

CROMBIE REAL ESTATE INVESTMENT TRUST
Interim Condensed Consolidated Financial Statements
September 30, 2022

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CROMBIE REAL ESTATE INVESTMENT TRUST
Unaudited Interim Consolidated Balance Sheets
(in thousands of Canadian dollars)

	Note	September 30, 2022	December 31, 2021
Assets			
Non-current assets			
Investment properties	3	\$ 3,585,688	\$ 3,546,752
Investment in joint ventures	4	42,276	44,210
Other assets	5	368,354	362,801
		3,996,318	3,953,763
Current assets			
Cash and cash equivalents	16	1,522	3,915
Other assets	5	75,848	65,363
Investment properties held for sale	3,6	43,231	—
		120,601	69,278
Total Assets		4,116,919	4,023,041
Liabilities			
Non-current liabilities			
Fixed rate mortgages	7	725,644	893,364
Credit facilities	7	91,165	29,124
Senior unsecured notes	8	971,825	971,267
Employee future benefits obligation		8,328	8,130
Trade and other payables	9	21,844	23,838
Lease liabilities	20	34,040	34,420
		1,852,846	1,960,143
Current liabilities			
Fixed rate mortgages	7	210,391	174,495
Senior unsecured notes	8	150,000	150,000
Employee future benefits obligation		284	284
Trade and other payables	9	109,966	139,695
Lease liabilities	20	913	932
		471,554	465,406
Total liabilities excluding net assets attributable to Unitholders		2,324,400	2,425,549
Net assets attributable to Unitholders		\$ 1,792,519	\$ 1,597,492
Net assets attributable to Unitholders represented by:			
Crombie REIT Unitholders		\$ 1,062,229	\$ 950,271
Special Voting Units and Class B Limited Partnership Unitholders		730,290	647,221
		\$ 1,792,519	\$ 1,597,492
Commitments, contingencies and guarantees	21		
Subsequent events	22		

See accompanying notes to the interim condensed consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss
(in thousands of Canadian dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Property revenue	10	\$ 103,642	\$ 101,517	\$ 311,652	\$ 305,060
Property operating expenses	11	32,068	30,216	100,650	93,431
Net property income		71,574	71,301	211,002	211,629
Gain on disposal of investment properties	3	13,357	2,619	18,220	13,763
Impairment of investment properties	3	(10,400)	(1,239)	(10,400)	(1,239)
Depreciation and amortization	3,5	(22,744)	(19,109)	(60,845)	(56,958)
General and administrative expenses	13	(3,706)	(5,728)	(13,484)	(18,119)
Finance costs - operations	14	(20,884)	(23,070)	(62,391)	(70,149)
Gain on distribution from equity-accounted investments	4	1,000	—	2,933	—
Loss from equity-accounted investments	4	(1,787)	(923)	(4,953)	(2,256)
Operating income attributable to Unitholders		26,410	23,851	80,082	76,671
Distributions to Unitholders		(39,513)	(36,578)	(118,143)	(107,922)
Change in fair value of financial instruments	13	1,782	291	4,027	(1,954)
Decrease in net assets attributable to Unitholders		(11,321)	(12,436)	(34,034)	(33,205)
Other comprehensive income					
Items that will be subsequently reclassified to increase net assets attributable to Unitholders:					
Share of net change in derivatives designated as cash flow hedges of equity-accounted investments	4	306	—	4,071	—
Net change in derivatives designated as cash flow hedges		869	476	5,545	3,005
Other comprehensive income		1,175	476	9,616	3,005
Comprehensive loss		\$ (10,146)	\$ (11,960)	\$ (24,418)	\$ (30,200)

See accompanying notes to the interim condensed consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Unaudited Interim Condensed Consolidated Statements of Changes in Net Assets Attributable to Unitholders
(In thousands of Canadian dollars)

	REIT Units, Special Voting Units and Class B LP Units (Note 15)	Net Assets Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to	
					REIT Units	Class B LP Units
Balance, January 1, 2022	\$ 1,966,481	\$ (368,431)	\$ (558)	\$ 1,597,492	\$ 950,271	\$ 647,221
Adjustments related to Employee Unit Purchase Plan ("EUPP")	16	—	—	16	16	—
Comprehensive income (loss)	—	(34,034)	9,616	(24,418)	(14,363)	(10,055)
Units issued under Distribution Reinvestment Plan ("DRIP")	24,677	—	—	24,677	14,422	10,255
Unit issue proceeds, net of costs	194,752	—	—	194,752	111,883	82,869
Balance, September 30, 2022	\$ 2,185,926	\$ (402,465)	\$ 9,058	\$ 1,792,519	\$ 1,062,229	\$ 730,290

	REIT Units, Special Voting Units and Class B LP Units (Note 15)	Net Assets Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to	
					REIT Units	Class B LP Units
Balance, January 1, 2021	\$ 1,860,237	\$ (376,301)	\$ (5,630)	\$ 1,478,306	\$ 881,511	\$ 596,795
Adjustments related to EUPP	26	—	—	26	26	—
Comprehensive income (loss)	—	(33,205)	3,005	(30,200)	(17,852)	(12,348)
Units issued under DRIP	1,799	—	—	1,799	1,053	746
Units issued under Unit-based compensation plan	70	—	—	70	70	—
Unit issue proceeds, net of costs	97,296	—	—	97,296	55,872	41,424
Balance, September 30, 2021	\$ 1,959,428	\$ (409,506)	\$ (2,625)	\$ 1,547,297	\$ 920,680	\$ 626,617

See accompanying notes to the interim condensed consolidated financial statements.

