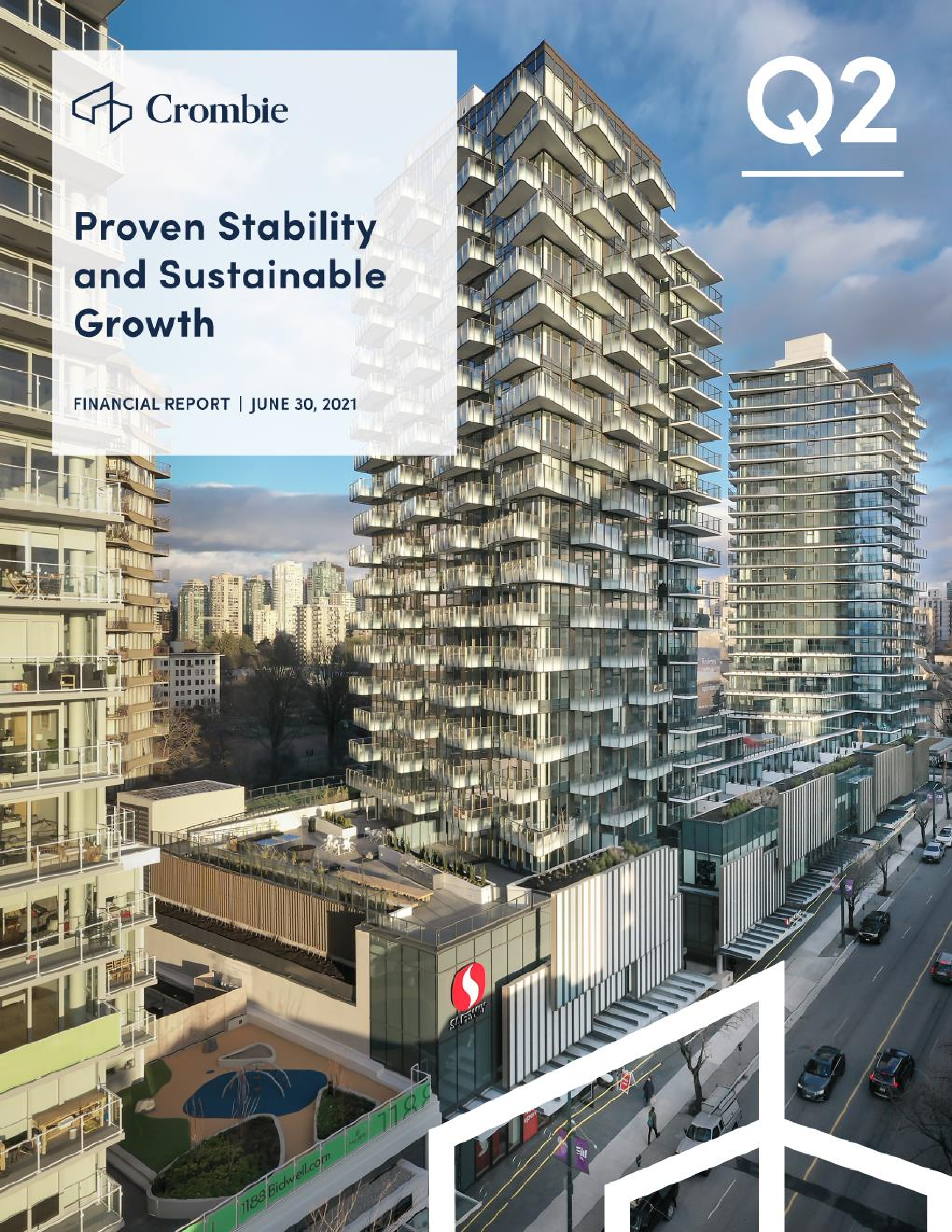
Crombie

Q2

Proven Stability and Sustainable Growth

FINANCIAL REPORT | JUNE 30, 2021



CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and financial performance of Crombie Real Estate Investment Trust ("Crombie") should be read in conjunction with Crombie's interim condensed consolidated financial statements as at and for the three and six months ended June 30, 2021 and 2020. This MD&A should also be read in conjunction with Crombie's audited consolidated financial statements as at and for the years ended December 31, 2020 and 2019.

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

The information contained in the MD&A, including forward-looking statements, is based on information available to management as of August 4, 2021, except as otherwise noted.

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

For definitions of certain acronyms and specialized terms we use in this document, refer to the "Glossary of Terms" on page 7.

FOOTNOTES

(*) NON-GAAP FINANCIAL MEASURES
Some of the financial measures we provide in this document are non-GAAP financial measures that have no standardized meaning under International Financial Reporting Standards (IFRS) and therefore may not be comparable to similar measures presented by other companies. See "Non-GAAP Financial Measures", starting on page 57, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

FORWARD-LOOKING STATEMENTS
Some of the information we provide in this document is forward-looking and therefore could change over time to reflect changes in the environment in which we operate and compete. See "Forward-looking Information", starting on page 60, for more information.

1. KEY HIGHLIGHTS

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

FINANCIAL METRICS (in thousands except GLA and per unit amounts)

Property revenue

Q2 2021
$100,006
Q2 2020 $96,501 **+3.63%**

YTD 2021
$203,543
YTD 2020 $198,753 **+2.41%**

The increase in property revenue in both the quarter and year to date is due primarily to increased rental revenue from new developments, acquisitions, and modernizations, and higher lease termination income. This is slightly offset by rent abatements.

On a year to date basis, this is offset in part by increased tenant incentive amortization, and from modernizations.

Operating income attributable to Unitholders

Q2 2021
$19,605
Q2 2020 $9,393 **+108.72%**

YTD 2021
$52,820
YTD 2020 $30,717 **+71.96%**

The increase in operating income attributable to Unitholders in the quarter is driven primarily by a reduction in bad debt expense, offset in part by higher depreciation due to completed developments, and increased finance costs from operations. Higher finance costs are primarily due to the addition of new mortgages and unsecured debt since the second quarter of 2020, and lower capitalized interest on developments.

On a year to date basis, the increase is primarily due to gains on disposals of $11,144 from property dispositions and a reduction in bad debt expense. The growth in net property income was offset in part by an increase in general and administrative expenses resulting primarily from the higher unit price and its impact on unit-based compensation plans, and increased finance costs from operations.

Same-asset property cash NOI(*)

+7.19%
Q2 2021 **$62,993**
Q2 2020 $58,768

+4.63%
YTD 2021 **$126,708**
YTD 2020 $121,100

The increase in same-asset property cash NOI for both the quarter and year to date compared to the same periods in 2020 is primarily due to reduced bad debt expense resulting from improved rent collections, strong occupancy, higher supplemental rents from modernizations and capital improvements, and higher lease termination income.

FFO(*) per unit

Q2 2021
$0.27
Q2 2020 $0.22 **+22.73%**

YTD 2021
$0.57
YTD 2020 $0.51 **+11.76%**

FFO per unit increased for the quarter and year to date from the same periods in 2020 primarily due to increased net property income, which resulted from decreased bad debt expense, income from development completions and modernizations, and higher lease termination income. This is offset in part by increased finance costs from operations primarily due to the addition of new mortgages and unsecured debt since the second quarter of 2020 and lower capitalized interest on developments, loss from equity accounted investments, and higher number of Units outstanding from the Unit issuance in the second quarter of 2021.

On a year to date basis, the increase is offset additionally by higher general and administrative costs, which were primarily the result of the impact of an increased unit price on unit-based compensation plans, offset in part by severance costs in the second quarter of 2020.

FINANCIAL METRICS (CONTINUED)

FFO(*) payout ratio

	Q2 2021	YTD 2021
Current	**81.7%**	**79.0%**
Prior	Q2 2020 101.8% **-20.10%**	YTD 2020 87.1% **-8.1%**

The improved payout ratios resulted from higher FFO for both the quarter and year to date, offset in part by higher total distributions due to increased number of Units outstanding from the Unit issuance in the second quarter of 2021.

AFFO(*) per Unit

	Q2 2021	YTD 2021
Current	**$0.23**	**$0.48**
Prior	Q2 2020 $0.18 **+27.78%**	YTD 2020 $0.43 **+11.63%**

The increase in AFFO is primarily due to the increase in FFO resulting from increased net property income, offset in part by increased finance costs from operations, and loss from equity accounted investments. The loss resulted from a timing differential affecting operating results from the Davie Street residential development project as it moves towards stabilization.

On a year to date basis, the increase is offset additionally by higher general and administrative costs, primarily the result of the impact of an increased unit price on unit-based compensation plans in 2021 and severance costs in Q2 2020, and by the higher number of Units outstanding from the issuance of 6,025,000 Units in the second quarter of 2021.

AFFO(*) payout ratio

	Q2 2021	YTD 2021
Current	**97.3%**	**94.0%**
Prior	Q2 2020 125.2% **-27.90%**	YTD 2020 103.1% **-9.1%**

The increased AFFO described above resulted in an improvement in the payout ratios for both the quarter and year to date, offset in part by higher total distributions due to the increased number of Units outstanding from the Unit issuance in the second quarter of 2021.

OPERATIONAL METRICS

Renewals (GLA)

	Q2 2021	YTD 2021
Current	**234,000**	**621,000**
Prior	Q2 2020 230,000 **+4,000**	YTD 2020 386,000 **+235,000**

Renewal activity in the quarter consisted of 148,000 square feet in Rest of Canada, 49,000 square feet in VECTOM, and 37,000 square feet in Major Markets.

Year to date, renewal activity consisted of 304,000 square feet in Rest of Canada, 195,000 square feet in VECTOM, and 122,000 square feet in Major Markets.

Renewal spreads

	Q2 2021	YTD 2021
Current	**3.4%**	**3.1%**
Prior	Q2 2020 3.6% **-0.20%**	YTD 2020 4.0% **-0.90%**

The primary driver of the renewal growth in the quarter and year to date was retail plaza renewals at an increase of 4.6% and 3.6% over expiring rental rates, respectively.

OPERATIONAL METRICS (CONTINUED)

Committed occupancy	Economic occupancy
Q2 2021	Q2 2021
96.2%	**95.6%**
Q2 2020 95.6% **+0.60%**	Q2 2020 95.1% **+0.50%**

Strong committed occupancy of 96.2% included 118,000 square feet of committed space in the quarter. Approximately 57,000 square feet of committed space is in VECTOM and Major Markets, including 25,000 square feet in our office portfolio in downtown Halifax.

Strong economic occupancy is primarily due to new leases of 510,000 square feet, largely at our major development projects, outpacing lease expiries and other changes by 355,000 square feet. Notable new leases include Empire's Voilà par IGA Customer Fulfillment Centre ("CFC") in Montreal and the Voilà by Sobeys spoke at The Queensway Commons.

FINANCIAL CONDITION METRICS

Interest coverage ratio(*)

Q2 2021	YTD 2021
2.94x	**2.99x**
Q2 2020 2.64x **+0.30x**	YTD 2020 2.91x **+0.08x**

The improvement in interest coverage ratio compared to the same periods in 2020 is due to the increase in property revenue resulting primarily from new developments, acquisitions, and modernizations, and continuation of low interest rates. This is partially offset by increased finance costs from operations from new mortgages and unsecured debt and reduced capitalized interest on developments.

Debt to gross fair value(*) (D/GFV)

Q2 2021	Q4 2020
46.0%	**49.4%**
Q2 2020 **49.2%** **+3.17%**	Q4 2019 48.9% **-0.50%**

Since the second quarter of 2020, a fair value pick up of $449,000 was recognized on investment properties primarily from lower capitalization rates, acquisitions, and completed developments. This increase, along with higher fair value of investment in joint ventures from the completion of Davie Street, offset in part by higher outstanding debt, resulted in the decrease in D/GFV compared to the prior year.

Debt to gross fair value(*), applying cash and cash equivalents to reduce debt, is 45.8% at Q2 2021 (Q2 2020 - 49.2%).

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

Q2 2021

9.12x

Q2 2020 9.12x **0.00x**

At the end of the second quarter of 2021, outstanding debt was higher than at the second quarter of 2020 due to additions of new mortgages and unsecured debt, and higher outstanding balances drawn on credit facilities. This increase in debt is offset by the increase in adjusted EBITDA over the same period, resulting in D/EBITDA remaining consistent.

Debt to trailing 12 months adjusted EBITDA(*), applying cash and cash equivalents to reduce debt, is 9.04x (Q2 2020 - 9.12x).

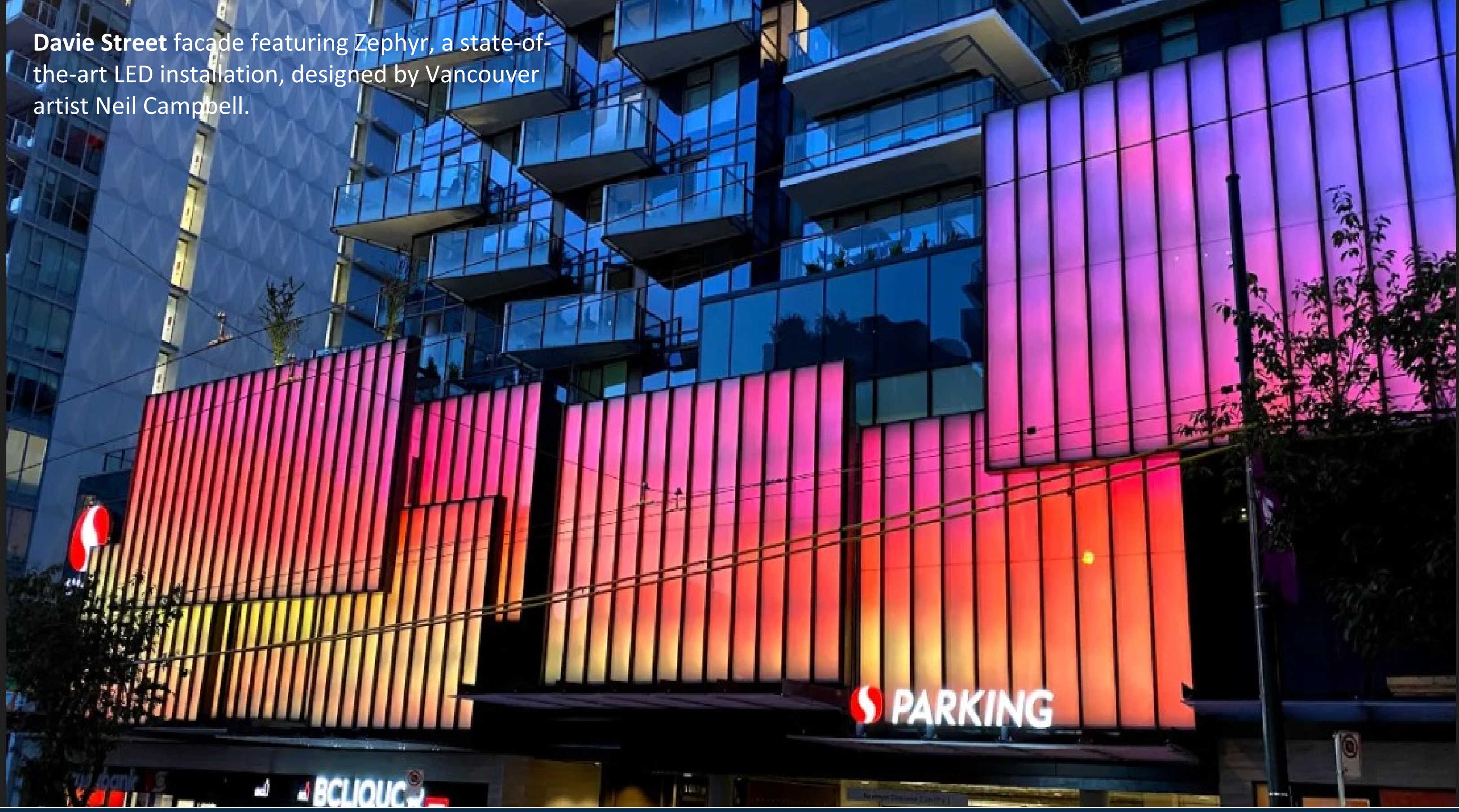
Available liquidity - unutilized credit facilities

Q2 2021

$368,483

Q2 2020 $406,303

The reduction in available liquidity from the second quarter of 2020 is primarily due to higher outstanding balances drawn on credit facilities resulting from repayment of unsecured notes in the second quarter of 2021.



Davie Street facade featuring Zephyr, a state-of-the-art LED installation, designed by Vancouver artist Neil Campbell.

SUSTAINABILITY AT CROMBIE

Crombie's vision is to enrich communities sustainably through tangible actions and an ethical and diverse culture. In the second quarter of 2021, we were proud to publish our inaugural Sustainability Report and complete our first submission to GRESB.

Our sustainability commitment

Crombie is guided by a strong set of values and business ethics, which helped shape and strengthen our sustainability commitments. We are committed to the well-being of our communities. Sustainability principles have been embedded into the way we do business since inception and, to better understand Crombie's sustainability performance, we are now improving the measurement of our baseline performance and sustainability impact. We continue to develop policies and procedures that will allow Crombie to set targets and implement actionable processes necessary to achieve short- and long-term sustainability goals.

Our sustainability strategy

Crombie's sustainability strategy focuses on creating value by developing our properties in a way that enhances local communities and protects the environment. As a beginning, seven material topics were identified that will serve as the key pillars of Crombie's sustainability strategy over the next few years. These topics were identified through an internal materiality assessment with senior leadership and ESG management.

Pillars	Environment	Social	Governance
Key Topics	Sustainable design and construction	Talent attraction, development, and retention	Board composition and governance
	Energy consumption	Diversity, equity, and inclusion	Risk management
		Health, safety, and well-being	

COVID-19 IMPACT - FINANCIAL

The duration and impact of the emergency measures which followed the outbreak of the COVID-19 pandemic in 2020, and their impact on Crombie's financial results into the future are still not fully known. To date, Crombie has collected approximately 99% of its total contractual rents for the six months ended June 30, 2021.

In order to ensure Crombie is doing its part to contribute to the resilience of its tenants during the pandemic, management continues to actively work with tenants who are seeking rental concessions or who have stated that they are not able to pay their rent during the pandemic. Most of Crombie's leases require that rent be paid on the first day of each month. During the three and six months ended June 30, 2021 and for the month of July, we have collected or expect to collect the following approximate contractual rents:

	Three months ended June 30, 2021		Six months ended June 30, 2021		July 2021	
	% of Gross Rent Collected	% of Gross Rent, Total Portfolio	% of Gross Rent Collected	% of Gross Rent, Total Portfolio	% of Gross Rent Collected	% of Gross Rent, Total Portfolio
Retail	99 %	91 %	98 %	91 %	99 %	91 %
Office	100 %	6 %	100 %	6 %	100 %	6 %
Retail-related industrial	100 %	3 %	100 %	3 %	100 %	3 %
Total	99 %	100 %	99 %	100 %	99 %	100 %

Crombie assesses, on a tenant-by-tenant basis, losses expected with its rent receivables in determining the provision for doubtful accounts. Crombie's assessment is subjective due to the forward-looking nature of the situation. As a result, the provision for doubtful accounts is subject to a high degree of uncertainty and is made based on assumptions which may not prove to be accurate with the unprecedented uncertainty caused by COVID-19.

