

CROMBIE REAL ESTATE INVESTMENT TRUST
Interim Condensed Consolidated Financial Statements
September 30, 2023

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

	Note	September 30, 2023	December 31, 2022
Assets			
Non-current assets			
Investment properties	3	\$ 3,617,020	\$ 3,590,211
Investment in joint ventures	4	39,050	40,397
Other assets	5	416,450	394,148
		4,072,520	4,024,756
Current assets			
Cash and cash equivalents	16	110	6,117
Other assets	5	49,251	47,525
		49,361	53,642
Total Assets		4,121,881	4,078,398
Liabilities			
Non-current liabilities			
Fixed rate mortgages	6	539,579	666,748
Credit facilities	6	165,543	160,264
Senior unsecured notes	7	1,171,580	972,003
Employee future benefits obligation		7,014	6,819
Trade and other payables	8	18,581	21,811
Lease liabilities	20	33,759	34,057
		1,936,056	1,861,702
Current liabilities			
Fixed rate mortgages	6	255,414	246,958
Employee future benefits obligation		271	271
Trade and other payables	8	93,583	117,984
Lease liabilities	20	939	943
		350,207	366,156
Total liabilities excluding net assets attributable to Unitholders		2,286,263	2,227,858
Net assets attributable to Unitholders		\$ 1,835,618	\$ 1,850,540
Net assets attributable to Unitholders represented by:			
Crombie REIT Unitholders		\$ 1,088,116	\$ 1,097,070
Special Voting Units and Class B Limited Partnership Unitholders		747,502	753,470
		\$ 1,835,618	\$ 1,850,540
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,	
		2023	2022	2023	2022
Property revenue	9	\$ 104,491	\$ 103,642	\$ 320,009	\$ 311,652
Revenue from management and development services	10	297	—	2,343	—
Property operating expenses	11	(33,038)	(32,068)	(108,466)	(100,650)
Gain on disposal of investment properties	3	477	13,357	588	18,220
Impairment of investment properties	3	—	(10,400)	—	(10,400)
Depreciation and amortization	3,5	(19,834)	(22,744)	(58,748)	(60,845)
General and administrative expenses	13	(4,808)	(3,706)	(21,895)	(13,484)
Finance costs - operations	14	(20,665)	(20,884)	(62,429)	(62,391)
Gain on distribution from equity-accounted investments	4	—	1,000	—	2,933
Income (loss) from equity-accounted investments	4	876	(1,787)	1,124	(4,953)
Operating income attributable to Unitholders		27,796	26,410	72,526	80,082
Distributions to Unitholders		(40,077)	(39,513)	(119,773)	(118,143)
Change in fair value of financial instruments	13	1,191	1,782	3,311	4,027
		(38,886)	(37,731)	(116,462)	(114,116)
Decrease in net assets attributable to Unitholders		(11,090)	(11,321)	(43,936)	(34,034)
Other comprehensive income (loss)					
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	18	1,231	306	1,771	4,071
Net change in derivatives designated as cash flow hedges	18	(658)	869	(1,175)	5,545
Other comprehensive income (loss)		573	1,175	596	9,616
Comprehensive loss		\$ (10,517)	\$ (10,146)	\$ (43,340)	\$ (24,418)

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	Total	Attributable to	
					REIT Units	Class B LP Units
Balance, January 1, 2023	\$ 2,196,040	\$ (356,148)	\$ 10,648	\$ 1,850,540	\$ 1,097,070	\$ 753,470
Comprehensive income (loss)	—	(43,936)	596	(43,340)	(25,588)	(17,752)
Units issued under Distribution Reinvestment Plan ("DRIP")	28,418	—	—	28,418	16,634	11,784
Balance, September 30, 2023	\$ 2,224,458	\$ (400,084)	\$ 11,244	\$ 1,835,618	\$ 1,088,116	\$ 747,502

	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 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

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,	
		2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾
Cash flows provided by (used in)					
Operating Activities					
Decrease in net assets attributable to Unitholders		\$ (11,090)	\$ (11,321)	\$ (43,936)	\$ (34,034)
Additions to tenant incentives		(14,006)	(6,314)	(36,921)	(34,703)
Items not affecting operating cash	16	24,354	23,981	70,795	64,181
Change in other non-cash operating items	16	9,686	12,668	(5,100)	(10,039)
Finance costs - operations	14	20,665	20,884	62,429	62,391
Distributions to Unitholders		40,077	39,513	119,773	118,143
Cash provided by operating activities		<u>69,686</u>	<u>79,411</u>	<u>167,040</u>	<u>165,939</u>
Financing Activities					
Issuance of mortgages	6	—	—	48,660	7,000
Financing - other		40	390	(65)	1,643
Repayment of mortgages - principal		(7,703)	(9,349)	(25,101)	(28,927)
Repayment of mortgages - maturity	6	(16,297)	(33,544)	(142,629)	(110,991)
Finance costs - operations	14	(20,665)	(20,884)	(62,429)	(62,391)
Advance (repayment) of floating rate credit facilities		48,706	(1,536)	12,217	61,769
Repayment (advance) of joint operation credit facilities	6	34	(8)	(6,938)	273
Issuance of senior unsecured notes	7	—	—	200,000	—
Cash distributions to Unitholders		(30,496)	(30,848)	(91,208)	(92,504)
REIT Units and Class B LP Units issued	15	—	—	—	200,002
REIT Units and Class B LP Units issue costs	15	—	(7)	—	(5,250)
Payments of lease liabilities		(246)	(235)	(707)	(695)
Cash (used in) financing activities		<u>(26,627)</u>	<u>(96,021)</u>	<u>(68,200)</u>	<u>(30,071)</u>
Investing Activities					
Acquisition of investment properties and intangible assets		—	(1,402)	(28,646)	(115,327)
Additions to investment properties		(13,337)	(21,129)	(53,959)	(75,197)
Change in predevelopment costs		(16,012)	(1,057)	(12,883)	(5,221)
Proceeds on disposal of investment properties	3	—	50,706	—	60,680
Contributions to joint ventures	4	(880)	(1,000)	(880)	(2,077)
Distributions from joint ventures	4	110	1,016	5,715	5,376
Additions to fixtures and computer equipment		(5)	(98)	(103)	(208)
Additions to deferred leasing costs		(11,387)	(207)	(12,083)	(1,144)
Advances on related party receivables	5	(1,669)	(10,219)	(2,008)	(5,143)
Cash (used in) provided by investing activities		<u>(43,180)</u>	<u>16,610</u>	<u>(104,847)</u>	<u>(138,261)</u>
Net change in cash and cash equivalents		(121)	—	(6,007)	(2,393)
Cash and cash equivalents, beginning of period		231	1,522	6,117	3,915
Cash and cash equivalents, end of period		\$ 110	\$ 1,522	\$ 110	\$ 1,522

