



2019
THIRD QUARTER REPORT
Nine Months Ended September 30

UNLOCKING VALUE

Dear Fellow Unitholders:

Crombie continued to execute on its strategy during the third quarter of 2019. Strong fundamentals, enabled by our needs-based portfolio, our strategic partnership with Empire Company Limited ("Empire") and our focus on major mixed-use developments in Canada's fastest growing markets driving NAV and AFFO growth.

Results and Fundamentals

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

For the three months ended September 30, 2019, compared to the third quarter of 2018, operating income attributable to Unitholders increased 134.4% to \$30,049, funds from operations (FFO)* per unit decreased from \$0.30 to \$0.29, while adjusted funds from operations (AFFO)* per unit decreased to \$0.24 from \$0.25. FFO and AFFO were negatively impacted by significant dispositions in 2018 and 2019 year to date and, in the short term, by our investment in major development projects that will commence income generation and fuel FFO/AFFO growth in the next 12 to 24 months. Same-asset cash NOI increased 3.3%, or 2.8% excluding the impact of IFRS 16 'Leases', for the three months ended September 30, 2019 over the same period in 2018. The increase in same-asset NOI is the result of new leasing activity, rent increases on existing leases, lease termination income and revenues from lease modernizations and land use intensification at certain properties.

Strong fundamentals are critical, and our team is dedicated to ensuring our underlying business and core portfolio remain solid. Crombie had a busy third quarter as committed occupancy reached 96.1%, with year to date new leases increasing occupancy by 201,000 square feet at a weighted average first year per square foot rate of \$19.81. In addition, during the quarter, 627,000 square feet was renewed at an average first year rate of \$17.94 per square foot, a 4.7% increase over expiring rate. Our needs-based retail properties are performing very well with the evolving retail landscape and are poised for future growth. We are building on a strong foundation.

Empire

Empire, including Sobeys, Safeway, IGA, Thrifty Foods, Farm Boy, and FreshCo, is one of Canada's strongest retailers and accounts for over 50% of Crombie's annual minimum rent. As Empire's largest landlord, Crombie and Empire are working together to align our strategies and capitalize on a wide range of strategic transactions. Examples of these transactions are major developments, land-use intensification projects, modernizations and format conversions. Collaboration and strategic alignment with Empire enables us to unlock synergistic value creation in the short, medium and long term.

Development

We believe in the potential to unlock significant value within our major development pipeline of 33 properties, 20 of which are in Vancouver, Toronto and Montreal. The total projected cost of the pipeline is \$4,000,000 to \$5,800,000 with the possibility to enter into joint ventures or other partnership arrangements to reduce risk and financing demands. These development opportunities have the potential to produce 1,300,000 square feet of additional commercial area, 9,800,000 square feet of residential space and over 11,000 residential units.

During the quarter, the retail podium has been constructed and tower concrete is complete with residential glazing now being installed at our Davie Street project. Safeway and ancillary retail space are expected to open in Q1 2020, with rental residential expected to open in Q3 2020. Currently, the final portion of the Belmont project is being actively pre-leased, with deals pending on approximately 11,000 square feet of available space. In Montreal, our Le Duke project has concrete work for the below grade parking structure and retail level complete, and the residential structure is well underway. Construction at Bronte Village is actively progressing, and foundations are nearing completion to grade. During the quarter, Winners/HomeSense opened in their new space at Avalon Mall and advanced discussions with other potential national anchor and CRU tenants continued. Occupancy of the new retail units is expected to continue into 2020. At Pointe-Claire, Quebec, the home to *Voilà par IGA*, Empire's approximately 300,000 square foot Customer Fulfillment Centre ("CFC"), site work is well underway with building construction to commence in early 2020.

Upon completion, these assets are expected to create significant NAV and AFFO growth, increase our presence in the country's top urban markets, and diversify and improve our overall portfolio quality and income stream.

Funding

Crombie has embarked upon our development journey from a position of financial strength. This has been the cornerstone of our financial strategy to effectively allocate capital to support both NAV and AFFO per unit growth. Crombie has access to multiple sources of equity financing through capital recycling, capital markets and joint ventures as well as multiple sources of debt financing that allows us to optimize our capital structure, maximize cost savings, and de-risk our business.

Year-to-date we have gross proceeds of \$342,000 on sales of full or partial interests in assets. Subsequent to the quarter, on October 7, 2019, Crombie closed our second tranche of property dispositions with Oak Street Real Estate Capital, LLC. Completing these transactions at values in line with or above IFRS fair value speaks to the quality and value of our portfolio and our ability to redirect capital to growth initiatives with Empire.

Our goals are to increase weighted average term to maturity of our debt while taking advantage of the current low interest rate environment, reduce our total leverage over the medium to long term, and increase our unencumbered asset pool. In-line with our goals, Crombie successfully executed a seven-year \$200,000 Senior Unsecured Note at a desirable interest rate of 3.677% during the third quarter.

Smart capital allocation is important, and Crombie is successfully executing on our strategy to secure multiple sources of low-cost capital while prioritizing our investments to drive growth in NAV and AFFO per unit.

Closing

I have full confidence in our collective ability to continue to unlock value at Crombie for years to come. Our team values relationships and is committed to the long-term sustainable growth of Crombie and our stakeholders. Our strong fundamentals, including solid same-asset cash NOI growth, strong leasing, high occupancy rates, and steady operation of our properties, continue to improve and add value as major developments come online and begin to generate cash flow. Our solid balance sheet, ample liquidity, multiple sources of capital, and innovative asset management give us the confidence to be a best-in-class REIT.

Sincerely,



Donald E. Clow, FCPA, ICD.D.

President and Chief Executive Officer

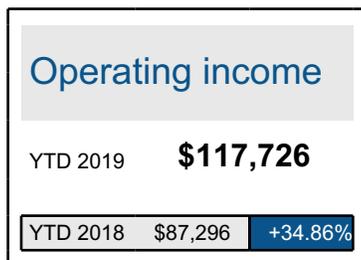
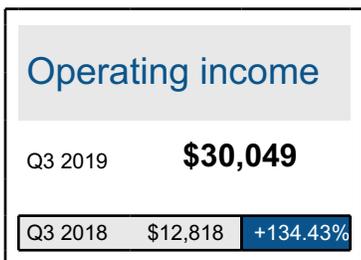
*FFO, AFFO, same-asset cash NOI and NAV are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. As such, these non-GAAP financial measures should not be considered as an alternative to cash provided from operating activities or any other measure prescribed under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

Key performance indicators - Supplementary Information

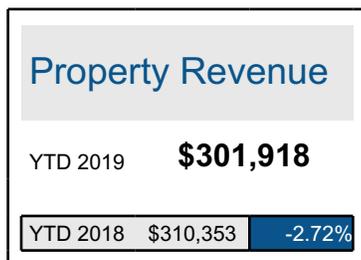
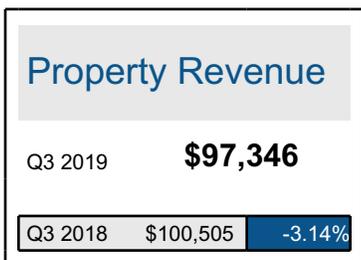
The following highlights Crombie's performance against key financial and operational metrics as impacted by significant trends or events during the quarter and year to date.*

Financial

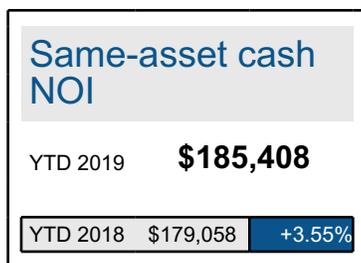
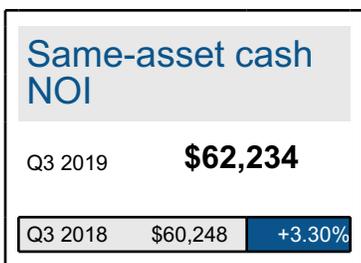
(in thousands of CAD dollars, except per unit amounts)



The quarterly and year to date increase in operating income attributable to unitholders is a result of gains on disposal of investment properties, lower depreciation due to property dispositions in 2019 and 2018 and reduced finance costs from operations as a result of the payout of debentures in 2018 and the reduction of overall debt balances due to property dispositions.

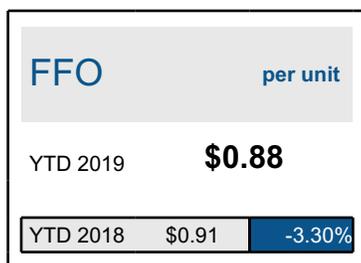
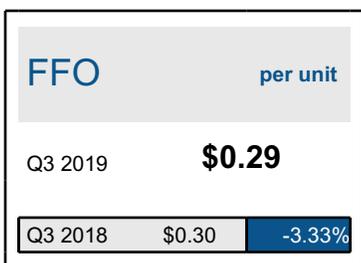


The decrease in property revenue in both the quarter and year to date periods is due to property dispositions completed to date; the most significant being a 50% interest in seven properties sold in the first quarter of 2019 and an 89% interest in 26 properties sold in the second quarter of 2019. The decrease is partially offset by leasing activity in the Halifax office space and in Avalon Mall, which is under redevelopment, in addition to lease commencements in the second quarter of 2019 in our Belmont Market property, which is in the final stages of development.



The quarterly increase in same-asset cash NOI of \$1,986 or 3.30% compared to the third quarter of 2018 is primarily due to rate increases on existing tenant leases, new leasing activity, lease termination income and revenues from lease modernizations and land use intensifications at certain properties, with the remainder due to the favourable impact from the adoption of IFRS 16 'Leases' on January 1, 2019.

On a year to date basis, the same factors account for the majority of the increase in same-asset cash NOI, with the remaining increase due to the favourable impact from the adoption of IFRS 16.



The quarterly decrease in FFO is primarily due to the disposition of an 89% interest in 26 properties in the second quarter of 2019 and the disposition of a 50% interest in seven properties in the first quarter of 2019.

On a year to date basis, the decrease is due to the dispositions in 2019 as well as the impact of prior year dispositions and increased general and administrative costs, the majority of which is related to the increase in unit price and its impact on unit-based compensation plans.

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

AFFO per unit		
Q3 2019	\$0.24	
Q3 2018	\$0.25	-4.00%

AFFO per unit		
YTD 2019	\$0.74	
YTD 2018	\$0.77	-3.90%

The quarterly and year to date decrease in AFFO is due to the decrease in FFO, primarily driven by the dilutive impact of property dispositions.

Interest coverage ratio		
Q3 2019	2.90x	
Q3 2018	2.97x	-0.07x

Interest coverage ratio		
YTD 2019	2.94x	
YTD 2018	2.92x	+0.02x

The year to date improvement is due to the decline in finance costs from operations as a result of the repayment of debentures in 2018 and disposition of investment properties and associated debt.

Debt to gross book value - fair value		
Q3 2019	48.9%	
Q3 2018	50.5%	-1.60%

Debt to gross book value - fair value		
Q4 2018	51.0%	
Q4 2017	50.3%	+0.70%

Debt reduction from property dispositions, combined with increased investment in joint ventures, drove a decrease in debt to gross book value during the quarter.

As a result of property dispositions, there was a reduction in the fair value of investment properties compared to December 31, 2018. This, combined with the factors impacting the quarter, resulted in a decrease in debt to gross book value over the comparative period.

Leasing

Renewals		GLA
Q3 2019	627,000	
Q3 2018	256,000	+371,000

Renewals		GLA
YTD 2019	926,000	
YTD 2018	681,000	+245,000

Economic Occupancy	
Q3 2019	95.6%
Q2 2019	95.2% +0.4%

Committed Occupancy	
Q3 2019	96.1%
Q2 2019	95.9% +0.2%

The increased quarterly renewals are due to renewal of 627,000 square feet, primarily in Halifax office space and retail renewals in various locations, with an increase of 2.9% over the expiring rate.

Year to date, 926,000 square feet was renewed, representing an increase of 2.6% over the expiring rate. This is net of renewals on two commercial leases at lower rates in the first quarter of 2019. Retail renewals of 422,000 square feet reflects an increase of 3.7% over expiring rent.

The slight increase in both economic and committed occupancy is primarily due to new leasing in the third quarter with 119,000 square feet in new leases of occupied space, including new leases in development properties.

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

Third quarter financial performance

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

The following highlights Crombie's operating performance and investing and financing activities during the three months ended September 30, 2019.

Operating performance

- Reported operating income attributable to Unitholders for the quarter of \$30,049, impacted by property dispositions during the quarter, as well as an increase in general and administrative expenses, the majority of which is related to the increase in unit price and its impact on unit-based compensation plans.
- Reported FFO of \$0.29 per unit, primarily impacted by the dispositions of investment properties.
- AFFO per unit of \$0.24 per unit, reflecting a 92.7% payout ratio.
- Same-asset cash NOI of \$62,234, impacted by rate increases on existing tenants, new leasing activity and revenue from lease modernizations.
- Committed occupancy remained strong at 96.1%, with new leasing in development properties during the quarter.
- Lease termination income of \$796.
- Gain on disposal of investment properties of \$8,315.
- Renewal activity included 627,000 square feet at an average rate of \$17.94 per square feet, representing 4.7% renewal growth in the quarter, including significant renewed space in Halifax office and various retail renewals.