Based on its review, Crombie recorded a bad debt expense of $978 for the six months ended June 30, 2021, decreasing property operating income for the period, compared to $9,809 for the same period in 2020.

Crombie continues to navigate the effects of COVID-19. Parking revenue remains depressed as compared to pre-pandemic levels and bad debt expense in the second quarter of 2021 was $330 ($Nil on same-asset properties), compared to $8,722 ($4,039 on same-asset properties) in the same period in 2020.

The following table further outlines what management estimates to be the material impacts of COVID-19 on Crombie's operating performance for the six months ended June 30, 2021:

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	FFO(*)		AFFO(*)		Same-asset property cash NOI(*)	Same-asset property cash NOI(*) growth	
	$	**Per unit**	**$**	**Per unit**	**$**	**$**	**%**
Actual results - six months ended June 30, 2021	$ 90,304	$ 0.57	$ 75,888	$ 0.48	$ 126,708	$ 5,608	4.6 %
Adjusted for:							
Bad debt expense	978	0.01	978	0.01	227	(3,812)	(3.1)%
Parking revenue (1)	789	—	789	—	789	(181)	(0.2)%
Adjusted results - six months ended June 30, 2021	$ 92,071	$ 0.58	$ 77,655	$ 0.49	$ 127,724	$ 1,615	1.3 %
Adjusted results - six months ended June 30, 2020	$ 91,419	$ 0.59	$ 78,991	$ 0.51	$ 126,109		

(1) Parking revenue is calculated as the decrease in parking revenue from the same period in the prior year, which Crombie has attributed to the impact of COVID-19.

2. GLOSSARY OF TERMS

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

(*) See "Non-GAAP Financial Measures", starting on page 57, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

3. PORTFOLIO REVIEW

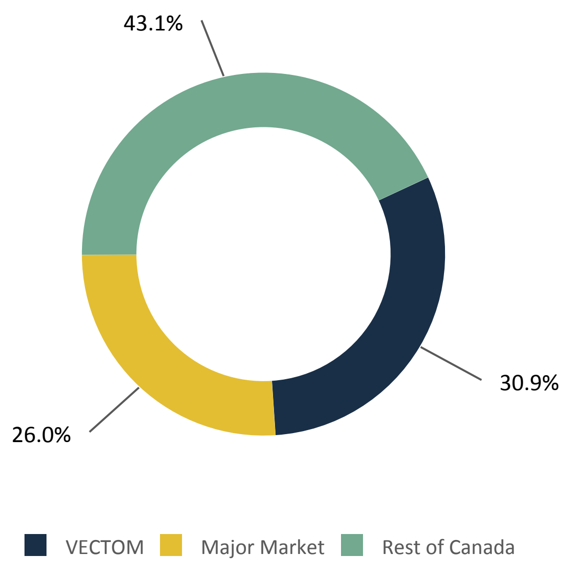
As at June 30, 2021, Crombie's property portfolio consisted of full ownership interests in 228 investment properties, and partial ownership interests in 59 investment properties. The partial ownership interests are reflected in our consolidated balance sheet and income statement, based on our proportionate share basis in such joint operations. Together these 287 properties contain, at Crombie's share, approximately 18.2 million square feet of GLA in all 10 provinces.

Crombie also holds partial ownership interests in four joint venture properties that are subject to equity-accounting. As such, the results of these equity-accounted investments are not included in certain financial metrics, such as net property income, property cash NOI(*), same-asset property NOI(*), or in operating metrics such as occupancy and GLA, unless specifically indicated that such metrics are presented on a proportionate consolidation basis.

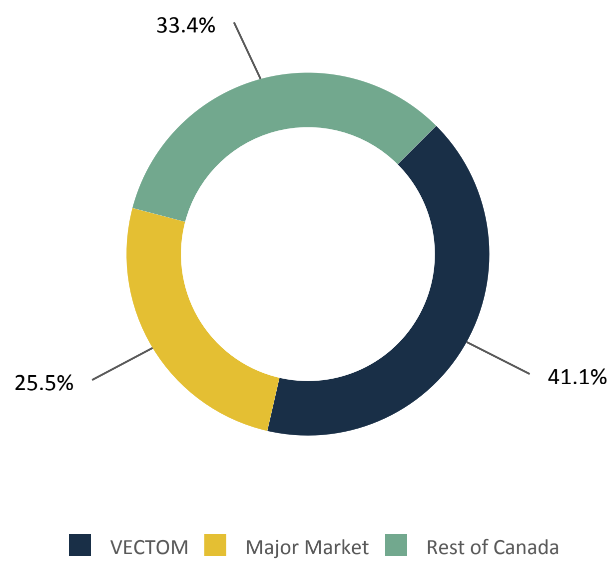
Market Class

Crombie's presence in high-growth VECTOM and Major Markets has been increasing through acquisitions and large-scale, mixed-use developments, to strategically elevate portfolio quality and strength.

Portfolio GLA by Market Class (sq. ft.) as at June 30, 2021



Portfolio Fair Value by Market Class (%) as at June 30, 2021



The table below provides details of the average capitalization rate (weighted by stabilized trailing NOI) by market class:

	June 30, 2021	June 30, 2020
VECTOM	**4.79%**	4.96%
Major Markets	**5.92%**	6.31%
Rest of Canada	**6.60%**	6.79%
Weighted average portfolio capitalization rate	**5.68%**	5.94%

For an explanation of the determination of capitalization rates, see the "Other Disclosures" section of this MD&A, under "Investment Property Valuation" in the "Use of Estimates and Judgments" section.

Crombie's portfolio diversification by market class as at June 30, 2021 and 2020 is as follows:

	GLA (sq. ft.)								
	January 1, 2021	Net Acquisitions (Dispositions)	Other [1]	**June 30, 2021**	Number of Investment Properties	% of AMR	% NOI	Economic Occupancy	Committed Occupancy
VECTOM	5,588,000	40,000	6,000	**5,634,000**	88	34.4 %	34.0 %	99.5 %	99.7 %
Major Markets	4,619,000	111,000	9,000	**4,739,000**	62	26.1 %	26.5 %	94.6 %	95.7 %
Rest of Canada	7,793,000	23,000	46,000	**7,862,000**	137	39.5 %	39.5 %	93.4 %	94.2 %
Total	18,000,000	174,000	61,000	**18,235,000**	287	100.0 %	100.0 %	95.6 %	96.2 %

	GLA (sq. ft.)								
	January 1, 2020	Net Acquisitions (Dispositions)	Other [1]	June 30, 2020	Number of Investment Properties	% of AMR	% NOI	Economic Occupancy	Committed Occupancy
VECTOM	5,295,000	—	(9,000)	5,286,000	89	32.2 %	33.9 %	98.7 %	98.8 %
Major Markets	4,597,000	—	33,000	4,630,000	60	26.4 %	27.2 %	95.1 %	95.4 %
Rest of Canada	7,666,000	29,000	3,000	7,698,000	137	41.4 %	38.9 %	92.6 %	93.5 %
Total	17,558,000	29,000	27,000	17,614,000	286	100.0 %	100.0 %	95.1 %	95.6 %

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

In line with Crombie's strategy, for the six months ended June 30, 2021, four investment properties and two properties under development ("PUD") were acquired in VECTOM and Major Markets. This is partially offset by the disposition of two assets in these markets, resulting in a net increase in GLA of 151,000 square feet. Two investment properties were acquired in the Rest of Canada, partially offset by one disposition, resulting in a net increase in GLA of 23,000 square feet.

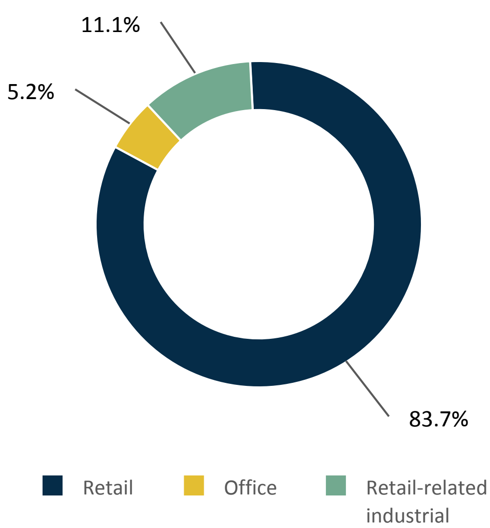
When compared to June 30, 2020, the percentage of total annual minimum rent generated from VECTOM increased by 220 basis points, while Major Market and Rest of Canada total annual minimum rent decreased by 30 basis points and 190 basis points, respectively. The increase in VECTOM is primarily due to the completion of the base building for the 300,000 square foot Voilà par IGA CFC in Montreal, the opening of the Voilà by Sobeys spoke at The Queensway Commons in Toronto, and the first quarter acquisition of a freestanding Sobeys store in Edmonton.

As at June 30, 2021, committed and economic occupancy stand at 96.2% and 95.6%, respectively. Committed occupancy increased by 60 basis points compared to June 30, 2020. Economic occupancy increased 50 basis points compared to June 30, 2020. Throughout the last year, 621,000 net square feet of GLA has been added to the portfolio. A large portion of this relates to development activity. The 300,000 square foot Voilà par IGA CFC is now in economic occupancy. New leasing activity for the six months ended June 30, 2021 totalled 510,000 square feet at an average rate of $23.72 per square foot. Approximately 74.5% of Crombie's new leases are at completed major development properties, demonstrating continued progress in leasing our development space.

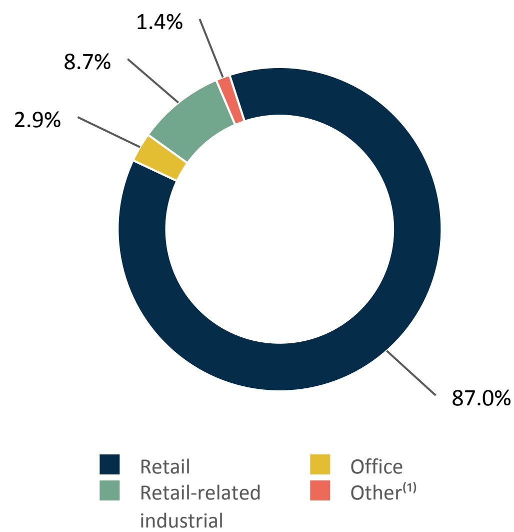
Asset Type

Retail properties represent 83.7% of Crombie's GLA and 89.2% of annual minimum rent at June 30, 2021 compared to 85.0% of GLA and 91.7% of annual minimum rent at June 30, 2020. The main driver of the improved diversification is due to the addition of 331,000 square feet of GLA to retail-related industrial, as a result of completed developments with new leases for the Voilà hub and spoke network, which increased from 4.2% to 6.9% as a percentage of total annual minimum rent.

Portfolio GLA by Asset Type (sq. ft.)
as at June 30, 2021



Portfolio Fair Value by Asset Type (%)
as at June 30, 2021



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

Crombie's portfolio diversification by asset type as at June 30, 2021 and 2020 is as follows:

	GLA (sq. ft.)							
	January 1, 2021	Net Acquisitions (Dispositions)	Other [1]	**June 30, 2021**	Number of Investment Properties	% of AMR	Economic Occupancy	Committed Occupancy
Retail	15,064,000	174,000	30,000	**15,268,000**	278	89.2 %	95.3 %	95.9 %
Office	953,000	—	—	**953,000**	5	3.9 %	90.8 %	93.4 %
Retail-related industrial	1,983,000	—	31,000	**2,014,000**	4	6.9 %	100.0 %	100.0 %
Total	18,000,000	174,000	61,000	**18,235,000**	287	100.0 %	95.6 %	96.2 %

	GLA (sq. ft.)							
	January 1, 2020	Net Acquisitions (Dispositions)	Other [1]	June 30, 2020	Number of Investment Properties	% of AMR	Economic Occupancy	Committed Occupancy
Retail	14,910,000	29,000	27,000	14,966,000	278	91.7 %	94.9 %	95.5 %
Office	965,000	—	—	965,000	5	4.1 %	89.6 %	89.7 %
Retail-related industrial	1,683,000	—	—	1,683,000	3	4.2 %	100.0 %	100.0 %
Total	17,558,000	29,000	27,000	17,614,000	286	100.0 %	95.1 %	95.6 %

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

For the six months ended June 30, 2021, retail GLA had a net increase of 174,000 square feet due to the acquisition of six investment properties totalling 204,000 square feet, which was partially offset by the disposition of three investment properties totalling 30,000 square feet.

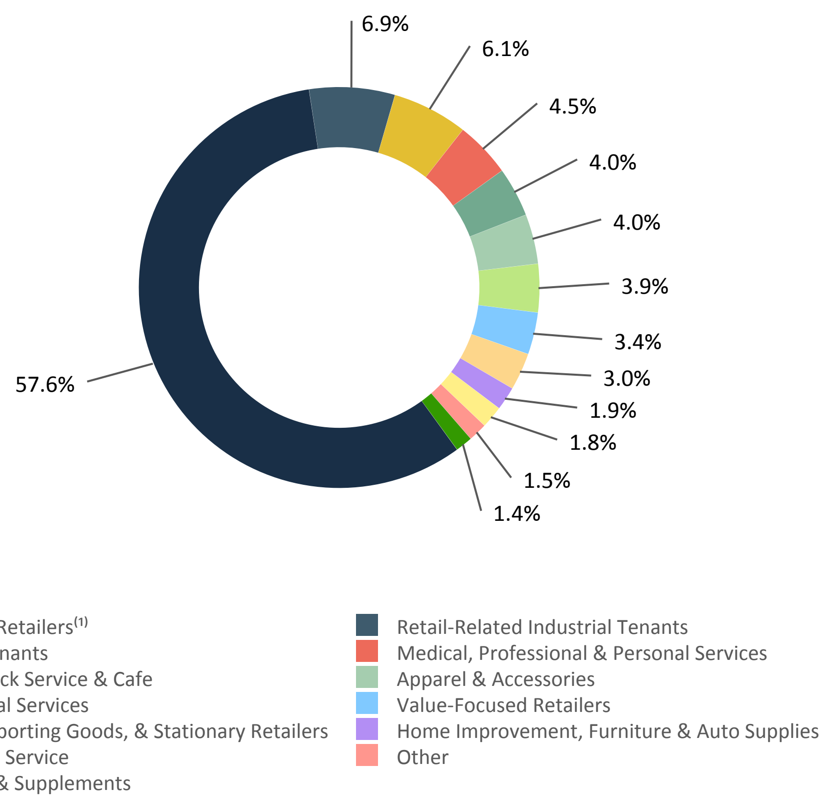
Economic occupancy improved by 50 basis points compared to June 30, 2020 while committed occupancy improved by 60 basis points. A significant amount of activity occurred throughout the year resulting in an increase of portfolio GLA due to development activity and net acquisition activity. In the first quarter of 2021, the Voilà par IGA CFC entered economic occupancy from committed occupancy. Empire's partner Ocado is now building the interior portion. This is Crombie's first CFC with Empire, and it further diversifies our portfolio mix. Committed occupancy in our office portfolio is at 93.4%, an increase from 89.7% at June 30, 2020, primarily attributable to the execution of an approximate 49,000 square foot lease with one tenant.

Through our mixed-use development strategy, Crombie is evolving from defensive grocery-anchored retail to a balance of grocery-anchored retail and retail-related industrial, as well as large-scale mixed-use properties, creating long-term value for local communities and unitholders. We expect to see a further evolution in our portfolio over time as future developments are completed. Grocery-anchored retail will continue to grow and, as a result of our development strategy, we expect our residential and retail-related industrial asset types to make up an even greater percentage of our total portfolio.

Tenant Profile

We build and own a high-quality, resilient, and diversified portfolio, backed primarily by grocery and pharmacy tenants, that delivers consistent long-term earnings and cash flow stability. As at June 30, 2021, 82% of our annual minimum rent was generated from grocery and pharmacy-anchored properties, inclusive of retail-related industrial, compared to 81% at June 30, 2020. The increase is primarily due to the increase of our retail-related industrial tenants, specifically, the CFC supporting Voilà par IGA in Montreal and a spoke for Voilà by Sobeys in Toronto. These necessity-based tenants have stable underlying income and cash flows, are more resilient to changes in economic cycles and evolving retail trends, and form a solid foundation for organic same-asset property cash NOI(*) and AFFO(*) growth.

Tenants by Industry
(% of AMR)



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

The following table illustrates the 20 largest tenants in Crombie's portfolio of investment properties, as measured by their percentage contribution to total annual minimum rent, as at June 30, 2021.

Tenant	% of AMR	GLA (sq. ft.)	Average Remaining Lease Term	DBRS Credit Rating
Empire Company Limited [(1)]	56.9 %	10,469,000	12.9 years	BBB (low)
Shoppers Drug Mart	3.2 %	304,000	7.4 years	BBB (high)
Dollarama	1.4 %	314,000	5.6 years	BBB
Province of Nova Scotia	1.4 %	315,000	6.6 years	A (high)
CIBC	1.2 %	185,000	11.8 years	AA
Bank of Nova Scotia	1.1 %	173,000	2.3 years	AA
Canadian Tire Corporation	1.1 %	172,000	5.0 years	BBB
GoodLife Fitness	1.0 %	210,000	7.6 years	
Cineplex	1.0 %	207,000	9.7 years	
Government of Canada	0.9 %	130,000	3.1 years	AAA
Leon's Furniture	0.7 %	112,000	9.6 years	
Restaurant Brands International	0.6 %	67,000	4.9 years	
Bank of Montreal	0.6 %	89,000	5.1 years	AA
Royal Bank of Canada	0.6 %	55,000	2.3 years	AA (high)
SAQ/Province of Quebec	0.5 %	65,000	6.3 years	AA (low)
Bell Canada	0.5 %	90,000	3.6 years	BBB (high)
Giant Tiger	0.5 %	207,000	3.8 years	
Metro	0.5 %	88,000	6.4 years	BBB
Halifax Regional Municipality	0.5 %	111,000	2.7 years	
TJX Canada	0.5 %	120,000	7.1 years	
Total	74.7 %	13,483,000		

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

Other than Empire, which accounts for 56.9% of annual minimum rent and Shoppers Drug Mart, which accounts for 3.2% of annual minimum rent, no other tenant accounts for more than 1.4% of Crombie's annual minimum rent.

