities. In conjunction with the purchase of properties completed on June 29, 2016, Crombie issued 8,952,400 REIT Units and 6,353,741 Class B LP Units for net proceeds of \$219,111 and increased floating rate debt during the period.

Investing Activities

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
Cash provided by (used in):						
Acquisition of investment properties	\$ (93,533)	\$ (34,202)	\$ (59,331)	\$ (119,357)	\$ (529,824)	\$ 410,467
Additions to investment properties	(13,921)	(7,880)	(6,041)	(29,913)	(19,107)	(10,806)
Proceeds on disposal of investment properties	—	11,291	(11,291)	—	161,180	(161,180)
Additions to tenant incentives	(2,190)	(4,293)	2,103	(11,801)	(69,178)	57,377
Additions to deferred leasing costs	(286)	(252)	(34)	(907)	(668)	(239)
Other items (net)	(694)	—	(694)	(2,771)	—	(2,771)
Cash provided by (used in) investing activities	\$ (110,624)	\$ (35,336)	\$ (75,288)	\$ (164,749)	\$ (457,597)	\$ 292,848

Cash used in investing activities for the three months ended September 30, 2017 increased by \$75,288 over the same period in 2016. During the three months ended September 30, 2017, Crombie completed six property acquisitions and acquisition of additional development on a pre-existing retail property for net cash of \$93,533. During the three months ended September 30, 2016, Crombie completed property acquisitions for net cash of \$34,202 as well as the disposition of two retail properties for net proceeds of \$11,291.

Cash used in investing activities for the nine months ended September 30, 2017 decreased by \$292,848 over the same period in 2016. During the nine months ended September 30, 2016, including the above noted transactions completed in the third quarter, Crombie completed property acquisitions for cash consideration of \$529,824; and, disposed of 14 retail properties for net proceeds of \$161,180, realizing a gain on disposal of \$27,729, utilizing the proceeds to pay down debt.

Adjusted Cash Flow from Operations (ACFO)

Crombie considers ACFO to be a useful measure in evaluating sustainable, economic cash flows to fund distributions to unitholders. ACFO is not a measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. As such, this non-GAAP financial measure should not be considered as an alternative to cash provided from operating activities or any other measure prescribed under IFRS. ACFO as computed by

Crombie may differ from similar computations as reported by other REITs and, accordingly, may not be comparable to other such issuers. Crombie follows the recommendations of REALPAC's February 2017 white paper in calculating ACFO and defines ACFO as cash flow from operations (computed in accordance with IFRS), adjusted for the following applicable amounts:

- Distributions to unitholders included in cash flow from operations;
- Non-cash DRIP amounts included in distributions;
- Change in working capital;
- Capital expenditures;
- Taxes related to non-operating activities; and,
- Deferred financing charges.

REALPAC provides for other adjustments in determining ACFO which are currently not applicable to Crombie, therefore not included in the above list. The calculation of ACFO for the three and nine months ended September 30, 2017 and 2016 is as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Cash flow from operations	\$ 38,343	\$ 38,426	\$ 69,796	\$ 50,681
Adjusted for:				
Distributions to unitholders included in cash flow from operations	33,385	32,890	99,748	92,750
Non-cash DRIP amount included in above distributions	(8,513)	(5,534)	(24,785)	(15,552)
Change in non-cash working capital balances not indicative of sustainable cash flows	(21,104)	(22,210)	(16,974)	(334)
Amounts from joint ventures not included in cash flow from operations	—	—	—	—
Reserve for maintenance expenditures	(4,440)	(4,451)	(13,232)	(13,187)
Realized gains on marketable securities not included in cash flow from operations	—	—	—	—
Amortization of deferred financing charges	(1,010)	(837)	(3,478)	(2,433)
ACFO as calculated based on REALPAC recommendations	36,661	38,284	111,075	111,925
Adjustments:				
Net lease termination income from Target Canada	—	—	—	(10,344)
Subscription Receipts Adjustment Payment	—	—	—	613
ACFO, as adjusted	36,661	38,284	111,075	102,194
Total distributions declared during the period	33,385	32,890	99,748	92,750
Excess of ACFO over total distributions	\$ 3,276	\$ 5,394	\$ 11,327	\$ 9,444
ACFO payout ratio	91.1%	85.9%	89.8%	90.8%

Crombie has made the above-noted adjustments to ACFO as calculated based on REALPAC recommendations. These adjustments were made to better reflect sustainable, economic cash flows to fund distributions.