Investing and Financing

- Sale of investment properties for the quarter for total gross proceeds of \$49,559.
- Mortgage repayments of \$22,349 and \$36,320 repaid on credit facilities.
- Debt to gross book value on a fair value basis of 48.9%.
- Issuance of \$200,000 Series F Notes with an effective yield to maturity of 3.677%, the proceeds of which were used to fund the repayment of the Series C Notes and repay bank indebtedness.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND
FINANCIAL CONDITIONS FOR THE
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2019

Contents

	<u>Page</u>
INTRODUCTION	3
Forward-Looking Information	3
Non-GAAP Financial Measures	4
Highlights	5
Business Overview	6
Business Objectives and Outlook	6
Business Environment	6
OVERVIEW OF THE PROPERTY PORTFOLIO	7
Property Acquisitions and Dispositions	7
Overview of the Property Portfolio	10
Portfolio Occupancy and Lease Activity	11
Sector Information	12
Lease Maturities	13
Largest Tenants	13
Property Development/Redevelopment ("Development")	14
FINANCIAL RESULTS	20
Comparison to Previous Year	20
Property NOI	21
FFO and AFFO	22
Maintenance Capital Expenditures	24
Depreciation, Amortization and Impairment	25
General and Administrative Expenses	25
Finance Costs - Operations	26
Finance Costs - Distributions	26
Income Taxes	26
Taxation of Distributions	26
LIQUIDITY AND CAPITAL RESOURCES	27
Liquidity and Financing Sources	27
Sources and Uses of Funds	29
ACFO	30
Borrowing Capacity and Debt Covenants	30
Debt to Gross Book Value - Fair Value Basis	31
Coverage Ratios	33

ACCOUNTING	34
Related Party Transactions	34
Critical Accounting Estimates and Assumptions	35
Critical Judgments	35
Application of New IFRS	35
Financial Instruments	35
Commitments, Contingencies and Guarantees	36
RISK MANAGEMENT	37
Credit Risk	37
Interest Rate Risk	37
Liquidity Risk	38
SUBSEQUENT EVENTS	39
CONTROLS AND PROCEDURES	39
QUARTERLY INFORMATION	40

INTRODUCTION

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

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, 2019, with a comparison to the financial condition and results of operations for the comparable period in 2018.

This MD&A should be read in conjunction with Crombie's interim condensed consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2019, 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, 2018, which were presented 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 6, 2019, 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, 2018 MD&A which can be found on SEDAR. Forward-looking statements include:

- (i) overall indebtedness levels and terms and expectations relating to refinancing, which could be impacted by the level of acquisition and disposition activity that Crombie is able to achieve, levels of indebtedness, Crombie's ability to maintain and strengthen its investment grade credit rating, future financing opportunities, future interest rates, creditworthiness of major tenants and joint arrangement partners, and market conditions;
- (ii) statements in the letter to Unitholders and under the heading "Property Development/Redevelopment" including the locations identified, timing, cost, development size and nature and anticipated impact on portfolio quality and diversification, net asset value, cash flow growth, unitholder value or other financial measures, all of which may be impacted by real estate market cycles, future capitalization rates, the availability of financing opportunities and labour, actual development costs and general economic conditions and factors described under the "Property Development/Redevelopment" section and which assumes obtaining required municipal zoning and development approvals and successful agreements with existing tenants, and where applicable, successful execution of development activities undertaken by related parties not under the direct control of Crombie;
- (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) generating improved rental income and occupancy levels, including anticipated replacement of expiring tenancies, which could be impacted by changes in demand for Crombie's properties, tenant bankruptcies, the effects of general economic conditions, e-commerce and supply of competitive locations in proximity to Crombie locations;
- (v) pending acquisitions or dispositions, which remain subject to satisfaction of customary closing conditions;
- (vi) tax exempt status, which can be impacted by regulatory changes enacted by governmental authorities; and,
- (vii) anticipated distributions and payout ratios, which could be impacted by results of operations and capital resource allocation decisions.

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

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

Non-GAAP Financial Measures

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

HIGHLIGHTS

FINANCIAL RESULTS

Crombie's key financial metrics for the three and nine months ended September 30, 2019 are as follows:

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Three months ended September 30,			
	2019	2018	Change	Change (%)
Property revenue	\$ 97,346	\$ 100,505	\$ (3,159)	(3.1)%
Property operating expenses	27,205	27,660	455	1.6 %
Property NOI	\$ 70,141	\$ 72,845	\$ (2,704)	(3.7)%
NOI margin percentage	72.1%	72.5%	(0.4)%	
Operating income attributable to Unitholders	\$ 30,049	\$ 12,818	\$ 17,231	134.4 %
Operating income per unit	\$ 0.20	\$ 0.08	\$ 0.12	150.0 %
Increase (decrease) in net assets attributable to Unitholders	\$ (3,968)	\$ (20,933)	\$ 16,965	81.0 %
Same-asset property cash NOI	\$ 62,234	\$ 60,248	\$ 1,986	3.3 %
FFO				
Basic	\$ 43,380	\$ 45,355	\$ (1,975)	(4.4)%
Per unit - Basic	\$ 0.29	\$ 0.30	\$ (0.01)	(3.3)%
Payout ratio (%)	77.8%	74.3%	(3.5)%	
AFFO				
Basic	\$ 36,417	\$ 37,865	\$ (1,448)	(3.8)%
Per unit - Basic	\$ 0.24	\$ 0.25	\$ (0.01)	(4.0)%
Payout ratio (%)	92.7%	89.0%	(3.7)%	

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Nine months ended September 30,			
	2019	2018	Change	Change (%)
Property revenue	\$ 301,918	\$ 310,353	\$ (8,435)	(2.7)%
Property operating expenses	87,793	90,489	2,696	3.0 %
Property NOI	\$ 214,125	\$ 219,864	\$ (5,739)	(2.6)%
NOI margin percentage	70.9%	70.8%	0.1%	
Operating income attributable to Unitholders	\$ 117,726	\$ 87,296	\$ 30,430	34.9 %
Operating income per unit	\$ 0.78	\$ 0.58	\$ 0.20	34.5 %
Increase (decrease) in net assets attributable to Unitholders	\$ 15,226	\$ (13,504)	\$ 28,730	212.8 %
Same-asset property cash NOI	\$ 185,408	\$ 179,058	\$ 6,350	3.5 %
FFO				
Basic	\$ 133,407	\$ 137,544	\$ (4,137)	(3.0)%
Per unit - Basic	\$ 0.88	\$ 0.91	\$ (0.03)	(3.3)%
Payout ratio (%)	75.9%	73.4%	2.5%	
AFFO				
Basic	\$ 112,626	\$ 116,021	\$ (3,395)	(2.9)%
Per unit - Basic	\$ 0.74	\$ 0.77	\$ (0.03)	(3.9)%
Payout ratio (%)	89.9%	87.1%	2.8%	

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Basic number of Units for all measures	151,685,075	151,496,667	151,655,937	151,276,030

OPERATING RESULTS

	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Number of investment properties ⁽¹⁾	284	284	285	288	289
Gross leaseable area ⁽²⁾	17,732,000	17,746,000	18,604,000	18,896,000	18,759,000
Economic occupancy ⁽³⁾	95.6%	95.2%	95.0%	95.3%	95.5%
Committed occupancy ⁽⁴⁾	96.1%	95.9%	95.7%	96.0%	96.2%

⁽¹⁾ This includes properties owned at full and partial interests.

⁽²⁾ Gross leaseable area is adjusted to reflect Crombie's proportionate interest in partially-owned properties.

⁽³⁾ Represents space currently occupied.

⁽⁴⁾ Represents current economic occupancy plus lease contracts for future occupancy of currently vacant space.

	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Investment properties, fair value	\$ 4,626,000	\$ 4,592,000	\$ 4,755,000	\$ 4,776,000	\$ 4,786,000
Unencumbered investment properties ⁽¹⁾	\$ 960,275	\$ 953,738	\$ 1,012,707	\$ 998,523	\$ 1,032,113
Available liquidity ⁽²⁾	\$ 450,967	\$ 413,087	\$ 346,347	\$ 312,459	\$ 337,154
Debt to gross book value - fair value ⁽³⁾	48.9%	49.2%	50.3%	51.0%	50.5%
Weighted average interest rate ⁽⁴⁾	4.22%	4.19%	4.20%	4.20%	4.14%
Debt to trailing 12 months EBITDA ⁽⁵⁾	8.35x	8.21x	8.56x	8.66x	8.56x
Interest coverage ratio ⁽⁵⁾	2.90x	3.00x	2.93x	2.94x	2.97x

⁽¹⁾ Represents fair value of unencumbered properties.

⁽²⁾ Represents the undrawn portion on the credit facilities, excluding joint facilities with joint operation partners.

⁽³⁾ See Debt to Gross Book Value - Fair Value Basis section.

⁽⁴⁾ Weighted average interest rate is calculated based on interest rates for all outstanding fixed rate debt.

⁽⁵⁾ See Coverage Ratios section.

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

	As at				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Revolving credit facility	\$ 400,000	\$ 398,555	\$ 400,000	\$ 400,000	\$ 400,000
Amount drawn	(9,388)	(55,707)	(107,986)	(108,843)	(54,148)
Outstanding letters of credit	(5,645)	(5,761)	(5,667)	(8,698)	(8,698)
Available liquidity	384,967	337,087	286,347	282,459	337,154
Unsecured bilateral credit facility	100,000	100,000	100,000	100,000	100,000
Amount drawn	(34,000)	(24,000)	(40,000)	(70,000)	(100,000)
Available liquidity	66,000	76,000	60,000	30,000	—
Total available liquidity	\$ 450,967	\$ 413,087	\$ 346,347	\$ 312,459	\$ 337,154

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 properties in Canada, with a growth strategy focused primarily on the acquisition and development of grocery- and drug store-anchored retail properties in Canada's top markets. At September 30, 2019, Crombie owned full and partial interests in a portfolio of 284 investment properties in 10 provinces, comprising approximately 17.7 million square feet of gross leaseable area ("GLA"). Empire Company Limited ("Empire"), through a subsidiary, holds a 41.5% economic and voting interest in Crombie at September 30, 2019.

Business Objectives and Outlook

Crombie describes its business objectives and outlook in the MD&A for the year ended December 31, 2018.

Business Environment

Crombie describes its business environment in the MD&A for the year ended December 31, 2018.

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Acquisitions and Dispositions

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

Acquisitions

Date	Property	Location	Vendor	Strategy	Number of properties	Ownership		Price
						Interest	Sq. ft.	
2019 First Quarter								
March 25, 2019	Pointe-Claire, QC	Pointe-Claire, QC	Third Party	Development (PUD)	—	100%	—	\$ 32,000
2019 Third Quarter								
August 1, 2019	Broadview Avenue	Toronto, ON	Empire	Income-producing	1	50%	15,000	9,500
Total acquisitions at September 30, 2019					1		15,000	\$ 41,500
2018 Second Quarter								
Sobeys Portfolio								
April 6, 2018	Edson Sobeys	Edson, AB	Empire	Income-producing	1	100%	33,000	\$ 5,300
April 6, 2018	Strathmore Sobeys	Strathmore, AB	Empire	Income-producing	1	100%	35,000	10,200
April 6, 2018	Hollick Kenyon Sobeys	Edmonton, AB	Empire	Income-producing	1	100%	30,000	11,800
April 6, 2018	Thornbury Foodland	Thornbury, ON	Empire	Income-producing	1	100%	40,000	11,850
April 6, 2018	Gatineau IGA Extra	Gatineau, QC	Empire	Income-producing	1	100%	71,800	15,550
April 6, 2018	Rimouski IGA Extra	Rimouski, QC	Empire	Income-producing	1	100%	52,700	7,900
April 6, 2018	Baie St-Paul IGA	Baie St-Paul, QC	Empire	Income-producing	1	100%	64,600	8,300
April 6, 2018	Saint-Pie Tradition	Saint-Pie, QC	Empire	Income-producing	1	100%	13,800	2,600
April 6, 2018	Havre St-Pierre Tradition	Havre St-Pierre, QC	Empire	Income-producing	1	100%	26,400	5,000
April 6, 2018	Elmwood Alcool NB Liquor/Dollarama ⁽¹⁾	Moncton, NB	Empire	Income-producing	—	100%	20,800	5,170
April 6, 2018	Chateauguay Familiprix ⁽¹⁾	Chateauguay, QC	Empire	Income-producing	—	100%	32,900	4,440
	Sobeys portfolio total				9		421,000	88,110
June 29, 2018	Victoria Trail	Edmonton, AB	Empire	Income-producing	1	100%	37,000	12,500
							458,000	100,610
2018 Third Quarter								
September 28, 2018	Hemlock Square ⁽¹⁾	Halifax, NS	Empire	Income-producing	—	100%	10,000	3,735
2018 Fourth Quarter								
December 5, 2018	Sorel	Sorel, QC	Third Party	Income-producing	1	100%	40,000	9,300
December 13, 2018	Elbow Drive ⁽²⁾	Calgary, AB	Third Party	Income-producing	—	100%	5,000	5,600
							45,000	14,900
Total acquisitions for the year ended December 31, 2018					11		513,000	\$ 119,245