For the three months ended June 30, 2021, Empire also represents 55.0% of total property revenue. Total property revenue includes annual minimum rent, as well as operating and realty tax cost recovery income and percentage rent. These additional amounts can vary by property type, specific tenant leases and where tenants may directly incur and pay operating and realty tax costs.

The weighted average remaining term of all Crombie leases is approximately 9.8 years, which decreased by 0.1 years as compared to June 30, 2020. This remaining lease term is influenced by the average Empire remaining lease term of 12.9 years, which decreased by 0.1 years from June 30, 2020.

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

Same-asset properties

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

Crombie measures certain performance and operating metrics on a same-asset basis to evaluate the period-over-period performance of those properties owned and operated by Crombie. "Same-asset" refers to those properties that were owned and operated by Crombie for the current and comparative reporting periods. Properties that will be undergoing a redevelopment in a future period, including adjacent parcels of land, and those having planning activities underway are also in this category until such development activities commence and/or tenant leasing/renewal activity is suspended.

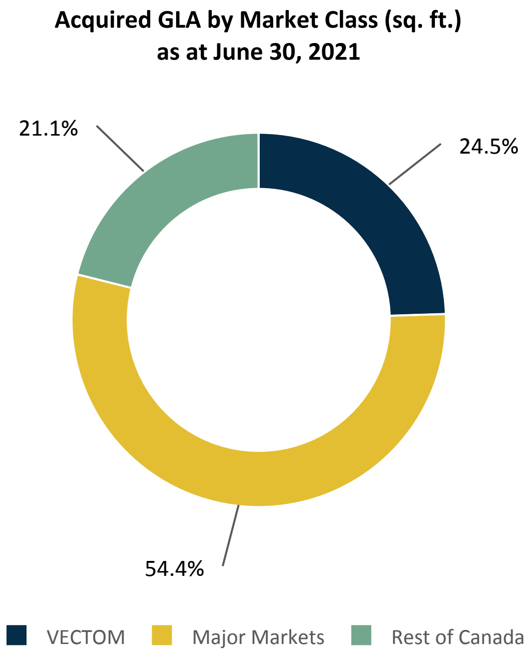
	Crombie Owned Properties				
	Investment Properties ("IP")	**Properties Under Development ("PUD")**	**Sub-total**	**Additional Properties in Joint Ventures ("JV")**	**Total**
Same-asset properties	271	—	271	—	271
Adjustments					
Acquisitions - 2021	6	2	8	—	8
Acquisitions - 2020	3	2	5	—	5
Other[(1)]	3	3	6	1	7
Active and Completed Major Developments[(2)]	4	—	4	3	7
	16	7	23	4	27
Total	287	7	294	4	298

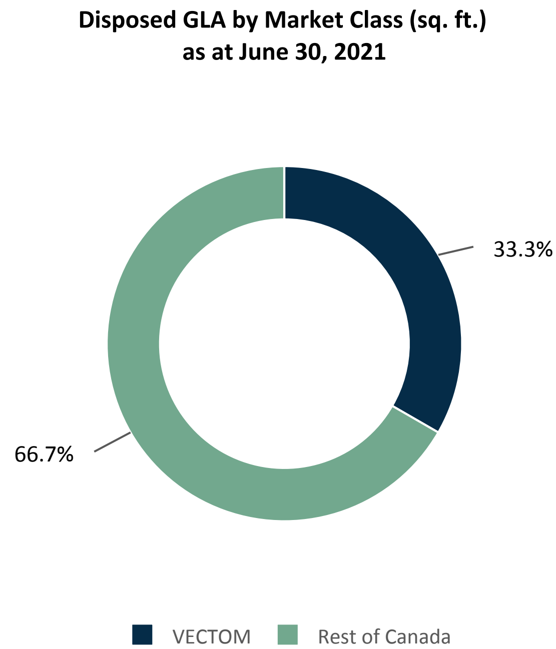
(1) Other includes investment properties that have been designated for repositioning, land parcels included in PUD, or non-active major developments within a JV.
(2) Active and Completed Major Development includes:
- Davie Street retail (IP)
- Avalon Mall retail (IP)
- Belmont Market retail and office (IP)
- Pointe-Claire (IP)
- Davie Street residential (JV)
- Le Duke (JV)
- Bronte Village (JV)

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

Strategic Acquisitions and Dispositions

As at June 30, 2021, GLA at Crombie's interest was 18.2 million square feet compared to 17.6 million square feet as at June 30, 2020. The net increase in GLA of approximately 600,000 square feet was driven by 388,000 of development square footage entering GLA, and 299,000 square feet of acquisitions and offset by 124,000 square feet of dispositions.





Strategic Acquisitions

Through strategic and selective acquisitions of high quality assets, Crombie intends to continue to enhance overall portfolio quality in urban and top tier markets. Crombie's acquisitions are intended to add strategic value to the portfolio, while leading to strong AFFO(*) accretion and NAV growth. During the six months ended June 30, 2021, Crombie completed acquisitions of six income-producing properties, and two development (PUD) properties for a total aggregate purchase price of $58,177. These acquisitions added 204,000 square feet of income-producing properties and potential for future density to be added to Crombie's GLA. Six of the eight acquisitions are located in VECTOM and Major Markets strengthening Crombie's presence in these markets, in line with our strategy.

Date	Property	Location	Vendor	Strategy	Number of Investment Properties	Ownership Interest	Ownership Sq. ft.	Price [1]
2021 First Quarter								
February 10, 2021	Grand Bay Plaza	Grand Bay, NB	Related Party	Income-producing	1	100 %	26,000	$ 3,242
February 26, 2021	Harvester Road	Burlington, ON	Third Party	Development	—	100 %	—	6,400
March 18, 2021	Henderson Highway	Winnipeg, MB	Related Party	Income-producing	1	100 %	24,000	6,300
March 18, 2021	Sargent Avenue	Winnipeg, MB	Related Party	Income-producing	1	100 %	33,000	7,800
March 25, 2021	Tamarack	Edmonton, AB	Related Party	Income-producing	1	100 %	50,000	5,260
March 26, 2021	Alpine Avenue	Winnipeg, MB	Related Party	Income-producing	1	100 %	55,000	15,600
March 29, 2021	Coldwater Road	Coldwater, ON	Third Party	Income-producing	1	100 %	16,000	1,690
					6		204,000	46,292
2021 Second Quarter								
June 10, 2021	Calgary CFC	Calgary, AB	Third Party	Development	—	100 %	—	11,885
Total acquisitions for the six months ended June 30, 2021					**6**		**204,000**	**$ 58,177**
Total acquisitions for the six months ended June 30, 2020					1		29,000	$ 4,815

(1) Prices are stated before transaction and closing costs

Strategic Dispositions

Over the years, Crombie has worked to optimize its portfolio through traditional dispositions of non-core assets and innovative partnerships. In line with our strategy of recycling capital through dispositions at or above IFRS fair values, we used the proceeds raised to fund major development projects, increasing Crombie's concentration in VECTOM and Major Markets, as well as other higher-value opportunities. Some of these opportunities include supporting Empire's growth into urban markets, acceleration of e-commerce, and major mixed-use developments. This disposition strategy has resulted in a reduction of our in-place mortgage debt, which enabled growth in our unencumbered asset pool.

Date	Property	Number of Investment Properties	Ownership Interest	Ownership Sq. ft.	Ownership Net Property Income[1]	Price
Total dispositions at 100% interest[2]	Two Retail Freestanding Assets and One Retail Plaza Asset	3	100 %	30,000	$ 937	$ 41,970
Total dispositions for the six months ended June 30, 2021		**3**		**30,000**	**$ 937**	**$ 41,970**
Total dispositions for the six months ended June 30, 2020		—		—	$ —	$ 1,000

(1) Reflects actual net property income earned for the full year ended December 31, 2020. Actual net property income earned in 2021 was $(11) prior to disposition, as reflected in our consolidated results.
(2) Square footage totalling 33,000 for one of the disposition properties was removed from GLA in the second quarter of 2020 as the property was slated for redevelopment.

4. OPERATIONAL PERFORMANCE REVIEW

Occupancy and Leasing Activity

The portfolio occupancy and committed activity by market class and asset type for the three months ended June 30, 2021 was as follows:

	Occupied Space (sq. ft.)									
	January 1, 2021	Net Acquisitions (Dispositions)	New Leases(1)	Lease Expiries	Other Changes(2)	**June 30, 2021**	Economic Occupancy	Committed Space (sq. ft.)(3)	Total Committed Space (sq. ft.)	Committed Occupancy
VECTOM	5,225,000	40,000	341,000	—	2,000	**5,608,000**	99.5 %	7,000	5,615,000	99.7 %
Major Markets	4,381,000	99,000	40,000	(15,000)	(21,000)	**4,484,000**	94.6 %	50,000	4,534,000	95.7 %
Rest of Canada	7,310,000	23,000	129,000	(31,000)	(90,000)	**7,341,000**	93.4 %	61,000	7,402,000	94.2 %
Total	16,916,000	162,000	510,000	(46,000)	(109,000)	**17,433,000**	95.6 %	118,000	17,551,000	96.2 %

	Occupied Space (sq. ft.)									
	January 1, 2021	Net Acquisitions (Dispositions)	New Leases(1)	Lease Expiries	Other Changes(2)	**June 30, 2021**	Economic Occupancy	Committed Space (sq. ft.)(3)	Total Committed Space (sq. ft.)	Committed Occupancy
Retail	14,384,000	162,000	152,000	(37,000)	(108,000)	**14,553,000**	95.3 %	93,000	14,646,000	95.9 %
Office	849,000	—	27,000	(9,000)	(1,000)	**866,000**	90.8 %	25,000	891,000	93.4 %
Retail-related industrial	1,683,000	—	331,000	—	—	**2,014,000**	100.0 %	—	2,014,000	100.0 %
Total	16,916,000	162,000	510,000	(46,000)	(109,000)	**17,433,000**	95.6 %	118,000	17,551,000	96.2 %

(1) New leases include new lease and expansions to existing properties.
(2) Other changes include amendments to existing leases; lease terminations and surrenders; bankruptcies; and space certifications.
(3) Committed space represents lease contracts for future occupancy of currently vacant space. Management believes such reporting, along with reported lease maturities, provides more balanced reporting of overall vacant space.

Overall leased space (occupied plus committed) has increased from 95.6% at June 30, 2020 to 96.2% at June 30, 2021. During the six months ended June 30, 2021, Crombie had a net increase from acquisitions of 162,000 square feet, which is lower than the 174,000 square feet of GLA from net acquisitions due to a vacancy at one acquisition property. Additionally, Crombie had new leases outpace lease expiries by 464,000 square feet.

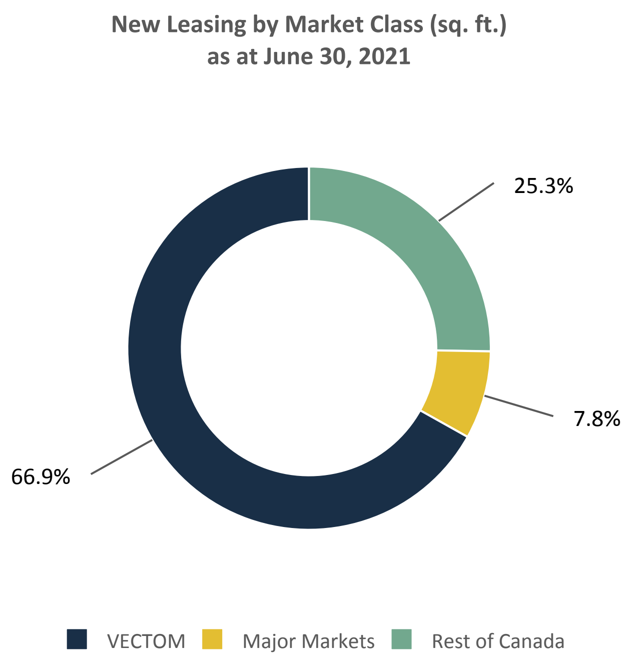
Leasing activity at major developments continued in the first six months of 2021, with approximately 380,000 square feet of new leases in economic occupancy at Avalon Mall, Belmont Market, and Voilà par IGA CFC. Economic occupancy at June 30, 2021 was 88.4%, 89.1%, and 100.0% respectively for these developments.

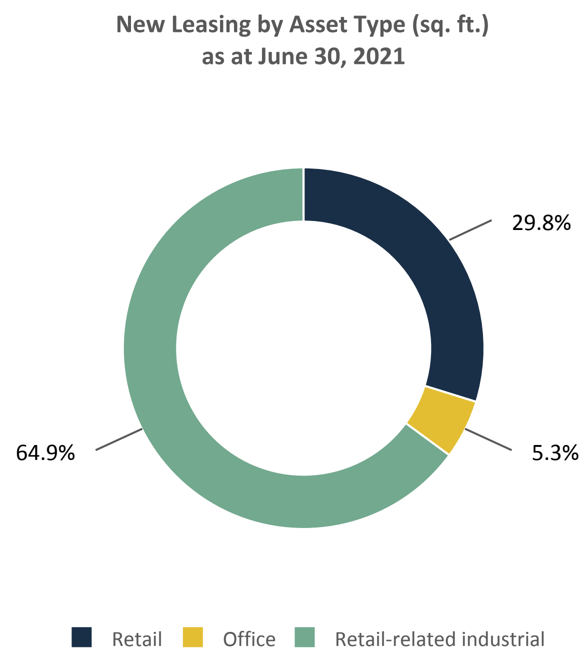
Leased space in our retail properties portfolio was 95.9% at June 30, 2021, an increase from 95.5% at June 30, 2020. Leased space in office properties was 93.4% at June 30, 2021, increased from 89.7% at June 30, 2020. This was primarily due to the execution of a 49,000 square feet lease at our office portfolio in Halifax, Nova Scotia.

Leased space in retail-related industrial properties of 100.0 % at June 30, 2021, remained constant from 100.0 % at June 30, 2020. Retail-related industrial provides stability with solid NOI growth and long lease terms, and also provides growth opportunities through an increased presence in e-commerce. During the first quarter of 2021, Voilà par IGA CFC in Montreal and the Voilà by Sobeys spoke at The Queensway Commons in Toronto moved into economic occupancy.

The portfolio weighted average annual minimum rent per occupied square foot for our income-producing properties was $16.90 as at June 30, 2021 compared to $16.80 as at June 30, 2020. The 0.6% increase in average annual minimum rent per occupied square foot was due to Crombie's strong leasing, which consisted of new leases including development space, contractual rent increases within existing leases, and increase in modernizations rent. The increase also reflects strategic commitment to portfolio quality improvement through both dispositions of non-core, low growth assets, and a positive return from modernizations with Empire.

New Leasing Activity





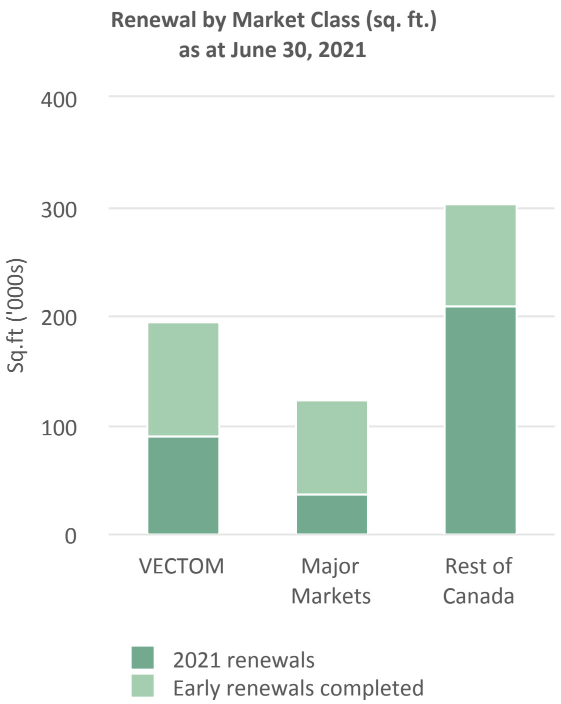
New leases increased occupancy by 510,000 square feet at June 30, 2021, at an average first year rate of $23.72 per square foot.

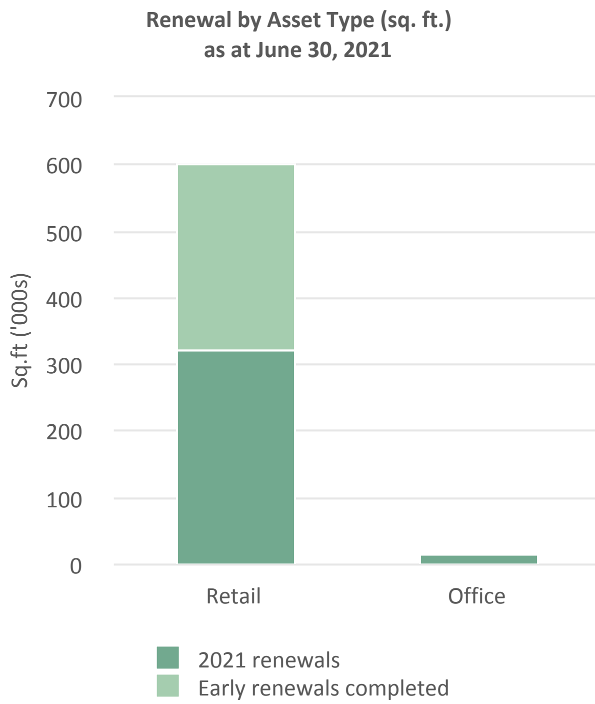
Crombie is focused on increasing its presence in VECTOM and Major Markets. For the six months ended June 30, 2021, 74.7% of new leases, equivalent to 381,000 square feet, were completed in these markets.

New leases of 129,000 square feet occurred in Rest of Canada markets. The vast majority of the portfolio's vacancy is within this market and Crombie is pleased with the new leasing activity throughout the six months ended June 30, 2021.

At June 30, 2021, 118,000 square feet of GLA at an average first year rate of $17.83 per square foot was committed with tenants expected to take possession throughout 2021. VECTOM and Major Markets represent 57,000 square feet of committed space, including 25,000 square feet of office at our Scotia Square complex in Halifax, Nova Scotia.

Renewal Activity





For the three and six months ended June 30, 2021, renewal activity for our portfolio was as follows:

	Three months ended June 30, 2021			Six months ended June 30, 2021		
	Sq. ft.	Rate PSF	Growth %	Sq. ft.	Rate PSF	Growth %
2021 Renewals	205,000	$13.76	2.9 %	336,000	$17.02	3.7 %
Early Renewals Completed	29,000	$16.88	6.0 %	285,000	$18.03	2.4 %
Total	234,000	$14.15	3.4 %	621,000	$17.49	3.1 %

For the three months ended June 30, 2021, Crombie renewed 219,000 square feet of retail renewals with an increase of 3.4% over expiring rental rates. Driving this growth was 120,000 square feet of renewals at retail plazas, with an increase of 4.6% over expiring rental rates. Office renewals of 15,000 square feet were completed with an increase of 2.9% over expiring rental rates. Renewal spreads are based on the first year rate and do not factor in any additional rental step-ups that may take place throughout the lease term. When comparing the expiring rental rates to the average rental rate for the renewal term, Crombie achieved an increase of 6.3% for the three months ended June 30, 2021.