(1) Cash provided by (used in) operating and investing activities for the three and nine months ended September 30, 2022 was updated from the previously reported figures, as predevelopment costs have been reclassified to investing activities from operating activities.

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, 2023 and September 30, 2022 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, 2023 interim condensed consolidated financial statements were authorized for issue by the Board of Trustees on November 8, 2023.

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, 2022.

(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, 2022.

(b) Basis of presentation

These interim condensed consolidated financial statements are presented in Canadian dollars (“CAD”), 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.

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(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 operating income (property revenue less property operating expenses) recognized from leasing the property, which 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 operating income, to arrive at property valuations. As at September 30, 2023, management's determination of fair value was updated for current market assumptions, informed by property income, market capitalization rates, and recent appraisals provided by independent appraisal professionals.

(iv) Purchase price allocation

Investment properties are properties which are held to earn rental income. Investment properties include land, buildings, and intangible assets. Upon acquisition, management allocates the purchase price of the acquisition. This allocation contains a number of estimates and underlying assumptions including, but not limited to, highest and best use and fair value of the properties, estimated cash flows, discount rates, lease-up rates, inflation rates, renewal rates, tenant incentive allowances, cost recoveries, and leasing costs and termination costs.

3) INVESTMENT PROPERTIES

	September 30, 2023		December 31, 2022
Income properties	\$ 3,537,901	\$	3,523,067
Properties under development	79,119		67,144
Total investment properties	\$ 3,617,020	\$	3,590,211

Income properties

	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2023	\$ 1,148,829	\$ 3,043,096	\$ 75,945	\$ 10,703	\$ 4,278,573
Acquisitions	5,715	23,722	2,205	—	31,642
Additions	861	16,668	—	11,889	29,418
Write-off of fully depreciated assets	—	(4,628)	(2,830)	(413)	(7,871)
Reclassification to properties under development	(456)	11,867	—	—	11,411
Balance, September 30, 2023	1,154,949	3,090,725	75,320	22,179	4,343,173
Accumulated depreciation, amortization, and impairment					
Opening balance, January 1, 2023	10,422	705,420	35,076	4,588	755,506
Depreciation and amortization	237	52,497	3,745	1,158	57,637
Write-off of fully depreciated assets	—	(4,628)	(2,830)	(413)	(7,871)
Balance, September 30, 2023	10,659	753,289	35,991	5,333	805,272
Net carrying value, September 30, 2023	\$ 1,144,290	\$ 2,337,436	\$ 39,329	\$ 16,846	\$ 3,537,901

Included in land are right-of-use assets of \$15,219 net of accumulated depreciation of \$1,503 for land held under lease.

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Properties under development

	Land	Buildings	Total
Opening balance, January 1, 2023	\$ 52,852	\$ 14,292	\$ 67,144
Additions	3,334	20,052	23,386
Reclassification to (from) properties under development	456	(11,867)	(11,411)
Balance, September 30, 2023	\$ 56,642	\$ 22,477	\$ 79,119

Fair Value

Crombie's total fair value of investment properties exceeds carrying value by \$1,198,200 at September 30, 2023 (December 31, 2022 - \$1,113,573). 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, 2023	\$ 5,170,000	\$ 3,971,800
December 31, 2022	5,050,000	3,936,427

Carrying value consists of the net carrying value of:

	Note	September 30, 2023	December 31, 2022
Income properties	3	\$ 3,537,901	\$ 3,523,067
Properties under development	3	79,119	67,144
Accrued straight-line rent receivable	5	101,255	98,338
Tenant incentives	5	253,525	247,878
Total carrying value		\$ 3,971,800	\$ 3,936,427

Crombie has utilized the following weighted average capitalization rate on its income properties. Crombie reports the weighted average capitalization rate excluding properties under development. Once development is completed on these properties and they become income producing, Crombie includes them in the calculation of its weighted average capitalization rate.