Borrowing Capacity and Debt Covenants

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

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

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

At September 30, 2017, the remaining amount available under the revolving credit facility was \$296,000 (prior to reduction for standby letters of credit outstanding of \$8,136) and was not limited by the Aggregate Borrowing Base. At September 30, 2017, Crombie remained in compliance with all debt covenants.

Debt to Gross Book Value - Fair Value Basis

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

Debt to gross book value on a fair value basis includes investment properties measured at fair value with all other components of gross book value measured at the carrying value included in Crombie's financial statements.

The debt to gross book value on a fair value basis was 50.2% and 50.5% at September 30, 2017 and September 30, 2016, respectively. These leverage ratios are below the maximum 60%, or 65% including convertible debentures, as permitted by Crombie's Declaration of Trust. On a long-term basis, Crombie intends to maintain reasonable overall indebtedness so as to maintain and strengthen its investment grade rating.

During the nine months ended September 30, 2017, Crombie's weighted average cap rate used in the determination of the fair value of its investment properties decreased 0.11% to 5.77%.

<i>(In thousands of CAD dollars, except as otherwise noted)</i>	As at				
	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016
Fixed rate mortgages	\$ 1,776,716	\$ 1,783,294	\$ 1,738,431	\$ 1,655,817	\$ 1,528,048
Senior unsecured notes	475,000	475,000	475,000	400,000	400,000
Convertible debentures	74,400	134,400	134,400	134,400	134,400
Revolving credit facility payable	100,491	12,058	31,766	120,374	241,371
Bilateral credit facility	100,000	30,000	20,000	100,000	100,000
Total debt outstanding	2,526,607	2,434,752	2,399,597	2,410,591	2,403,819
Less: Applicable fair value debt adjustment	(1,194)	(1,273)	(1,352)	(1,452)	(1,509)
Debt	\$ 2,525,413	\$ 2,433,479	\$ 2,398,245	\$ 2,409,139	\$ 2,402,310
Investment properties, at fair value	\$ 4,969,000	\$ 4,817,000	\$ 4,767,000	\$ 4,752,000	\$ 4,732,000
Other assets, cost ⁽¹⁾	38,409	54,707	42,093	54,536	48,769
Deferred financing charges	14,847	14,641	15,281	14,631	14,409
Investment in joint ventures	5,213	2,940	1,339	815	—
Interest rate subsidy	(1,194)	(1,273)	(1,352)	(1,452)	(1,509)
Fair value adjustment to deferred taxes	—	—	(34,120)	(34,120)	(34,299)
Gross book value - fair value basis	\$ 5,026,275	\$ 4,888,015	\$ 4,790,241	\$ 4,786,410	\$ 4,759,370
Debt to gross book value - fair value basis	50.2%	49.8%	50.1%	50.3%	50.5%

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

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

Interest and Debt Service Coverage Ratios

Crombie's interest and debt service coverage ratios for the nine months ended September 30, 2017 were 2.86 times EBITDA and 1.87 times EBITDA, respectively. This compares to 2.92 times EBITDA and 1.91 times EBITDA, respectively, for the nine months ended September 30, 2016. The decrease in the coverage ratios is attributable to:

- an increase in adjusted interest expense of \$3,614 or 5.1% as Crombie increased fixed rate mortgage debt by \$248,668 and senior unsecured notes by \$75,000 since September 30, 2016 and reduced lower cost floating rate debt by \$140,880 over that same period; and,
- Crombie's improved operating results, with EBITDA increasing \$6,089 or 3.0%.

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

<i>(In thousands of CAD dollars, except as otherwise noted)</i>	Nine months ended September 30,	
	2017	2016
Property revenue	\$ 306,146	\$ 294,732
Amortization of tenant incentives	9,261	8,294
Adjusted property revenue	315,407	303,026
Property operating expenses	(89,447)	(85,911)
General and administrative expenses	(14,831)	(12,075)
EBITDA (1)	\$ 211,129	\$ 205,040
Finance costs – operations	\$ 79,096	\$ 74,500
Amortization of deferred financing charges	(3,478)	(2,433)
Amortization of effective swap agreements	(1,774)	(1,837)
Adjusted interest expense (2)	\$ 73,844	\$ 70,230
Debt repayments (advances)	\$ 110,164	(124,860)
Change in fair value debt premium	(835)	366
Payments relating to interest rate subsidy	(258)	(212)
Advances (payments) relating to credit facilities	(19,883)	211,371
Lump sum payments on mortgages	(50,379)	(49,774)
Adjusted debt repayments (3)	\$ 38,809	\$ 36,891
Interest service coverage ratio $\{(1)/(2)\}$	2.86	2.92
Debt service coverage ratio $\{(1)/((2)+(3))\}$	1.87	1.91

ACCOUNTING

Related Party Transactions

As at September 30, 2017, Empire, through its wholly-owned subsidiary ECLD, holds a 41.5% (fully diluted 40.3%) 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 key management personnel and post-employment benefit plans.