Crombie's renewal activity for the six months ended June 30, 2021 included retail renewals of 602,000 square feet with an increase of 3.1% over expiring rental rates. Driving this growth was 445,000 square feet of renewals at retail plazas, with an increase of 3.6% over expiring rental rates. Office renewals of 19,000 square feet were completed with an increase of 2.3% over expiring rental rates.

During the six months ended June 30, 2021, Crombie demonstrated portfolio stability with approximately 51.1% of renewals occurring in VECTOM and Major Markets. Total renewal growth was positively impacted by the 195,000 square feet of renewals in VECTOM at an average first year rate of $25.26 per square foot, an increase of 2.8% over expiring rental rates. Major Markets saw renewals of 122,000 square feet, with an increase of 4.6% over expiring rental rates or an average first year rate of $15.91 per square foot. The remaining 304,000 square feet of renewals was in the Rest of Canada at an average first year rate of $13.14, which is an increase of 2.7% over expiring rental rates.

For the six months ended June 30, 2021, Crombie achieved an increase of 6.7% when comparing the expiring rental rates to the average rental rate for the renewal term versus 3.1% when comparing the expiring rental rates to the first year of renewal.

Crombie proactively manages its lease maturities, taking advantage of opportunities to renew tenants prior to expiration. During the six months ended June 30, 2021, approximately 285,000 square feet of renewals related to future year expiries were completed.

Lease Maturities

The following table sets out, as at June 30, 2021, the number of leases maturing during the periods indicated, the renewal area, the percentage of the total GLA of the properties represented by such maturities and the estimated average rent per square foot at the time of expiry.

Year	Number of Leases (1)	Renewal Area (sq. ft.)	% of Total GLA	Average Rent per sq. ft. at Expiry
2021	179	657,000	3.6 %	$ 16.20
2022	212	990,000	5.4 %	15.22
2023	153	676,000	3.7 %	19.52
2024	166	828,000	4.5 %	18.70
2025	142	1,152,000	6.3 %	15.68
2026	116	877,000	4.8 %	17.27
2027	82	830,000	4.6 %	18.73
2028	58	717,000	3.9 %	17.25
2029	95	1,098,000	6.0 %	19.44
2030	48	659,000	3.6 %	17.12
Thereafter	313	9,067,000	49.8 %	20.37
Total	1,564	17,551,000	96.2 %	$ 18.97

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

The following table sets out, as at June 30, 2021, the number of Empire leases maturing during the periods indicated, the renewal area, the percentage of the total GLA of the properties represented by such maturities, and the estimated average rent per square foot at the time of expiry.

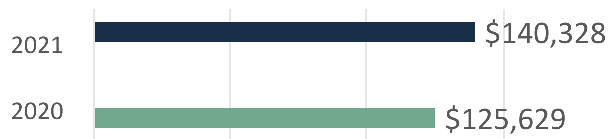
Year	Number of Leases (1)	Renewal Area (sq. ft.)	% of Total GLA	Average Rent per sq. ft. at Expiry
2021	7	41,000	0.2 %	$ 17.44
2022	8	181,000	1.0 %	5.93
2023	3	8,000	— %	32.12
2024	2	68,000	0.4 %	12.59
2025	8	301,000	1.7 %	13.44
2026	12	329,000	1.8 %	13.67
2027	10	335,000	1.8 %	14.09
2028	10	352,000	1.9 %	15.94
2029	17	596,000	3.3 %	16.40
2030	8	294,000	1.6 %	13.62
Thereafter	206	7,964,000	43.7 %	20.31
Total	291	10,469,000	57.4 %	$ 18.85

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

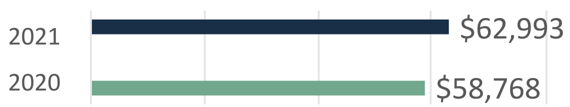
5. FINANCIAL PERFORMANCE REVIEW

Q2 NET PROPERTY INCOME

YTD NET PROPERTY INCOME



Q2 SAME-ASSET PROPERTY CASH NOI(*)

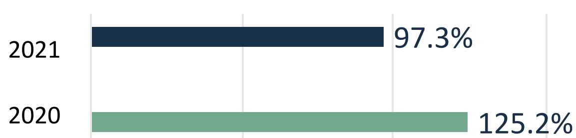


YTD SAME-ASSET PROPERTY CASH NOI(*)

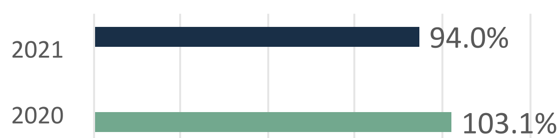
Q2 AFFO/UNIT(*)

YTD AFFO/UNIT(*)

Q2 AFFO PAYOUT RATIO(*)

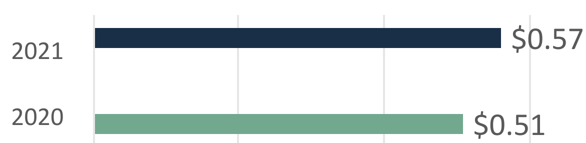


YTD AFFO PAYOUT RATIO(*)

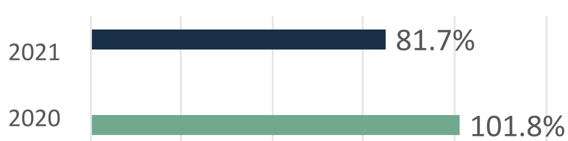


Q2 FFO/UNIT(*)

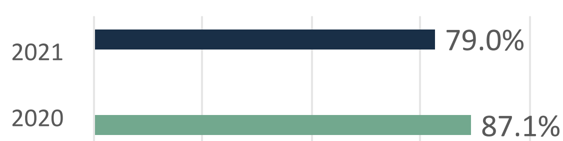
YTD FFO/UNIT(*)



Q2 FFO PAYOUT RATIO(*)



YTD FFO PAYOUT RATIO(*)



	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Variance	**2021**	2020	Variance
Property revenue	**$ 100,006**	$ 96,501	$ 3,505	**$ 203,543**	$ 198,753	$ 4,790
Property operating expenses	**29,814**	37,887	8,073	**63,215**	73,124	9,909
Net property income	**70,192**	58,614	11,578	**140,328**	125,629	14,699
Net property income margin percentage	**70.2 %**	60.7 %	9.5 %	**68.9 %**	63.2 %	5.7 %
Other items:						
Gain (loss) on disposal of investment properties	**—**	—	—	**11,144**	(829)	11,973
Impairment of investment properties	**—**	(2,100)	2,100	**—**	(2,100)	2,100
Depreciation and amortization	**(19,054)**	(18,278)	(776)	**(37,849)**	(37,596)	(253)
General and administrative expenses	**(7,353)**	(6,960)	(393)	**(12,391)**	(9,979)	(2,412)
Finance costs - operations	**(23,618)**	(22,006)	(1,612)	**(47,079)**	(44,646)	(2,433)
Income (loss) from equity accounted investments	**(562)**	123	(685)	**(1,333)**	238	(1,571)
Operating income before taxes	**19,605**	9,393	10,212	**52,820**	30,717	22,103
Taxes - current	**—**	—	—	**—**	—	—
Operating income attributable to Unitholders	**19,605**	9,393	10,212	**52,820**	30,717	22,103
Finance costs - distributions to Unitholders	**(36,124)**	(35,187)	(937)	**(71,344)**	(69,889)	(1,455)
Finance (costs) income - change in fair value of financial instruments	**(1,219)**	(212)	(1,007)	**(2,245)**	1,717	(3,962)
Decrease in net assets attributable to Unitholders	**$ (17,738)**	$ (26,006)	$ 8,268	**$ (20,769)**	$ (37,455)	$ 16,686
Operating income attributable to Unitholders per Unit, Basic	**$ 0.12**	$ 0.06	$ 0.06	**$ 0.33**	$ 0.20	$ 0.13
Basic weighted average Units outstanding (in 000's)	**161,170**	158,123	3,047	**159,734**	156,670	3,064
Distributions per Unit to Unitholders	**$ 0.22**	$ 0.22	$ —	**$ 0.45**	$ 0.45	$ —

Other Non-GAAP Performance Metrics

Same-asset property cash NOI[*]	**$ 62,993**	$ 58,768	$ 4,225	**$ 126,708**	$ 121,100	$ 5,608
FFO[*]	**$ 44,201**	$ 34,557	$ 9,644	**$ 90,304**	$ 80,218	$ 10,086
FFO[*] per unit - basic	**$ 0.27**	$ 0.22	$ 0.05	**$ 0.57**	$ 0.51	$ 0.06
FFO[*] payout ratio (%)	**81.7 %**	101.8 %	(20.1)%	**79.0 %**	87.1 %	(8.1)%
AFFO[*]	**$ 37,109**	$ 28,107	$ 9,002	**$ 75,888**	$ 67,790	$ 8,098
AFFO[*] per unit - basic	**$ 0.23**	$ 0.18	$ 0.05	**$ 0.48**	$ 0.43	$ 0.05
AFFO[*] payout ratio (%)	**97.3 %**	125.2 %	(27.9)%	**94.0 %**	103.1 %	(9.1)%

Operating income attributable to Unitholders

For the three months ended:

Operating income attributable to Unitholders increased by $10,212, or 108.7%, compared to the second quarter of 2020 primarily due to a reduction in bad debt expense of $8,392 as a result of decreased collection risk in the second quarter of 2021, and impairments of $2,100 recognized on three retail properties in the second quarter of 2020. The growth in net property income was offset in part by an increase in depreciation and amortization of $776 resulting primarily from completed developments at Avalon Mall and Pointe-Claire, and increased finance costs from operations of $1,612 primarily due to the addition of new mortgages and unsecured debt since the second quarter of 2020 and lower capitalized interest on developments.

For the six months ended:

Operating income attributable to Unitholders increased by $22,103, or 72.0%, on a year to date basis. Gain on disposal of investment properties increased by $11,973 due to property dispositions in the first quarter of 2021, and net property income increased $14,699 due to a reduction in bad debt expense of $8,831 as a result of decreased collection risk in the second quarter of 2021, and new income from completed developments. The improved net property income for the period was offset in part by an increase of $2,412 in general and administrative expenses resulting primarily from an increase in unit price, from $14.35 at December 31, 2020 to $17.74 at June 30, 2021, and its impact on unit-based compensation plans. Additionally, finance costs from operations increased $2,433 due to the addition of new mortgages and unsecured debt, and lower capitalized interest on developments.

Net Property Income

Management uses net property income on a cash basis (property cash NOI(*)) as a measure of performance as it reflects the cash generated by the properties period-over-period. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 57, for a more detailed discussion on property cash NOI(*).

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

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Variance	**2021**	2020	Variance
Net Property Income	**$ 70,192**	$ 58,614	$ 11,578	**$ 140,328**	$ 125,629	$ 14,699
Non-cash straight-line rent	**(2,448)**	(1,879)	(569)	**(5,162)**	(3,810)	(1,352)
Non-cash tenant incentive amortization	**4,840**	4,419	421	**9,375**	8,238	1,137
Property cash NOI(*)	**72,584**	61,154	11,430	**144,541**	130,057	14,484
Acquisitions and dispositions property cash NOI(*)	**1,590**	896	694	**2,219**	1,852	367
Development property cash NOI(*)	**8,001**	1,490	6,511	**15,614**	7,105	8,509
Acquisitions, dispositions and development property cash NOI(*)	**9,591**	2,386	7,205	**17,833**	8,957	8,876
Same-asset property cash NOI(*)	**$ 62,993**	$ 58,768	$ 4,225	**$ 126,708**	$ 121,100	$ 5,608

Same-asset property cash NOI(*) growth for the second quarter, adjusting for the impacts of COVID-19, is flat compared to the same period in 2020. Year to date, same-asset property cash NOI(*) growth increased 1.3% when adjusted for the removal of COVID-19 impacts, compared to the adjusted results for the six months ended June 30, 2020.

Development properties include properties earning cash NOI that are: currently being developed, have recently completed development, and on commencement of development. Change in cash NOI from development properties period-over-period is impacted by the timing of commencement and completion of each development project. The nature and extent of development projects result in operations being impacted minimally in some instances, and more significantly in others. Consequently, comparison of period-over-period development operating results may not be meaningful. The redevelopment of Avalon Mall was substantially complete in Q4 2020 and its NOI inclusive of COVID-19 impact is reflected in the above table in the development section.

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

	Three months ended June 30,				Six months ended June 30,			
	2021	2020	Variance	%	**2021**	2020	Variance	%
Retail (1)	**$ 57,484**	$ 53,049	$ 4,435	8.4 %	**$ 115,121**	$ 109,263	$ 5,858	5.4 %
Office	**2,541**	2,711	(170)	(6.3)%	**5,651**	5,950	(299)	(5.0)%
Retail-related industrial (2)	**2,968**	3,008	(40)	(1.3)%	**5,936**	5,887	49	0.8 %
Same-asset property cash NOI(*)	**$ 62,993**	$ 58,768	$ 4,225	7.2 %	**$ 126,708**	$ 121,100	$ 5,608	4.6 %

(1) Retail includes our substantial retail portfolio and reflects certain few additional properties which comprise both retail and office space. These properties have been consistently included in our retail category.
(2) Retail-related industrial includes retail distribution centres owned in Toronto (100%), Montreal (50%), and Calgary (50%).

	Three months ended June 30,				Six months ended June 30,			
	2021	2020	Variance	%	**2021**	2020	Variance	%
VECTOM	**$ 22,093**	$ 20,957	$ 1,136	5.4 %	**$ 44,077**	$ 42,563	$ 1,514	3.6 %
Major Markets	**17,655**	15,324	2,331	15.2 %	**35,108**	32,847	2,261	6.9 %
Rest of Canada	**23,245**	22,487	758	3.4 %	**47,523**	45,690	1,833	4.0 %
Same-asset property cash NOI(*)	**$ 62,993**	$ 58,768	$ 4,225	7.2 %	**$ 126,708**	$ 121,100	$ 5,608	4.6 %

For the three months ended:

Same-asset property cash NOI increased by $4,225, or 7.2%, compared to the second quarter of 2020 primarily due to a reduction in bad debt expense on same-asset properties of $4,039 as a result of decreased collection risk in the second quarter of 2021, strong occupancy, and higher supplemental rents from modernizations and capital improvements. Same-asset property cash NOI adjusted for the removal of COVID-19 impacts is flat compared to the same period in 2020.

Compared to the second quarter of 2020, net property income increased by $11,578 and property cash NOI increased by $11,430. In addition to the factors affecting same-asset property cash NOI, the increase was driven by rent from new developments.

For the six months ended:

On a year to date basis, same-asset property cash NOI increased 4.6% compared to the same period in 2020 primarily due to a reduction in bad debt expense on same-asset properties of $3,812 as a result of decreased collection risk in the second quarter of 2021, income from completed developments, and lease termination income from office leases. Same-asset property cash NOI adjusted for the removal of COVID-19 impacts is $127,724, an increase of 1.3% compared to the adjusted results for the six months ended June 30, 2020.

On a year to date basis, net property income increased by $14,699 and property cash NOI increased by $14,484 compared to the same period in 2020, primarily for the same reasons affecting same-asset property cash NOI.

Funds from Operations (FFO)(*)

Crombie follows the recommendations of the Real Property Association of Canada ("REALPAC")'s February 2019 white paper in calculating FFO(*). Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 57, for a more detailed discussion on FFO.

The reconciliation of FFO for the three and six months ended June 30, 2021 and 2020 is as follows:

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Variance	**2021**	2020	Variance
Decrease in net assets attributable to Unitholders	**$ (17,738)**	$ (26,006)	$ 8,268	**$ (20,769)**	$ (37,455)	$ 16,686
Add (deduct):						
Amortization of tenant incentives	**4,840**	4,419	421	**9,375**	8,238	1,137
Loss (gain) on disposal of investment properties	**—**	—	—	**(11,144)**	829	(11,973)
Impairment of investment properties	**—**	2,100	(2,100)	**—**	2,100	(2,100)
Depreciation and amortization of investment properties	**18,710**	17,966	744	**37,164**	36,974	190
Depreciation of investment properties included in Income from equity accounted investments	**370**	21	349	**739**	45	694
Principal payments on right of use assets	**56**	54	2	**110**	107	3
Internal leasing costs	**620**	604	16	**1,240**	1,208	32
Finance costs - distributions to Unitholders	**36,124**	35,187	937	**71,344**	69,889	1,455
Finance costs (income) - change in fair value of financial instruments	**1,219**	212	1,007	**2,245**	(1,717)	3,962
FFO(*) as calculated based on REALPAC recommendations	**$ 44,201**	$ 34,557	$ 9,644	**$ 90,304**	$ 80,218	$ 10,086
Basic weighted average Units (in 000's)	**161,170**	158,123	3,047	**159,734**	156,670	3,064
FFO(*) per unit - basic	**$ 0.27**	$ 0.22	$ 0.05	**$ 0.57**	$ 0.51	$ 0.06
FFO(*) payout ratio (%)	**81.7 %**	101.8 %	(20.1)%	**79.0 %**	87.1 %	(8.1)%

For the three months ended:

The increase in FFO is primarily due to increased net property income (an increase of $11,578 quarter over quarter) which resulted from a reduction in bad debt expense of $8,392 as a result of decreased collection risk in the second quarter of 2021, and income from development and modernizations. This is offset in part by increased finance costs from operations of $1,612 due to the addition of new mortgages and unsecured debt since the second quarter of 2020, and loss from equity accounted investments of $562 compared to income of $123 in Q2 2020. The loss resulted from a timing differential affecting operating results from the Davie Street residential development project as it moves towards stabilization.

For the six months ended:

On a year to date basis, FFO increased primarily due to improved net property income (an increase of $14,699 compared to the same period in 2020) due to a significant reduction in bad debt expense of $8,831 resulting from decreased collection risk in the second quarter of 2021, and income from completed developments. The increase in net property income is partially offset by an increase in finance costs from operations of $2,433 due to the addition of new mortgages and unsecured debt and lower capitalized interest on developments, and by increased general and administrative expenses of $2,412 primarily related to the impact of increased unit price on unit-based compensation plans, offset in part by $1,509 of severance costs in the second quarter of 2020. Additionally, loss from equity accounted investments was $1,333 for the period compared to income of $238 for the six months ended June 30, 2020, resulting from a timing differential affecting operating results from the Davie Street residential development project as it moves towards stabilization.