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

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Cash flows provided by (used in)					
Operating Activities					
Decrease in net assets attributable to Unitholders		\$ (11,321)	\$ (12,436)	\$ (34,034)	\$ (33,205)
Additions to tenant incentives		(6,314)	(7,099)	(34,703)	(62,709)
Items not affecting operating cash	16	23,981	21,459	64,181	54,909
Change in other non-cash operating items	16	11,611	12,704	(15,260)	3,655
Finance costs - operations	14	20,884	23,070	62,391	70,149
Distributions to Unitholders		39,513	36,578	118,143	107,922
Cash provided by operating activities		78,354	74,276	160,718	140,721
Financing Activities					
Issuance of mortgages	7	—	—	7,000	25,550
Financing - other		(285)	(857)	(388)	(2,480)
Repayment of mortgages - principal		(9,349)	(11,343)	(28,927)	(33,120)
Repayment of mortgages - maturity	7	(33,544)	—	(110,991)	(9,847)
Finance costs - operations	14	(20,884)	(23,070)	(62,391)	(70,149)
Advance of floating rate credit facilities		(1,536)	(143,625)	61,769	(36,514)
Advance of joint operation credit facilities	7	(8)	96	273	264
Issuance of senior unsecured notes	8	—	150,000	—	150,000
Redemption of senior unsecured notes	8	—	—	—	(150,000)
Cash distributions to Unitholders		(30,848)	(35,997)	(92,504)	(106,123)
REIT Units and Class B LP Units issued	15	—	—	200,002	100,015
REIT Units and Class B LP Units issue costs	15	(7)	(78)	(5,250)	(2,719)
Payments of lease liabilities		(235)	(220)	(695)	(608)
Items not affecting financing cash	16	675	759	2,031	2,325
Cash used in financing activities		(96,021)	(64,335)	(30,071)	(133,406)
Investing Activities					
Acquisition of investment properties and intangible assets	3	(1,402)	(4,838)	(115,327)	(64,304)
Additions to investment properties	3	(21,129)	(29,919)	(75,197)	(45,036)
Proceeds on disposal of investment properties	3	50,706	14,684	60,680	56,245
Contributions to joint ventures	4	(1,000)	(4,278)	(2,077)	(5,278)
Distributions from joint ventures	4	1,016	18	5,376	52
Additions to fixtures and computer equipment		(98)	(72)	(208)	(184)
Additions to deferred leasing costs		(207)	(184)	(1,144)	(747)
Advances on long-term receivables	5	(10,219)	(37)	(5,143)	(2,459)
Cash provided by (used in) investing activities		17,667	(24,626)	(133,040)	(61,711)
Net change in cash and cash equivalents		—	(14,685)	(2,393)	(54,396)
Cash and cash equivalents, beginning of period		1,522	23,582	3,915	63,293
Cash and cash equivalents, end of period		\$ 1,522	\$ 8,897	\$ 1,522	\$ 8,897

See accompanying notes to the interim condensed consolidated financial statements.

1) GENERAL INFORMATION AND NATURE OF OPERATIONS

Crombie Real Estate Investment Trust ("Crombie") is an unincorporated "open-ended" real estate investment trust created pursuant to the Declaration of Trust dated January 1, 2006, as amended. The principal business of Crombie is investing in income-producing retail, retail-related industrial, mixed-use, and office properties in Canada. Crombie is registered in Canada and the address of its registered office is 610 East River Road, Suite 200, New Glasgow, Nova Scotia, Canada, B2H 3S2. The interim condensed consolidated financial statements for the three and nine months ended September 30, 2022 and September 30, 2021 include the accounts of Crombie and all of its subsidiary entities. The Units of Crombie are traded on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

The three and nine months ended September 30, 2022 interim condensed consolidated financial statements were authorized for issue by the Board of Trustees on November 9, 2022.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as otherwise indicated hereunder, these financial statements have been prepared using the same policies and methods of computation as the audited consolidated financial statements for the year ended December 31, 2021.

(a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and do not contain all the information required by IAS 1, Presentation of Financial Statements. Therefore, they should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021.

(b) Basis of presentation

These interim condensed consolidated financial statements are presented in Canadian dollars, Crombie's functional and reporting currency, rounded to the nearest thousand. The interim condensed consolidated financial statements are prepared on a historical cost basis except for any financial assets and liabilities classified as fair value, with changes in fair value either recognized as an increase (decrease) in net assets attributable to Unitholders ("FVTPL" classification) or fair value through other comprehensive income ("FVOCI" classification).

(c) Critical accounting estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Critical estimates and judgments disclosed in the annual audited consolidated financial statements also apply to these financial statements. The estimates and assumptions that are critical to the determination of the amounts reported in the interim condensed consolidated financial statements relate to the following:

(i) Fair value measurement

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

(ii) Investment properties

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

(iii) Investment property valuation

External, independent valuation companies, having appropriate, recognized professional qualifications and recent experience in the location and category of properties being valued, value substantially all of Crombie's investment property portfolio on a rotating basis over a maximum period of four years. The fair values, based on the measurement date, represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Internal quarterly valuations are performed using internally generated valuation models prepared by considering the aggregate trailing annual net property income recognized from leasing the property, that is stabilized for any major tenant movement. Biannual capitalization rates/yields are obtained from an independent valuation company, which reflects the specific risks inherent in the net property income, to arrive at property valuations. As at September 30, 2022, management's determination of fair value was updated for current market assumptions, informed by net property income, market capitalization rates, and recent appraisals provided by independent appraisal professionals.

(iv) Lease modifications

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

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Interim Condensed Consolidated Financial Statements
(In thousands of Canadian dollars)
September 30, 2022

3) INVESTMENT PROPERTIES

	September 30, 2022		December 31, 2021
Income properties	\$ 3,432,230	\$	3,436,965
Properties under development	153,458		109,787
Total investment properties	\$ 3,585,688	\$	3,546,752

Income properties

	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2022	\$ 1,129,645	\$ 2,912,068	\$ 71,758	\$ 10,329	\$ 4,123,800
Acquisitions	30,021	75,573	7,136	—	112,730
Additions	657	16,325	—	756	17,738
Dispositions	(9,241)	(31,456)	(821)	—	(41,518)
Write-off of fully depreciated assets	—	(2,964)	(1,322)	(301)	(4,587)
Transfer to investment properties held for sale (Note 6)	(19,536)	(27,652)	(806)	(60)	(48,054)
Reclassification from properties under development	3,709	8,060	—	—	11,769
Balance, September 30, 2022	1,135,255	2,949,954	75,945	10,724	4,171,878
Accumulated depreciation, amortization, and impairment					
Opening balance, January 1, 2022	7,906	642,311	32,307	4,311	686,835
Depreciation and amortization	237	55,084	3,678	754	59,753
Dispositions	—	(6,761)	(551)	—	(7,312)
Impairment	2,200	8,200	—	—	10,400
Write-off of fully depreciated assets	—	(2,964)	(1,322)	(301)	(4,587)
Transfer to investment properties held for sale (Note 6)	—	(5,187)	(228)	(26)	(5,441)
Balance, September 30, 2022	10,343	690,683	33,884	4,738	739,648
Net carrying value, September 30, 2022	\$ 1,124,912	\$ 2,259,271	\$ 42,061	\$ 5,986	\$ 3,432,230

Included in land are right-of-use assets of \$15,535 net of accumulated depreciation of \$1,187 for land held under lease.