⁽¹⁾ Relates to an acquisition of additional density on a pre-existing retail property

⁽²⁾ Acquisition of an add-on parcel to an existing property

Dispositions

Date	Property	Location	Number of properties	Ownership		
				Interest	Sq. ft.	Price
2019 First Quarter						
January 29, 2019	Upper James Square	Hamilton, ON	1	100%	114,000	\$ 35,180
Firm Capital Portfolio ⁽¹⁾						
February 5, 2019	8118 & 8130 118 Avenue NW	Edmonton, AB	—	50%	22,000	
February 5, 2019	Forest Hills Parkway	Cole Harbour, NS	—	50%	22,000	
February 5, 2019	Russell Lake	Dartmouth, NS	—	50%	31,000	
February 5, 2019	409 Bayfield Street	Barrie, ON	—	50%	24,000	
February 5, 2019	1 Westminster Avenue North	Montreal, QC	—	50%	10,000	
February 5, 2019	2915 & 2931 13th Avenue	Regina, SK	—	50%	20,000	
February 5, 2019	University Park	Regina, SK	—	50%	19,000	
Firm Capital portfolio total			—		<u>148,000</u>	<u>41,614</u>
February 8, 2019	1110 Gateway Avenue	Canmore, AB	1	100%	50,000	19,925
February 14, 2019	1031 Avenue Victoria	St. Lambert, QC	1	100%	19,000	9,675
					<u>331,000</u>	<u>106,394</u>
2019 Second Quarter						
Oak Street I Portfolio ⁽²⁾						
April 25, 2019	Fairway Plaza	Lethbridge, AB	—	89%	57,000	
April 25, 2019	410 and 610 Big Rock Lane	Okotoks, AB	—	89%	37,000	
April 25, 2019	Cariboo Mall	100 Mile House, BC	—	89%	19,000	
April 25, 2019	1721 Columbia Avenue	Castlegar, BC	—	89%	24,000	
April 25, 2019	11200 8th Street	Dawson Creek, BC	—	89%	38,000	
April 25, 2019	445 Reid Street	Quesnel, BC	—	89%	27,000	
April 25, 2019	3156 Birds Hill Road E	East St. Paul, MB	—	89%	35,000	
April 25, 2019	498 Mountain Avenue	Neepawa, MB	—	89%	16,000	
April 25, 2019	107 Catherwood Street	Saint John, NB	—	89%	41,000	
April 25, 2019	21 Cromer Avenue	Grand Falls, NL	—	89%	24,000	
April 25, 2019	69 Blockhouse Road	Placentia, NL	—	89%	17,000	
April 25, 2019	151 Church Street	Antigonish, NS	—	89%	46,000	
April 25, 2019	75 Emerald Street	New Waterford, NS	—	89%	23,000	
April 25, 2019	22579 Highway 7	Sheet Harbour, NS	—	89%	8,000	
April 25, 2019	215 Park Avenue W	Chatham, ON	—	89%	43,000	
April 25, 2019	15 Lindsay Street	Fenelon Falls, ON	—	89%	31,000	
April 25, 2019	32-38 Ottawa Street	Havelock, ON	—	89%	13,000	
April 25, 2019	400 First Avenue S	Kenora, ON	—	89%	33,000	
April 25, 2019	5931 Kalar Road	Niagara Falls, ON	—	89%	32,000	
April 25, 2019	714 Boul Saint-Laurent O	Louiseville, QC	—	89%	21,000	
April 25, 2019	515 Avenue du Phare E	Matane, QC	—	89%	27,000	
April 25, 2019	395 Avenue Sirois	Rimouski, QC	—	89%	42,000	
April 25, 2019	680 Avenue Chausse	Rouyn-Noranda, QC	—	89%	38,000	
April 25, 2019	10505 Boul Saine-Anne	Sainte-Anne-de-Beaupre, QC	—	89%	34,000	
April 25, 2019	8980 Boul Lacroix	Saint-Georges, QC	—	89%	39,000	
April 25, 2019	50 Rue Bourgeois	Sherbrooke, QC	—	89%	20,000	
Oak Street I portfolio total			—		<u>785,000</u>	<u>161,589</u>
April 29, 2019	1780 Markham Road	Toronto, ON	1	100%	39,000	21,500
June 3, 2019	Belmont Market Land	Langford, BC	—	100%	—	3,275
					<u>824,000</u>	<u>186,364</u>

2019 Third Quarter						
July 3, 2019	400 University Avenue	Charlottetown, PE	—	89%	44,000	9,750
July 4, 2019	Grimsby Mews	Grimsby, ON	1	100%	36,000	12,255
September 25, 2019 ⁽³⁾	Charlotte Mall	St. Stephen, NB	—	100%	3,000	175
					83,000	22,180
					1,238,000	314,938
2019 Third Quarter						
August 2, 2019	Davie Street ⁽⁴⁾	Vancouver, BC	—	100%	—	\$ 27,379
Total dispositions as at September 30, 2019			5		1,238,000	\$ 342,317

⁽¹⁾ Represents disposition of 50% interest in a portfolio of seven retail properties. The square footage and price reflect the 50% amounts.

⁽²⁾ Represents disposition of 89% interest in a portfolio of 26 retail properties. The square footage and price reflect the 89% amounts.

⁽³⁾ Represents disposition of a portion of a PID at 225 King Street, St. Stephen, NB.

⁽⁴⁾ Represents disposition of air rights to a joint venture in which Crombie holds an interest.

2018 First Quarter						
February 5, 2018	Whitehorse Plaza	Simcoe, ON	1	100%	92,000	\$ 15,000
February 20, 2018	Perth Mews	Perth, ON	1	100%	103,000	20,627
March 6, 2018	Belmont Market land	Langford, BC	—	100%	—	5,725
					195,000	41,352
2018 Second Quarter						
April 19, 2018	Red Deer Cineplex	Red Deer, AB	1	100%	40,000	14,000
May 11, 2018	10 Alkenbrack St	Napanee, ON	1	100%	25,000	9,000
Northam portfolio ⁽⁵⁾						
May 11, 2018	16th Ave Safeway	Calgary, AB	—	50%	21,000	
May 11, 2018	Ancaster Sobeys	Ancaster, ON	—	50%	33,000	
May 11, 2018	Brampton Plaza	Brampton, ON	—	50%	38,000	
May 11, 2018	Danforth	Scarborough, ON	—	50%	3,000	
May 11, 2018	Marpole Safeway	Vancouver, BC	—	50%	24,000	
May 11, 2018	McKenzie Town Dr Shoppers	Calgary, AB	—	50%	9,000	
May 11, 2018	Millwoods Common	Edmonton, AB	—	50%	29,000	
May 11, 2018	Nottingham	Sherwood Park, AB	—	50%	23,000	
May 11, 2018	Southbrook	Edmonton, AB	—	50%	23,000	
Northam portfolio total					203,000	77,929
June 18, 2018	Park Lane	Halifax, NS	1	100%	273,000	51,250
					541,000	152,179
2018 Fourth Quarter						
December 18, 2018	Southdale	London, ON	1	100%	17,000	5,400
December 18, 2018	Eglinton Ave	Toronto, ON	1	100%	17,000	15,500
December 18, 2018	Montrose Road	Niagara Falls, ON	1	100%	17,000	5,700
					51,000	26,600
					787,000	220,131
2018 Third Quarter						
August 16, 2018	Bronte Village ⁽⁶⁾	Oakville, ON	1	100%	30,000	39,682
Total dispositions for the year ended December 31, 2018			9		817,000	\$ 259,813

⁽⁵⁾ Represents disposition of 50% interest in a portfolio of nine retail properties. The square footage and price reflect the 50% amounts.

⁽⁶⁾ Represents disposition of property to a joint venture in which Crombie holds an interest.

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

Overview of the Property Portfolio

At September 30, 2019, Crombie's property portfolio consisted of full and partial ownership interests in 284 investment properties that contain, at Crombie's share, approximately 17.7 million square feet of GLA in all 10 provinces.

As at September 30, 2019, the portfolio distribution of the GLA by province was as follows:

Province	GLA (sq. ft.)			September 30, 2019 ⁽¹⁾	Number of Investment Properties	% of GLA	% of Annual Minimum Rent
	January 1, 2019	Acquisitions (Dispositions)	Other				
AB	3,428,000	(166,000)	(5,000)	3,257,000	58	18.4%	20.9%
BC	1,829,000	(108,000)	34,000	1,755,000	42	9.9%	12.7%
MB	644,000	(51,000)	—	593,000	15	3.4%	4.3%
NB	1,570,000	(44,000)	(3,000)	1,523,000	20	8.6%	6.4%
NL	1,203,000	(41,000)	71,000	1,233,000	13	7.0%	9.6%
NS	5,006,000	(130,000)	(63,000)	4,813,000	41	27.1%	21.0%
ON	2,487,000	(350,000)	15,000	2,152,000	42	12.1%	12.8%
PE	124,000	(44,000)	10,000	90,000	2	0.5%	0.5%
QC	2,151,000	(250,000)	—	1,901,000	43	10.7%	9.5%
SK	454,000	(39,000)	—	415,000	8	2.3%	2.3%
Total	18,896,000	(1,223,000)	59,000	17,732,000	284	100.0%	100.0%

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

During the nine months ended September 30, 2019, Crombie had a net decrease of 1,223,000 square feet of GLA from disposition activity consisting of:

- Alberta - disposition of 50% interest in one retail property representing 22,000 square feet, disposition of 89% interest in two retail properties representing 94,000 square feet and 100% interest in one retail property totalling 50,000 square feet;
- British Columbia - disposition of 89% interest in four retail properties totaling 108,000 square feet;
- Manitoba - disposition of 89% interest in two retail properties representing 51,000 square feet;
- New Brunswick - disposition of 89% interest in one retail property totalling 41,000 square feet, disposition of 1 PID in one retail property totalling 3,000 square feet;
- Newfoundland - disposition of 89% interest in two retail properties totalling 41,000 square feet;
- Nova Scotia - disposition of 50% interest in two retail properties totalling 53,000 square feet and disposition of 89% interest in three retail properties representing 77,000 square feet;
- Ontario - disposition of 50% interest in one retail property representing 24,000 square feet, disposition of 89% in five retail properties representing 152,000 square feet, 100% interest in three retail properties totalling 189,000 square feet. This is partially offset by a 50% acquisition in one retail property totalling 15,000 sf;
- Prince Edward Island - disposition of 89% interest in one retail property representing 44,000 square feet;
- Quebec - disposition of 50% interest in one retail property representing 10,000 square feet, disposition of 89% in seven retail properties totalling 221,000 square feet and 100% interest in one retail property totalling 19,000 square feet; and,
- Saskatchewan - disposition of 50% interest in two retail properties totalling 39,000 square feet.

As at September 30, 2019, 641,000 square feet are considered to be assets held for sale representing 15 investment properties, which were sold at an 89% interest to one buyer on October 7, 2019.

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

As at September 30, 2019, our allocation of annual minimum rent consists of: Atlantic Canada 37.5%; Central Canada 22.3%; and Western Canada 40.2%. Crombie believes this diversification adds stability to the portfolio while reducing vulnerability to economic fluctuations that may affect any particular region.

Property Categorization

As at September 30, 2019:

	Crombie Owned Properties			Additional Properties in Joint Ventures ("JV")	Total
	Investment Properties ("IP")	Properties Under Development ("PUD")	Sub-total		
Same-asset	266	—	266	—	266
Non Same-Asset					
Acquisitions - 2019	1	—	1	—	1
Acquisitions - 2018	10	—	10	—	10
Other ⁽¹⁾	4	3	7	1	8
Active Major Development ⁽²⁾	3	1	4	3	7
Total Non Same-asset	18	4	22	4	26
Total	284	4	288	4	292

⁽¹⁾ Other includes investment properties that have been designated for repositioning, land parcels included in PUD, or non-active major developments within a JV.