Adjusted Funds from Operations (AFFO)(*)

Crombie follows the recommendations of REALPAC's February 2019 white paper in calculating AFFO(*) and has applied these recommendations to the AFFO amounts included in this MD&A. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 57, for a more detailed discussion.

The reconciliation of AFFO for the three and six months ended June 30, 2021 and 2020 is as follows:

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Variance	**2021**	2020	Variance
FFO(*) as calculated based on REALPAC recommendations	**$ 44,201**	$ 34,557	$ 9,644	**$ 90,304**	$ 80,218	$ 10,086
Add (deduct):						
Amortization of effective swap agreements	**—**	—	—	**—**	510	(510)
Straight-line rent adjustment	**(2,448)**	(1,879)	(569)	**(5,162)**	(3,810)	(1,352)
Internal leasing costs	**(620)**	(604)	(16)	**(1,240)**	(1,208)	(32)
Maintenance expenditures on a square footage basis	**(4,024)**	(3,967)	(57)	**(8,014)**	(7,920)	(94)
AFFO(*) as calculated based on REALPAC recommendations	**$ 37,109**	$ 28,107	$ 9,002	**$ 75,888**	$ 67,790	$ 8,098
Basic weighted average Units (in 000's)	**161,170**	158,123	3,047	**159,734**	156,670	3,064
AFFO(*) per unit - basic	**$ 0.23**	$ 0.18	$ 0.05	**$ 0.48**	$ 0.43	$ 0.05
AFFO(*) payout ratio (%)	**97.3 %**	125.2 %	(27.9)%	**94.0 %**	103.1 %	(9.1)%

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

For the three months ended:

The increase in AFFO is largely due to the impacts on FFO as described above.

For the six months ended:

The improvement in AFFO is primarily due to the same factors impacting FFO as described above.

Distributions to Unitholders

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

Crombie has organized its assets and operations to satisfy the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT. Crombie's management and its advisors have completed an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it met the REIT criteria throughout 2020 and continues to do so. The relevant tests apply throughout the taxation year and as such the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

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

Details of distributions to Unitholders are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Distributions to Unitholders	**$ 21,345**	$ 20,794	**$ 42,161**	$ 41,301
Distributions to Class B Voting Unitholder (1)	**14,779**	14,393	**29,183**	28,588
Total distributions	**$ 36,124**	$ 35,187	**$ 71,344**	$ 69,889
FFO(*) payout ratio	**81.7 %**	101.8 %	**79.0 %**	87.1 %
AFFO(*) payout ratio	**97.3 %**	125.2 %	**94.0 %**	103.1 %

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

Pursuant to the requirement of National Policy 41-201, Income Trusts and Other Indirect Offerings, the table below outlines the differences between operating income attributable to Unitholders and cash distributions, in accordance with the policy guidelines.

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Operating income attributable to Unitholders	**$ 19,605**	$ 9,393	**$ 52,820**	$ 30,717
Monthly distributions paid and payable	**(36,124)**	(35,187)	**(71,344)**	(69,889)
Operating income attributable to Unitholders shortfall of distributions paid and payable	**$ (16,519)**	$ (25,794)	**$ (18,524)**	$ (39,172)

Monthly distributions paid for the three and six months ended June 30, 2021 and 2020 were funded with cash flows from operating activities and borrowing on the revolving credit facility.

On July 16, 2021, Crombie declared distributions of 7.417 cents per Unit for the period from July 1, 2021 to and including July 31, 2021. The distributions will be paid on August 13, 2021, to Unitholders of record as of July 31, 2021.

Amortization of Tenant Incentives

Tenant incentives are amortized on a straight-line basis over the term of existing leases and the amortization is shown as a reduction in property revenue. From time to time, Crombie invests in value-enhancing property modernizations that result in amended lease terms. These investments are amortized over the amended lease term and reduce the associated increase in property revenue.

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Variance	**2021**	2020	Variance
Regular tenant incentive amortization	**$ 2,521**	$ 2,745	$ 224	**$ 5,184**	$ 5,259	$ 75
Modernization tenant incentive amortization	**2,319**	1,674	(645)	**4,191**	2,979	(1,212)
Total amortization of tenant incentives	**$ 4,840**	$ 4,419	$ (421)	**$ 9,375**	$ 8,238	$ (1,137)

General and Administrative Expenses

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

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Variance	**2021**	2020	Variance
Salaries and benefits	**$ 5,298**	$ 5,502	$ 204	**$ 8,711**	$ 6,881	$ (1,830)
Professional fees	**521**	414	(107)	**1,128**	770	(358)
Public company costs	**576**	478	(98)	**1,068**	931	(137)
Rent and occupancy	**131**	147	16	**243**	298	55
Other	**827**	419	(408)	**1,241**	1,099	(142)
General and administrative expenses	**$ 7,353**	$ 6,960	$ (393)	**$ 12,391**	$ 9,979	$ (2,412)
As a percentage of property revenue	**7.4 %**	7.2 %	(0.2)%	**6.1 %**	5.0 %	(1.1)%

For the three months ended:

The higher expenses in the quarter are primarily due to an increase of $843 in unit-based compensation costs resulting from an increase in unit price, offset by lower salaries and benefits from severance costs of $1,509 in the second quarter of 2020 related to organizational realignment. General and administrative expenses excluding the impact of unit-based compensation is 5.1% of property revenue.

For the six months ended:

On a year to date basis, the increase in expenses is primarily due to an increase in Crombie's unit price, from $14.35 at December 31, 2020 to $17.74 at June 30, 2021, and its impact on unit-based compensation plans, resulting in increased costs of $4,580. This is offset in part by reduced salaries and benefits of $2,677 due to savings in 2021 related to organizational realignment in the second quarter of 2020 and the associated $1,509 of severance in that quarter. General and administrative expenses excluding the impact of unit-based compensation is 4.0% of property revenue.

Finance Costs - Operations

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Variance	**2021**	2020	Variance
Fixed rate mortgages	**$ 12,571**	$ 12,125	$ (446)	**$ 25,021**	$ 24,539	$ (482)
Floating rate term, revolving, and demand facilities	**569**	941	372	**950**	2,094	1,144
Capitalized interest	**(791)**	(1,337)	(546)	**(1,677)**	(2,586)	(909)
Senior unsecured notes	**10,130**	9,229	(901)	**20,468**	18,437	(2,031)
Interest income on finance lease receivable	**(158)**	(97)	61	**(259)**	(195)	64
Interest on lease liability	**533**	462	(71)	**1,010**	923	(87)
Finance costs	**22,854**	21,323	(1,531)	**45,513**	43,212	(2,301)
Amortization of deferred financing charges	**764**	683	(81)	**1,566**	1,434	(132)
Finance costs - operations	**$ 23,618**	$ 22,006	$ (1,612)	**$ 47,079**	$ 44,646	$ (2,433)

For the three months ended:

Finance costs increased by $1,531 primarily due to the addition of new mortgages and unsecured debt since the second quarter of 2020, resulting in increased costs of $446 and $901 respectively, and reduced capitalized interest on development properties of $546. This is offset in part by mortgage maturities, redemption of unsecured notes, and lower interest on current debt resulting from lower average outstanding balances of credit facilities in the period.

For the six months ended:

Finance costs increased by $2,301 primarily due to the same factors as in the quarter.

Depreciation, Amortization, and Impairment

Crombie's total fair value of investment properties exceeds carrying value by $1,115,159 at June 30, 2021 (June 30, 2020 - $781,728). Crombie uses the cost method for accounting for investment properties, and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment, if any, is recognized on a property by property basis when circumstances indicate that the carrying value may not be recoverable.

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Variance	**2021**	2020	Variance
Same-asset(*) depreciation and amortization	**$ 16,329**	$ 16,573	$ 244	**$ 32,682**	$ 33,103	$ 421
Acquisitions, dispositions and development depreciation/amortization	**2,725**	1,705	(1,020)	**5,167**	4,493	(674)
Depreciation and amortization	**$ 19,054**	$ 18,278	$ (776)	**$ 37,849**	$ 37,596	$ (253)

For the three months ended:

The increase in depreciation and amortization of $776 is due most notably to the commencement of depreciation in the first quarter of 2021 on the Pointe-Claire and Avalon substantially completed developments, an increase of $610 over the second quarter of 2020.

For the six months ended:

The $253 increase in depreciation and amortization on a year to date basis is due to depreciation on the developments noted for the quarter, an increase of $1,227. This is partially offset by accelerated depreciation due to the partial demolition of a building at the Avalon Mall site in the first quarter of 2020.

6. DEVELOPMENT

Property development is a strategic priority for Crombie to improve NAV, cash flow growth and Unitholder value. With urban intensification an important reality across the country, Crombie is focused on evaluating and undertaking major mixed-use developments at certain properties, where incremental costs to develop are greater than $50,000 and where development may include residential, commercial and/or retail-related industrial (“Major Developments”). This discussion of Crombie's development activities contains forward-looking information. Refer to the "Forward-Looking Information" section of this MD&A starting on page 60 for additional information regarding such statements and the related risks and uncertainties.

Crombie has the potential to unlock significant value within its current pipeline of 30 major development owned properties over the next fifteen years. Crombie benefits from having solid income (FFO and AFFO) generated by most of these properties while working through the various approvals, entitlements, and advance preparations required before each major development can commence. In aggregate, Crombie currently achieves an in-place NOI yield of approximately 4.9% (June 30, 2020 - 4.7%) on existing asset cost for properties not yet under construction.

Crombie has a strategic relationship with Empire. The majority of our development properties currently have Empire as an anchor tenant; our strategic relationship enables us to unlock value and transition from existing property/store operations to construction/development of these sites on mutually-agreeable terms.

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

Development Pipeline

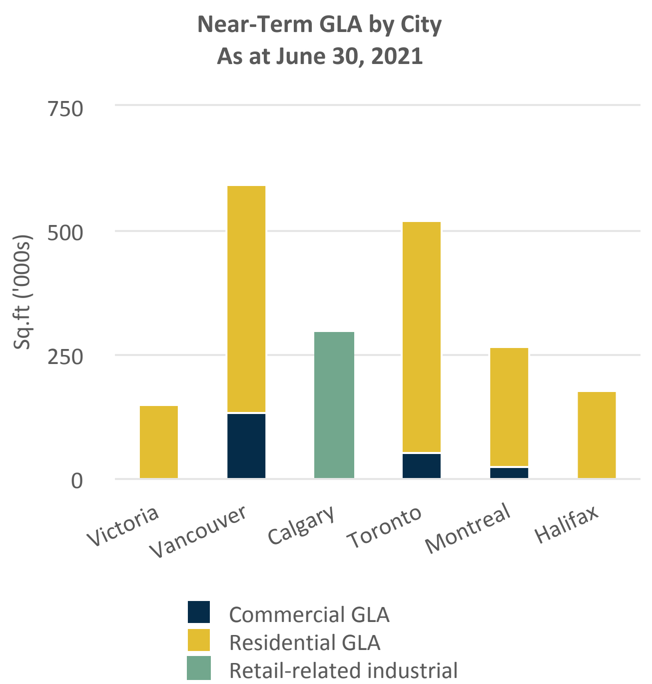
Crombie has identified 30 major development projects as at June 30, 2021 (June 30, 2020 - 33), with an updated total projected cost to develop these properties of $4,400,000 to $6,300,000 (June 30, 2020 - $4,000,000 to $5,800,000). Crombie may enter joint venture or other partnership arrangements for these properties to share cost, revenue, risk, and development expertise, depending upon the nature of each project. Each selected project remains subject to normal development approvals, achieving required economic hurdles, and Board of Trustees' approval.

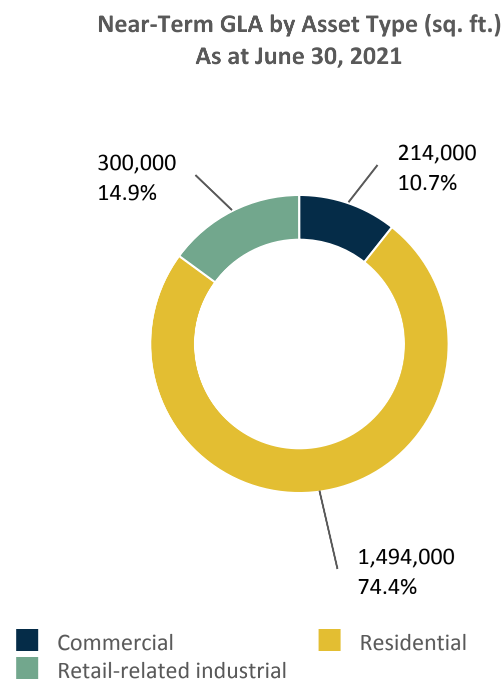
In conjunction with our strategic partner Empire, Crombie management continuously reviews and prioritizes development opportunities that drive NAV and AFFO, including high-density urban re-development, new grocery-anchored retail, retail-related industrial e-commerce facilities, and land-use intensification.

During the quarter, Crombie purchased 25 acres of land in Calgary that will be home to Empire's newest Customer Fulfillment Centre (CFC). This project was added to the pipeline, increasing the total number of projects from 29 on March 31, 2021 to 30 on June 30, 2021.

Near-Term Projects

As Crombie nears completion on its initial major development projects, a change in development disclosure was implemented in the first quarter of 2021. To emphasize the timing of the next wave of developments, Crombie has shifted from an active / future division of its pipeline to a three-tiered timing based approach. Near-term projects are financially committed or expected to be committed within the next two years. Medium-term projects have a timeline of two years to five years and long-term projects are expected to be committed within five to fifteen years. Crombie has six projects in the near-term category.





The below table provides additional detail into Crombie's near-term developments.

			Full Project Density			
Property	City	% Ownership	Commercial GLA on Completion	Retail-related Industrial GLA	Residential GLA on Completion	Residential Units
Le Duke (1)	Montreal	50%	26,000	—	241,000	387
Bronte Village (1)	Toronto	50%	54,000	—	466,000	480
Voilà CFC 3 (Calgary) (1)	Calgary	100%	—	300,000	—	—
Westhill on Duke	Halifax	100%	—	—	179,000	250
1780 East Broadway (Broadway and Commercial)	Vancouver	50% (2)	134,000	—	460,000	710
Belmont Market - Phase II	Victoria	100%	—	—	148,000	200
Total Near-Term Developments			214,000	300,000	1,494,000	2,027

(1) These projects are financially committed and under active development
(2) Crombie will own 100% of the commercial portion of this development

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

Near-Term Project Update

Le Duke, 297 Rue Duke, Montreal, Quebec
Type: Retail / Residential
Ownership: 50%
Construction status: Development of Le Duke began late in 2017 and substantial completion is expected in the third quarter of 2021. Common areas and suites on floors 3 to 12 will be ready for first scheduled occupants in the third quarter. Steady progress on all suite and common area finishing is being made on floors 14 to 25. At Crombie's share, project cost is $59,000 with estimated yields in the 5.4%-5.8% range. At Crombie's share, the estimated cost to complete at Le Duke is $11,000.

Bronte Village, 2441 Lakeshore Road West, Oakville (Toronto), Ontario
Type: Retail / Residential
Ownership: 50%
Construction status: Construction at 125 and 133 Bronte Road has progressed significantly over the last quarter. 125 Bronte, which represents half of the 480 units available, will welcome residents in the third quarter. Interior finishing of suites continues at 133 Bronte and is on track for substantial completion in the fourth quarter of 2021. At Crombie's share, project cost is $139,000 with estimated yields in the 5.4%-6.0% range. At Crombie's share, the estimated cost to complete at Bronte Village is $26,000.

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

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

Voilà CFC 3, Calgary, Alberta
Type: Retail-related industrial
Ownership: 100%
Project status: The Calgary Voilà CFC is the third Empire grocery e-commerce fulfillment hub in Canada powered by Ocado plc's industry-leading technology. Crombie closed the transaction of the 25 acre site in June 2021 and site work is well underway and construction started in July 2021. Retail-related industrial GLA of this project will total approximately 300,000 square feet.

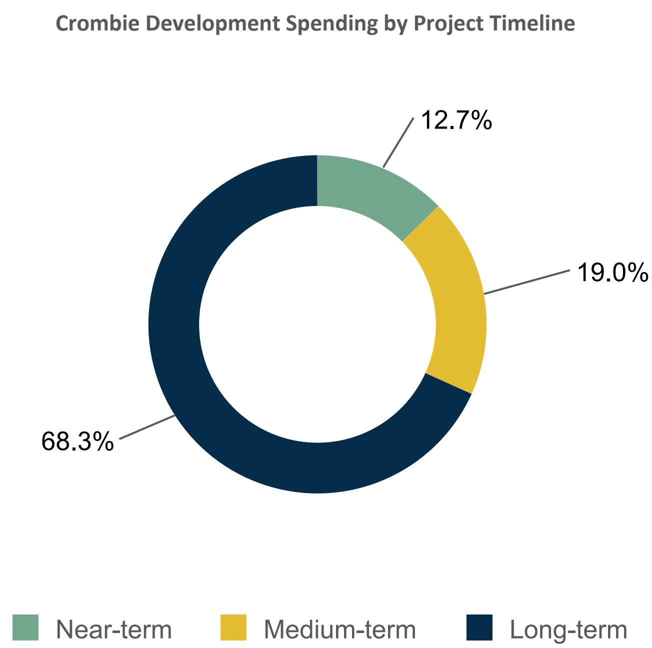
Westhill on Duke, Halifax, Nova Scotia
Type: Residential
Ownership: 100%
Project status: Westhill on Duke is a planned 250 unit residential rental project in the heart of downtown Halifax located within the Scotia Square mixed-use retail, office and hotel complex. A development application was submitted to the planning department of the Halifax Regional Municipality in late 2020. The project is expected to be ready for commencement in 2022.

1780 East Broadway (Broadway & Commercial), Vancouver, British Columbia
Type: Retail / Residential
Ownership: 100% retail, 50% commercial and office
Project status: East Broadway is a proposed major mixed-use re-development on 2.43 acres of land located at the busiest transit node in Western Canada. A re-zoning application is in process with the City of Vancouver which comprises a mix of grocery-anchored retail, rental residential, and market condos. Crombie anticipates completion of re-zoning in 2022.

Belmont Market - Phase II, Victoria, British Columbia
Type: Residential
Ownership: 100%
Project status: Belmont Market - Phase II envisions the development of approximately 200 residential units on the remaining 75,000 square feet of land within the Belmont Market development area. The lands are fully zoned and could be ready for development commencement in 2022.