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

Crombie's transactions with related parties are as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Property revenue				
Property revenue	\$ 50,787	\$ 43,805	\$ 157,317	\$ 128,907
Head lease income	\$ 170	\$ 78	\$ 532	\$ 283
Lease termination income	\$ 61	\$ —	\$ 102	\$ —
Property operating expenses	\$ (16)	\$ (18)	\$ (29)	\$ (45)
General and administrative expenses				
Property management services recovered	\$ 165	\$ 174	\$ 484	\$ 744
Other general and administrative expenses	\$ (67)	\$ (102)	\$ (204)	\$ (202)
Finance costs - operations				
Interest on convertible debentures	\$ (13)	\$ (303)	\$ (608)	\$ (901)
Interest rate subsidy	\$ 79	\$ 59	\$ 258	\$ 212
Interest income	\$ —	\$ 178	\$ —	\$ 533
Finance costs - distributions to Unitholders	\$ (13,853)	\$ (13,647)	\$ (41,388)	\$ (38,484)

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 in general and administrative expenses.

In addition to the above:

- On September 29, 2017, Crombie acquired approximately 31,000 square feet of additional gross leaseable area from a subsidiary of Empire for \$7,671 before closing and transaction costs.
- On May 4, 2017, Crombie acquired a development property in British Columbia for \$31,136 before closing and transaction costs and settled the long-term receivable previously advanced to a subsidiary of Empire as part of the transaction.
- On March 16, 2017, Crombie acquired a retail property in Alberta and assumed the related land lease from Empire including approximately 50,000 square feet of gross leaseable area for \$8,320 before closing and transaction costs.
- During the first nine months of 2017, Crombie issued 771,981 (September 30, 2016 - 466,326) Class B LP Units to ECLD under the DRIP.
- During the third quarter of 2016, Crombie acquired a retail property in British Columbia from Empire including 61,600 square feet of gross leaseable area for \$26,400 before closing and transaction costs. In addition, Crombie closed on the disposition of a retail property in British Columbia to Empire including 21,300 square feet of gross leaseable area for \$9,057 before closing and transaction costs. This transaction resulted in a gain on disposal of \$959.
- On June 29, 2016, Crombie completed the acquisition of a portfolio of properties and the investment in the renovation and expansion of 10 existing Sobeys anchored properties. The transaction total was approximately \$418 million before closing and transaction costs. As partial consideration, Crombie issued to Empire 6,353,741 Class B LP Units and the attached SVUs at a price of \$14.70 per Class B LP Unit for gross consideration of \$93,400.

Additional details on Crombie's related party transactions are described in the MD&A for the year ended December 31, 2016.

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, income taxes, investment properties, purchase price allocations and fair value of financial instruments. These estimates are based on historical experience and management's best knowledge of current events and actions that Crombie may undertake in the future. Actual results could differ from these estimates.

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

Critical Accounting Estimates and Assumptions

Critical accounting estimates and assumptions are discussed under the section "Critical Accounting Estimates and Assumptions" in the 2016 Annual MD&A.

Critical Judgments

Critical judgments are discussed under the section "Critical Judgments" in the 2016 Annual MD&A.

Financial Instruments

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

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

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

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

Level 3 - unobservable inputs for the asset or liability.

The following table provides information on financial assets and liabilities measured at fair value as at September 30, 2017:

<i>(In thousands of CAD dollars)</i>		September 30, 2017		December 31, 2016		September 30, 2016	
Financial assets	Level						
Marketable securities	1	\$ 1,224	\$	—	\$	—	
Marketable securities	3	—		2,290		2,363	
Total financial assets measured at fair value		<u>\$ 1,224</u>	<u>\$</u>	<u>2,290</u>	<u>\$</u>	<u>2,363</u>	

During the first quarter of 2017, Crombie transferred marketable securities with a fair value of \$2,290 from Level 3 into Level 1. The transfer related to reduced price volatility and increased trading volume of the marketable securities held. There were no other transfers during the nine months ended September 30, 2017.