	September 30, 2023	December 31, 2022
Weighted average capitalization rate	5.96 %	5.94 %

Capitalization rate sensitivity

Crombie has determined that a change in this applied capitalization rate at September 30, 2023 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%	\$ (205,000)	\$ 224,000
0.50%	\$ (394,000)	\$ 471,000
0.75%	\$ (568,000)	\$ 742,000

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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	Approximate Square Footage	Initial Acquisition Price ⁽¹⁾
January 19, 2023	Related Party	1	21,000 \$	2,122
February 27, 2023	Related Party	1	60,000 \$	14,600
May 1, 2023	Related Party	1	58,000 \$	9,760

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

Investment property disposals

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Gross proceeds	\$ —	\$ 52,126	\$ —	\$ 62,376
Selling costs	—	(1,420)	—	(1,696)
	—	50,706	—	60,680
Carrying values derecognized:				
Land	—	(14,685)	—	(15,443)
Buildings	—	(20,882)	—	(25,047)
Intangibles	—	(189)	—	(270)
Tenant incentives	—	(7)	—	(7)
Accrued straight-line rent	—	(623)	—	(697)
Development costs	—	(274)	—	(274)
Recognition of deferred gain ⁽¹⁾	481	—	594	—
Provisions	(4)	(689)	(6)	(722)
Total gain on disposal	\$ 477	\$ 13,357	\$ 588	\$ 18,220

(1) Deferred gain on the sale of land sold to a joint venture in the third quarter of 2022, which has been subsequently sold to a third party.

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 interim condensed consolidated financial statements, based on the proportionate interest in such joint operations.

	September 30, 2023		December 31, 2022	
	Number of co-owned properties	Ownership	Number of co-owned properties	Ownership
Retail	60	11 %-50 %	61	11 %-50 %
Retail-related industrial	3	50 %	2	50 %
Total co-owned properties	63		63	

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Notes to the Interim Condensed Consolidated Financial Statements
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4) INVESTMENT IN JOINT VENTURES

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

	September 30, 2023	December 31, 2022
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 %
Lynn Valley Limited Partnership	50.0 %	— %

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

	September 30, 2023					December 31, 2022				
	Davie LP	Bronte LP	Duke LP	Other	Total	Davie LP	Bronte LP	Duke LP	Other	Total
Non-current assets	\$ 185,079	\$ 255,126	\$ 112,934	\$ 37,299	\$ 590,438	\$181,820	\$ 257,765	\$ 114,288	\$ 35,223	\$589,096
Current assets	13,476	1,718	15,914	16,546	47,654	15,707	2,032	11,369	10,306	39,414
Non-current liabilities	(206,779)	—	(104,000)	(26,033)	(336,812)	(204,313)	—	(104,000)	(25,183)	(333,496)
Current liabilities	(4,344)	(237,301)	(534)	(7,542)	(249,721)	(4,484)	(230,157)	(560)	(3,492)	(238,693)
Net assets	(12,568)	19,543	24,314	20,270	51,559	(11,270)	29,640	21,097	16,854	56,321
Crombie's share at 50%	(6,284)	9,772	12,157	10,135	25,780	(5,635)	14,820	10,549	8,427	28,161
Reconciling items:										
Deferred gain	(7,441)	—	—	(83)	(7,524)	(7,441)	—	—	(595)	(8,036)
Partnership loans	(6,000)	5,182	2,060	(173)	1,069	(6,000)	5,182	2,585	(571)	1,196
Gain	18,458	—	—	—	18,458	18,458	—	—	—	18,458
Unrecognized losses	1,267	—	—	—	1,267	618	—	—	—	618
Crombie's investment in joint ventures	\$ —	\$ 14,954	\$ 14,217	\$ 9,879	\$ 39,050	\$ —	\$ 20,002	\$ 13,134	\$ 7,261	\$ 40,397

	Three months ended September 30, 2023					Three months ended September 30, 2022				
	Davie LP	Bronte LP	Duke LP	Other	Total	Davie LP	Bronte LP	Duke LP	Other	Total
Revenue	\$ 3,105	\$ 3,485	\$ 1,905	\$ 10,886	\$ 19,381	\$ 2,776	\$ 1,842	\$ 1,716	\$ 182	\$ 6,516
Property operating expenses	(684)	(1,299)	(521)	(6,035)	(8,539)	(734)	(1,305)	(504)	(49)	(2,592)
General and administrative expenses	(217)	(16)	(16)	(41)	(290)	(7)	(13)	(1)	(41)	(62)
Depreciation and amortization	(736)	(1,116)	(473)	(13)	(2,338)	(874)	(1,206)	(487)	(14)	(2,581)
Finance costs - operations	(1,860)	(4,144)	(825)	(26)	(6,855)	(1,435)	(2,819)	(814)	(60)	(5,128)
Net income (loss)	\$ (392)	\$ (3,090)	\$ 70	\$ 4,771	\$ 1,359	\$ (274)	\$ (3,501)	\$ (90)	\$ 18	\$ (3,847)
Crombie's income (loss) from equity-accounted investments	\$ —	\$ (1,545)	\$ 35	\$ 2,386	\$ 876	\$ —	\$ (1,751)	\$ (45)	\$ 9	\$ (1,787)