During the the three and nine months ended September 30, 2022, Crombie recorded impairments totalling \$10,400 on three properties. These impairments were the result of continuing high vacancy at one property, the upcoming scheduled demolition of a vacant building, and a recent redevelopment that included a partial demolition. Impairment was measured on a per property basis and was determined as the amount by which the carrying value, using the cost method, exceeded the recoverable amount for each property. The recoverable amount was determined to be the higher value of the economic benefit of the continued use of the asset or the selling price less costs to sell. In all three cases, the recoverable amount was determined to be the economic benefit of the continued use of the asset. To calculate the benefit of the continued use of the asset, Crombie utilizes the present value of the estimated future cash flows, discounted using a discount rate based on the risk associated with the property.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Interim Condensed Consolidated Financial Statements
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September 30, 2022

Properties under development

	Land	Buildings	Total
Opening balance, January 1, 2022	\$ 67,063	\$ 42,724	\$ 109,787
Acquisitions	5,007	—	5,007
Additions	2,198	54,304	56,502
Dispositions	(6,069)	—	(6,069)
Reclassification to income-producing properties	(3,709)	(8,060)	(11,769)
Balance, September 30, 2022	\$ 64,490	\$ 88,968	\$ 153,458

Fair value

Crombie's total fair value of investment properties exceeds carrying value by \$1,300,887 at September 30, 2022 (December 31, 2021 - \$1,150,558). Crombie uses the cost method of accounting for investment properties, and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment, if any, is recognized on a property-by-property basis when circumstances indicate that the carrying value may not be recoverable.

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

	Fair Value	Carrying Value
September 30, 2022	\$ 5,265,000	\$ 3,964,113
December 31, 2021	5,026,000	3,875,442

Carrying value consists of the net carrying value of:

	Note	September 30, 2022	December 31, 2021
Income properties	3	\$ 3,432,230	3,436,965
Properties under development	3	153,458	109,787
Accrued straight-line rent receivable	5	97,976	94,896
Tenant incentives	5	237,218	233,794
Investment properties held for sale	6	43,231	—
Total carrying value		\$ 3,964,113	3,875,442

Crombie has utilized the following weighted average capitalization rate on its income properties. Related to the growth in properties under development, Crombie reports the weighted average capitalization rate excluding the value of properties under development with comparative rates adjusted to reflect this change.

	September 30, 2022	December 31, 2021
Weighted average capitalization rate	5.71 %	5.65 %

Capitalization rate sensitivity

Crombie has determined that a change in this applied capitalization rate at September 30, 2022 would result in an (increase) decrease in the fair value of the investment properties as follows:

Capitalization rate change	Increase in Rate	Decrease in Rate
0.25%	\$ (214,000)	\$ 235,000
0.50%	\$ (409,000)	\$ 496,000
0.75%	\$ (588,000)	\$ 786,000

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Interim Condensed Consolidated Financial Statements
(In thousands of Canadian dollars)
September 30, 2022

Property acquisitions and dispositions

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

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

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

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

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

Investment property disposals

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Gross proceeds	\$ 52,126	\$ 15,000	\$ 62,376	\$ 56,970
Selling costs	(1,420)	(316)	(1,696)	(725)
	50,706	14,684	60,680	56,245
Carrying values derecognized:				
Land	(14,685)	(3,535)	(15,443)	(18,682)
Buildings	(20,882)	(7,968)	(25,047)	(22,507)
Intangibles	(189)	(148)	(270)	(361)
Tenant incentives	(7)	—	(7)	—
Accrued straight-line rent	(623)	(225)	(697)	(726)
Development costs	(274)	—	(274)	—
Provisions	(689)	(189)	(722)	(206)
Total gain on disposal	\$ 13,357	\$ 2,619	\$ 18,220	\$ 13,763

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Interim Condensed Consolidated Financial Statements
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Co-owned properties

Crombie owns partial interests in a number of properties. These co-owned properties are subject to proportionate consolidation, the results of which are reflected in Crombie's consolidated financial statements, based on the proportionate interest in such joint operations.

	September 30, 2022		December 31, 2021	
	Number of co-owned properties	Ownership	Number of co-owned properties	Ownership
Retail	60	11 % - 50 %	60	11 % - 50 %
Retail-related industrial	2	50 %	3	50 %
Total co-owned properties	62		63	

4) INVESTMENT IN JOINT VENTURES

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

	September 30, 2022	December 31, 2021
1600 Davie Limited Partnership	50.0 %	50.0 %
Bronte Village Limited Partnership	50.0 %	50.0 %
The Duke Limited Partnership	50.0 %	50.0 %
Penhorn Residential Holdings Limited Partnership	50.0 %	50.0 %
140 CPN Limited	50.0 %	50.0 %
1700 East Broadway Limited Partnership	50.0 %	50.0 %
King George Development (I) Limited Partnership	50.0 %	50.0 %

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

	September 30, 2022					December 31, 2021				
	Davie LP	Bronte LP	Duke LP	Other	Total	Davie LP	Bronte LP	Duke LP	Other	Total
Non-current assets	\$ 182,616	\$ 255,959	\$ 114,766	\$ 61,292	\$ 614,633	\$185,530	\$ 257,025	\$ 115,000	\$ 44,519	\$602,074
Current assets	15,853	1,481	11,100	13,792	42,226	18,720	981	28	1,446	21,175
Non-current liabilities	(204,792)	—	(104,000)	(24,881)	(333,673)	(206,141)	—	—	(30,077)	(236,218)
Current liabilities	(4,649)	(224,394)	(515)	(33,068)	(262,626)	(5,142)	(216,595)	(95,745)	(1,709)	(319,191)
Net assets	(10,972)	33,046	21,351	17,135	60,560	(7,033)	41,411	19,283	14,179	67,840
Crombie's share at 50%	(5,486)	16,523	10,676	8,567	30,280	(3,516)	20,705	9,642	7,089	33,920
Reconciling items:										
Deferred gain	(7,441)	—	—	(686)	(8,127)	(7,441)	—	—	—	(7,441)
Partnership loans	(6,000)	5,182	2,585	(571)	1,196	(4,500)	5,182	2,585	(1,061)	2,206
Gain	18,458	—	—	—	18,458	15,525	—	—	—	15,525
Unrecognized losses	469	—	—	—	469	—	—	—	—	—
Crombie's investment in joint ventures	\$ —	\$ 21,705	\$ 13,261	\$ 7,310	\$ 42,276	\$ 68	\$ 25,887	\$ 12,227	\$ 6,028	\$ 44,210