⁽²⁾ Active Major Development includes:
 Davie Street Retail (IP)
 Avalon Mall Retail (IP)
 Belmont Market Retail and Office (IP)
 Pointe-Claire (PUD)
 Davie Street Residential (JV)
 Le Duke (JV)
 Bronte Village (JV)

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

Portfolio Occupancy and Lease Activity

The portfolio occupancy and committed activity for the nine months ended September 30, 2019 was as follows:

Province	Occupied space (sq. ft.)						Economic Occupancy %	Committed Space (sq. ft.) ⁽³⁾	Total Committed Space (sq. ft.)	Committed Occupancy September 30, 2019
	January 1, 2019	Acquisitions (Dispositions)	New Leases ⁽¹⁾	Lease Expiries	Other Changes ⁽²⁾	September 30, 2019				
AB	3,418,000	(166,000)	6,000	(4,000)	(3,000)	3,251,000	99.8%	—	3,251,000	99.8%
BC	1,805,000	(108,000)	38,000	—	(6,000)	1,729,000	98.6%	10,000	1,739,000	99.1%
MB	640,000	(51,000)	4,000	—	(1,000)	592,000	99.8%	—	592,000	99.8%
NB	1,401,000	(41,000)	36,000	(13,000)	4,000	1,387,000	91.0%	16,000	1,403,000	92.1%
NL	1,159,000	(41,000)	56,000	(24,000)	(12,000)	1,138,000	92.3%	41,000	1,179,000	95.6%
NS	4,532,000	(130,000)	24,000	(15,000)	15,000	4,426,000	92.0%	9,000	4,435,000	92.1%
ON	2,383,000	(348,000)	27,000	(8,000)	36,000	2,090,000	97.1%	2,000	2,092,000	97.2%
PE	124,000	(44,000)	10,000	—	—	90,000	100.0%	—	90,000	100.0%
QC	2,117,000	(250,000)	—	—	1,000	1,868,000	98.3%	3,000	1,871,000	98.4%
SK	438,000	(39,000)	—	(8,000)	(5,000)	386,000	93.0%	—	386,000	93.0%
Total	18,017,000	(1,218,000)	201,000	(72,000)	29,000	16,957,000	95.6%	81,000	17,038,000	96.1%

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

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

⁽³⁾ Committed space represents lease contracts for future occupancy of currently vacant space. Management believes such reporting, along with reported lease maturities, provides more balanced reporting of overall vacant space. Committed space decreased to 81,000 square feet at September 30, 2019, from 124,000 square feet at December 31, 2018.

Overall leased space (occupied plus committed) has increased from 96.0% at December 31, 2018 to 96.1% at September 30, 2019. During 2019, Crombie had a net decrease from dispositions of 1,218,000 square feet and had new leases outpace lease expiries by 129,000 square feet.

New leases and expansions increased occupancy by 201,000 square feet at September 30, 2019 at an average first year rate of \$19.81 per square foot. 81,000 square feet of space was committed at September 30, 2019 at an average first year rate of \$25.29 per square foot.

For 2019, renewal activity was as follows:

	Quarter			YTD		
	Square Feet	Rate PSF	Growth%	Square Feet	Rate PSF	Growth %
2019 Renewals	387,000	\$ 16.67	3.3%	647,000	\$ 16.25	3.2%
Future Year Renewals	240,000	20.00	6.6%	279,000	19.99	5.3%
Total	627,000	\$ 17.94	4.7%	926,000	\$ 17.38	3.9%

Crombie's renewal activity for the nine months ending September 30, 2019 included renewals on 926,000 square feet with an increase of 3.9% over expiring rental rate. 2019 renewals were negatively impacted by renewals on two commercial leases at lower rent in Q1. Year to date, retail renewals of 422,000 square feet reflected an increase of 5.9% over expiring rent. During the quarter, Crombie renewed 627,000 square feet with an increase of 4.7% over expiring rate.

Market Class

Portfolio diversification by market class is as follows:

Market Class	GLA	Economic Occupancy	Committed Occupancy	Number of Investment Properties	% of GLA	% of Investment Properties
VECTOM ⁽¹⁾	5,151,000	99.4%	99.5%	89	29.1%	31.3%
Major Markets ⁽²⁾	4,667,000	96.1%	96.5%	59	26.3%	20.8%
Rest of Canada (RoC) ⁽³⁾	7,914,000	92.9%	93.6%	136	44.6%	47.9%
Total	17,732,000	95.6%	96.1%	284	100.0%	100.0%

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

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

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

Sector Information

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

As at September 30, 2019, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Investment Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Committed Occupancy
Retail and Commercial ⁽¹⁾	276	15,472,000	87.3%	93.2%	96.1%
Office	5	973,000	5.5%	4.1%	90.3%
Industrial ⁽²⁾	3	1,287,000	7.2%	2.7%	100.0%
Total	284	17,732,000	100.0%	100.0%	96.1%

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

⁽²⁾ Industrial includes retail distribution centres owned in Toronto, Montreal and Calgary.

As at September 30, 2018, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Investment Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Committed Occupancy
Retail and Commercial ⁽¹⁾	281	16,473,000	87.8%	93.7%	95.8%
Office	5	999,000	5.3%	3.7%	88.4%
Industrial ⁽²⁾	3	1,287,000	6.9%	2.6%	100.0%
Total	289	18,759,000	100.0%	100.0%	96.2%

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

⁽²⁾ Industrial includes retail distribution centres owned in Toronto, Montreal and Calgary.

Retail and commercial properties represent 87.3% of Crombie's GLA and 93.2% of annual minimum rent at September 30, 2019 compared to 87.8% of GLA and 93.7% of annual minimum rent at September 30, 2018.

Leased space in retail and commercial properties of 96.1% at September 30, 2019, increased from 95.8% at September 30, 2018. Leased space in office properties of 90.3% increased from 88.4% at September 30, 2018. Leased space in industrial properties of 100.0% at September 30, 2019, remained constant from 100.0% at September 30, 2018.

Lease Maturities

The following table sets out, as of September 30, 2019, the number of leases maturing during the periods indicated, the renewal area, the percentage of the total GLA of the properties represented by such maturities and the estimated average rent per square foot at the time of expiry.

Year	Number of Leases ⁽¹⁾	Renewal Area (sq. ft.)	% of Total GLA	Average Rent per sq. ft. at Expiry
2019	99	378,000	2.1%	\$ 14.50
2020	168	573,000	3.2%	20.11
2021	166	784,000	4.4%	17.71
2022	175	783,000	4.4%	20.23
2023	141	693,000	3.9%	18.85
2024	135	847,000	4.8%	16.86
2025	79	969,000	5.5%	14.59
2026	71	814,000	4.6%	15.45
2027	78	841,000	4.7%	18.47
2028	64	773,000	4.4%	18.06
Thereafter	328	9,583,000	54.1%	19.46
Total	1,504	17,038,000	96.1%	\$ 18.59

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

Largest Tenants

The following table illustrates the 20 largest tenants in Crombie's portfolio of investment properties as measured by their percentage contribution to total annual minimum rent as at September 30, 2019.

Tenant	% of Annual Minimum Rent	Average Remaining Lease Term	DBRS Credit Rating
1. Empire Company Limited ⁽¹⁾	55.5%	13.2 years	BBB (low)
2. Shoppers Drug Mart	4.1%	9.2 years	BBB
3. Province of Nova Scotia	1.5%	8.1 years	A (high)
4. Dollarama	1.4%	6.2 years	BBB
5. Government of Canada	1.2%	4.3 years	AAA
6. CIBC	1.2%	11.9 years	AA
7. Cineplex	1.1%	9.7 years	
8. GoodLife Fitness	1.1%	8.4 years	
9. Bank of Nova Scotia	1.1%	3.0 years	AA
10. Bank of Montreal	1.0%	8.0 years	AA
11. Canadian Tire Corporation	0.9%	4.2 years	BBB(high)
12. Restaurant Brands International	0.6%	5.9 years	
13. Bell Canada	0.6%	5.5 years	BBB (high)
14. Metro	0.6%	7.8 years	BBB
15. Royal Bank of Canada	0.5%	2.4 years	AA(high)
16. TJX Canada ⁽²⁾	0.5%	8.9 years	
17. SAQ/Province of Quebec	0.5%	4.6 years	A (high)
18. Leon's Furniture	0.5%	6.3 years	
19. Giant Tiger	0.5%	4.9 years	
20. Staples	0.4%	2.8 years	
Total	74.8%		

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

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

Other than Empire which accounts for 55.5% of annual minimum rent and Shoppers Drug Mart which accounts for 4.1% of annual minimum rent, no other tenant accounts for more than 1.5% of Crombie's annual minimum rent.

For the nine months ended September 30, 2019, Empire also represents 52.0% of total property revenue. Total property revenue includes annual minimum rent as well as operating and realty tax cost recovery income and percentage rent. These additional amounts can vary by property type, specific tenant leases and where tenants may directly incur and pay operating and realty tax costs.

The weighted average remaining term of all Crombie leases is approximately 10.2 years. This remaining lease term is influenced by the average Empire remaining lease term of 13.2 years.

Property Development/Redevelopment ("Development")

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

Crombie has the potential to unlock significant value within its current pipeline of 33 Major Development properties (six Active Major Developments (June 30, 2019 - six) and 27 Potential Major Developments (June 30, 2019 - 27)) over the next decade or longer. Crombie benefits from having solid income (FFO and AFFO) generated by these properties while working through the various approvals, entitlements and advance preparations required before each Major Development can commence. In aggregate, Crombie currently achieves an in-place NOI yield of approximately 5.3% on existing asset cost for our development pipeline properties.

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

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

Our range of options enables us, on a case by case basis, to make choices that optimize Unitholder value. In today's environment where NOI yield on cost for Major Development projects are projected to be in the 5% - 6% range and where exit capitalization rates in markets like Vancouver, Toronto and Montreal (where Crombie has 19 Major Development properties) (June 30, 2019 - 19) are in a current approximate range of 3% - 4% for comparable developments, NAV creation through development can be substantial.

In the sections that follow (Active Major Developments and Potential Major Developments), Crombie has identified 33 Major Development projects as at September 30, 2019 (June 30, 2019 - 33), with a total projected cost to develop these properties of \$4,000,000 to \$5,800,000 (June 30, 2019 - \$4,000,000 to \$5,800,000). 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.

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

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

Active Major Developments

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

Property	CMA ⁽¹⁾	Use	Commercial GLA on Completion	Residential GLA on Completion	Residential Units	Estimated Final Completion Date	At Crombie's Share (\$ in millions)			
							Estimated Annual NOI	Estimated Total Cost ⁽²⁾	Estimated Yield on Cost ⁽²⁾	Estimated Cost to Complete
Investment Properties ("IP") - Major Development										
Davie Street ⁽³⁾	Vancouver	Retail	54,000	—	—	Q1 2020	\$ 1.8-2.0	\$ 28.6	6.2%-6.8%	\$ 7.8
Belmont Market ⁽⁶⁾	Victoria	Retail, Office	160,000	—	—	Q4 2020 ⁽⁵⁾	\$ 5.4-5.7	\$ 93.0	5.8%-6.1%	\$ 25.7
Avalon Mall - Phase I	St. John's	Retail	—	—	—	Q3 2020	—	\$ 54.5	—	\$ 11.4
Avalon Mall - Phase II ⁽⁴⁾	St. John's	Retail	165,000	—	—	Q3 2020	6.0-6.4	57.8	10.3%-11.0%	29.6
Subtotal IP - Major Development			379,000	—	—		\$13.2-14.1	\$ 233.9	5.6%-6.0%	\$ 74.5
Properties Under Development ("PUD")										
Pointe-Claire	Montreal	Industrial	300,000	—	—	2021	6.1-6.4	100.0	6.1%-6.4%	63.8
Subtotal PUD			300,000	—	—		\$6.1-6.4	\$ 100.0	6.1%-6.4%	\$ 63.8
Total Investment Properties			679,000	—	—		\$19.3-20.5	\$ 333.9	5.8%-6.1%	\$ 138.3
Properties Held in Joint Ventures										
Davie Street ⁽³⁾	Vancouver	Residential	—	254,000	330	Q3 2020	\$ 4.0-4.4	\$ 78.5	5.1%-5.6%	\$ 28.2
Le Duke ⁽⁷⁾	Montreal	Retail, Residential	26,000	241,000	390	Q1 2021	3.2-3.4	59.1	5.4%-5.8%	40.6
Bronte Village ⁽⁷⁾	Toronto	Retail, Residential	54,000	466,000	480	Q3 2021	7.5-8.3	138.7	5.4%-6.0%	79.1
Total Properties Held in Joint Venture			80,000	961,000	1,200		\$14.7-16.1	\$ 276.3	5.3%-5.8%	\$ 147.9
Total Active Major Developments			759,000	961,000	1,200		\$34.0-36.6	\$ 610.2	5.6%-6.0%	\$ 286.2

⁽¹⁾ CMA: Census Metropolitan Area

⁽²⁾ Estimated Total Cost and Estimated Yield on Cost includes all costs associated with the development, including but not limited to, estimated land value, pre-development costs, construction costs, tenant costs and financing costs.

⁽³⁾ Crombie will own 100% of the retail with a total project cost of \$28.6 million. Sobeys will continue lease payments through the development period to retain the rights under their existing lease. Incremental NOI for the commercial component is \$0.6 million. Crombie has entered into a JV partnership agreement with Vancouver based Westbank Corp. and will own 50% of the residential with a total project cost of \$157.0 million.

⁽⁴⁾ Avalon Mall total GLA is expected to be 593,000 square feet when Phase II is complete. 165,000 square feet relates to the expected square footage of the redeveloped portion of the mall.

⁽⁵⁾ Costs related to completed phases have been transferred out of Properties under Development and into Investment Properties in Q4 2018 and Q2 2019. Full project costs are shown in chart above.