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	Nine months ended September 30, 2023					Nine months ended September 30, 2022				
	Davie LP	Bronte LP	Duke LP	Other	Total	Davie LP	Bronte LP	Duke LP	Other	Total
Revenue	\$ 8,933	\$ 8,954	\$ 6,303	\$ 26,017	\$ 50,207	\$ 8,052	\$ 4,193	\$ 3,727	\$ 488	\$ 16,460
Property operating expenses	(2,140)	(3,529)	(1,601)	(14,069)	(21,339)	(2,020)	(2,885)	(1,327)	(168)	(6,400)
General and administrative expenses	(266)	(129)	(74)	(143)	(612)	(32)	(53)	(35)	(284)	(404)
Depreciation and amortization	(2,201)	(3,338)	(1,427)	(41)	(7,007)	(2,619)	(3,378)	(1,467)	(42)	(7,506)
Finance costs - operations	(5,625)	(12,056)	(2,474)	(146)	(20,301)	(4,320)	(6,240)	(2,321)	(113)	(12,994)
Net income (loss)	\$ (1,299)	\$ (10,098)	\$ 727	\$ 11,618	\$ 948	\$ (939)	\$ (8,363)	\$ (1,423)	\$ (119)	\$ (10,844)
Crombie's income (loss) from equity-accounted investments	\$ —	\$ (5,049)	\$ 364	\$ 5,809	\$ 1,124	\$ —	\$ (4,182)	\$ (711)	\$ (60)	\$ (4,953)

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, 2023	December 31, 2022
Opening balance	\$ 40,397	\$ 44,210
Contributions	880	2,077
Distributions	(5,715)	(5,393)
Dispositions	—	(1,873)
Deferred gain	594	(595)
Gain on distribution from equity-accounted investments	—	2,933
Share of income (loss)	1,123	(4,954)
Share of other comprehensive income	1,771	3,992
Closing balance	\$ 39,050	\$ 40,397

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
September 30, 2023	\$ 884,000	\$ 565,481
December 31, 2022	\$ 908,000	\$ 572,153

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

	September 30, 2023	December 31, 2022
Income properties	\$ 529,129	\$ 529,520
Properties under development	31,401	37,330
Accrued straight-line rent receivable	618	690
Tenant incentives	4,333	4,613
Total carrying value	\$ 565,481	\$ 572,153

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, 2023 and December 31, 2022, respectively, based on each property's current use as a revenue-generating property or property under development. The fair value of

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properties under development is assumed to equal cost until the property is substantially completed. As at September 30, 2023, 1600 Davie Limited Partnership, Bronte Village Limited Partnership, The Duke Limited Partnership, Penhorn Residential Holdings 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, 2023	December 31, 2022
Weighted average capitalization rate	3.60 %	3.47 %

Capitalization rate sensitivity

Crombie has determined that a change in this applied capitalization rate at September 30, 2023 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%	\$ (60,000)	\$ 62,000
0.50%	\$ (109,000)	\$ 138,000
0.75%	\$ (153,000)	\$ 230,000

5) OTHER ASSETS

	September 30, 2023			December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	\$ 20,246	\$ —	\$ 20,246	\$ 21,645	\$ —	\$ 21,645
Provision for doubtful accounts	(2,098)	—	(2,098)	(2,328)	—	(2,328)
Net trade receivables	18,148	—	18,148	19,317	—	19,317
Prepaid expenses and deposits	14,433	28,085	42,518	10,346	15,329	25,675
Fair value of interest rate swap agreements	3,761	—	3,761	4,936	—	4,936
Other fixed assets ^{(1) (2)}	—	9,774	9,774	—	10,365	10,365
Finance lease receivable	625	11,468	12,093	605	11,940	12,545
Accrued straight-line rent receivable	—	101,255	101,255	—	98,338	98,338
Tenant incentives	—	253,525	253,525	—	247,878	247,878
Amounts receivable from related parties	12,284	12,343	24,627	12,321	10,298	22,619
Total other assets	\$ 49,251	\$ 416,450	\$ 465,701	\$ 47,525	\$ 394,148	\$ 441,673

(1) For the nine months ended September 30, 2023, depreciation of other fixed assets was \$1,111 (September 30, 2022 - \$1,092).

(2) Other fixed assets include right-of-use assets of \$2,263 (December 31, 2022 - \$2,306) net of accumulated depreciation of \$1,340 (December 31, 2022 - \$1,331) relating to office and vehicle leases.

Tenant Incentives	Cost	Accumulated Amortization	Net Carrying Value
Balance, January 1, 2023	\$ 342,305	\$ 94,427	\$ 247,878
Additions	25,634	—	25,634
Amortization	—	19,987	(19,987)
Write-off of fully depreciated assets	(4,976)	(4,976)	—
Balance, September 30, 2023	\$ 362,963	\$ 109,438	\$ 253,525

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6) INVESTMENT PROPERTY DEBT

	Weighted Average Range	Interest Rate	Weighted Average Term to Maturity	September 30, 2023	December 31, 2022
Fixed rate mortgages	2.70 %-6.44 %	4.13 %	5.1 years	\$ 799,190	\$ 918,552
Unsecured non-revolving credit facility			2.1 years	77,397	150,000
Revolving credit facility			3.8 years	84,820	—
Joint operation credit facility I			—	—	7,167
Joint operation credit facility II			1.0 years	3,326	3,097
Deferred financing charges on fixed rate mortgages				(4,197)	(4,846)
Total investment property debt				\$ 960,536	\$ 1,073,970
Mortgages					
Non-current				\$ 539,579	\$ 666,748
Current				255,414	246,958
Credit facilities					
Non-current				165,543	160,264
				\$ 960,536	\$ 1,073,970
Weighted average interest rate for drawn credit facilities				6.79 %	6.06 %

Specific investment properties with a carrying value of \$1,971,301 as at September 30, 2023 (December 31, 2022 - \$2,255,470) 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, 2023	New	2	5.29 %	13.1	29.6	\$ 48,660
	Repaid	15	4.11 %			\$ (142,629)

Unsecured non-revolving credit facility

The Unsecured non-revolving credit facility was amended in the first quarter of 2023. The amendment reinstated the maximum principal amount of \$200,000 and matures November 18, 2025. The facility is intended to be used for mortgage repayments. Borrowings under the Unsecured non-revolving credit facility can be by way of Bankers' Acceptance or prime rate advance, and the floating interest is contingent on the type of advance plus the applicable spread or margin.