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	Three months ended September 30, 2022					Three months ended September 30, 2021				
	Davie LP	Bronte LP	Duke LP	Other	Total	Davie LP	Bronte LP	Duke LP	Other	Total
Revenue	\$ 2,776	\$ 1,842	\$ 1,716	\$ 182	\$ 6,516	\$ 2,308	\$ 263	\$ 396	\$ 189	\$ 3,156
Property operating expenses	(734)	(1,305)	(504)	(49)	(2,592)	(637)	(435)	(269)	(48)	(1,389)
General and administrative expenses	(7)	(13)	(1)	(41)	(62)	(90)	(2)	(2)	—	(94)
Depreciation and amortization	(874)	(1,206)	(487)	(14)	(2,581)	(704)	(479)	(260)	(14)	(1,457)
Finance costs - operations	(1,435)	(2,819)	(814)	(60)	(5,128)	(1,079)	(562)	(395)	(25)	(2,061)
Net income (loss)	\$ (274)	\$ (3,501)	\$ (90)	\$ 18	\$ (3,847)	\$ (202)	\$ (1,215)	\$ (530)	\$ 102	\$ (1,845)
Crombie's income (loss) from equity-accounted investments	\$ —	\$ (1,751)	\$ (45)	\$ 9	\$ (1,787)	\$ (101)	\$ (608)	\$ (265)	\$ 51	\$ (923)

	Nine months ended September 30, 2022					Nine months ended September 30, 2021				
	Davie LP	Bronte LP	Duke LP	Other	Total	Davie LP	Bronte LP	Duke LP	Other	Total
Revenue	\$ 8,052	\$ 4,193	\$ 3,727	\$ 488	\$ 16,460	\$ 4,046	\$ 908	\$ 503	\$ 517	\$ 5,974
Property operating expenses	(2,020)	(2,885)	(1,327)	(168)	(6,400)	(1,344)	(831)	(418)	(166)	(2,759)
General and administrative expenses	(32)	(53)	(35)	(284)	(404)	(453)	(28)	(24)	—	(505)
Depreciation and amortization	(2,619)	(3,378)	(1,467)	(42)	(7,506)	(2,096)	(536)	(260)	(41)	(2,933)
Finance costs - operations	(4,320)	(6,240)	(2,321)	(113)	(12,994)	(3,189)	(624)	(400)	(75)	(4,288)
Net income (loss)	\$ (939)	\$ (8,363)	\$ (1,423)	\$ (119)	\$ (10,844)	\$ (3,036)	\$ (1,111)	\$ (599)	\$ 235	\$ (4,511)
Crombie's income (loss) from equity-accounted investments	\$ —	\$ (4,182)	\$ (711)	\$ (60)	\$ (4,953)	\$ (1,518)	\$ (556)	\$ (300)	\$ 118	\$ (2,256)

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

	September 30, 2022	December 31, 2021
Opening balance	\$ 44,210	\$ 51,043
Contributions	2,077	5,653
Distributions	(5,376)	(25,070)
Deferred gain	(686)	—
Gain on distribution from equity-accounted investments	2,933	15,525
Share of loss	(4,953)	(2,941)
Share of other comprehensive income	4,071	—
Closing balance	\$ 42,276	\$ 44,210

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Fair Value

The estimated fair value of the investment properties in Crombie's equity-accounted joint ventures at 100% is as follows:

		Fair Value		Carrying Value ⁽¹⁾
September 30, 2022	\$	906,000	\$	601,967
December 31, 2021	\$	774,000	\$	576,306

(1) Carrying value as at December 31, 2021 was updated from the previously reported figure.

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

	September 30, 2022		December 31, 2021
Income properties	\$ 528,800	\$	532,597
Properties under development	67,973		38,535
Accrued straight-line rent receivable	748		398
Tenant incentives	4,446		4,776
Total carrying value	\$ 601,967	\$	576,306

The fair value of joint venture properties is a Level 3 fair value measurement. The fair value represents the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value included in this summary reflects the fair value of the properties as at September 30, 2022 and December 31, 2021, respectively, based on each property's current use as a revenue-generating property or property under development. The fair value of properties under development is assumed to equal cost until the property is substantially completed. As at September 30, 2022, 1600 Davie Limited Partnership, Bronte Village Limited Partnership, The Duke Limited Partnership, and 140 CPN Limited are revenue-generating properties.

Crombie has utilized the following weighted average capitalization rates for its joint venture properties.

	September 30, 2022	December 31, 2021
Weighted average capitalization rate	3.53 %	3.30 %

Capitalization rate sensitivity

Crombie has determined that a change in this applied capitalization rate at September 30, 2022 would result in an (increase) decrease in the fair value of the properties as follows:

Capitalization rate change	Increase in Rate	Decrease in Rate
0.25%	\$ (56,000)	\$ 65,000
0.50%	\$ (105,000)	\$ 141,000
0.75%	\$ (149,000)	\$ 232,000

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5) OTHER ASSETS

	September 30, 2022			December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	\$ 22,808	\$ —	\$ 22,808	\$ 27,472	\$ —	\$ 27,472
Provision for doubtful accounts	(2,573)	—	(2,573)	(3,031)	—	(3,031)
Net trade receivables	20,235	—	20,235	24,441	—	24,441
Prepaid expenses and deposits	27,882	—	27,882	23,827	—	23,827
Fair value of interest rate swap agreements	4,910	—	4,910	(635)	—	(635)
Other fixed assets ^{(1) (2)}	—	10,395	10,395	—	10,974	10,974
Finance lease receivable	599	12,093	12,692	571	12,545	13,116
Accrued straight-line rent receivable	—	97,976	97,976	—	94,896	94,896
Tenant incentives	—	237,218	237,218	—	233,794	233,794
Other	—	105	105	21	105	126
Amounts receivable from related parties	22,222	10,567	32,789	17,138	10,487	27,625
Total other assets	\$ 75,848	\$ 368,354	\$ 444,202	\$ 65,363	\$ 362,801	\$ 428,164

(1) For the nine months ended September 30, 2022, depreciation of other fixed assets was \$1,092 (September 30, 2021 - \$1,036).

(2) Other fixed assets include right-of-use assets of \$2,177 (December 31, 2021 - \$2,334) net of accumulated depreciation of \$1,310 (December 31, 2021 - \$1,106) relating to office and vehicle leases.