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
- Restricted cash
- Trade and other payables (excluding embedded derivatives).

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

<i>(In thousands of CAD dollars)</i>	September 30, 2017		December 31, 2016		September 30, 2016	
	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets						
Long-term receivables ⁽¹⁾	\$ 6,698	\$ 6,652	\$ 19,999	\$ 19,969	\$ 19,930	\$ 19,897
Total other financial assets	\$ 6,698	\$ 6,652	\$ 19,999	\$ 19,969	\$ 19,930	\$ 19,897
Financial liabilities						
Investment property debt	\$ 2,012,445	\$ 1,977,207	\$ 1,959,091	\$ 1,876,191	\$ 1,997,962	\$ 1,869,419
Senior unsecured notes	474,668	475,000	402,361	400,000	407,335	400,000
Convertible debentures	76,632	74,400	139,147	134,400	141,488	134,400
Total other financial liabilities	\$ 2,563,745	\$ 2,526,607	\$ 2,500,599	\$ 2,410,591	\$ 2,546,785	\$ 2,403,819

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

The fair value of convertible debentures is a Level 1 measurement and the long-term receivables, investment property debt and senior unsecured notes are Level 2.

Commitments and Contingencies

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

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

Crombie obtains letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at September 30, 2017, Crombie has a total of \$8,136 in outstanding letters of credit related to:

<i>(In thousands of CAD dollars)</i>	September 30,	
	2017	2016
Construction work being performed on investment properties	\$ 3,296	\$ 2,027
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	4,840	—
Total outstanding letters of credit	\$ 8,136	\$ 2,027

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

Land leases have varying terms ranging from eight to 72 years including renewal options. For the three and nine months ended September 30, 2017, Crombie paid \$463 and \$1,240 in land lease payments to third party landlords (three and nine months ended September 30, 2016 - \$357 and \$1,067).

As at September 30, 2017, Crombie had signed construction contracts totalling \$71,496 of which \$35,165 has been paid.

RISK MANAGEMENT

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. These risks are discussed more fully under the section "Risk Management" in the 2016 Annual MD&A. There has been no significant change in Crombie's risk management since that time. Crombie is providing specific risk updates for September 30, 2017 for dollar amount changes during the current quarter:

Credit risk

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

Crombie mitigates credit risk by geographical diversification, utilizing staggered lease maturities, 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, Sobeys, represents 52.6% of annual minimum rent; no other tenant accounts for more than 5.1% of Crombie's annual 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 \$50,787 and \$157,317 respectively for the three and nine months ended September 30, 2017 (three and nine months ended September 30, 2016 - \$43,805 and \$128,907 respectively) from Sobeys Inc. and other subsidiaries of Empire.

Over the next five years, leases representing no more than 4.7% of the gross leaseable area of Crombie will expire in any one year.

Receivables are substantially comprised of current balances due from tenants. The balance of accounts receivable past due is not significant. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoiced, and in general, balances over 30 days are considered past due. None of the receivable balances are considered impaired.

The provision for doubtful accounts is reviewed at each balance sheet date. A provision is taken on accounts receivable from independent accounts and is recorded as a reduction to its respective receivable account on the balance sheet. Crombie updates its estimate of provision for doubtful accounts based on past due balances on accounts receivable. Current and long-term accounts receivable are reviewed on a regular basis and are provided for when collection is considered uncertain.

There have been no significant changes to Crombie's credit risk since December 31, 2016.

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 September 30, 2017:

- Crombie's weighted average term to maturity of its fixed rate mortgages was 5.7 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 \$100,491 at September 30, 2017;
- Crombie has a floating rate bilateral credit facility available to a maximum of \$100,000 with a balance of \$100,000 at September 30, 2017; and,
- Crombie has interest rate swap agreements in place on \$121,438 of floating rate mortgage debt.

Crombie estimates that \$580 of accumulated other comprehensive income (loss) will be reclassified to finance costs during the remaining quarter of 2017, based on all settled swap agreements as of September 30, 2017.

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

(In thousands of CAD dollars)

Impact of a 0.5% interest rate change

Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility	Decrease in rate		Increase in rate	
Three months ended September 30, 2017	\$	216	\$	(216)
Three months ended September 30, 2016	\$	437	\$	(437)
Nine months ended September 30, 2017	\$	344	\$	(344)
Nine months ended September 30, 2016	\$	757	\$	(757)

There have been no significant changes to Crombie's interest rate risk since December 31, 2016.