Total Development Pipeline

In addition to near-term projects Crombie is actively working on its pipeline to ensure a consistent inventory of projects. The following table details total project cost estimates by category at June 30, 2021:



		At Crombie's Share ($ in millions)					
Project Timeline	Number of Projects		Total Estimated Costs		Total Spend to Date [1]		Estimated Cost to Complete
Near-term	6	$	700 -800	$	200	$	500-600
Medium-term	5		800-1,200		60		740-1,140
Long-term	19		2,900-4,300		170		2,730-4,130
Total Pipeline	30	$	4,400-6,300	$	430	$	3,970-5,870

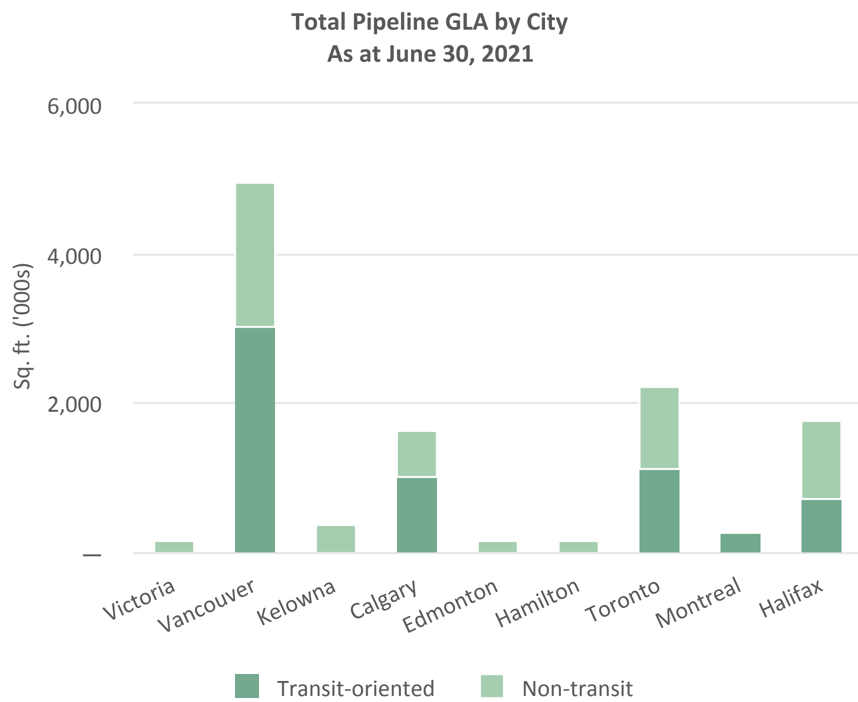
(1) Costs include Crombie's total investment in land at these properties

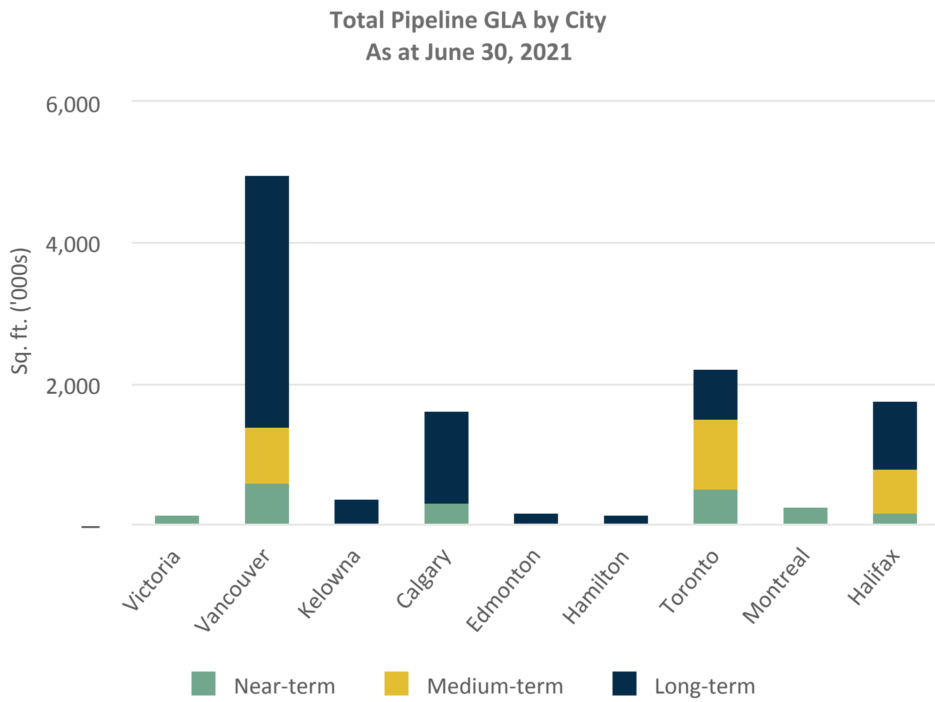
Estimated total cost includes the current carrying costs of development lands, net of any proceeds from land and air rights dispositions. Total estimated costs include land cost measured at fair value on existing income-producing properties upon transfer to the development, soft and hard construction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

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

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

Crombie's current pipeline has the potential to add up to 1,325,000 square feet of commercial GLA, 300,000 square feet of retail-related industrial GLA and up to 10,063,000 square feet (up to 12,267 units) of residential GLA (which may include a combination of rental or condominium units).





Total Pipeline Density by Project Timeline

Project Timeline	Commercial GLA	Retail-related Industrial GLA	Residential GLA	Residential Units
Near-term	214,000	300,000	1,494,000	2,027
Medium-term	185,000	—	2,232,000	2,540
Long-term	926,000	—	6,337,000	7,700
Total Pipeline	1,325,000	300,000	10,063,000	12,267

Based on Crombie's current estimates, total costs to develop these properties could reach \$4,400,000 to \$6,300,000 over ten to fifteen years. Crombie may develop some or all of these properties independently or may enter joint venture or other partnership arrangements for these properties to share cost, revenue, risk, and development expertise, depending upon the nature of each project. Each project remains subject to normal development approvals, achieving required economic hurdles, and Board of Trustees' approval. The precise timing of each project is not determinable at present. The time horizon of these projects may change, project scope may change, and/or Crombie may choose to not proceed with development on some properties after further review, entitlement assessment, and completion of financial projections.

An important part of creating a sustainable development program is a systematic approach to proactively moving potential development lands through the entitlement process to obtain zoning approvals. Crombie currently has 8 of these 30 potential major projects identified for near-term re-zoning and is currently in various stages of entitlement pursuit as noted in the following chart:

	Crombie's Entitled Projects					
	Number of Projects	Estimated Commercial Sq. ft. (1)	Estimated Retail-related Industrial Sq. ft (1)	Estimated Residential Sq. ft. (1)	Estimated Total Sq. ft. (1)	Residential Units (1)
Near-term:						
Zoned	5	80,000	300,000	1,034,000	1,414,000	1,317
Application Submitted	1	134,000	—	460,000	594,000	710
Total Near-term	6	214,000	300,000	1,494,000	2,008,000	2,027
Medium / Long-term:						
Zoned	1	20,000	—	420,000	440,000	480
Application Submitted (2)	1	—	—	—	—	—
Total Medium / Long-term	2	20,000	—	420,000	440,000	480
Total Entitled	8	234,000	300,000	1,914,000	2,448,000	2,507

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

(2) Re-zoning application related to 26 acres of land at Penhorn in Halifax, NS, involves the re-zoning and sale or development of multi-family parceled lots

Zoning is in place for the following development sites: Le Duke (Montreal), Bronte Village (Toronto), Westhill on Duke (Halifax), Belmont Market - Phase II (Victoria), Triangle Lands (Halifax), and Voilà CFC 3 (Calgary). Re-zoning applications have been submitted and are in process for Broadway and Commercial (Vancouver) and Penhorn Lands (Halifax).

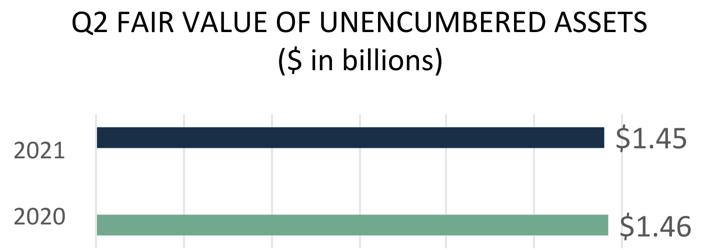
The following table lists the 30 identified Potential Major Development locations and certain key features of each property. Potential developments in the table following are organized in order of potential construction commencement:

Major Development Pipeline

	Existing Property	CMA	Site Size (acres)	Transit Oriented	Existing Tenants	Potential Commercial Expansion	Potential Residential Expansion	Entitlement Status	Project Timing
1	Le Duke	Montreal	0.77	Yes	Land	Yes	Yes	Zoned	Near-term
2	Bronte Village	Toronto	5.66	No	Sobeys	Yes	Yes	Zoned	Near-term
3	Voilà CFC 3 (Calgary)	Calgary	25.00	No	n/a	Yes	No	Zoned	Near-term
4	Westhill on Duke (1)	Halifax	0.46 (2)	Yes	n/a	Yes	Yes	Zoned	Near-term
5	Belmont Market - Phase II	Victoria	1.70	No	Land	No	Yes	Zoned	Near-term
6	1780 East Broadway (Broadway and Commercial)	Vancouver	2.43	Yes	Safeway	Yes	Yes	Application Submitted	Near-term
7	Penhorn Lands	Halifax	26.12	No	Land	Yes	Yes	Application Submitted	Medium-term
8	Park West	Halifax	6.44	No	Retail	Yes	Yes	Pre-Planning	Medium-term
9	1170 East 27 Street (Lynn Valley)	Vancouver	2.82	No	Safeway	Yes	Yes	Pre-Planning	Medium-term
10	McCowan & Ellesmere	Toronto	4.48	Yes	FreshCo/ Other tenants	Yes	Yes	Pre-Planning	Medium-term
11	10355 King George Boulevard - Multi-phased	Vancouver	5.07	Yes	Safeway	Yes	Yes	Pre-Planning	Medium/Long-term
12	Triangle Lands	Halifax	0.68	No	Land	Yes	Yes	Zoned	Long-term
13	1818 Centre Street	Calgary	2.18	Yes	Safeway	Yes	Yes	Future	Long-term
14	3130 Danforth	Toronto	0.79	Yes	The Beer Store	Yes	Yes	Pre-Planning	Long-term
15	2733 West Broadway	Vancouver	1.95	Yes	Safeway	Yes	Yes	Future	Long-term
16	Centennial Parkway	Hamilton	2.75	No	Retail	Yes	Yes	Future	Long-term
17	990 West 25 Avenue (King Edward)	Vancouver	1.80	No	Safeway	Yes	Yes	Future	Long-term
18	524 Elbow Drive SW (Mission)	Calgary	1.60	No	Safeway	Yes	Yes	Future	Long-term
19	Fleetwood	Vancouver	4.45	Yes	Safeway	Yes	Yes	Future	Long-term
20	Brunswick Place	Halifax	0.75(3)	Yes	n/a	Yes	Yes	Future	Long-term
21	Robson Street	Vancouver	1.15	No	Safeway	Yes	Yes	Future	Long-term
22	Port Coquitlum	Vancouver	5.31	No	Safeway	Yes	Yes	Future	Long-term
23	410 10 Street NW (Kensington)	Calgary	1.73	Yes	Safeway	Yes	Yes	Future	Long-term
24	813 11 Avenue SW (Beltline)	Calgary	2.59	Yes	Safeway	Yes	Yes	Future	Long-term
25	3410 Kingsway (Kingsway and Tyne)	Vancouver	3.74	Yes	Safeway/ Other tenants	Yes	Yes	Future	Long-term
26	East Hastings	Vancouver	3.30	No	Safeway/ Other tenants	Yes	Yes	Future	Long-term
27	Bernard Ave	Kelowna	1.83	No	Safeway	Yes	Yes	Future	Long-term
28	10930 82 Avenue (Whyte Ave)	Edmonton	2.44	No	Safeway/ Other tenants	Yes	Yes	Future	Long-term
29	New Westminster	Vancouver	2.82	No	Safeway	Yes	Yes	Future	Long-term
30	Brampton Mall	Toronto	8.74	No	Office/Retail	Yes	Yes	Future	Long-term

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

7. CAPITAL MANAGEMENT



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

Capital Management Framework

The real estate industry is highly capital intensive.

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

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

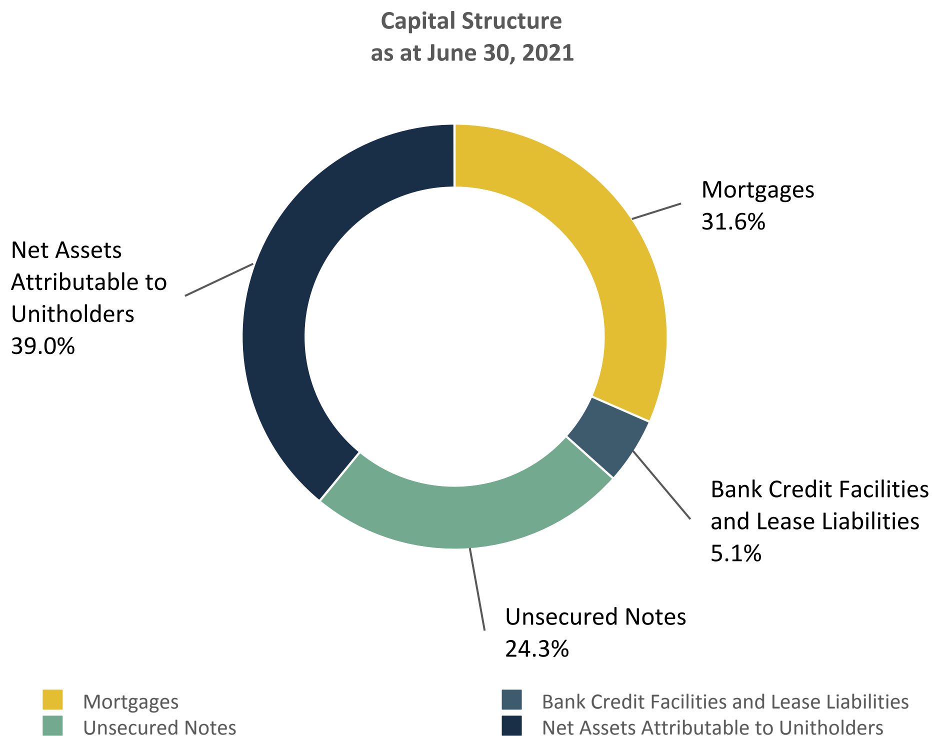
At a minimum, Crombie's capital structure is managed to ensure that it complies with the limitations pursuant to its Declaration of Trust, the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT, and existing debt covenants.

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

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

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

Strong Capital Structure



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

		June 30, 2021			December 31, 2020	
Fixed rate mortgages	**$**	**1,259,823**	**31.6 %**	$	1,267,044	32.0 %
Drawn credit facilities		**166,939**	**4.2 %**		62,256	1.6 %
Senior unsecured notes		**971,682**	**24.3 %**		1,121,398	28.3 %
Lease liabilities		**35,538**	**0.9 %**		29,914	0.7 %
Net assets attributable to Crombie REIT Unitholders		**927,474**	**23.2 %**		881,511	22.3 %
Net assets attributable to Special Voting Units and Class B Limited Partnership Unitholders		**631,271**	**15.8 %**		596,795	15.1 %
	$	**3,992,727**	**100.0 %**	$	3,958,918	100.0 %

Debt Metrics

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

	June 30, 2021	December 31, 2020	June 30, 2020
Unencumbered investment properties [1]	**$ 1,445,423**	$ 1,366,258	$ 1,461,970
Unencumbered investment properties [1] as a % of unsecured debt	**135.1 %**	117.8 %	152.0 %
Debt to gross fair value(*)	**46.0 %**	49.4 %	49.2 %
Weighted average interest rate [2]	**3.9 %**	3.9 %	4.1 %
Debt to trailing 12 months adjusted EBITDA(*)	**9.12x**	9.73x	9.12x
Interest coverage ratio(*)	**2.94x**	2.77x	2.64x

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

Crombie has continued to grow its unencumbered asset pool, increasing it from fair value of $1,366,258 as at December 31, 2020 to $1,445,423 as at June 30, 2021. This increase is primarily due to mortgage maturities and acquisitions, offset in part by dispositions.

Debt to Gross Fair Value(*)

The debt to gross fair value(*) was 46.0% at June 30, 2021 (45.8% after applying cash and cash equivalents to reduce debt) compared to 49.4% at December 31, 2020 (48.8% after applying cash and cash equivalents to reduce debt). This leverage ratio is below the maximum 60%, or 65% including convertible debentures, as permitted by Crombie's Declaration of Trust.

The decrease in the leverage ratio during the six months ended June 30, 2021 was the result of increased fair value of investment properties, the increased fair value of investment in joint ventures from Davie Street, and lower outstanding debt. The increase in fair value excludes fair value growth expectations at stabilization from our first major developments. The fair value of investment properties increased $238,000, or 4.9%, from December 31, 2020, as a result of acquisitions, completed developments, and capitalization rate compression of grocery-anchored properties. The capitalization compression was evidenced in our bi-annual externally provided capitalization rate report.

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

Debt to gross fair value(*) includes investment properties measured at fair value, and investment in joint ventures measured at Crombie's share using the fair value accounting method. All other components of gross fair value are measured at the carrying value included in Crombie's financial statements. Crombie's methodology for determining fair value of investment properties includes capitalization of net property income using biannual capitalization rates from external property valuators. The majority of investment properties are also subject to external, independent appraisals on a rotational basis over a period of not more than four years. The valuation techniques are more fully described in Crombie's December 31, 2020 audited financial statements.

The fair value included in this calculation reflects the fair value of the properties as at June 30, 2021 and December 31, 2020, respectively, based on each property's current use as a revenue generating investment property. During the six months ended June 30, 2021, Crombie's weighted average capitalization rate used in the determination of the fair value of its investment properties decreased 0.18% to 5.68%. For an explanation of the determination of capitalization rates, see the "Other Disclosures" section of this MD&A, under "Investment Property Valuation" in the "Use of Estimates and Judgments" section.

		June 30, 2021		December 31, 2020
Fixed rate mortgages	$	**1,267,317**	$	1,274,304
Senior unsecured notes		**975,000**		1,125,000
Revolving credit facility		**62,228**		17,712
Joint operation credit facility		**9,711**		9,544
Bilateral credit facility		**95,000**		35,000
Lease liabilities		**35,538**		29,914
Total debt outstanding		**2,444,794**		2,491,474
Less: Applicable fair value debt adjustment		**(165)**		(283)
Adjusted debt	$	**2,444,629**	$	2,491,191
Investment properties, fair value	$	**5,053,000**	$	4,815,000
Other assets, cost (1)		**119,315**		100,206
Cash and cash equivalents		**23,582**		63,293
Deferred financing charges		**10,812**		10,972
Investment in joint ventures, fair value (2)		**103,653**		51,043
Interest rate subsidy		**(165)**		(283)
Gross fair value	$	**5,310,197**	$	5,040,231
Debt to gross fair value(*)		**46.0 %**		49.4 %

(1) Other assets exclude tenant incentives and accumulated amortization, and accrued straight-line rent receivable.
(2) Investment in joint ventures using fair value accounting.