⁽⁶⁾ Rents from certain leases in Phase I of Belmont Market development commenced in Q4 2018 with many tenants opening for business in 2019. New revenue will continue to come on-line throughout 2019 and 2020 and with timing dependent on pre-leasing activity.

⁽⁷⁾ The development agreement with Prncedev Inc. was executed in April 2018. Under this agreement, Crombie has sold a 50% interest in the Bronte Village development in South Oakville and acquired a 50% interest in Le Duke. Title transfer closed in August 2018.

In the quarter the estimated total cost for Davie Street Retail was increased to \$28,600 from \$28,400 and Davie Street Residential was increased to \$78,500 from \$76,400 to reflect updated cost estimates known with greater certainty due to being 99% tendered to date. This quarter the estimated total cost at Le Duke was reduced to \$59,100 from \$61,800 to reflect updated estimates of costs known with greater certainty due to 78% of hard costs now being tendered to date. NOI was reviewed and leasing assumptions updated for each Active Major Development. Ranges were tightened in projects where greater certainty of leasing outcomes was available. On an ongoing basis small changes may be made to building square footages as projects are advanced. Any material changes will be explained.

1641 Davie Street, Vancouver, British Columbia

Davie Street is currently under active development and is being developed in conjunction with our partner, Westbank Corp., as an approximate 308,000 square foot mixed-use property. Construction of the retail podium and tower concrete is complete with residential glazing now being installed and Crombie's first major mixed-use project is making an impact on the Vancouver skyline. This development includes a new Safeway store at approximately 45,000 square feet with almost 9,000 square feet of ancillary retail space, expected to open in Q1 2020. Rental residential space totalling 254,000 square feet (330 rental units) in two residential towers are expected to open in Q3 2020. Estimated total project cost is \$185,600, \$107,100 at Crombie's share. Crombie owns 100% of the commercial component and 50% of the rental residential component. The residential component is fully funded within the joint venture partnership with in-place mortgage financing. Crombie also has in-place mortgage financing on the commercial component.

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

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

Crombie obtained possession of the 129,000 square foot space formerly occupied by Sears effective February 2018, enabling the redevelopment of this section of the mall. This \$57,800 Phase II redevelopment involves demolition of approximately 50,000 square feet of the Sears space, renovation of the remaining portion into new retail units, and an expansion of the existing shopping centre toward Kenmount Road. The redevelopment provides an opportunity to replace the former Sears space with new and/or completely renovated modern tenant spaces, common areas, and mall exterior. This phase of the redevelopment commenced in March 2018 with the start of the Sears demolition, and occupancy of the new retail units began in Q3 2019. Construction of the expansion area will continue through 2019 with occupancy expected in 2020. Avalon Mall continues its market dominance with occupancy at September 30 at 96.2%. Leasing activity to date for the redevelopment area includes a new and expanded Winners HomeSense, H&M, GAP/Banana Republic, and Old Navy. Including this leasing activity, 63.4% of the leaseable square footage in this redevelopment has been executed to date. Advanced discussions with other potential national anchor and CRU tenants continue.

A Phase III development is also planned for an 8.6 acre property abutting Avalon Mall, on Kenmount Road. The redevelopment may replace two 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.

Belmont Market, Langford (Victoria), British Columbia

Belmont Market is being developed as a grocery-anchored retail centre in Langford. Crombie is developing and owns 100% of the 160,000 square foot retail component currently under active development. The retail development is expected to cost approximately \$93,000 and includes a 53,000 square foot Thrifty Foods store and approximately 107,000 square feet of additional retail and office space on 13 acres of land. The Thrifty Foods grocery store opened in May 2019 and is driving additional traffic to the centre. Additional construction consisting of 33,000 square feet in four buildings is now complete with tenants now open for business. The mixed-use buildings that form the High Street of the development are complete with our first tenants taking possession to fixture their premises and opening in late fall. As at September 30, 2019 there has been 108,000 square feet added to GLA with committed occupancy of 92.7%.

The final portion of the project totalling 23,000 square feet in three buildings is in active pre-leasing and deals pending on approximately 11,000 square feet of the available space. Construction is likely to commence on at least one of these buildings in early 2020.

Crombie has completed the sale of 5.55 acres of land to Ledcor Developments, who are under construction on over half of the anticipated 437 residential units, with the delivery of the first units along High Street in late fall.

Le Duke, 297 Rue Duke, Montreal, Quebec

Le Duke is located near the new Bonaventure Greenway in Old Montreal. The development with partner Princesdev Inc. has total project costs estimated at \$118,100, \$59,100 at Crombie's share, and includes a 25 storey mixed-use tower with 241,000 square feet and 390 residential rental units, a 25,000 square foot IGA grocery store, 1,000 square feet of retail space, and 200 underground parking stalls. Development of Le Duke began late in 2017 with demolition of the existing structure. Concrete work for the below grade parking structure and retail level are now complete and the residential structure is well underway. This development is expected to be complete in Q1 2021.

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

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

Bronte Village is located in South Oakville at the intersection of Lakeshore and Bronte Roads. The 5.66 acre property is being redeveloped from a single storey, retail mall, to a mixed-use residential property in conjunction with our partner, Prncedev Inc. This development includes the existing 30,000 square foot grocery store while adding 24,000 square feet of retail and two luxury residential towers totalling 466,000 square feet of residential rental space in up to 480 units. The existing grocery store remains operational during the development. Demolition of the existing mall was completed in June 2018. Site plan approval and building permits have been obtained for the development. Cranes are now on site with the below grade parking structure complete and concrete plans of residential structure underway. Total project cost is estimated at \$277,200, \$138,600 at Crombie's share. This development is expected to be completed in Q3 2021.

Pointe-Claire, (Montreal), Quebec

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

Potential Major Developments

In addition to Active Major Developments in the previous section, Crombie's current Potential Major Developments have the potential to add up to 786,000 square feet (June 30, 2019 - 786,000 square feet) of commercial GLA and up to 8,802,000 square feet (up to 10,000 units) (June 30, 2019 - 8,802,000 square feet and 10,000 units) of residential GLA (which may include a combination of rental or condominium units).

Based on Crombie's current estimates, total costs to develop these properties could reach \$3,400,000 to \$5,200,000 (\$4,000,000 to \$5,800,000 including Active Major Developments). Crombie may 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, 2019, Crombie has identified the following 27 Potential Major Development locations as having potential to become Active Major Developments. Development of each property is subject to management completing full due diligence on the opportunity, including commercial and residential components, as well as seeking all necessary Board, municipal/provincial and tenant approvals prior to proceeding. The precise timing of each project is not determinable at present. The time horizon of these projects may change, project scope may change, and/or Crombie may choose to not proceed with development on some properties after further review and completion of financial projections.

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

⁽¹⁾ CMA: Census Metropolitan Area

⁽²⁾ Westhill can be developed through densification on 0.46 acres of the existing 9.05 acre Scotia Square site

⁽³⁾ TBD: to be determined

⁽⁴⁾ Brunswick Place can be developed through densification on the existing 0.75 acre Brunswick Place Parkade

These are projects already owned by Crombie where future development is a possibility. 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 Pre-Planning Phase

Park West, Halifax, Nova Scotia

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

Penhorn Lands, Dartmouth (Halifax), Nova Scotia

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

Westhill, Halifax, Nova Scotia

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

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

1780 East Broadway is a 2.43 acre site located at the intersection of Commercial Drive and East Broadway in Vancouver, British Columbia. The single storey 38,000 square foot Safeway grocery store is situated at one of the busiest transit nodes in Western Canada. Crombie is currently working through the rezoning process to capitalize on the recently adopted community plan.

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

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

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

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

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

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

FINANCIAL RESULTS

Comparison to Previous Year

<i>(In thousands of CAD dollars, except per unit amounts and as otherwise noted)</i>	As At	
	September 30, 2019	December 31, 2018
Total assets	\$ 3,929,784	\$ 4,071,074
Total investment property debt and unsecured debt	\$ 2,291,129	\$ 2,479,143
Debt to gross book value - fair value basis ⁽¹⁾	48.9%	51.0%

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

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

- investment property dispositions totalling \$289,519, which include the sale of a 50% interest in seven properties in the first quarter of 2019 and sale of an 89% interest in 26 properties in the second quarter of 2019; and,
- repayment or disposition of \$153,900 in fixed rate mortgages and repayment of \$135,455 of the credit facilities with proceeds from disposition of properties during 2019.

	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	Variance	2019	2018	Variance
Property revenue	\$ 97,346	\$ 100,505	\$ (3,159)	\$ 301,918	\$ 310,353	\$ (8,435)
Property operating expenses	27,205	27,660	455	87,793	90,489	2,696
Property NOI	70,141	72,845	(2,704)	214,125	219,864	(5,739)
NOI margin percentage	72.1%	72.5%	(0.4)%	70.9%	70.8%	0.1%
Other items:						
Gain on disposal of investment properties	8,315	100	8,215	51,605	45,443	6,162
Impairment of investment properties	—	—	—	—	(8,000)	8,000
Depreciation and amortization	(17,908)	(28,696)	10,788	(55,966)	(76,447)	20,481
General and administrative expenses	(6,112)	(4,925)	(1,187)	(17,866)	(14,042)	(3,824)
Finance costs - operations	(24,504)	(26,573)	2,069	(74,506)	(79,663)	5,157
Income from equity accounted investments	125	69	56	342	143	199
Operating income before taxes	30,057	12,820	17,237	117,734	87,298	30,436
Taxes - current	(8)	(2)	(6)	(8)	(2)	(6)
Operating income attributable to Unitholders	30,049	12,818	17,231	117,726	87,296	30,430
Finance costs - distributions to Unitholders	(33,753)	(33,711)	(42)	(101,233)	(101,005)	(228)
Finance (costs) income - change in fair value of financial instruments	(264)	(40)	(224)	(1,267)	205	(1,472)
Increase (decrease) in net assets attributable to Unitholders	\$ (3,968)	\$ (20,933)	\$ 16,965	\$ 15,226	\$ (13,504)	\$ 28,730
Operating income attributable to Unitholders per Unit, Basic and Diluted	\$ 0.20	\$ 0.08		\$ 0.78	\$ 0.58	
Basic weighted average Units outstanding (in 000's)	151,685	151,497		151,656	151,276	
Distributions per Unit to Unitholders	\$ 0.22	\$ 0.22		\$ 0.67	\$ 0.67	

Operating Results

Three months

Operating income attributable to Unitholders increased by \$17,231 or 134.4% compared to the third quarter of 2018 primarily due to the disposition of investment properties, resulting in a decrease in property NOI of \$2,704, offset by an increase of \$8,215 in the gain on disposal of investment properties and a decrease of \$2,069 in finance costs from operations due to repayments of debt. In addition, depreciation and amortization was lower by \$10,788 compared to the third quarter of 2018 as a result of dispositions of investment properties and accelerated depreciation of \$8,930 which was recorded in the third quarter of 2018.

Nine months

Operating income attributable to Unitholders increased by \$30,430. In addition to factors noted above, contributing to the increase was an impairment of \$8,000 recognized on two retail properties in the second quarter of 2018.

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

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Operating income attributable to Unitholders	\$ 30,049	\$ 12,818	\$ 117,726	\$ 87,296
Finance costs - distributions to Unitholders	(33,753)	(33,711)	(101,233)	(101,005)
Finance (costs) income - change in fair value of financial instruments	(264)	(40)	(1,267)	205
Increase (decrease) in net assets attributable to Unitholders	\$ (3,968)	\$ (20,933)	\$ 15,226	\$ (13,504)

Property NOI

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

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

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

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	Variance	2019	2018	Variance
Property NOI	\$ 70,141	\$ 72,845	\$ (2,704)	\$ 214,125	\$ 219,864	\$ (5,739)
Non-cash straight-line rent	(2,682)	(3,223)	541	(8,207)	(8,613)	406
Non-cash tenant incentive amortization	3,515	3,334	181	10,541	9,424	1,117
Property cash NOI	70,974	72,956	(1,982)	216,459	220,675	(4,216)
Acquisitions, dispositions and development property cash NOI	8,740	12,708	(3,968)	31,051	41,617	(10,566)
Same-asset property cash NOI	\$ 62,234	\$ 60,248	\$ 1,986	\$ 185,408	\$ 179,058	\$ 6,350

Three months

Same-asset property cash NOI increased by \$1,986 or 3.3% compared to the third quarter of 2018 primarily due to rate increases on existing tenant leases, new leasing activity, lease termination income and revenues from lease modernizations and land use intensifications at certain properties, making up \$1,690 (or 2.8%) of the increase, with the remaining increase due to the favourable impact from the adoption of IFRS 16 'Leases' on January 1, 2019.

Nine months

On a year to date basis, same-asset cash NOI increased 3.5% with rate increases on existing tenant leases, new leasing activity, lease termination income and revenues from lease modernizations and land use intensifications accounting for approximately \$5,463 (or 3.1%) of the increase in same-asset cash NOI, with the remaining increase due to the favourable impact from the adoption of IFRS 16.