Liquidity risk

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

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

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

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

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

(In thousands of CAD dollars)	Twelve months ending September 30,						
	Contractual Cash Flows ⁽¹⁾	2018	2019	2020	2021	2022	Thereafter
Fixed rate mortgages ⁽²⁾	\$ 2,141,957	\$ 192,379	\$ 139,451	\$ 389,678	\$ 158,549	\$ 336,089	\$ 925,811
Senior unsecured notes	516,169	17,379	185,984	133,186	179,620	—	—
Convertible debentures	88,071	3,906	3,906	3,906	76,353	—	—
	2,746,197	213,664	329,341	526,770	414,522	336,089	925,811
Floating rate debt	216,331	5,928	104,800	2,921	102,682	—	—
Total	\$ 2,962,528	\$ 219,592	\$ 434,141	\$ 529,691	\$ 517,204	\$ 336,089	\$ 925,811

⁽¹⁾ Contractual cash flows include principal and interest and ignore extension options.

⁽²⁾ Reduced by the interest rate subsidy payments to be received from Empire.

There have been no significant changes to Crombie's liquidity risk since December 31, 2016.

SUBSEQUENT EVENTS

- (a) On October 19, 2017, Crombie declared distributions of 7.417 cents per Unit for the period from October 1, 2017 to and including, October 31, 2017. The distributions will be paid on November 15, 2017, to Unitholders of record as of October 31, 2017.

CONTROLS AND PROCEDURES

Crombie maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by Crombie in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by Crombie is accumulated and communicated to Crombie's management, including its President and Chief Executive Officer ("CEO") and Executive Vice President, Chief Financial Officer and Secretary ("CFO"), as appropriate, to allow timely decisions regarding disclosure. Our CEO and CFO have evaluated the design and effectiveness of our disclosure controls and procedures as of September 30, 2017. 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, 2016, 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 quarter.

QUARTERLY INFORMATION

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

<i>(In thousands of CAD dollars, except per unit amounts)</i>	Three Months Ended							
	Sep. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Sep. 30,	Jun. 30,	Mar. 31,	Dec. 31,
	2017	2017	2017	2016	2016	2016	2016	2015
Property revenue	\$ 102,424	\$ 101,591	\$ 102,131	\$ 105,269	\$ 98,757	\$ 101,031	\$ 94,944	\$ 92,847
Property operating expenses	28,259	29,793	31,395	29,395	27,732	27,538	30,641	28,858
Property net operating income	74,165	71,798	70,736	75,874	71,025	73,493	64,303	63,989
Gain on disposal	—	—	—	9,761	1,225	244	26,260	25
Expenses:								
General and administrative	(4,675)	(5,160)	(4,996)	(4,266)	(3,546)	(4,122)	(4,407)	(3,541)
Finance costs - operations	(26,244)	(26,892)	(25,960)	(25,656)	(25,342)	(24,793)	(24,365)	(24,600)
Income from equity accounted investments	41	27	—	—	—	—	—	—
Depreciation and amortization	(21,966)	(19,826)	(19,796)	(19,435)	(19,933)	(17,514)	(16,450)	(16,789)
Impairment	—	—	—	(6,000)	—	—	—	(7,300)
Operating income before taxes	21,321	19,947	19,984	30,278	23,429	27,308	45,341	11,784
Taxes - current	—	(4)	—	—	(3)	—	(23)	(39)
Taxes - deferred	—	76,400	(1,000)	1,200	(300)	(100)	(2,000)	2,200
Operating income	21,321	96,343	18,984	31,478	23,126	27,208	43,318	13,945
Finance costs - distributions to Unitholders	(33,385)	(33,248)	(33,115)	(32,987)	(32,890)	(30,538)	(29,322)	(29,236)
Finance income (costs) - change in fair value of financial instruments	25	1	101	(46)	789	(397)	(34)	3,068
Increase (decrease) in net assets attributable to Unitholders	\$ (12,039)	\$ 63,096	\$ (14,030)	\$ (1,555)	\$ (8,975)	\$ (3,727)	\$ 13,962	\$ (12,223)
Operating income per unit - Basic	\$ 0.14	\$ 0.65	\$ 0.13	\$ 0.21	\$ 0.16	\$ 0.21	\$ 0.33	\$ 0.11
Operating income per unit - Diluted	\$ 0.14	\$ 0.63	\$ 0.13	\$ 0.21	\$ 0.16	\$ 0.21	\$ 0.33	\$ 0.11