Joint operation credit facilities

The Joint operation credit facility I, which consisted of a term loan facility and a revolving credit facility, was repaid in the second quarter of 2023. Concurrently, the fixed for floating rate swap was also retired.

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Revolving credit facility

The revolving credit facility was extended in the third quarter of 2023. The revolving credit facility has a maximum principal amount of \$400,000 and matures June 30, 2027. 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, 2023 - 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 third quarter of 2023. The unsecured bilateral credit facility has a maximum principal amount of \$130,000 and matures June 30, 2025. 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.

7) SENIOR UNSECURED NOTES

	Maturity Date ⁽¹⁾	Contractual Interest Rate	September 30, 2023	December 31, 2022
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
Series K	September 28, 2029	5.244 %	200,000	—
Deferred financing charges			(3,420)	(2,997)
Total senior unsecured notes			\$ 1,171,580	\$ 972,003
Non-current			\$ 1,171,580	\$ 972,003
Weighted average interest rate			3.89 %	3.61 %

(1) The weighted average term to maturity as at September 30, 2023 was 4.7 years (December 31, 2022 - 5.1 years).

On March 28, 2023, Crombie issued, on a private placement basis, \$200,000 of Series K notes (senior unsecured) maturing September 28, 2029. The net proceeds were used to repay existing indebtedness, including repayment of outstanding credit facilities, and for general trust purposes. The notes were priced with a contractual interest rate of 5.244%. Interest is payable in equal semi-annual installments on September 28 and March 28.

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8) TRADE AND OTHER PAYABLES

	September 30, 2023			December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Tenant incentives and capital expenditures	\$ 20,952	\$ —	\$ 20,952	\$ 42,723	\$ —	\$ 42,723
Property operating costs	31,976	—	31,976	30,031	—	30,031
Prepaid rents	13,869	—	13,869	15,448	—	15,448
Finance costs on investment property debt and notes	9,241	—	9,241	13,021	—	13,021
Amounts payable to related party	1,306	—	1,306	156	—	156
Distributions payable	13,377	—	13,377	13,230	—	13,230
Unit-based compensation plans	2,145	14,302	16,447	3,257	17,672	20,929
Deferred revenue	717	4,279	4,996	118	4,139	4,257
Total trade and other payables	\$ 93,583	\$ 18,581	\$ 112,164	\$ 117,984	\$ 21,811	\$ 139,795

9) PROPERTY REVENUE

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Operating lease revenue				
Rental revenue contractually due from tenants ⁽¹⁾	\$ 95,998	\$ 94,225	\$ 283,780	\$ 277,337
Contingent rental revenue	699	1,208	1,996	2,707
Straight-line rent recognition	774	572	2,917	3,784
Tenant incentive amortization	(7,838)	(5,795)	(19,987)	(17,049)
Lease termination income	498	35	1,173	256
Revenue from contracts with customers				
Common area cost recoveries	13,077	12,226	46,155	41,541
Parking revenue	1,283	1,171	3,975	3,076
Total property revenue	\$ 104,491	\$ 103,642	\$ 320,009	\$ 311,652

(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,	
	2023	2022	2023	2022
Sobeys Inc. (including all subsidiaries of Empire Company Limited ("Empire"))	\$ 57,680	55.2 %	\$ 57,122	55.1 %
	\$ 171,194	53.5 %	\$ 166,150	53.3 %

10) REVENUE FROM MANAGEMENT AND DEVELOPMENT SERVICES

Crombie provides development and property management services to co-owners and related parties. Crombie's revenue from development, construction and other fees are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Development fees	\$ 195	\$ —	\$ 2,084	\$ —
Management fees	102	—	259	—
Total revenue from management and development services	\$ 297	\$ —	\$ 2,343	\$ —

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11) PROPERTY OPERATING EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Recoverable property taxes	\$ 18,861	\$ 18,523	\$ 56,441	\$ 54,014
Recoverable operating expenses	12,839	12,132	47,260	42,652
Other operating costs	1,338	1,413	4,765	3,984
Total property operating expenses	\$ 33,038	\$ 32,068	\$ 108,466	\$ 100,650

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, 2023, is as follows:

	Year ending December 31,					Thereafter	Total
	Remaining 2023	2024	2025	2026	2027		
Future minimum rental income	\$ 74,765	\$ 294,474	\$ 279,430	\$ 265,637	\$ 249,184	\$ 1,800,847	\$ 2,964,337

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 ADMINISTRATIVE EXPENSES AND CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) General and administrative expenses

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Salaries and benefits	\$ 2,656	\$ 2,255	\$ 15,946	\$ 8,655
Professional and public company costs	1,260	841	3,518	2,804
Occupancy and other	892	610	2,431	2,025
Total general and administrative expenses	\$ 4,808	\$ 3,706	\$ 21,895	\$ 13,484

General and administrative expenses for the nine months ended September 30, 2023 includes employee transition costs of \$7,172.