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,			
	2019	2018	Variance	Percent	2019	2018	Variance	Percent
Retail and Commercial ⁽¹⁾	\$ 57,163	\$ 55,766	\$ 1,397	2.5%	\$ 170,486	\$ 165,910	\$ 4,576	2.8%
Office	3,147	2,577	570	22.1%	9,188	7,471	1,717	23.0%
Industrial ⁽²⁾	1,924	1,905	19	1.0%	5,734	5,677	57	1.0%
Same-asset property cash NOI	\$ 62,234	\$ 60,248	\$ 1,986	3.3%	\$ 185,408	\$ 179,058	\$ 6,350	3.5%

⁽¹⁾ Commercial includes certain properties which comprise both retail and office space. These properties have been consistently included in our retail category.

⁽²⁾ Industrial includes retail distribution centres owned in Toronto, Montreal and Calgary.

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,		
	2019	2018	Variance	2019	2018	Variance
Acquisitions and dispositions property cash NOI	\$ 1,490	\$ 6,820	\$ (5,330)	\$ 10,144	\$ 23,242	\$ (13,098)
Development property cash NOI	7,250	5,888	1,362	20,907	18,375	2,532
Total acquisitions, dispositions and development property cash NOI	\$ 8,740	\$ 12,708	\$ (3,968)	\$ 31,051	\$ 41,617	\$ (10,566)

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

Property NOI for the three and nine months ended September 30, 2019 by province was as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	Variance	2019	2018	Variance
	Property NOI	Property NOI		Property NOI	Property NOI	
AB	\$ 15,406	\$ 16,177	\$ (771)	\$ 47,367	\$ 48,815	\$ (1,448)
BC	9,628	9,024	604	29,148	27,371	1,777
MB	3,161	3,366	(205)	9,688	10,105	(417)
NB	3,965	3,852	113	11,351	10,692	659
NL	6,387	6,413	(26)	19,515	19,686	(171)
NS	14,547	13,764	783	42,665	43,330	(665)
ON	8,782	10,763	(1,981)	28,016	32,287	(4,271)
PE	253	420	(167)	1,132	1,277	(145)
QC	6,412	7,253	(841)	20,300	20,894	(594)
SK	1,600	1,813	(213)	4,943	5,407	(464)
Total	\$ 70,141	\$ 72,845	\$ (2,704)	\$ 214,125	\$ 219,864	\$ (5,739)

FFO AND AFFO

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

Funds from Operations (FFO)

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

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

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

The calculation of FFO for the three and nine months ended September 30, 2019 and 2018 is as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	Variance	2019	2018	Variance
Increase (decrease) in net assets attributable to Unitholders	\$ (3,968)	\$ (20,933)	\$ 16,965	\$ 15,226	\$ (13,504)	\$ 28,730
Add (deduct):						
Amortization of tenant incentives	3,515	3,334	181	10,541	9,424	1,117
Gain on disposal of investment properties	(8,315)	(100)	(8,215)	(51,605)	(45,443)	(6,162)
Impairment of investment properties	—	—	—	—	8,000	(8,000)
Depreciation and amortization of investment properties	17,609	28,686	(11,077)	55,097	76,417	(21,320)
Depreciation of investment properties included in Income from equity accounted investments	20	8	12	61	23	38
Principal payments on right of use assets	(23)	—	(23)	(72)	—	(72)
Internal leasing costs	525	609	(84)	1,659	1,827	(168)
Finance costs - distributions to Unitholders	33,753	33,711	42	101,233	101,005	228
Finance costs (income) - change in fair value of financial instruments	264	40	224	1,267	(205)	1,472
FFO as calculated based on REALPAC recommendations	\$ 43,380	\$ 45,355	\$ (1,975)	\$ 133,407	\$ 137,544	\$ (4,137)

Three and nine months

The decrease is primarily due to the disposition of properties in the current and prior quarters as well as increases in general and administrative costs, primarily related to the impact of increased unit price on unit-based compensation expense.

Adjusted Funds from Operations (AFFO)

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

The calculation of AFFO for the three and nine months ended September 30, 2019 and 2018 is as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	Variance	2019	2018	Variance
FFO as calculated based on REALPAC recommendations	\$ 43,380	\$ 45,355	\$ (1,975)	\$ 133,407	\$ 137,544	\$ (4,137)
Add (deduct):						
Amortization of effective swap agreements	226	563	(337)	1,321	1,706	(385)
Straight-line rent adjustment	(2,682)	(3,223)	541	(8,207)	(8,613)	406
Internal leasing costs	(525)	(609)	84	(1,659)	(1,827)	168
Maintenance expenditures on a square footage basis	(3,982)	(4,221)	239	(12,236)	(12,789)	553
AFFO as calculated based on REALPAC recommendations	\$ 36,417	\$ 37,865	\$ (1,448)	\$ 112,626	\$ 116,021	\$ (3,395)

Three and nine months

The decline in AFFO is primarily due to the disposition of properties in the current and prior quarters, partially offset by the resulting decrease in maintenance expenditures on a square footage basis.

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 2019, Crombie has maintained the normalized rate of \$0.90 per square foot of GLA that was charged in 2018 based on the actual spend for 2018 and 2017 and estimated spend for 2019. Additionally, Crombie combines maintenance capital expenditures with maintenance TI and deferred leasing costs in arriving at the normalized per square foot charge to AFFO based on the fact that in years where TI and leasing expenditures are reduced, spending on maintenance capital expenditures may be accelerated and vice versa.

Maintenance Expenditures - Actual

<i>(In thousands of CAD dollars)</i>	Three months ended			Nine months ended			Year ended Dec. 31, 2018	Three months ended		
	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Sep. 30, 2019	Sep. 30, 2018	Sep. 30, 2018		Jun. 30, 2018	Mar. 31, 2018	
Total additions to investment properties	\$ 19,149	\$ 20,602	\$ 17,219	\$ 56,970	\$ 61,495	\$ 91,211	\$ 29,716	\$ 21,616	\$ 16,877	\$ 23,002
Less: revenue enhancing expenditures	(17,195)	(19,951)	(15,339)	(52,485)	(56,159)	(82,647)	(26,488)	(19,982)	(15,316)	(20,861)
Maintenance capital expenditures	1,954	651	1,880	4,485	5,336	8,564	3,228	1,634	1,561	2,141
Total additions to TI and deferred leasing costs	24,853	11,336	3,608	39,797	14,389	17,488	3,099	3,629	2,779	7,981
Less: revenue enhancing expenditures	(23,992)	(9,612)	(2,081)	(35,685)	(8,641)	(10,936)	(2,295)	(940)	(1,267)	(6,434)
Maintenance TI and deferred leasing costs	861	1,724	1,527	4,112	5,748	6,552	804	2,689	1,512	1,547
Total maintenance expenditures - actual	\$ 2,815	\$ 2,375	\$ 3,407	\$ 8,597	\$ 11,084	\$ 15,116	\$ 4,032	\$ 4,323	\$ 3,073	\$ 3,688
Reserve amount charged against AFFO and ACFO	\$ 3,982	\$ 4,045	\$ 4,209	\$ 12,236	\$ 12,789	\$ 17,027	\$ 4,238			

Obligations for expenditures for TI’s occur when renewing existing tenant leases or for new tenants occupying a space. Typically, leasing costs for existing tenants are lower on a per square foot basis than for new tenants. However, new tenants may provide more overall cash flow to

Crombie through higher rents or improved traffic to a property. The timing of such expenditures fluctuates depending on the satisfaction of contractual terms contained in the leases.

Maintenance TI and deferred leasing costs are the result of both lease renewals and new leases and are reflective of the leasing activity during 2019 and 2018.

Revenue enhancing expenditures are capitalized and depreciated or charged against revenue over their useful lives, but not deducted when calculating AFFO or ACFO. Revenue enhancing expenditures during the nine months ended September 30, 2019 consisted primarily of development work, lease modernizations and GLA expansions.

Depreciation, Amortization and Impairment

Crombie's total fair value of investment properties, including properties held for sale, exceeds carrying value by \$819,388 at September 30, 2019 (September 30, 2018 - \$812,706). 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.

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	Variance	2019	2018	Variance
Same-asset depreciation and amortization	\$ 15,356	\$ 15,850	\$ 494	\$ 47,684	\$ 48,555	\$ 871
Acquisitions, dispositions and development depreciation/amortization	2,552	12,846	10,294	8,282	27,892	19,610
Depreciation and amortization	\$ 17,908	\$ 28,696	\$ 10,788	\$ 55,966	\$ 76,447	\$ 20,481

Three and nine months

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

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,		
	2019	2018	Variance	2019	2018	Variance
Salaries and benefits	\$ 4,245	\$ 3,562	\$ (683)	\$ 12,270	\$ 9,600	\$ (2,670)
Professional fees	369	270	(99)	985	827	(158)
Public company costs	671	447	(224)	1,788	1,549	(239)
Rent and occupancy	130	169	39	453	522	69
Other	697	477	(220)	2,370	1,544	(826)
General and administrative expenses	\$ 6,112	\$ 4,925	\$ (1,187)	\$ 17,866	\$ 14,042	\$ (3,824)
As a percentage of property revenue	6.3%	4.9%	(1.4)%	5.9%	4.5%	(1.4)%

Three and nine months

The increase in expenses is primarily due to increased salaries and benefits costs, the majority of which is due to the increase in Crombie's unit price and its impact on unit-based compensation plans.

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

Finance Costs - Operations

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	Variance	2019	2018	Variance
Finance costs	\$ 23,356	\$ 23,991	\$ 635	\$ 70,438	\$ 73,729	\$ 3,291
Amortization of effective swaps and deferred financing charges	1,148	2,582	1,434	4,068	5,934	1,866
Finance costs - operations	\$ 24,504	\$ 26,573	\$ 2,069	\$ 74,506	\$ 79,663	\$ 5,157

Three and nine months

Finance costs decreased by \$635 and \$3,291 respectively primarily due to repayments and dispositions of mortgages to joint operations during 2019.

Finance Costs - Distributions

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

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,	
	2019	2018	2019	2018
Distributions to Unitholders	\$ 19,952	\$ 19,927	\$ 59,839	\$ 59,704
Distributions to Special Voting Unitholders	13,801	13,784	41,394	41,301
Total distributions	\$ 33,753	\$ 33,711	\$ 101,233	\$ 101,005
FFO payout ratio	77.8%	74.3%	75.9%	73.4%
AFFO payout ratio	92.7%	89.0%	89.9%	87.1%
ACFO payout ratio	103.7%	91.3%	90.1%	85.7%

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 2018 and continues to do so. The relevant tests apply throughout the taxation year of Crombie and as such the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

Taxation of Distributions

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

The real estate industry is highly capital intensive.

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

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

- (i) secured short-term financing through an authorized revolving credit facility, maturing June 30, 2022 (extended to June 30, 2023 effective October 1, 2019), of up to \$400,000, subject to available borrowing base, of which \$9,388 (\$15,033 including outstanding letters of credit) was drawn at September 30, 2019;
- (ii) unsecured short-term financing through an authorized floating rate revolving credit facility, maturing May 14, 2021, of up to \$100,000, of which \$34,000 was drawn at September 30, 2019;
- (iii) recycling capital through the disposition of select investment properties;
- (iv) secured mortgage and term debt on unencumbered properties, Crombie currently has \$960,275 of fair value in unencumbered properties, which is defined as those properties that are free and clear of any encumbrances, including mortgages and pledging as security for floating rate revolving credit facility;
- (v) the issuance of additional senior unsecured notes;
- (vi) the issuance of additional unsecured convertible debentures; and,
- (vii) the issuance of new units.

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

Capital Structure

<i>(In thousands of CAD dollars)</i>	September 30, 2019		December 31, 2018	
Fixed rate mortgages	\$ 1,467,651	38.8%	\$ 1,601,584	40.8%
Credit facilities	50,314	1.3%	178,843	4.6%
Senior unsecured notes	773,164	20.5%	698,716	17.8%
Crombie REIT Unitholders	871,509	23.1%	864,779	22.1%
Special Voting Units and Class B Limited Partnership Unitholders	584,343	15.5%	578,061	14.7%
Lease liabilities	29,336	0.8%	—	—%
	\$ 3,776,317	100.0%	\$ 3,921,983	100.0%

Liquidity and Financing Sources

Revolving credit facility

Crombie has in place an authorized floating rate revolving credit facility of up to \$400,000 (the "revolving credit facility"), with a maturity date of June 30, 2022 (extended to June 30, 2023 effective October 1, 2019), of which \$9,388 (\$15,033 including outstanding letters of credit) was drawn as at September 30, 2019. The revolving credit facility is secured by a pool of first and second mortgages on certain properties. Borrowings under the revolving credit facility can be by way of Bankers Acceptance or Prime Rate Advances and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS and whether the facility remains secured or migrates to an unsecured status. Funds available for drawdown pursuant to the revolving credit facility are determined with reference to the value of the Borrowing Base (as defined under "Borrowing Capacity and Debt Covenants") relative to certain financial covenants of Crombie. As at September 30, 2019, Crombie had sufficient Borrowing Base to permit \$400,000 of funds to be drawn pursuant to the revolving credit facility, subject to certain other financial covenants. See "Borrowing Capacity and Debt Covenants".