Tenant Incentives	Cost	Accumulated Amortization	Net Carrying Value
Balance, January 1, 2022	\$ 326,056	\$ 92,262	\$ 233,794
Additions	21,583	—	21,583
Amortization	—	17,049	(17,049)
Disposition	(44)	(37)	(7)
Write-off of fully depreciated assets	(2,081)	(2,081)	—
Transfer to investment properties held for sale	(2,674)	(1,571)	(1,103)
Balance, September 30, 2022	\$ 342,840	\$ 105,622	\$ 237,218

6) INVESTMENT PROPERTIES HELD FOR SALE

	Land	Buildings	Intangibles	Deferred Leasing Costs	Tenant Incentives	Total
Balance, January 1, 2022	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Assets transferred to held for sale	19,536	22,465	578	34	1,103	43,716
Derecognition through disposition	(133)	(352)	—	—	—	(485)
Net carrying value, September 30, 2022	\$ 19,403	\$ 22,113	\$ 578	\$ 34	\$ 1,103	\$ 43,231

	Land	Buildings	Intangibles	Deferred Leasing Costs	Tenant Incentives	Total
Balance, January 1, 2021	\$ 15,147	\$ 14,539	\$ 213	\$ —	\$ —	\$ 29,899
Assets transferred to held for sale	9,990	29,394	297	13	1,276	40,970
Derecognition through disposition	(25,137)	(43,933)	(510)	(13)	(1,276)	(70,869)
Net carrying value, December 31, 2021	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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Crombie has determined that two of its investment properties meet the criteria for classification as held for sale as at September 30, 2022 based on the status of the sale process. Prior to the classification as held for sale, the properties were assessed for impairment, which, at that time, is the amount by which the carrying value exceeds its recoverable amount, if any. No impairments were booked on this reclassification, and no depreciation or amortization will be recorded while the properties are classified as held for sale.

The two properties classified as held for sale are King George, Vancouver and Barrington Place, Halifax. Crombie expects to realize net proceeds of approximately \$109,000 from these dispositions that are set to close in the fourth quarter of 2022.

7) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	September 30, 2022	December 31, 2021
Fixed rate mortgages	2.70 - 6.44 %	4.03 %	4.7 years	\$ 940,882	\$ 1,073,895
Revolving credit facility			3.8 years	5,989	9,220
Joint operation credit facility I			1.6 years	7,167	7,167
Joint operation credit facility II			2.0 years	3,009	2,737
Unsecured bilateral credit facility			1.7 years	75,000	10,000
Deferred financing charges on fixed rate mortgages				(4,847)	(6,036)
Total investment property debt				\$ 1,027,200	\$ 1,096,983
Mortgages					
Non-current				\$ 725,644	\$ 893,364
Current				210,391	174,495
Credit facilities					
Non-current				91,165	29,124
				\$ 1,027,200	\$ 1,096,983
Weighted average interest rate for credit facilities				5.23 %	2.53 %

Specific investment properties with a carrying value of \$2,285,595 as at September 30, 2022 (December 31, 2021 - \$2,459,912) are currently pledged as security for mortgages or provided as security for the revolving credit facility. Carrying value includes investment properties, as well as accrued straight-line rent receivable and tenant incentives, which are included in other assets.

Mortgage activity

For the nine months ended:	Type	Number of Mortgages	Weighted Average			Proceeds (Repayments)
			Rate	Terms in Years	Amortization Period in Years	
September 30, 2022	New	1	4.79 %	10.0	30.0	\$ 7,000
	Repaid	15	3.74 %			\$ (110,991)

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Revolving Credit Facility

The revolving credit facility was extended in the third quarter of 2022. The revolving credit facility has a maximum principal amount of \$400,000 and matures June 30, 2026. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. It is secured by a pool of first mortgages on certain properties and the maximum principal amount is subject to an available borrowing base (September 30, 2022 - borrowing base of \$400,000). Borrowings under the revolving credit facility can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS Morningstar and whether the facility remains secured or migrates to an unsecured status.

Unsecured Bilateral Credit Facility

The unsecured bilateral credit facility agreement was extended in the second quarter of 2022. The unsecured bilateral credit facility has a maximum principal amount of \$130,000 and matures June 28, 2024. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. Borrowings under the unsecured bilateral credit facility can be by way of Bankers' Acceptance or prime rate advance and the floating interest rate is contingent on the type of advance, plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS Morningstar.

8) SENIOR UNSECURED NOTES

	Maturity Date ⁽¹⁾	Contractual Interest Rate	September 30, 2022	December 31, 2021
Series D	November 21, 2022	4.066 %	\$ 150,000	\$ 150,000
Series E	January 31, 2025	4.800 %	175,000	175,000
Series F	August 26, 2026	3.677 %	200,000	200,000
Series G	June 21, 2027	3.917 %	150,000	150,000
Series H	March 31, 2028	2.686 %	150,000	150,000
Series I	October 9, 2030	3.211 %	150,000	150,000
Series J	August 12, 2031	3.133 %	150,000	150,000
Deferred financing charges			(3,175)	(3,733)
Total senior unsecured notes			\$ 1,121,825	\$ 1,121,267
Non-current			\$ 971,825	\$ 971,267
Current			150,000	150,000
			\$ 1,121,825	\$ 1,121,267

(1) The weighted average term to maturity as at September 30, 2022 was 4.7 years.

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9) TRADE AND OTHER PAYABLES

	September 30, 2022			December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
Tenant incentives and capital expenditures	\$ 40,652	\$ —	\$ 40,652	\$ 57,161	\$ —	\$ 57,161
Property operating costs	25,853	—	25,853	34,160	—	34,160
Prepaid rents	15,462	—	15,462	16,983	—	16,983
Finance costs on investment property debt and notes	11,753	—	11,753	14,251	—	14,251
Amounts payable to related party	156	—	156	71	—	71
Distributions payable	13,186	—	13,186	12,223	—	12,223
Unit-based compensation plans	2,717	17,688	20,405	4,588	19,631	24,219
Deferred revenue	187	4,156	4,343	258	4,207	4,465
Total trade and other payables	\$ 109,966	\$ 21,844	\$ 131,810	\$ 139,695	\$ 23,838	\$ 163,533

10) PROPERTY REVENUE

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Operating lease revenue				
Rental revenue contractually due from tenants ⁽¹⁾	\$ 94,225	\$ 91,907	\$ 277,337	\$ 268,815
Contingent rental revenue	1,208	265	2,707	1,352
Straight-line rent recognition	572	2,326	3,784	7,488
Tenant incentive amortization	(5,795)	(5,187)	(17,049)	(14,562)
Lease termination income	35	406	256	2,803
Revenue from contracts with customers				
Common area cost recoveries	12,226	11,054	41,541	37,293
Parking revenue	1,171	746	3,076	1,871
Total property revenue	\$ 103,642	\$ 101,517	\$ 311,652	\$ 305,060

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Sobeys Inc. (including all subsidiaries of Empire)	\$ 57,122	55.1 %	\$ 57,100	56.2 %
	\$ 166,150	53.3 %	\$ 155,925	51.1 %

(1) Related party property revenue for the three and nine months ended September 30, 2021 was updated from the previously reported figures.