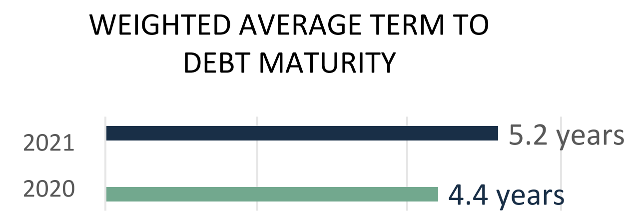
The debt to gross fair value(*), applying cash and cash equivalents to reduce debt, is 45.8% at June 30, 2021 (December 31, 2020 - 48.8%).

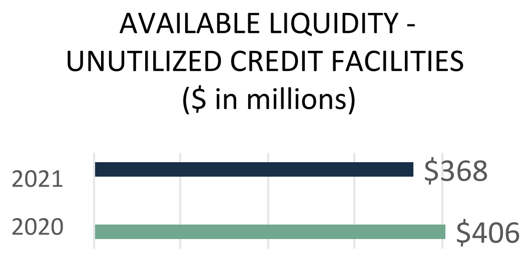
Debt to Adjusted EBITDA(*) and Interest Coverage(*) Ratios:

The following table presents a reconciliation of property revenue to adjusted EBITDA. Adjusted EBITDA is a non-GAAP measure and should not be considered an alternative to operating income attributable to Unitholders and may not be comparable to that used by other entities. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 57, for more information.

	Three months ended							
	Jun. 30, 2021	**Mar. 31, 2021**	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019
Property revenue	**$ 100,006**	**$ 103,537**	$ 97,060	$ 92,920	$ 96,501	$ 102,252	$ 96,823	$ 97,346
Amortization of tenant incentives	**4,840**	**4,535**	4,859	4,752	4,419	3,819	3,598	3,515
Adjusted property revenue	**104,846**	**108,072**	101,919	97,672	100,920	106,071	100,421	100,861
Property operating expenses	**(29,814)**	**(33,401)**	(29,245)	(27,503)	(37,887)	(35,237)	(29,852)	(27,205)
General and administrative expenses	**(7,353)**	**(5,038)**	(5,493)	(5,062)	(6,960)	(3,019)	(5,855)	(6,112)
Income (loss) from equity accounted investments	**(562)**	**(771)**	(411)	101	123	115	(8)	125
Adjusted EBITDA(*) (1)	**$ 67,117**	**$ 68,862**	$ 66,770	$ 65,208	$ 56,196	$ 67,930	$ 64,706	$ 67,669
Trailing 12 months adjusted EBITDA(*) (4)	**$ 267,957**	**$ 257,036**	$ 256,104	$ 254,040	$ 256,501	$ 268,979	$ 271,848	$ 278,999
Finance costs - operations	**$ 23,618**	**$ 23,461**	$ 24,912	$ 22,250	$ 22,006	$ 22,640	$ 22,810	$ 24,504
Amortization of deferred financing charges	**(764)**	**(802)**	(835)	(737)	(683)	(751)	(827)	(922)
Amortization of effective swap agreements	**—**	**—**	—	—	—	(510)	(356)	(226)
Adjusted interest expense (2)	**$ 22,854**	**$ 22,659**	$ 24,077	$ 21,513	$ 21,323	$ 21,379	$ 21,627	$ 23,356
Debt principal repayments (3)	**$ 11,229**	**$ 10,548**	$ 10,715	$ 10,786	$ 10,395	$ 10,790	$ 12,167	$ 12,773
Debt outstanding (see Debt to Gross Fair Value(*)) (5)	**$ 2,444,629**	**$ 2,519,200**	$ 2,491,191	$ 2,373,623	$ 2,338,288	$ 2,383,451	$ 2,317,265	$ 2,329,039
Interest service coverage(*) ratio {(1)/(2)}	**2.94x**	**3.04x**	2.77x	3.03x	2.64x	3.18x	2.99x	2.90x
Debt service coverage(*) ratio {(1)/((2)+(3))}	**1.97x**	**2.07x**	1.92x	2.02x	1.77x	2.11x	1.91x	1.87x
Debt to trailing 12 months adjusted EBITDA(*) {(5)/(4)}	**9.12x**	**9.80x**	9.73x	9.34x	9.12x	8.86x	8.52x	8.35x

Debt Profile





Mortgages

Crombie had outstanding fixed rate mortgages consisting of:

		June 30, 2021		December 31, 2020
Fixed rate mortgages	**$**	**1,266,835**	$	1,273,674
Unamortized fair value debt adjustment and interest rate subsidy		**482**		630
		1,267,317		1,274,304
Deferred financing charges on fixed rate mortgages		**(7,494)**		(7,260)
Total mortgage debt	**$**	**1,259,823**	$	1,267,044
Long-term portion	**$**	**1,041,920**	$	1,139,798
Current portion	**$**	**217,903**	$	127,246
Weighted average interest rate		**3.96 %**		3.98 %

From time to time, Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount (see "Interest Rate Risk"). Crombie currently has interest rate swap agreements in place on $111,025 of floating rate debt.

Senior Unsecured Notes

The following series of senior unsecured debentures were outstanding as at June 30, 2021 and December 31, 2020:

	Maturity Date	Interest Rate		**June 30, 2021**		December 31, 2020
Series B	June 1, 2021	3.962 %	**$**	**—**	$	150,000
Series D	November 21, 2022	4.066 %		**150,000**		150,000
Series E	January 31, 2025	4.802 %		**175,000**		175,000
Series F	August 26, 2026	3.677 %		**200,000**		200,000
Series G	June 21, 2027	3.917 %		**150,000**		150,000
Series H	March 31, 2028	2.686 %		**150,000**		150,000
Series I	October 9, 2030	3.211 %		**150,000**		150,000
Unamortized Series B issue premium				**—**		110
Deferred financing charges				**(3,318)**		(3,712)
Total senior unsecured notes			**$**	**971,682**	$	1,121,398
Long-term portion			**$**	**971,682**	$	971,398
Current portion			**$**	**—**	$	150,000
Weighted average interest rate				**3.75 %**		3.78 %

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

Credit Facilities

The following floating rate credit facilities had balances drawn as at June 30, 2021 and December 31, 2020:

	Available Facility	Weighted average term to maturity	June 30, 2021	December 31, 2020
Revolving credit facility	$ 400,000	4.0 years	$ 62,228	$ 17,712
Unsecured bilateral credit facility	$ 130,000	2.0 years	95,000	35,000
Joint operation credit facility I	$ 7,167	2.8 years	7,167	7,188
Joint operation credit facility II	$ 3,520	3.3 years	2,544	2,356
Total credit facilities	$ 540,687	2.8 years	$ 166,939	$ 62,256

The revolving credit facility is secured by a pool of first mortgages on certain properties. This credit facility has been amended to extend the maturity date to June 30, 2025. The unsecured bilateral credit facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. The unsecured bilateral credit facility has been renewed and the maturity date has been extended to June 30, 2023. Joint operation credit facility I consists of term loan and revolving credit facilities which are secured by first mortgages on select properties. Joint operation credit facility II also consists of term loan and revolving credit facilities which are secured by first and second mortgages on select properties. Crombie and its co-owner entered into a fixed for floating interest rate swap, effectively fixing the interest rate on both joint operation facilities. Borrowings under all credit facilities can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin.

For information on the amended terms governing the revolving credit facility, see the "Available Credit Line Liquidity" section in the 2020 Annual MD&A.

At June 30, 2021, the remaining amount available under the revolving credit facility was approximately $338,000 (prior to reduction for standby letters of credit outstanding of $4,289).

Crombie has remained in compliance with all debt covenants.

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

	Twelve Months Ending June 30,						
	Contractual Cash Flows [1]	2022	2023	2024	2025	2026	Thereafter
Fixed rate mortgages - principal and interest [2]	$ 459,973	$ 89,405	$ 75,070	$ 53,464	$ 37,432	$ 31,722	$ 172,880
Fixed rate mortgages - maturities	1,025,111	174,809	182,440	268,943	82,872	25,916	290,131
Senior unsecured notes	1,158,409	36,575	182,850	30,476	201,976	22,076	684,456
Trade and other payables	127,165	105,703	3,794	3,539	1,321	1,321	11,487
Lease liabilities	155,436	2,974	2,917	2,808	2,713	2,655	141,369
	2,926,094	409,466	447,071	359,230	326,314	83,690	1,300,323
Credit facilities	176,589	3,508	98,508	8,618	65,955	—	—
Total	$ 3,102,683	$ 412,974	$ 545,579	$ 367,848	$ 392,269	$ 83,690	$ 1,300,323

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

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

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

Debt Maturities

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

	Maturing Debt Balances							
12 Months Ending	Mortgages	Senior Unsecured Notes	Credit Facilities	Total	% of Total	Payments of Principal	Total Required Payments	% of Total
Remainder of 2021	$ 74,373	$ —	$ —	$ 74,373	3.4 %	$ 22,512	$ 96,885	4.0 %
December 31, 2022	159,451	150,000	—	309,451	14.3 %	39,987	349,438	14.5 %
December 31, 2023	238,384	—	95,000	333,384	15.4 %	33,424	366,808	15.2 %
December 31, 2024	226,268	—	9,711	235,979	10.9 %	21,635	257,614	10.7 %
December 31, 2025	30,596	175,000	62,228	267,824	12.4 %	17,751	285,575	11.9 %
Thereafter	296,039	650,000	—	946,039	43.6 %	106,415	1,052,454	43.7 %
Total (1)	$ 1,025,111	$ 975,000	$ 166,939	$ 2,167,050	100.0 %	$ 241,724	$ 2,408,774	100.0 %

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

Outstanding Unit Data

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

On May 19, 2021, Crombie closed a public offering, on a bought deal basis, of 3,525,000 Units, at a price of $16.60 per Unit for proceeds of $55,949 net of issue costs. On the same date, concurrently with the issue of the REIT Units, in satisfaction of its pre-emptive right, ECL Developments (ECLD), a wholly-owned subsidiary of Empire, purchased 2,500,000 Class B LP Units and the attached Special Voting Units at a price of $16.60 per Class B LP Unit for proceeds of $41,425 net of issue costs, on a private placement basis. After the closing of the public offering and the private placement, Empire continues to hold a 41.5% economic and voting interest in Crombie.

For the six months ended June 30, 2021, Crombie issued 45,210 REIT Units and 32,033 Class B LP Units under its DRIP. Units issued under the DRIP are issued at a price equal to 100% of the volume-weighted average trading price of the REIT Units on the TSX for the five trading days immediately preceding the relevant distribution payment date.

Throughout the six months ended June 30, 2021, Crombie issued 4,817 REIT Units under its unit based compensation plans.

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

Units	97,114,763
Special Voting Units (1)	67,261,546

(1) Crombie Limited Partnership, a subsidiary of Crombie, has issued 67,261,546 Class B LP Units. These Class B LP Units accompany the Special Voting Units, are the economic equivalent of a Unit, and are exchangeable for Units on a one-for-one basis.

Cash Flows

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Variance	**2021**	2020	Variance
Cash provided by (used in):						
Operating activities	**$ 26,037**	$ 12,267	$ 13,770	**$ 66,445**	$ 49,107	$ 17,338
Financing activities	**(36,198)**	(103,889)	67,691	**(69,071)**	(13,984)	(55,087)
Investing activities	**(22,780)**	(21,035)	(1,745)	**(37,085)**	(35,123)	(1,962)
Net change during the period	**$ (32,941)**	$ (112,657)	$ 79,716	**$ (39,711)**	$ —	$ (39,711)

Operating Activities

For the three months ended:

The increase in cash provided by operating activities in the quarter compared to the same quarter in 2020 is primarily due to a reduction in bad debt expense of $8,392 as a result of decreased collection risk in the second quarter of 2021, and a positive increase in working capital of $4,958.

For the six months ended:

The increase in cash provided by operating activities on a year to date basis is largely due to increased net property income of $14,699 due to a reduction in bad debt expense of $8,831 as a result of decreased collection risk in the second quarter of 2021, and completed developments. The increase in cash provided was offset in part by higher additions to tenant incentives ($55,610 compared to $47,864 in 2020), and an increase of $2,412 in general and administrative expenses resulting primarily from an increase in unit price and its impact on unit-based compensation plans.

Financing Activities

For the three months ended:

The decrease in cash used in financing activities is due to the net amount drawn on floating rate credit facilities of $87,352 compared to net repayments of $144,120 during the second quarter of 2020, and the Unit issuance of $97,374 net of costs in the second quarter of 2021. This is partially offset by mortgage issues of $118,000 in 2020 and $150,000 redemption of unsecured notes in 2021.

For the six months ended:

The increase in cash used in financing activities on a year to date basis is due to $150,000 redemption of unsecured notes in 2021 and mortgage issues of $118,000 in 2020. This is partially offset by repayment of mortgages of $168,302 in 2020, and payment of the special cash distribution of $14,857 in the first quarter of 2020.

Investing Activities

For the three months ended:

The slight increase in cash used in investing activities in the quarter results primarily from the acquisition of investment properties of $13,422 compared to $4,645 in the second quarter of 2020, offset by additions to investment properties of $6,736 compared to additions of $14,819 in the same period in 2020.

For the six months ended:

The year to date increase in cash used in investing activities is primarily due to acquisition of properties of $59,466 ($4,962 in 2020). This is offset by proceeds from disposition of properties of $41,561 compared to $901 in 2020, and additions to investment properties of $15,117 ($28,958 in 2020).

Off-Balance Sheet Commitments and Guarantees

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

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

Crombie obtains standby letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at June 30, 2021, Crombie has a total of $4,289 in outstanding letters of credit related to:

		June 30, 2021		December 31, 2020
Construction work being performed on investment properties	**$**	**4,289**	$	3,740
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties		**—**		1,840
Total outstanding letters of credit	**$**	**4,289**	$	5,580

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

As at June 30, 2021, Crombie had signed construction contracts totaling $327,043 of which $259,204 has been paid. This includes contracts signed within joint ventures at Crombie's ownership percentage.

Crombie has provided 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 June 30, 2021, Crombie has provided guarantees of approximately $137,925 (December 31, 2020 - $140,577) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 3.3 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.

Financial Instruments

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

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

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

There were no transfers between levels of the fair value during the six months ended June 30, 2021.

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

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

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

	June 30, 2021		December 31, 2020	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value
Financial assets				
Accounts receivable [1]	**$ 29,864**	**$ 29,878**	$ 25,042	$ 25,051
Financial liabilities				
Investment property debt	**$ 1,509,413**	**$ 1,434,256**	$ 1,427,367	$ 1,336,560
Senior unsecured notes	**1,026,599**	**975,000**	1,206,285	1,125,000
Total other financial liabilities	**$ 2,536,012**	**$ 2,409,256**	$ 2,633,652	$ 2,461,560

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

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

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

8. RISK MANAGEMENT

Risk Management Framework

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

Risk Factors Related to the Business of Crombie

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance.

In addition to the more fulsome description of Crombie's risk discussion under the "Risk Management" section in the 2020 Annual MD&A, Crombie is providing the following specific risk update for June 30, 2021.

<u>Enterprise Risk Management</u>

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

<u>Significant Relationship</u>

As at June 30, 2021, Empire, through its wholly-owned subsidiary ECL Developments (ECLD), holds a 41.5% indirect interest in Crombie. Crombie’s anchor tenants are concentrated in a relatively small number of retail operators. Specifically, 56.9% of the annual minimum rent and 52.6% of total property revenue generated from Crombie’s properties is derived from anchor tenants that are owned and/or operated by Empire (including Sobeys and all other subsidiaries of Empire). Therefore, Crombie is reliant on the sustainable operation by Empire in these locations.

Financial Risk Management

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

Credit Risk

<table>
<tr><td>Risk Description</td><td>Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. A provision for doubtful accounts and other adjustments to net property income are taken for all anticipated collectability risks.</td></tr>
<tr><td>Risk Management</td><td>Crombie mitigates credit risk by geographical diversification, diversifying both its tenant mix and asset mix and conducting credit assessments for new and renewing tenants.

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

• Crombie's largest tenant, Empire (including Sobeys and all other subsidiaries of Empire), represents 56.9% of annual minimum rent. No other tenant accounts for more than 3.2% of Crombie's total minimum rent; and
• Total property revenue includes operating and realty tax cost recovery income and percentage rent. These amounts can vary by property type, specific tenant leases, and where tenants may directly incur and pay operating and realty tax costs. Crombie earned total property revenue of $54,965 and $107,146 respectively for the three and six months ended June 30, 2021 (three and six months ended June 30, 2020 - $50,873 and $100,243 respectively) from Sobeys Inc. and other subsidiaries of Empire.

Receivables are substantially comprised of current balances due from tenants and past due receivables. The balance of accounts receivable past due is usually not significant; however, historically low receivable balances have increased significantly over the past year as a result of the impacts of the COVID-19 pandemic. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoicing, and in general, balances over 30 days are considered past due.

Crombie determines the expected credit loss in accordance with IFRS 9's simplified approach for amounts receivable where its loss allowance is measured at initial recognition and throughout the life of the receivable. Trade receivables are written off when there is no reasonable expectation of recovery. Crombie assesses, on a forward-looking basis, the expected credit losses associated with its rent receivables. In determining the expected credit losses, Crombie takes into account, on a tenant-by-tenant basis, the payment history, future expectations, and knowledge gathered through discussions for rental concessions, applications for rental relief through government programs, and ongoing discussions with tenants.

Crombie’s assessment of expected credit losses is subjective and, due to the impacts of COVID-19, the degree of uncertainty in our assessments has increased. During the three and six months ended June 30, 2021, Crombie has recorded a bad debt expense of $330 and $978 respectively.

Our trade receivables and allowance for doubtful accounts balances at June 30, 2021 were $31,193 and $(4,588) respectively (June 30, 2020 - $34,072 and $(6,282) respectively).