Joint Operation Credit Facility

In conjunction with the 89% sale of a portfolio of assets in the second quarter of 2019, Crombie and its co-owner entered into a credit agreement with a Canadian Chartered Bank for a \$62,250 term loan facility and a \$5,800 revolving credit facility. Both facilities are secured and have a term of five years maturing on April 25, 2024. Borrowings under both facilities can be by way of Bankers Acceptance or Prime Rate Advance and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into these facilities, Crombie and its co-owner entered into a fixed for floating interest rate swap effectively fixing the interest rate on both facilities at 3.58%. At September 30, 2019, Crombie's portion of the term and revolving credit facilities was \$6,848 and \$78, respectively.

Unsecured Bilateral Credit Facility

The unsecured bilateral credit facility has a maximum principal amount of \$100,000, of which \$34,000 was drawn as at September 30, 2019, and was renewed for an additional year in the second quarter of 2019 and now matures May 14, 2021. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. Borrowings under the bilateral credit facility can be by way of Bankers Acceptance or Prime Rate Advance and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS.

Mortgage debt and credit facilities

Crombie had fixed rate mortgages outstanding consisting of:

	September 30, 2019	December 31, 2018
Fixed rate mortgages	\$ 1,473,956	\$ 1,608,749
Unamortized fair value debt adjustment	1,040	1,891
	1,474,996	1,610,640
Deferred financing charges	(7,345)	(9,056)
Total mortgage debt	\$ 1,467,651	\$ 1,601,584

The mortgages carry a weighted average interest rate of 4.29% (after giving effect to the interest rate subsidy from Empire under an omnibus subsidy agreement) and a weighted average term to maturity of 4.0 years.

From time to time, Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount (see "Risk Management"). Crombie currently has interest rate swap agreements in place on \$113,892 of floating rate debt.

During the second quarter of 2019, Crombie disposed of \$41,557 in mortgages as part of the disposition of an 89% interest in 26 properties. For the nine months ended September 30, 2019, \$51,155 in mortgages were disposed.

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

12 Months Ending	Maturing Debt Balances				Payments of Principal	Total Required Payments	% of Total
	Mortgages	Credit Facilities	Total	% of Total			
Remainder of 2019	\$ 93,090	\$ —	\$ 93,090	7.2%	\$ 12,562	\$ 105,652	6.9%
December 31, 2020	216,024	—	216,024	16.8%	44,429	260,453	17.1%
December 31, 2021	83,856	34,000	117,856	9.2%	43,170	161,026	10.6%
December 31, 2022	166,385	9,388	175,773	13.7%	37,634	213,407	14.0%
December 31, 2023	242,839	—	242,839	18.9%	30,869	273,708	18.0%
Thereafter	431,925	6,926	438,851	34.2%	71,173	510,024	33.5%
Total ⁽¹⁾	\$ 1,234,119	\$ 50,314	\$ 1,284,433	100.0%	\$ 239,837	\$ 1,524,270	100.1%

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

Of the maturing debt balances, only 31.8% of mortgages and 33.2% of total maturing debt balances mature over the next three years.

Senior unsecured notes

	Maturity Date	Interest Rate	September 30, 2019	December 31, 2018
Series B	June 1, 2021	3.962%	\$ 250,000	\$ 250,000
Series C	February 10, 2020	2.775%	—	125,000
Series D	November 21, 2022	4.066%	150,000	150,000
Series E	January 31, 2025	4.802%	175,000	175,000
Series F	August 26, 2026	3.677%	200,000	—
Unamortized Series B issue premium			739	1,068
Deferred financing charges			(2,575)	(2,352)
			\$ 773,164	\$ 698,716

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

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

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

For the nine months ended September 30, 2019, Crombie issued 69,393 REIT Units and 49,206 Class B LP Units under its DRIP. Units issued under the DRIP are issued at a price equal to 100% of the volume-weighted average trading price of the REIT Units on the TSX for the five trading days immediately preceding the relevant distribution payment date.

Total units outstanding at October 31, 2019, were as follows:

Units	89,680,252
Special Voting Units ⁽¹⁾	62,033,415

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

Sources and Uses of Funds

(In thousands of CAD dollars)	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	Variance	2019	2018	Variance
Cash provided by (used in):						
Operating activities	\$ 8,600	\$ 26,335	\$ (17,735)	\$ 11,384	\$ 43,869	\$ (32,485)
Financing activities	14,918	4,161	10,757	(112,670)	(9,129)	(103,541)
Investing activities	(23,518)	(30,496)	6,978	101,286	(34,740)	136,026
Net change during the period	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Operating Activities

Three and nine months

The decrease from the prior year on both a quarterly and year to date basis is primarily due to decreased operating income as a result of property dispositions.

Financing Activities

Three months

The increase in cash provided by financing activities is due to the issue of Series F senior unsecured notes, the proceeds of which were used to fund the repayment of Series C senior unsecured notes and repay bank indebtedness.

Nine months

The increase in cash used by financing activities is due to repayment of mortgages and credit facilities with the proceeds from the disposition of properties.

Investing Activities

Three and nine months

The increase in cash provided by investing activities is due to the proceeds from disposition of properties and lower acquisition costs associated with investment property acquisitions during 2019.

Adjusted Cash Flow from Operations (ACFO)

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

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

REALPAC provides for other adjustments in determining ACFO which are currently not applicable to Crombie, therefore not included in the above list. The calculation of ACFO for the three and nine months ended September 30, 2019 and 2018 is as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Cash flow from operations	\$ 8,600	\$ 26,335	\$ 11,384	\$ 43,869
Add (deduct):				
Distributions to unitholders included in cash flow from operations	33,753	33,711	101,233	101,005
Non-cash DRIP amount included in above distributions	(480)	(810)	(1,700)	(9,423)
Change in non-cash working capital balances not indicative of sustainable cash flows	(4,386)	(16,068)	16,458	(529)
Reserve for maintenance expenditures	(3,982)	(4,221)	(12,236)	(12,789)
Principal payments on right of use assets	(23)	—	(72)	—
Amortization of deferred financing charges	(922)	(2,019)	(2,747)	(4,228)
ACFO as calculated based on REALPAC recommendations	32,560	36,928	112,320	117,905
Total distributions declared during the period	33,753	33,711	101,233	101,005
Excess of ACFO over total distributions	\$ (1,193)	\$ 3,217	\$ 11,087	\$ 16,900
ACFO payout ratio	103.7%	91.3%	90.1%	85.7%

Borrowing Capacity and Debt Covenants

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

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

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

At September 30, 2019, the remaining amount available under the revolving credit facility was approximately \$391,000 (prior to reduction for standby letters of credit outstanding of \$5,645) and was not limited by the Aggregate Borrowing Base. At September 30, 2019, Crombie remained in compliance with all debt covenants.

Debt to Gross Book Value - Fair Value Basis

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

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

The debt to gross book value on a fair value basis was 48.9% at September 30, 2019 compared to 50.5% at September 30, 2018. This leverage ratio is below the maximum 60%, or 65% including convertible debentures, as permitted by Crombie's Declaration of Trust. On a long-term basis, Crombie intends to maintain reasonable overall indebtedness so as to maintain and strengthen its investment grade rating.

During the nine months ended September 30, 2019, Crombie's weighted average cap rate used in the determination of the fair value of its investment properties decreased 0.05% to 6.05%.

<i>(In thousands of CAD dollars, except as otherwise noted)</i>	As at				
	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018
Fixed rate mortgages	\$ 1,474,996	\$ 1,504,095	\$ 1,572,402	\$ 1,610,640	\$ 1,618,489
Senior unsecured notes	775,000	700,000	700,000	700,000	700,000
Revolving credit facility	9,388	55,707	107,986	108,843	54,148
Joint operation credit facility	6,926	6,848	—	—	—
Bilateral credit facility	34,000	24,000	40,000	70,000	100,000
Lease liabilities	29,336	29,436	29,689	—	—
Total debt outstanding	2,329,646	2,320,086	2,450,077	2,489,483	2,472,637
Less: Applicable fair value debt adjustment	(607)	(676)	(746)	(818)	(891)
Debt	\$ 2,329,039	\$ 2,319,410	\$ 2,449,331	\$ 2,488,665	\$ 2,471,746
Investment properties, at fair value	\$ 4,626,000	\$ 4,592,000	\$ 4,755,000	\$ 4,776,000	\$ 4,786,000
Other assets, cost ⁽¹⁾	78,923	75,629	59,077	52,677	57,181
Deferred financing charges	9,920	9,878	10,379	11,408	11,058
Investment in joint ventures	45,160	41,913	41,807	39,485	37,578
Interest rate subsidy	(607)	(676)	(746)	(818)	(891)
Gross book value - fair value basis	\$ 4,759,396	\$ 4,718,744	\$ 4,865,517	\$ 4,878,752	\$ 4,890,926
Debt to gross book value - fair value basis	48.9%	49.2%	50.3%	51.0%	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, refinancing and bank debt, Crombie continues to maintain leverage at an appropriate level while staying conservatively within its maximum borrowing capacity.

Coverage Ratios

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

	Three months ended							
	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017
Property revenue	\$ 97,346	\$ 99,332	\$ 105,240	\$ 104,296	\$ 100,505	\$ 104,143	\$ 105,705	\$ 105,667
Amortization of tenant incentives	3,515	3,411	3,615	3,451	3,334	2,468	3,622	3,507
Adjusted property revenue	100,861	102,743	108,855	107,747	103,839	106,611	109,327	109,174
Property operating expenses	(27,205)	(28,222)	(32,366)	(30,817)	(27,660)	(29,925)	(32,904)	(31,622)
General and administrative expenses	(6,112)	(5,970)	(5,784)	(5,184)	(4,925)	(4,626)	(4,491)	(4,246)
Income (loss) from equity accounted investments	125	123	94	111	69	39	35	(7)
EBITDA (1)	\$ 67,669	\$ 68,674	\$ 70,799	\$ 71,857	\$ 71,323	\$ 72,099	\$ 71,967	\$ 73,299
Trailing 12 months EBITDA (4)	\$ 278,999	\$ 282,653	\$ 286,078	\$ 287,246	\$ 288,688	\$ 289,655	\$ 287,181	\$ 284,496
Finance costs – operations	\$ 24,504	\$ 24,335	\$ 25,667	\$ 25,968	\$ 26,573	\$ 26,381	\$ 26,709	\$ 26,681
Amortization of deferred financing charges	(922)	(913)	(912)	(930)	(2,019)	(1,093)	(1,116)	(996)
Amortization of effective swap agreements	(226)	(544)	(551)	(557)	(563)	(568)	(575)	(580)
Adjusted interest expense (2)	\$ 23,356	\$ 22,878	\$ 24,204	\$ 24,481	\$ 23,991	\$ 24,720	\$ 25,018	\$ 25,105
Debt principal repayments (3)	\$ 12,773	\$ 12,917	\$ 13,647	\$ 13,108	\$ 13,033	\$ 13,124	\$ 13,880	\$ 13,661
Debt outstanding (see Debt to Gross Book Value) (5) ⁽¹⁾	\$ 2,329,039	\$ 2,319,410	\$ 2,449,331	\$ 2,488,665	\$ 2,471,746	\$ 2,462,564	\$ 2,478,325	\$ 2,514,266
Interest service coverage ratio $\{(1)/(2)\}$	2.90x	3.00x	2.93x	2.94x	2.97x	2.92x	2.88x	2.92x
Debt service coverage ratio $\{(1)/((2)+(3))\}$	1.87x	1.92x	1.87x	1.91x	1.93x	1.91x	1.85x	1.89x
Debt to trailing 12 months EBITDA $\{(5)/(4)\}$	8.35x	8.21x	8.56x	8.66x	8.56x	8.50x	8.63x	8.84x

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

ACCOUNTING

Related Party Transactions

As at September 30, 2019, Empire, through its wholly-owned subsidiary ECLD, holds a 41.5% indirect interest in Crombie. Related party transactions primarily include transactions with entities associated with Crombie through Empire's indirect interest. Related party transactions also include transactions with joint venture entities in which Crombie has a 50% interest, as well as transactions with key management personnel and post-employment benefit plans.

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

Crombie's transactions with related parties are as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Property revenue				
Property revenue	\$ 47,451	\$ 53,335	\$ 156,916	\$ 163,324
Head lease income	\$ 269	\$ 136	\$ 678	\$ 476
Lease termination income	\$ 34	\$ —	\$ 488	\$ —
Property operating expenses	\$ (17)	\$ (16)	\$ (41)	\$ (40)
General and administrative expenses				
Property management services recovered	\$ 147	\$ 139	\$ 425	\$ 422
Other general and administrative expenses	\$ (59)	\$ (57)	\$ (181)	\$ (150)
Finance costs - operations				
Interest rate subsidy	\$ 69	\$ 74	\$ 211	\$ 226
Finance costs - distributions to Unitholders	\$ (14,004)	\$ (13,987)	\$ (42,001)	\$ (41,908)

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

Included in the above, during the nine months ended September 30, 2019, Crombie issued 49,206 (September 30, 2018 - 311,374) Class B LP Units to ECLD under the DRIP.