11) PROPERTY OPERATING EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Recoverable property taxes	\$ 18,523	\$ 18,271	\$ 54,014	\$ 51,174
Recoverable operating expenses	12,132	10,988	42,652	38,332
Other operating costs	1,413	957	3,984	3,925
Total property operating expenses	\$ 32,068	\$ 30,216	\$ 100,650	\$ 93,431

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12) OPERATING LEASES

Crombie as a lessor

Crombie's operations include leasing commercial real estate. Future minimum rental income under non-cancellable tenant leases as at September 30, 2022, is as follows:

	Remaining		Year ending December 31,				Thereafter	Total
	2022	2023	2024	2025	2026			
Future minimum rental income	\$ 71,423	\$ 281,290	\$ 270,152	\$ 254,173	\$ 240,278	\$ 1,693,576	\$ 2,810,892	

Crombie manages its residual risk in its investment properties through an active capital expenditure program and actively leasing any vacant spaces. The residual risk throughout Crombie's portfolio is not considered significant.

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

(a) General and administrative expenses

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Salaries and benefits	\$ 2,255	\$ 4,501	\$ 8,655	\$ 13,212
Professional and public company costs	841	700	2,804	2,896
Occupancy and other	610	527	2,025	2,011
Total general and administrative expenses	\$ 3,706	\$ 5,728	\$ 13,484	\$ 18,119

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Deferred Unit ("DU") Plan	\$ 1,782	\$ 291	\$ 4,027	\$ (1,954)

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14) FINANCE COSTS - OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Fixed rate mortgages	\$ 9,939	\$ 12,747	\$ 30,822	\$ 38,726
Floating rate term, revolving, and demand facilities	1,355	737	2,798	1,848
Capitalized interest	(1,488)	(879)	(3,875)	(2,556)
Senior unsecured notes	10,693	10,087	31,503	31,002
Interest income on finance lease receivable	(139)	(145)	(423)	(404)
Interest on lease liability	524	523	1,566	1,533
Finance costs - operations, expense	20,884	23,070	62,391	70,149
Amortization of fair value debt adjustment and accretion income	15	72	97	224
Change in accrued finance costs	1,883	26	2,498	332
Capitalized interest ⁽¹⁾	1,488	879	3,875	2,556
Amortization of issue premium on senior unsecured notes	—	—	—	110
Amortization of deferred financing charges	(675)	(759)	(2,031)	(2,325)
Finance costs - operations, paid	\$ 23,595	\$ 23,288	\$ 66,830	\$ 71,046

(1) For the three months ended September 30, 2022, interest was capitalized for qualifying development projects based on a weighted average interest rate of 3.59% (September 30, 2021 - 3.26%).

15) UNITS OUTSTANDING

	Crombie REIT Units		Class B LP Units and attached Special Voting Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2022	97,364,481	\$ 1,162,122	67,438,492	\$ 804,359	164,802,973	\$ 1,966,481
Net change in EUPP loans receivable	—	16	—	—	—	16
Units issued under DRIP	884,656	14,422	626,897	10,255	1,511,553	24,677
Units issued (proceeds are net of issue costs)	6,705,000	111,883	4,756,446	82,869	11,461,446	194,752
Balance, September 30, 2022	104,954,137	\$ 1,288,443	72,821,835	\$ 897,483	177,775,972	\$ 2,185,926

Crombie REIT Units

On January 31, 2022, Crombie closed a public offering, on a bought deal basis, of 6,705,000 Units, at a price of \$17.45 per Unit for proceeds of \$111,883 net of issue costs.

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

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

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	Crombie REIT Units		Class B LP Units and attached Special Voting Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2021	93,533,246	\$ 1,100,999	64,724,915	\$ 759,238	158,258,161	\$ 1,860,237
Net change in EUPP loans receivable	—	26	—	—	—	26
Units issued under DRIP	64,101	1,053	45,417	746	109,518	1,799
Units issued under Unit-based compensation plan	4,817	70	—	—	4,817	70
Units issued (proceeds are net of issue costs)	3,525,000	55,872	2,500,000	41,424	6,025,000	97,296
Balance, September 30, 2021	97,127,164	\$ 1,158,020	67,270,332	\$ 801,408	164,397,496	\$ 1,959,428

16) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Items not affecting operating cash:				
Straight-line rent recognition	\$ (572)	\$ (2,326)	\$ (3,784)	\$ (7,488)
Amortization of tenant incentives	5,795	5,187	17,049	14,562
Gain on disposal of investment properties	(13,357)	(2,619)	(18,220)	(13,763)
Gain on distribution from equity-accounted investments	(1,000)	—	(2,933)	—
Impairment of investment properties	10,400	1,239	10,400	1,239
Depreciation and amortization	22,744	19,109	60,845	56,958
Amortization of effective swap agreements and issue premium	—	—	—	(110)
Loss from equity-accounted investments	1,787	923	4,953	2,256
Non-cash lease termination income	(34)	237	(102)	(699)
Change in fair value of financial instruments	(1,782)	(291)	(4,027)	1,954
	\$ 23,981	\$ 21,459	\$ 64,181	\$ 54,909

b) Change in other non-cash operating items

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Cash provided by (used in):				
Trade receivables	\$ 2,548	\$ (4,479)	\$ 4,206	\$ 3,172
Prepaid expenses and deposits and other assets	4,605	11,151	(5,505)	(5,126)
Payables and other liabilities	4,458	6,032	(13,961)	5,609
	\$ 11,611	\$ 12,704	\$ (15,260)	\$ 3,655

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c) Items not affecting financing cash

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Amortization of deferred financing charges	\$ 675	\$ 759	\$ 2,031	\$ 2,325

d) Cash and cash equivalents

	September 30, 2022	December 31, 2021
Restricted cash ⁽¹⁾	\$ 1,522	\$ 3,915

(1) In 2020, Crombie closed on a construction mortgage in which the proceeds were placed in escrow and drawn down as conditions are satisfied.

17) RELATED PARTY TRANSACTIONS

As at September 30, 2022, Empire, through its wholly owned subsidiary ECLD, holds a 41.5% indirect interest in Crombie. Related party transactions primarily include transactions with entities associated with Crombie through Empire's indirect interest. Related party transactions also include transactions with joint venture entities in which Crombie has a 50% interest, as well as transactions with key management personnel and post-employment benefit plans.