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Deferred Unit ("DU") Plan	\$ 1,191	\$ 1,782	\$ 3,311	\$ 4,027

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14) FINANCE COSTS - OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Fixed rate mortgages	\$ 8,435	\$ 9,939	\$ 26,926	\$ 30,822
Floating rate term, revolving, and demand facilities	1,235	1,355	5,241	2,798
Capitalized interest	(1,169)	(1,488)	(3,160)	(3,875)
Senior unsecured notes	11,766	10,693	32,239	31,503
Interest income on finance lease receivable	(133)	(139)	(405)	(423)
Interest on lease liability	531	524	1,588	1,566
Finance costs - operations, expense	20,665	20,884	62,429	62,391
Amortization of fair value debt adjustment and accretion income	272	15	291	97
Change in accrued finance costs	6,058	1,883	3,780	2,498
Capitalized interest ⁽¹⁾	1,169	1,488	3,160	3,875
Amortization of deferred financing charges	(604)	(675)	(1,867)	(2,031)
Finance costs - operations, paid	\$ 27,560	\$ 23,595	\$ 67,793	\$ 66,830

(1) For the three months ended September 30, 2023, interest was capitalized for qualifying development projects based on a weighted average interest rate of 3.88% (September 30, 2022 - 3.59%).

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, 2023	105,321,000	\$ 1,295,077	73,055,896	\$ 900,963	178,376,896	\$ 2,196,040
Units issued under DRIP	1,158,689	16,634	820,806	11,784	1,979,495	28,418
Balance, September 30, 2023	106,479,689	\$ 1,311,711	73,876,702	\$ 912,747	180,356,391	\$ 2,224,458

	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

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16) SUPPLEMENTARY CASH FLOW INFORMATION

(a) Items not affecting operating cash

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Items not affecting operating cash:				
Straight-line rent recognition	\$ (774)	\$ (572)	\$ (2,917)	\$ (3,784)
Amortization of tenant incentives	7,838	5,795	19,987	17,049
Gain on disposal of investment properties	(477)	(13,357)	(588)	(18,220)
Gain on distribution from equity-accounted investments	—	(1,000)	—	(2,933)
Impairment of investment properties	—	10,400	—	10,400
Depreciation and amortization	19,834	22,744	58,748	60,845
(Income) loss from equity-accounted investments	(876)	1,787	(1,124)	4,953
Non-cash lease termination income	—	(34)	—	(102)
Change in fair value of financial instruments	(1,191)	(1,782)	(3,311)	(4,027)
	\$ 24,354	\$ 23,981	\$ 70,795	\$ 64,181

(b) Change in other non-cash operating items

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾
Cash provided by (used in):				
Trade receivables	\$ 6,388	\$ 2,548	\$ 1,169	\$ 4,206
Prepaid expenses and deposits and other assets	9,065	5,662	(4,087)	(284)
Payables and other liabilities	(5,767)	4,458	(2,182)	(13,961)
	\$ 9,686	\$ 12,668	\$ (5,100)	\$ (10,039)

(1) Prepaid expenses and deposits and other assets for the three and nine months ended September 30, 2022 were updated from the previously reported figure.

(c) Cash and cash equivalents

	September 30, 2023	December 31, 2022
Restricted cash ⁽¹⁾	\$ 110	\$ 231
Cash	—	5,886
Total cash and cash equivalents	\$ 110	\$ 6,117

(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, 2023, Empire, through its wholly owned subsidiary ECL Developments Limited ("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.

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Property revenue				
Property revenue	\$ 57,680	\$ 57,122	\$ 171,194	\$ 166,150
Head lease income	\$ 150	\$ 156	\$ 695	\$ 710
Lease termination income	\$ —	\$ 34	\$ —	\$ 102
Revenue from management and development services	\$ 297	\$ —	\$ 2,343	\$ —
Property operating expenses	\$ (33)	\$ (33)	\$ (101)	\$ (101)
General and administrative expenses				
Property management services recovered	\$ 77	\$ 87	\$ 169	\$ 246
Other general and administrative expenses	\$ (42)	\$ (88)	\$ (130)	\$ (176)
Finance costs - operations				
Interest rate subsidy	\$ —	\$ —	\$ —	\$ 53
Finance costs - distributions to Unitholders	\$ (16,619)	\$ (16,387)	\$ (49,665)	\$ (49,019)

Crombie provides property management, development 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 which is being recognized as revenue from management and development services.

During the nine months ended September 30, 2023, Crombie issued 820,806 (September 30, 2022 - 626,897) Class B LP Units to ECLD under the DRIP (Note 15).

During the nine months ended September 30, 2023, Crombie acquired three retail properties from a subsidiary of Empire for a total purchase price of \$26,482 before transaction costs.

During the nine months ended September 30, 2023, Crombie invested \$16,977 (September 30, 2022 - \$12,432) 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.

During the third quarter of 2023, Crombie paid \$16,361 to a subsidiary of Empire in connection with the assignment of 24 subleases to Crombie for retail sites in Western Canada. This payment was allocated to either deferred leasing costs or tenant incentive additions, based on each component's relative fair value.

Amounts due from related parties include \$10,364 (December 31, 2022 - \$10,364) in a 6% subordinated note receivable due from Bronte Village Limited Partnership.

During the third quarter of 2023, Crombie entered into a new joint venture with a subsidiary of Empire. Amounts due from related parties include \$166 (December 31, 2022 - \$Nil) in a note receivable due from Lynn Valley Limited Partnership.

Crombie has a mortgage payable due to 1600 Davie Limited Partnership of \$24,960 (December 31, 2022 - \$25,207). This mortgage relates to the commercial component of the Davie Street development, 100% of which is included in Crombie's financial statements.