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

On August 2, 2019, Crombie transferred air rights at its Davie Street Property to 1600 Davie Limited Partnership. This transfer, as agreed upon in the 2016 joint venture arrangement, was completed for gross proceeds of approximately \$27,000.

During the three months ended September 30, 2019, Crombie invested \$18,149 in the modernizations and conversions of seven existing Sobeys anchored properties. The amounts are included in tenant incentive additions and are being amortized over the amended lease terms.

Amounts due from related parties include \$15,546 (December 31, 2018 - \$14,636) in 6% Subordinated Notes Receivable due from Bronte Village Limited Partnership and The Duke Limited Partnership.

Additional details on Crombie's related party transactions are described in the MD&A for the year ended December 31, 2018.

Use of Estimates and Judgments

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

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

Critical Accounting Estimates and Assumptions

Critical accounting estimates and assumptions are discussed under the section "Critical Accounting Estimates and Assumptions" in the 2018 Annual MD&A.

Critical Judgments

Critical judgments are discussed under the section "Critical Judgments" in the 2018 Annual MD&A.

Application of new IFRS

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

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

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

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

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

Financial Instruments

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

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

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

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

Level 3 - unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy during the nine months ended September 30, 2019.

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

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

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

<i>(In thousands of CAD dollars)</i>	September 30, 2019		December 31, 2018	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Long-term receivables ⁽¹⁾	\$ 23,640	\$ 23,613	\$ 21,885	\$ 21,882
Financial liabilities				
Investment property debt	\$ 1,585,866	\$ 1,525,310	\$ 1,829,772	\$ 1,789,483
Senior unsecured notes	796,107	775,000	702,893	700,000
Total other financial liabilities	\$ 2,381,973	\$ 2,300,310	\$ 2,532,665	\$ 2,489,483

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

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

Commitments, Contingencies and Guarantees

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

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

Crombie obtains letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at September 30, 2019, Crombie has a total of \$5,645 in outstanding letters of credit related to:

<i>(In thousands of CAD dollars)</i>	September 30, 2019	December 31, 2018
Construction work being performed on investment properties	\$ 3,805	\$ 3,858
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	1,840	4,840
Total outstanding letters of credit	\$ 5,645	\$ 8,698

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

As at September 30, 2019, Crombie had signed construction contracts totalling \$177,579 of which \$123,696 has been paid.

Crombie has 100% guarantees on mortgages related to properties in which it has less than a 100% interest. The mortgages payable related to these guarantees are secured by specific charges against the properties. As at September 30, 2019, Crombie has provided guarantees of approximately \$75,310 (December 31, 2018 - \$38,245) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 4.6 years.

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

RISK MANAGEMENT

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. These risks are discussed more fully under the section "Risk Management" in the 2018 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, 2019 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, diversifying both its tenant mix and asset mix and conducting credit assessments for new and renewing tenants.

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

- Crombie's largest tenant, Empire (including Sobeys and all other subsidiaries of Empire), represents 55.5% of annual minimum rent; no other tenant accounts for more than 4.1% of Crombie's total minimum rent, and;
- Total property revenue includes operating and realty tax cost recovery income and percentage rent. These amounts can vary by property type, specific tenant leases and where tenants may directly incur and pay operating and realty tax costs. Crombie earned total property revenue of \$47,451 and \$156,916 respectively for the three and nine months ended September 30, 2019 (three and nine months ended September 30, 2018 - \$53,335 and \$163,324 respectively) from Sobeys Inc. and other subsidiaries of Empire.

Over the next five years, leases representing no more than 4.4% 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.

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

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

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, 2019:

- Crombie's weighted average term to maturity of its fixed rate mortgages is 4.0 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 \$9,388 at September 30, 2019;
- Crombie has a floating rate bilateral credit facility available to a maximum of \$100,000 with a balance of \$34,000 at September 30, 2019;
- Crombie has an 11% interest in a \$62,250 floating rate term loan credit facility which is fully utilized as of September 30, 2019 (Crombie's portion - \$6,848);
- Crombie has an 11% interest in a \$5,800 floating rate revolving credit facility (as of September 30, 2019, Crombie's portion - \$78); and,
- Crombie has interest rate swap agreements in place on \$113,892 of floating rate debt.

Crombie estimates that \$351 of accumulated other comprehensive income (loss) will be reclassified to finance costs during the remaining quarter of 2019, based on all settled swap agreements as of September 30, 2019.

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

<i>(In thousands of CAD dollars)</i>	Impact of a 0.5% interest rate change			
		Decrease in rate		Increase in rate
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility				
Three months ended September 30, 2019	\$	77	\$	(77)
Three months ended September 30, 2018	\$	164	\$	(164)
Nine months ended September 30, 2019	\$	325	\$	(325)
Nine months ended September 30, 2018	\$	397	\$	(397)

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

Liquidity Risk

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

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

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

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

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

<i>(In thousands of CAD dollars)</i>	Twelve months ending September 30,						
	Contractual Cash Flows ⁽¹⁾	2020	2021	2022	2023	2024	Thereafter
Fixed rate mortgages ⁽²⁾	\$ 1,698,735	\$ 360,883	\$ 145,269	\$ 291,219	\$ 252,110	\$ 323,151	\$ 326,103
Senior unsecured notes	906,215	31,758	278,456	21,853	166,603	15,754	391,791
Lease Liabilities	149,649	2,556	2,474	2,264	2,148	2,041	138,166
	2,754,599	395,197	426,199	315,336	420,861	340,946	856,060
Credit facilities	54,512	1,910	35,407	9,876	248	7,071	—
Total	\$ 2,809,111	\$ 397,107	\$ 461,606	\$ 325,212	\$ 421,109	\$ 348,017	\$ 856,060

⁽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, 2018.

SUBSEQUENT EVENTS

- (a) On October 7, 2019, Crombie disposed of an 89% interest in 15 retail properties totaling 721,000 square feet of gross leaseable area. Total proceeds, before closing adjustments and transaction costs, were approximately \$193,300. As a result of this transaction, Crombie expects to recognize a gain of approximately \$30,000 in the fourth quarter of 2019.
- (b) On October 22, 2019, Crombie declared distributions of 7.417 cents per Unit for the period from October 1, 2019 to and including, October 31, 2019. The distributions will be paid on November 15, 2019, to Unitholders of record as of October 31, 2019.
- (c) On October 29, 2019, Crombie acquired a 100% interest in the retail component of a mixed-use development totalling 29,000 square feet for \$6,611, excluding closing and transaction costs.

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, 2019. They have concluded that our current disclosure controls and procedures are effective.

In addition, our CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes as defined in National Instrument 52-109. The control framework management used to design and assess the effectiveness of ICFR is *Internal Control-Integrated Framework (2013)* issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). Further, our CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the design and operation of ICFR as at December 31, 2018, 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.

The appropriate changes to ICFR in relation to Crombie's migration to the new ERP system have been made in order to continue to maintain appropriate internal controls over financial reporting. Other than these changes, there were no changes to Crombie's ICFR that occurred during the three months ended September 30, 2019 that have materially affected or are reasonably likely to materially affect Crombie's ICFR.

QUARTERLY INFORMATION

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

<i>(In thousands of CAD dollars, except per unit amounts)</i>	Three Months Ended							
	Sep. 30 2019	Jun. 30 2019	Mar. 31 2019	Dec. 31 2018	Sep. 30 2018	Jun. 30 2018	Mar. 31 2018	Dec. 31 2017
Property revenue	\$ 97,346	\$ 99,332	\$ 105,240	\$ 104,296	\$ 100,505	\$ 104,143	\$ 105,705	\$ 105,667
Property operating expenses	27,205	28,222	32,366	30,817	27,660	29,925	32,904	31,622
Property net operating income	70,141	71,110	72,874	73,479	72,845	74,218	72,801	74,045
Gain on disposal	8,315	16,661	26,629	4,580	100	33,502	11,841	2,474
Expenses:								
General and administrative	(6,112)	(5,970)	(5,784)	(5,184)	(4,925)	(4,626)	(4,491)	(4,246)
Finance costs - operations	(24,504)	(24,335)	(25,667)	(25,968)	(26,573)	(26,381)	(26,709)	(26,681)
Income (loss) from equity accounted investments	125	123	94	111	69	39	35	(7)
Depreciation and amortization	(17,908)	(18,140)	(19,918)	(19,906)	(28,696)	(19,719)	(28,032)	(20,619)
Impairment	—	—	—	(7,000)	—	(8,000)	—	—
Operating income before taxes	30,057	39,449	48,228	20,112	12,820	49,033	25,445	24,966
Taxes - current	(8)	—	—	(1)	(2)	—	—	2082
Operating income	30,049	39,449	48,228	20,111	12,818	49,033	25,445	27,048
Finance costs - distributions to Unitholders	(33,753)	(33,744)	(33,736)	(33,724)	(33,711)	(33,688)	(33,606)	(33,511)
Finance income (costs) - change in fair value of financial instruments	(264)	(332)	(671)	197	(40)	(50)	295	18
Increase (decrease) in net assets attributable to Unitholders	\$ (3,968)	\$ 5,373	\$ 13,821	\$ (13,416)	\$ (20,933)	\$ 15,295	\$ (7,866)	\$ (6,445)
Operating income per unit - Basic	\$ 0.20	\$ 0.26	\$ 0.32	\$ 0.13	\$ 0.08	\$ 0.32	\$ 0.17	\$ 0.18

<i>(In thousands of CAD dollars, except per unit amounts)</i>	Three Months Ended							
	Sep. 30 2019	Jun. 30, 2019	Mar. 31 2019	Dec. 31 2018	Sep. 30 2018	Jun. 30 2018	Mar. 31 2018	Dec. 31 2017
Distributions								
Distributions	\$ 33,753	\$ 33,744	\$ 33,724	\$ 33,724	\$ 33,711	\$ 33,688	\$ 33,606	\$ 33,511
Per unit	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22
AFFO								
Basic	\$ 36,417	\$ 37,549	\$ 39,771	\$ 39,771	\$ 37,865	\$ 39,492	\$ 38,664	\$ 39,481
Per unit - Basic	\$ 0.24	\$ 0.25	\$ 0.26	\$ 0.26	\$ 0.25	\$ 0.26	\$ 0.26	\$ 0.26
Payout ratio	92.7%	89.9%	84.8%	84.8%	89.0%	85.3%	86.9%	84.9%
FFO								
Basic	\$ 43,380	\$ 44,567	\$ 46,490	\$ 46,490	\$ 45,355	\$ 46,325	\$ 45,864	\$ 47,237
Per unit - Basic	\$ 0.29	\$ 0.29	\$ 0.31	\$ 0.31	\$ 0.30	\$ 0.31	\$ 0.30	\$ 0.31
Payout ratio	77.8%	75.7%	72.5%	72.5%	74.3%	72.7%	73.3%	70.9%

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

- Property acquisitions and dispositions (gross proceeds excluding closing and transaction costs) for each of the above three month periods were:
 - September 30, 2019 - acquisition of a 50% interest in one retail property for a total purchase price of \$9,500, disposition of an 89% interest in one retail property for proceeds of \$9,750, disposition of 100% of one retail property for proceeds of \$12,255 and disposition of a freestanding building adjacent to a retail property for proceeds of \$175.

- June 30, 2019 - disposition of one retail property for proceeds of \$21,500 and disposition of an 89% interest in 26 retail properties for proceeds of \$161,589;
 - March 31, 2019 - acquisition of one development property for a total purchase price of \$32,439, disposition of three retail properties for proceeds of \$64,780 and disposition of a 50% interest in seven retail properties for proceeds of \$41,614;
 - December 31, 2018 - acquisition of one retail property and an addition to an existing retail property for a total purchase price of \$14,900 and disposition of three retail properties for proceeds of \$26,600;
 - September 30, 2018 - acquisition of an addition to an existing retail property for a total purchase price of \$3,735 and disposition of one retail property for proceeds of \$39,682;
 - June 30, 2018 - acquisition of ten retail properties and additions to two existing retail properties for a total purchase price of \$100,610, disposition of two retail properties and one mixed-use property for proceeds of \$74,250 and disposition of a 50% interest in nine retail properties for proceeds of \$77,929;
 - March 31, 2018 - disposition of two retail properties for proceeds of \$35,627 and the disposition of residential lands adjacent to a development property for proceeds of \$5,725; and,
 - December 31, 2017 - disposition of one retail property for proceeds of \$15,600.
- Property revenue and property operating expenses - Crombie's business is subject to seasonal fluctuations. Property operating expenses during winter months include particular expenses such as snow removal, which is a recoverable expense, thus increasing property revenue during these same periods. Property operating expenses during the summer and fall periods include particular expenses such as paving and roof repairs.
 - Per unit amounts for FFO and AFFO are influenced by operating results as detailed above and by the timing of the issuance of REIT Units and Class B LP Units.

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

Dated: November 6, 2019

New Glasgow, Nova Scotia, Canada