<i>(In thousands of CAD dollars, except per unit amounts)</i>	Three Months Ended							
	Sep. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Sep. 30,	Jun. 30,	Mar. 31,	Dec. 31,
	2017	2017	2017	2016	2016	2016	2016	2015
Distributions								
Distributions	\$ 33,385	\$ 33,248	\$ 33,115	\$ 32,987	\$ 32,890	\$ 30,538	\$ 29,322	\$ 29,236
Per unit	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22
AFFO ⁽¹⁾ , as adjusted								
Basic	\$ 38,713	\$ 35,532	\$ 36,132	\$ 37,776	\$ 38,131	\$ 30,833	\$ 31,436	\$ 32,310
Per unit - Basic	\$ 0.26	\$ 0.24	\$ 0.24	\$ 0.26	\$ 0.26	\$ 0.23	\$ 0.24	\$ 0.25
Per unit - Diluted ⁽³⁾	\$ 0.26	\$ 0.24	\$ 0.24	\$ 0.25	\$ 0.26	\$ 0.23	\$ 0.24	\$ 0.25
Payout ratio	86.2%	93.6%	91.6%	87.3%	86.3%	99.0%	93.3%	90.5%
FFO ⁽²⁾ , as adjusted								
Basic	\$ 46,652	\$ 43,335	\$ 43,928	\$ 45,964	\$ 46,079	\$ 37,768	\$ 38,473	\$ 38,311
Per unit - Basic	\$ 0.31	\$ 0.29	\$ 0.30	\$ 0.31	\$ 0.31	\$ 0.29	\$ 0.29	\$ 0.29
Per unit - Diluted ⁽³⁾	\$ 0.31	\$ 0.29	\$ 0.29	\$ 0.31	\$ 0.31	\$ 0.28	\$ 0.29	\$ 0.29
Payout ratio	71.6%	76.7%	75.4%	71.8%	71.4%	80.9%	76.2%	76.3%

⁽¹⁾ AFFO for 2016 is now calculated based on REALPAC's February 2017 white paper.

⁽²⁾ FFO for 2016 has been restated to include add back of incremental internal leasing costs.

⁽³⁾ FFO and AFFO per unit are calculated on a diluted basis. The diluted weighted average number of total Units and Special Voting Units included the conversion of all series of convertible debentures outstanding during the period, excluding any series that is anti-dilutive. Distributions per unit for each period are based on the total distributions per unit declared during the specific period.

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

- Property acquisitions and dispositions (excluding closing and transaction costs) for each of the above three month periods were:
 - September 30, 2017 - acquisition of six retail properties for a total purchase price of \$100,257, and acquisition of additional development on a pre-existing retail property for a total purchase price of \$7,671;

- March 31, 2017 - acquisition of one retail property for a total purchase price of \$8,320;
 - December 31, 2016 - acquisition of two retail properties and an addition to an existing office property for a total purchase price of \$34,000, and disposition of five retail properties for proceeds of \$32,500;
 - September 30, 2016 - acquisition of one retail property and one development property for a total purchase price of \$32,858, and disposition of two retail properties for proceeds of \$11,357;
 - June 30, 2016 - acquisition of 33 retail properties, a 50% interest in three distribution centres, a property for development and two parcels of development land adjacent to existing Crombie properties for a total purchase price of \$502,683, and disposition of two retail properties for proceeds of \$8,293;
 - March 31, 2016 - acquisition of one retail property for a total purchase price of \$5,500 and disposition of 10 retail properties for proceeds of \$143,400; and,
 - December 31, 2015 - acquisition of four retail properties and two additions to existing retail properties for a total purchase price of \$60,825.
- 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.
 - On June 30, 2017, Crombie completed a tax reorganization, as approved by unitholders, resulting in, amongst other structural changes, the winding up of its most significant, wholly-owned corporate subsidiary. Through the tax reorganization, all property within the corporate entity was transferred to a limited partnership resulting in the elimination of Crombie's obligation for deferred income taxes related to this corporate subsidiary. The deferred tax liability of \$76,400 at the time of the tax reorganization has been reduced to \$NIL and the decrease has been recognized as an income tax recovery on Crombie's Consolidated Statement of Comprehensive Income for the nine months ended September 30, 2017.
 - Per unit amounts for FFO and AFFO are influenced by operating results as detailed above and by the timing of the issuance of REIT Units and Class B LP Units.

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

Dated: November 8, 2017

New Glasgow, Nova Scotia, Canada