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Property revenue				
Property revenue	\$ 57,122	\$ 57,100	\$ 166,150	\$ 155,925 ⁽¹⁾
Head lease income	\$ 156	\$ 227	\$ 710	\$ 795
Lease termination income	\$ 34	\$ 34	\$ 102	\$ 102
Property operating expenses	\$ (33)	\$ (33)	\$ (101)	\$ (62)
General and administrative expenses				
Property management services recovered	\$ 87	\$ 112	\$ 246	\$ 290
Other general and administrative expenses	\$ (88)	\$ (71)	\$ (176)	\$ (200)
Finance costs - operations				
Interest rate subsidy	\$ —	\$ 56	\$ 53	\$ 175
Finance costs - distributions to Unitholders	\$ (16,387)	\$ (15,170)	\$ (49,019)	\$ (44,758)

(1) Related party property revenue for the three and nine months ended September 30, 2021 was updated from the previously reported figures.

Crombie provides property management, project 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.

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During the nine months ended September 30, 2022, Crombie issued 626,897 (September 30, 2021 - 45,417) Class B LP Units to ECLD under the DRIP (Note 15).

During the nine months ended September 30, 2022, Crombie acquired nine retail properties and the remaining 50% interest in one retail-related industrial property from a subsidiary of Empire for a total purchase price of \$99,472 before transaction costs.

During the nine months ended September 30, 2022, Crombie invested \$12,432 (September 30, 2021 - \$24,102) in properties anchored by subsidiaries of Empire, which resulted in amended lease terms. These amounts have been included in tenant incentive additions or income property additions depending on the nature of the work completed. The costs are being amortized over the amended lease terms or the useful life of the projects, as applicable.

Amounts due from related parties include \$10,364 (December 31, 2021 - \$15,533) in a 6% subordinated note receivable due from Bronte Village Limited Partnership and \$10,100 due from a subsidiary of Empire for construction-related costs completed on its behalf for a development property.

Crombie has a mortgage payable due to 1600 Davie Limited Partnership of \$25,287 (December 31, 2021 - \$25,526). This mortgage relates to the commercial component of the Davie Street development, 100% of which is included in Crombie's financial statements.

18) FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

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

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

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy during the period ended September 30, 2022.

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

	September 30, 2022		December 31, 2021	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Accounts receivable ⁽¹⁾	\$ 32,894	\$ 32,894	\$ 27,737	\$ 27,751
Financial liabilities				
Investment property debt	\$ 994,979	\$ 1,032,047	\$ 1,177,814	\$ 1,103,019
Senior unsecured notes	1,025,554	1,125,000	1,157,820	1,125,000
Total financial liabilities	\$ 2,020,533	\$ 2,157,047	\$ 2,335,634	\$ 2,228,019

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

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

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

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

b) Risk management

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. More information on the significant risks, and the action taken to manage them, are discussed in Crombie's annual report.

Credit risk

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

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

Receivables are substantially comprised of current balances due from tenants and past due receivables. The balance of accounts receivable past due is usually not significant. Historically low receivable balances increased significantly over the past few years as a result of the impacts of the COVID-19 pandemic but have since returned to their pre-pandemic collection rates. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoiced, and balances over 30 days are considered past due. The total provision for doubtful accounts is reviewed at each balance sheet date and current and long-term accounts receivable are reviewed on a regular basis.

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

Interest rate risk

Interest rate risk is the potential for financial loss arising from increasing interest rates. Canadian prime interest rates have increased significantly from 2.45% at December 31, 2021 to 5.45% effective September 7, 2022, with further rate increases expected by the end of the year. 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, 2022

- Crombie's weighted average term to maturity of its fixed rate mortgages is 4.7 years;
- Crombie's weighted average term to maturity of its unsecured notes is 4.7 years;
- Crombie has a floating rate revolving credit facility available to a maximum of \$400,000 subject to available borrowing base, with a balance of \$5,989 outstanding/drawn;
- Crombie has an unsecured bilateral credit facility available to a maximum of \$130,000 with a balance of \$75,000 outstanding;
- Crombie has joint operation credit facilities available to a maximum of \$10,687 at Crombie's share with a balance of \$10,176 outstanding;
- Crombie has interest rate swap agreements in place on \$107,224 of floating rate debt and an interest rate swap agreement in place held in equity-accounting investments on \$52,000 of floating rate debt, at Crombie's share; and,

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- Crombie has floating rate credit facilities, included in debt held in equity-accounted investments, available to a maximum of \$130,250 with a balance of \$116,699 outstanding, at Crombie's share.

A fluctuation in interest rates would have an impact on Crombie's operating and other comprehensive income related to the use of floating rate debt. The following tables look at the impacts of selected interest rate moves on operating and other comprehensive income:

	Three months ended September 30, 2022		Nine months ended September 30, 2022	
	Increase in Rate	Decrease in Rate	Increase in Rate	Decrease in Rate
Impact on operating income attributable to Unitholders of interest rate changes on the revolving credit facility				
Impact of a 0.5% interest rate change	\$ (131)	\$ 131	\$ (240)	\$ 240
Impact of a 1.0% interest rate change	\$ (261)	\$ 261	\$ (479)	\$ 479
Impact of a 1.5% interest rate change	\$ (392)	\$ 392	\$ (719)	\$ 719
	As at September 30, 2022			
Impact on other comprehensive income of interest rate changes on interest rate swap agreements				
Impact of a 0.5% interest rate change	\$ 2,550	\$ (2,561)		
Impact of a 1.0% interest rate change	\$ 5,088	\$ (5,131)		
Impact of a 1.5% interest rate change	\$ 7,616	\$ (7,713)		

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 issuance from Crombie with financial terms acceptable to Crombie. Access to the \$400,000 revolving credit facility is limited by the amount utilized under the facility and the amount of any outstanding letters of credit, and it cannot exceed the borrowing base security provided by Crombie. As of September 30, 2022, \$390,372 was available on this facility. Crombie is in talks to establish a new unsecured credit facility which will provide additional liquidity to fund the repayment of Series D senior unsecured note which mature on November 21, 2022.