During the third quarter of 2023, Crombie paid an initial right-to-develop fee of \$13,600 to a subsidiary of Empire, which resulted in the existing lease being modified. The right to develop will allow Crombie flexibility as it works through the entitlement and future development of an existing property in which a subsidiary of Empire is currently a tenant.

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, 2023.

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, 2023		December 31, 2022	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial liabilities				
Investment property debt	\$ 902,360	\$ 964,733	\$ 1,035,216	\$ 1,078,816
Senior unsecured notes	1,055,411	1,175,000	877,058	975,000
Total financial liabilities	\$ 1,957,771	\$ 2,139,733	\$ 1,912,274	\$ 2,053,816

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
- Accounts receivables
- Trade and other payables.

(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 actions 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 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

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of each month and other tenant billings are due 30 days after invoicing, 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 2.70% at March 3, 2022 to 7.20% effective July 12, 2023. 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.

Hedge accounting applied on financial instruments

The following tables summarizes Crombie's financial instruments in which hedge accounting was applied.

			As at September 30, 2023	
Hedge type	Maturity date	Fixed interest rate	Notional amount of the hedging instrument ⁽¹⁾ Fair value of hedging instrument ⁽¹⁾	
Cash flow hedge ⁽²⁾	December 20, 2024	3.72%	\$ 88,824	\$ 3,400
Cash flow hedge ⁽²⁾	March 18, 2025	3.52%	4,667	218
Cash flow hedge ⁽²⁾	October 7, 2024	3.27%	3,326	143
Cash flow hedge ⁽³⁾	March 1, 2029	3.15%	52,000	5,763
			\$ 148,817	\$ 9,524

(1) Amounts are shown at Crombie's ownership percentage.

(2) Included in Note 5 other assets in the interim condensed consolidated balance sheets.

(3) Included in Note 4 investment in joint ventures in the interim condensed consolidated balance sheets.

			Three months ended September 30, 2023		Nine months ended September 30, 2023	
Hedge type	Maturity date	Fixed interest rate	Change in fair value gain (loss) recognized in other comprehensive income ⁽¹⁾ Hedge recognized in statements of comprehensive loss		Change in fair value gain (loss) recognized in other comprehensive income ⁽¹⁾ Hedge recognized in statements of comprehensive loss	
Cash flow hedge ⁽²⁾	December 20, 2024	3.72%	\$ (620)	\$ —	\$ (873)	\$ —
Cash flow hedge ⁽²⁾	March 18, 2025	3.52%	(17)	—	(4)	—
Cash flow hedge ⁽³⁾	April 25, 2024	3.58%	—	—	(269)	199
Cash flow hedge ⁽²⁾	October 7, 2024	3.27%	(21)	—	(29)	—
Cash flow hedge ⁽⁴⁾	March 1, 2029	3.15%	1,231	—	1,771	—
			\$ 573	\$ —	\$ 596	\$ 199

(1) Amounts are shown at Crombie's ownership percentage.

(2) Included in Note 5 other assets in the interim condensed consolidated balance sheets.

(3) Term loan, credit facility, and swap were settled on June 1, 2023, with the net settlement amount reducing finance costs.

(4) Included in Note 4 investment in joint ventures in the interim condensed consolidated balance sheets.

As at September 30, 2023

- Crombie's weighted average term to maturity of its fixed rate mortgages is 5.1 years;
- Crombie's weighted average term to maturity of its unsecured notes is 4.7 years;

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- Crombie has an Unsecured non-revolving credit facility available to a maximum of \$200,000 with a balance of \$77,397 outstanding;
- Crombie has a floating rate Revolving credit facility available to a maximum of \$400,000 subject to available borrowing base, with a balance of \$84,820 outstanding;
- Crombie has an Unsecured bilateral credit facility available to a maximum of \$130,000 with no balance outstanding/drawn;
- Crombie has a Joint operation credit facility available to a maximum of \$3,520 at Crombie's share with a balance of \$3,326 outstanding;
- Crombie has interest rate swap agreements in place on \$96,817 of floating rate debt and an interest rate swap agreement in place held in equity-accounted investments on \$52,000 of floating rate debt, at Crombie's share; and
- Crombie has floating rate credit facilities, included in debt held in equity-accounted investments, available to a maximum of \$133,000 with a balance of \$119,594 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:

	Nine months ended September 30, 2023	
	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	\$ (495)	\$ 495
Impact of a 1.0% interest rate change	\$ (991)	\$ 991
Impact of a 1.5% interest rate change	\$ (1,486)	\$ 1,486
	As at September 30, 2023	
Impact on other comprehensive income of interest rate changes on interest rate swap agreements at Crombie's share		
Impact of a 0.5% interest rate change	\$ 1,300	\$ (2,200)
Impact of a 1.0% interest rate change	\$ 3,000	\$ (4,000)
Impact of a 1.5% interest rate change	\$ 4,600	\$ (5,800)

Liquidity risk

The real estate industry is capital intensive, and most assets are non-current in nature. These assets produce income through long-term leases, which funds current liabilities as they come due. While rents are contractually committed, they are not recognized as current assets, and this imbalance creates a working capital deficit, despite cash flows from contractually committed rents and credit facilities being more than adequate to satisfy current liabilities. 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

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outstanding letters of credit, and it cannot exceed the borrowing base security provided by Crombie. As at September 30, 2023, \$312,300 was available on this facility.