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

	Contractual Cash Flows ⁽¹⁾	Twelve months ending September 30,					
		2023	2024	2025	2026	2027	Thereafter
Fixed rate mortgages	\$ 1,084,375	\$ 244,202	\$ 276,402	\$ 115,659	\$ 59,757	\$ 134,281	\$ 254,074
Senior unsecured notes	1,304,403	186,025	35,176	204,576	226,059	167,791	484,776
Trade and other payables	105,305	83,461	4,108	3,227	2,555	2,555	9,399
Lease liabilities	152,347	2,986	2,900	2,852	2,758	2,567	138,284
	2,646,430	516,674	318,586	326,314	291,129	307,194	886,533
Credit facilities	100,104	4,764	85,794	3,323	6,223	—	—
Total estimated payments	\$ 2,746,534	\$ 521,438	\$ 404,380	\$ 329,637	\$ 297,352	\$ 307,194	\$ 886,533

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

19) CAPITAL MANAGEMENT

Crombie's objective when managing capital on a long-term basis is to maintain overall indebtedness, at reasonable levels, utilize staggered debt maturities, minimize long-term exposure to excessive levels of floating rate debt and maintain conservative payout ratios.

Crombie's capital structure consists of the following:

	September 30, 2022	December 31, 2021
Fixed rate mortgages ⁽¹⁾	\$ 936,035	\$ 1,067,859
Credit facilities	91,165	29,124
Senior unsecured notes ⁽¹⁾	1,121,825	1,121,267
Crombie REIT Unitholders	1,062,229	950,271
SVU and Class B LP Unitholders ⁽²⁾	730,290	647,221
Lease liabilities	34,953	35,352
	\$ 3,976,497	\$ 3,851,094

(1) Net of deferred financing charges.

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

At a minimum, Crombie's capital structure is managed to ensure that it complies with the limitations pursuant to Crombie's Declaration of Trust, the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT and existing debt covenants. One of the restrictions pursuant to Crombie's Declaration of Trust would include, among other items, a restriction that Crombie shall not incur total indebtedness of more than 60% of gross book value.

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

	September 30, 2022	December 31, 2021 ⁽¹⁾
Fixed rate mortgages	\$ 940,882	\$ 1,073,895
Senior unsecured notes	1,125,000	1,125,000
Revolving credit facility	5,989	9,220
Joint operation credit facilities	10,176	9,904
Bilateral credit facility	75,000	10,000
Debt held in joint ventures, at Crombie's share ⁽²⁾	271,882	254,074
Lease liabilities	34,953	35,352
Total debt outstanding	2,463,882	2,517,445
Less: Applicable fair value debt adjustment	—	(53)
Total debt	\$ 2,463,882	\$ 2,517,392
Income properties, cost ⁽³⁾	\$ 4,162,721	\$ 4,116,843
Properties under development, cost	153,458	109,787
Investment properties, held in joint ventures, cost, at Crombie's share	304,333	289,010
Below-market lease component, cost ⁽⁴⁾	70,487	63,753
Other assets, cost ⁽⁵⁾	553,868	523,635
Other assets, cost, held in joint ventures, at Crombie's share	30,049	21,907
Cash and cash equivalents	1,522	3,915
Cash and cash equivalents held in joint ventures, at Crombie's share	3,904	4,453
Deferred financing charges	8,022	9,769
Investment properties held for sale, cost	50,106	—
Interest rate subsidy	—	(53)
Gross book value	\$ 5,338,470	\$ 5,143,019
Debt to gross book value - cost basis	46.2 %	48.9 %

(1) The prior year calculation has been restated to include Crombie's share of debt and assets held in joint ventures.

(2) Includes Crombie's share of fixed and floating rate mortgages, construction loans, revolving credit facility, and lease liabilities held in joint ventures.

(3) Includes impairments on land of \$9,157 (December 31, 2021 - \$6,957).

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

(5) Excludes accumulated amortization of tenant incentives and other fixed assets.

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

- annualized net operating income for the prescribed properties must be a minimum of 1.3 times the coverage of the related annualized debt service requirements;
- annualized net operating income on all properties must be a minimum of 1.4 times the coverage of all annualized debt service requirements;
- access to the revolving credit facility is limited by the amount utilized under the facility and the amount of any outstanding letters of credit not to exceed the borrowing base security provided by Crombie; and
- annual cash distributions to Unitholders are limited to 100% of funds from operations.

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As at September 30, 2022, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

20) LEASE LIABILITIES

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

	Twelve months ending September 30,							Thereafter
	Total	2023	2024	2025	2026	2027		
Future minimum lease payments	\$ 152,347	\$ 2,986	\$ 2,900	\$ 2,852	\$ 2,758	\$ 2,567	\$ 138,284	
Finance charges	(117,394)	(2,073)	(2,049)	(2,025)	(2,004)	(1,984)	(107,259)	
Present value of lease payments	\$ 34,953	\$ 913	\$ 851	\$ 827	\$ 754	\$ 583	\$ 31,025	

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

	September 30, 2022	December 31, 2021
Non-current	\$ 34,040	\$ 34,420
Current	913	932
Total lease liabilities	\$ 34,953	\$ 35,352

Some of Crombie's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the interim condensed consolidated statements of comprehensive loss as required when contingent criteria are met. The lease agreements contain renewal options and purchase options. For the nine months ended September 30, 2022, minimum lease payments of \$2,261 were paid by Crombie.

21) COMMITMENTS, CONTINGENCIES, AND GUARANTEES

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

Crombie obtains standby 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, 2022, Crombie has \$3,639 (December 31, 2021 - \$3,003) in outstanding letters of credit related to construction work being performed on investment properties.

As at September 30, 2022, Crombie had signed construction contracts totalling \$260,053, of which \$205,378 has been paid. This includes contracts signed within joint ventures at Crombie's ownership percentage.

Crombie has 100% guarantees on mortgages related to properties in which it has less than a 100% interest. The mortgages payable related to these guarantees are secured by specific charges against the properties. As at September 30, 2022, Crombie has provided guarantees of approximately \$112,259 (December 31, 2021 - \$128,973) 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 2.5 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.

As at September 30, 2022, Crombie has committed to contributing \$1,143 to 1700 East Broadway Limited Partnership as part of the ongoing predevelopment work in the joint venture.

22) SUBSEQUENT EVENTS

- (a) On October 14, 2022, Crombie declared distributions of 7.417 cents per Unit for the period from October 1, 2022 up to and including October 31, 2022. The distributions will be paid on November 15, 2022, to Unitholders of record as of October 31, 2022.
- (b) On November 1, 2022, Crombie disposed of a 100% interest in a retail property totalling 62,000 square feet. Total proceeds, before closing and transaction costs, were approximately \$108,500. As a result of this transaction, Crombie expects to realize net proceeds of approximately \$84,000 in the fourth quarter of 2022.

23) SEGMENT DISCLOSURE

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