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,					
		2024	2025	2026	2027	2028	Thereafter
Fixed rate mortgages ⁽²⁾	\$ 937,489	\$ 281,251	\$ 143,869	\$ 62,393	\$ 136,917	\$ 27,870	\$ 285,189
Senior unsecured notes	1,381,306	45,664	215,064	236,547	178,279	172,020	533,732
Trade and other payables	102,923	84,342	3,440	2,256	2,200	2,200	8,485
Lease liabilities	150,146	3,032	3,005	2,932	2,736	2,451	135,990
	2,571,864	414,289	365,378	304,128	320,132	204,541	963,396
Credit facilities ⁽²⁾	199,729	11,499	14,718	84,136	89,376	—	—
Total estimated payments	\$ 2,771,593	\$ 425,788	\$ 380,096	\$ 388,264	\$ 409,508	\$ 204,541	\$ 963,396

(1) Includes principal and interest and excludes extension options.

(2) Includes the fixed portion of the interest expense for mortgages and credit facilities under swap agreements.

Crombie intends to finance near term mortgage repayments using the Unsecured non-revolving credit facility.

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, 2023	December 31, 2022
Fixed rate mortgages ⁽¹⁾	\$ 794,993	\$ 913,706
Credit facilities	165,543	160,264
Senior unsecured notes ⁽¹⁾	1,171,580	972,003
Crombie REIT Unitholders	1,088,116	1,097,070
SVU and Class B LP Unitholders ⁽²⁾	747,502	753,470
Lease liabilities	34,698	35,000
	\$ 4,002,432	\$ 3,931,513

(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.

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 sheets as net assets attributable to Unitholders. Crombie's debt to gross book value is defined as the total obligation for borrowed funds and lease liabilities, including the proportionate share of any borrowings held within joint ventures, divided by the gross book value of Crombie's assets which includes its proportionate share of gross assets held within joint ventures.

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	September 30, 2023	December 31, 2022
Fixed rate mortgages	\$ 799,190	\$ 918,552
Senior unsecured notes	1,175,000	975,000
Unsecured non-revolving credit facility	77,397	150,000
Revolving credit facility	84,820	—
Joint operation credit facilities	3,326	10,264
Debt held in joint ventures, at Crombie's share ⁽¹⁾	273,953	270,642
Lease liabilities	34,698	35,000
Total debt	\$ 2,448,384	\$ 2,359,458
Income properties, cost ⁽²⁾	\$ 4,334,016	\$ 4,269,416
Properties under development, cost	79,119	67,144
Investment properties, held in joint ventures, cost, at Crombie's share	292,462	291,915
Below-market lease component, cost ⁽³⁾	72,990	70,192
Other assets, cost ⁽⁴⁾	579,891	540,371
Other assets, cost, held in joint ventures, at Crombie's share	31,934	30,714
Cash and cash equivalents	110	6,117
Cash and cash equivalents held in joint ventures, at Crombie's share	8,849	2,487
Deferred financing charges	7,617	7,843
Gross book value	\$ 5,406,988	\$ 5,286,199
Debt to gross book value - cost basis	45.3 %	44.6 %

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

(2) Includes cumulative impairments on land of \$9,157 (December 31, 2022 - \$9,157).

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

(4) 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.

As at September 30, 2023, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

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20) LEASE LIABILITIES

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

	Twelve months ending September 30,						Thereafter
	Total	2024	2025	2026	2027	2028	
Future minimum lease payments	\$ 150,146	\$ 3,032	\$ 3,005	\$ 2,932	\$ 2,736	\$ 2,451	\$ 135,990
Finance charges	(115,448)	(2,093)	(2,062)	(2,029)	(1,998)	(1,980)	(105,286)
Present value of lease payments	\$ 34,698	\$ 939	\$ 943	\$ 903	\$ 738	\$ 471	\$ 30,704

Lease liabilities are presented on the interim condensed consolidated balance sheets as follows:

	September 30, 2023	December 31, 2022
Non-current	\$ 33,759	\$ 34,057
Current	939	943
Total lease liabilities	\$ 34,698	\$ 35,000

Some of Crombie's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the interim condensed consolidated statements of comprehensive income (loss) as required when contingent criteria are met. The lease agreements contain renewal options and purchase options, none of which are reflected in the minimum lease payments in the above table. For the nine months ended September 30, 2023, minimum lease payments of \$2,294 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, 2023, Crombie has \$2,880 (December 31, 2022 - \$2,883) in outstanding letters of credit related to construction work being performed on investment properties.

As at September 30, 2023, Crombie had signed construction contracts totalling \$255,648, of which \$156,660 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, 2023, Crombie has provided guarantees of approximately \$99,708 (December 31, 2022 - \$111,022) 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 1.7 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, 2023, Crombie has committed to contributing \$346 to 1700 East Broadway Limited Partnership as part of the ongoing predevelopment work in the joint venture.

During the third quarter of 2023, 1600 Davie Limited Partnership entered into a credit agreement with a Canadian chartered bank. The revolving credit facility has a maximum principal amount of \$4,000 and matures July 31, 2026. Crombie has guaranteed 100% of the loan.

22) SUBSEQUENT EVENTS

- (a) On October 13, 2023, Crombie declared distributions of 7.417 cents per Unit for the period from October 1, 2023 up to and including October 31, 2023. The distributions will be paid on November 15, 2023, to Unitholders of record as at October 31, 2023.
- (b) On November 3, 2023, Crombie entered into a right-to-develop agreement with a subsidiary of Empire with an initial fee payable of \$20,700 which resulted in an existing lease being modified. The right to develop will allow Crombie flexibility as it works through the entitlement and future development of an existing property in which a subsidiary of Empire is currently a tenant.

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.