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

Liquidity Risk

Risk Description	Liquidity risk is the risk that Crombie may not have access to sufficient debt and equity capital to fund its growth program, refinance debt obligations as they mature, or meet its ongoing obligations as they arise.
Risk Management	Cash flow generated from operating the property portfolio represents the primary source of liquidity used to service the interest on debt, fund general and administrative expenses, reinvest in the portfolio through capital expenditures, as well as fund tenant incentive costs and make distributions to Unitholders. Debt repayment requirements are primarily funded from refinancing Crombie's maturing debt obligations. Property acquisition funding requirements are funded through a combination of accessing the debt and equity capital markets and recycling capital from property dispositions. There is a risk that the debt capital markets may not refinance maturing fixed rate and floating rate debt on terms and conditions acceptable to Crombie or at any terms at all. Crombie seeks to mitigate this risk by staggering its debt maturity dates. There is also a risk that the equity capital markets may not be receptive to a REIT unit offering issuance from Crombie with financial terms acceptable to Crombie. Access to debt and equity capital markets may also be affected by national and international events, and economic conditions beyond Crombie's control. Crombie mitigates its exposure to liquidity risk utilizing a disciplined approach to capital management. There is a risk that credit ratings may change. No ratings agency has issued a credit rating with respect to the Units, and no credit rating of the Units will be sought or obtained by Crombie. As of June 30, 2021, Crombie's outstanding senior unsecured notes ("the Notes") received a credit rating of "BBB (low)" with a "Negative" trend, which was a change from "BBB (low)" with a "Stable" trend from DBRS Morningstar ("DBRS"). Credit ratings may not reflect all risks associated with an investment in Crombie's securities. Any credit ratings applied to the Notes are an assessment of Crombie's ability to pay its obligations generally. Consequently, real or anticipated changes in the credit ratings will generally affect the market value of the Notes. The credit ratings, however, may not reflect the potential impact on the value of the Notes of risks related to structure, market or other factors discussed under the heading "Risk Factors" in Crombie's Annual Information Form dated March 29, 2021, and under the "Risk Management" section in the 2020 Annual MD&A. Crombie is under no obligation to maintain any specified level of credit rating with credit rating agencies and there is no assurance that any credit rating assigned to the Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering, withdrawal or failure to maintain any credit ratings applied to the Notes may have an adverse effect on the market price or value and the liquidity of the Notes. Credit ratings are not recommendations to purchase, hold or sell the Notes or other securities of Crombie. Any future lowering of Crombie's ratings likely would make it more difficult or more expensive for Crombie to obtain additional debt financing. 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 cannot exceed the borrowing base security provided by Crombie. Refer to section "Debt Profile" of this MD&A for a maturity analysis of our recognized financial liabilities and purchase obligations.

Interest Rate Risk

Risk Description	Interest rate risk is the potential for financial loss arising from increases in interest rates.
Risk Management	Crombie mitigates this risk by utilizing staggered debt maturities and limiting the use of permanent floating rate debt and, on occasion, utilizing interest rate swap agreements. Crombie does not enter into interest rate swaps on a speculative basis. As at June 30, 2021: • Crombie's weighted average term to maturity of its fixed rate mortgages is 5.5 years; • Crombie's weighted average term to maturity of its unsecured notes is 5.3 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 $62,228 outstanding; • Crombie has a floating rate bilateral credit facility available to a maximum of $130,000 with a balance of $95,000 outstanding; and • Crombie has interest rate swap agreements in place on $111,025 of floating rate debt. A fluctuation in interest rates would have an impact on Crombie's operating income related to the use of floating rate debt. The following table looks at the impacts of selected interest rate moves on operating income:

	Three months ended June 30, 2021		**Six months ended June 30, 2021**	
Impact on operating income attributable to Unitholders of interest rate changes on the revolving credit facility	**Decrease in rate**	**Increase in rate**	**Decrease in rate**	**Increase in rate**
Impact of a 0.5% interest rate change	**$ 164**	**$ (164)**	**$ 244**	**$ (244)**
Impact of a 1.0% interest rate change	**$ 328**	**$ (328)**	**$ 489**	**$ (489)**

9. OTHER DISCLOSURES

Related Party Transactions

As at June 30, 2021, Empire, through its wholly-owned subsidiary ECLD, holds a 41.5% indirect interest in Crombie. Related party transactions primarily include transactions with entities associated with Crombie through Empire's indirect interest. Related party transactions also include transactions with joint venture entities in which Crombie has a 50% interest, as well as transactions with key management personnel and post-employment benefit plans.

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

Crombie's transactions with related parties are as follows:

	Three months ended June 30,				Six months ended June 30,			
		2021		2020		**2021**		2020
Property revenue								
Property revenue	**$**	**54,965**	$	50,873	**$**	**107,146**	$	100,243
Head lease income	**$**	**322**	$	115	**$**	**568**	$	483
Lease termination income	**$**	**34**	$	34	**$**	**68**	$	68
Property operating expenses	**$**	**(24)**	$	(17)	**$**	**(29)**	$	(24)
General and administrative expenses								
Property management services recovered	**$**	**128**	$	165	**$**	**178**	$	204
Other general and administrative expenses	**$**	**(64)**	$	(70)	**$**	**(129)**	$	(129)
Finance costs - operations								
Interest rate subsidy	**$**	**59**	$	65	**$**	**119**	$	131
Finance costs - distributions to Unitholders	**$**	**(14,981)**	$	(14,595)	**$**	**(29,588)**	$	(28,992)

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

Included in the above, during the six months ended June 30, 2021, Crombie issued 32,033 (June 30, 2020 - 49,927) Class B LP Units to ECLD under the DRIP.

On May 19, 2021, ECLD purchased 2,500,000 Class B LP Units and the attached Special Voting Units at a price of $16.60 per Class B LP Unit for proceeds of $41,425 net of issue costs, on a private placement basis.

During the six months ended June 30, 2021, Crombie purchased five properties from a subsidiary of Empire for a total purchase price of $38,202 before transaction costs.

During the six months ended June 30, 2021, Crombie invested $22,631 in properties anchored by subsidiaries of Empire, which resulted in amended lease terms. These amounts have been included in tenant incentive additions or income property additions depending on the nature of the work completed. The costs are being amortized over the amended lease terms or the useful life of the projects, as applicable.

Crombie has a mortgage payable of $25,526 (December 31, 2020 - $25,526) due to 1600 Davie Limited Partnership. This mortgage relates to the commercial component of the Davie Street development, 100% of which is included in Crombie's financial statements.

Amounts due from related parties include $15,533 (December 31, 2020 - $15,533) in 6% subordinated notes receivable due from Bronte Village Limited Partnership and The Duke Limited Partnership.

Use of Estimates and Judgments

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

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

Critical Accounting Estimates and Assumptions

Critical accounting estimates and assumptions are discussed under the "Critical Accounting Estimates and Assumptions" section of the 2020 Annual MD&A. 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:

<u>Fair Value Measurement</u>

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

<u>Investment Properties</u>

Investment properties are properties which are held to earn rental income. Investment properties include land, buildings and intangible assets. Investment properties are carried at cost less accumulated depreciation and are reviewed periodically for impairment.

Depreciation of buildings is calculated using the straight-line method with reference to each property's cost, the estimated useful life of the building (not exceeding 40 years) and its components, significant parts and residual value.

Repairs and maintenance improvements are expensed as incurred or, in the case of major items that constitute a capital asset, are capitalized to the building and amortized on a straight-line basis over the expected useful life of the improvement.

<u>Investment Property Valuation</u>

External, independent valuation companies, having appropriate recognized professional qualifications and recent experience in the location and category of properties being valued, value substantially all of Crombie's investment property portfolio on a rotating basis over a maximum period of four years. On a periodic basis, Crombie obtains independent appraisals such that approximately 85% of our properties, by value, will be externally appraised over a four year period. The fair values, based on the measurement date, represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Internal quarterly valuations are performed using internally generated valuation models prepared by considering the aggregate trailing annual net property income recognized from leasing the property that is stabilized for any major tenant movement. Crombie has adjusted net property income for expected impacts related to COVID-19 by looking at potential bad debts or other income implications at each property, and applying probability to several potential scenarios and, where appropriate, normalized the COVID-19 impact on net operating income. Biannual capitalization rates 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 June 30, 2021, 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.

<u>Expected Credit Loss</u>

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

Critical Judgments

Critical judgments are discussed under the "Critical Judgments" section of the 2020 Annual MD&A.

Controls and Procedures

Crombie maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by Crombie in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized, and reported within the time periods specified in the securities legislation. Controls and procedures are designed to ensure that information required to be disclosed by Crombie is accumulated and communicated to Crombie's management, including its President and Chief Executive Officer ("CEO") and Chief Financial Officer and Secretary ("CFO"), as appropriate, to allow timely decisions regarding disclosure. Our CEO and CFO have evaluated the design and effectiveness of our disclosure controls and procedures as of June 30, 2021. They have concluded that our current disclosure controls and procedures are effective.

In addition, our CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes as defined in National Instrument 52-109. The control framework management used to design and assess the effectiveness of ICFR is *Internal Control-Integrated Framework (2013)* issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). Further, our CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the design and operation of ICFR as at June 30, 2021, and have concluded that our current ICFR was effective based on that evaluation. There have been no material changes to Crombie's internal controls during the period.

Quarterly Information

	Three months ended							
	Jun. 30, 2021	**Mar. 31, 2021**	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019
Property revenue	**$ 100,006**	**$ 103,537**	$ 97,060	$ 92,920	$ 96,501	$ 102,252	$ 96,823	$ 97,346
Property operating expenses	**29,814**	**33,401**	29,245	27,503	37,887	35,237	29,852	27,205
Net property income	**70,192**	**70,136**	67,815	65,417	58,614	67,015	66,971	70,141
Operating income	**19,605**	**33,215**	17,157	19,734	9,393	21,324	44,149	30,049
Finance costs - distributions to Unitholders	**(36,124)**	**(35,220)**	(35,211)	(35,202)	(35,187)	(34,702)	(48,936)	(33,753)
Finance income (costs) - change in fair value of financial instruments	**(1,219)**	**(1,026)**	(725)	(187)	(212)	1,929	(70)	(264)
Increase (decrease) in net assets attributable to Unitholders	**$ (17,738)**	**$ (3,031)**	$ (18,779)	$ (15,655)	$ (26,006)	$ (11,449)	$ (4,857)	$ (3,968)
Operating income per unit - Basic	**$ 0.12**	**$ 0.21**	$ 0.11	$ 0.12	$ 0.06	$ 0.14	$ 0.29	$ 0.20
Distributions								
Distributions	**$ 36,124**	**$ 35,220**	$ 35,211	$ 35,202	$ 35,187	$ 34,702	$ 48,936	$ 33,753
Per unit	**$ 0.22**	**$ 0.22**	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22
FFO[*]								
Basic	**$ 44,201**	**$ 46,103**	$ 42,305	$ 43,327	$ 34,557	$ 45,661	$ 42,132	$ 43,380
Per unit - Basic	**$ 0.27**	**$ 0.29**	$ 0.27	$ 0.27	$ 0.22	$ 0.29	$ 0.28	$ 0.29
Payout ratio [(2)]	**81.7 %**	**76.4 %**	83.2 %	81.2 %	101.8 %	76.0 %	80.1 %	77.8 %
AFFO[*]								
Basic	**$ 37,109**	**$ 38,779**	$ 35,679	$ 35,494	$ 28,107	$ 39,683	$ 36,006	$ 36,417
Per unit - Basic	**$ 0.23**	**$ 0.25**	$ 0.23	$ 0.22	$ 0.18	$ 0.26	$ 0.24	$ 0.24
Payout ratio [(1)]	**97.3 %**	**90.8 %**	98.7 %	99.2 %	125.2 %	87.4 %	93.8 %	92.7 %
Operating information								
Number of investment properties	**287**	**287**	284	286	286	285	285	284
Gross leasable area	**18,235,000**	**18,229,000**	18,000,000	17,684,000	17,614,000	17,583,000	17,558,000	17,732,000
Economic occupancy	**95.6 %**	**95.5 %**	94.0 %	94.7 %	95.1 %	95.5 %	95.4 %	95.6 %
Committed occupancy	**96.2 %**	**96.3 %**	96.4 %	95.3 %	95.6 %	96.2 %	96.1 %	96.1 %
Debt metrics								
Unencumbered investment properties [(3)]	**$1,445,423**	**$1,388,141**	$1,366,258	$1,460,152	$1,461,970	$1,479,211	$1,223,452	$ 960,275
Available liquidity	**$ 368,483**	**$ 469,548**	$ 471,708	$ 370,885	$ 406,303	$ 449,898	$ 449,016	$ 450,967
Debt to gross fair value[*]	**46.0 %**	**48.9 %**	49.4 %	49.8 %	49.2 %	50.0 %	48.9 %	48.9 %
Weighted average interest rate [(4)]	**3.9 %**	**3.9 %**	3.9 %	4.1 %	4.1 %	4.1 %	4.2 %	4.2 %
Debt to trailing 12 months adjusted EBITDA[*]	**9.12x**	**9.80x**	9.73x	9.34x	9.12x	8.86x	8.52x	8.35x
Interest coverage ratio[*]	**2.94x**	**3.04x**	2.77x	3.03x	2.64x	3.18x	2.99x	2.90x

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

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

- Property acquisitions and dispositions (gross proceeds excluding closing and transaction costs) for each of the above three month periods were:
  - June 30, 2021 - acquisition of one development property for a total purchase price of $11,885;
  - March 31, 2021 - acquisition of six retail properties and one development property for a total purchase price of $46,292 and disposition of three retail properties for proceeds of $41,970;
  - December 31, 2020 - acquisition of two retail properties and one development property for a total purchase price of $31,400 and disposition of five retail properties for proceeds of $37,010;
  - September 30, 2020 - acquisition of one development property for a total purchase price of $4,575;
  - June 30, 2020 - acquisition of one retail property for a total purchase price of $4,535;
  - March 31, 2020 - acquisition of a parcel of land adjacent to an existing retail property for a total purchase price of $280 and disposition of a parcel of land adjacent to an existing retail property for proceeds of $1,000;
  - December 31, 2019 - acquisition of one retail property, additions to one existing retail property and one existing retail-related industrial property for a total purchase price of $114,933, and disposition of an 89% interest in 15 retail properties for proceeds of $193,333; and
  - September 30, 2019 - acquisition of a 50% interest in one retail property for a total purchase price of $9,500, disposition of an 89% interest in one retail property for proceeds of $9,750, disposition of 100% of one retail property for proceeds of $12,255, disposition of air rights to a joint venture for proceeds of $27,379, and disposition of a freestanding building adjacent to a retail property for proceeds of $175.
- Property revenue and property operating expenses - Crombie's business is subject to seasonal fluctuations. Property operating expenses during winter months include particular expenses such as snow removal, which is a recoverable expense, thus increasing property revenue during these same periods. Property operating expenses during the summer and fall periods include particular expenses such as paving and roof repairs.
- Per unit amounts for FFO and AFFO are influenced by operating results as detailed above and by the timing of the issuance of REIT Units and Class B LP Units.

10. NON-GAAP FINANCIAL MEASURES

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

Non-GAAP Measure	**Description and Purpose**	**Reconciliation**
Property NOI on a cash basis	• Property NOI on a cash basis, which excludes non-cash straight-line rent recognition and non-cash tenant incentive amortization. • Management believes that Property NOI on a cash basis is an important measure of operating performance as it reflects the cash generated by the properties period-over-period.	"Net Property Income" starting on page 22
Same-asset property cash NOI	• Same-asset properties are properties owned and operated by Crombie throughout the current and comparative reporting periods, excluding any property that was designated for redevelopment during either the current or comparative period. Same-asset property cash NOI includes Crombie's proportionate ownership of jointly operated properties. • Management believes this is a useful measure in understanding period-over-period changes in property cash NOI before considering the changes in NOI that can be attributed to the certain transactions such as acquisitions and dispositions. • The number of same-asset properties was 271 as at June 30, 2021.	"Net Property Income" starting on page 22
Funds from Operations ("FFO")	• Crombie follows the recommendations of the Real Property Association of Canada ("REALPAC")'s February 2019 white paper in calculating FFO, and defines FFO as increase (decrease) in net assets attributable to Unitholders (computed in accordance with IFRS), adjusted for the following applicable amounts: ◦ Gain or loss on disposal of investment properties and related income tax; ◦ Impairment charges and recoveries; ◦ Depreciation and amortization expense of investment properties, including amortization of tenant incentives charged against property revenue; ◦ Adjustments for equity accounted entities; ◦ Operational expenses from right of use assets; ◦ Incremental internal leasing expenses; ◦ Finance costs - distributions on Crombie's REIT and Class B LP Units classified as financial liabilities; and ◦ Change in fair value of financial instruments. • REALPAC provides for other adjustments in determining FFO which are currently not applicable to Crombie, therefore not included in the above list. Crombie's expenditures on tenant incentives are capital in nature and Crombie considers these costs comparable to other capital costs incurred to earn property revenue. As a result, where depreciation and amortization of other capital costs is added back in the calculation of FFO as recommended by REALPAC, Crombie also adds back the amortization of tenant incentives.	"Funds from Operations (FFO)(*)" starting on page 24

Non-GAAP Measure	Description and Purpose	Reconciliation
Adjusted Funds from Operations ("AFFO")	• Crombie considers AFFO to be a useful measure in evaluating the recurring economic performance of its operating results which will be used to support future distribution payments. • Crombie follows the recommendations of REALPAC's February 2019 white paper in calculating AFFO. • AFFO reflects earnings after the adjustments in arriving at FFO (excluding internal leasing costs) and the provision for non-cash straight-line rent included in revenue, amortization of effective swap agreements, maintenance capital expenditures, maintenance tenant incentives and leasing costs, and any settlement of effective interest rate swap agreements.	"Adjusted Funds from Operations (AFFO)(*)" starting on page 25
Debt to gross fair value	• Used to evaluate Crombie's flexibility to incur additional financial leverage.	"Debt Metrics" starting on page 39
Adjusted debt	• Represents debt excluding transaction costs, which Crombie feels is a more relevant presentation of indebtedness. • Adjusted debt is used in the calculation of our debt to gross fair value.	"Debt Metrics" starting on page 39
Earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA")	• Represents earnings before interest, taxes, depreciation, and amortization adjusted for certain items such as amortization of tenant incentives, impairment of investment properties, and gain (loss) on disposal of investment properties. • Adjusted EBITDA is used as an input in several of our debt metrics, providing information with respect to certain financial ratios that we use in measuring our debt profile and assessing our ability to satisfy obligations, including servicing our debt. • Crombie believes adjusted EBITDA is an indicative measure of its ability to service debt requirements, fund capital projects and acquire properties.	"Debt Metrics" starting on page 39
Debt to adjusted EBITDA	• Used to assess Crombie's financial leverage, to measure its ability to meet financial obligations and measure its balance sheet strength.	"Debt Metrics" starting on page 39
Interest service coverage Debt service coverage	• These ratios are useful in determining the Crombie's ability to service the interest requirements of its outstanding debt.	"Debt Metrics" starting on page 39

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

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

Crombie's policy is to charge AFFO(*) with maintenance expenditures based on a normalized rate per square foot applied to the weighted average GLA, as these expenditures are not generally incurred on a consistent basis during the year, or from year to year. Crombie excludes newly constructed and developed properties from its maintenance charge for the first year until a baseline of actual expenditures is obtained. Crombie also discloses actual maintenance expenditures for comparative purposes. The rate per square foot is a proxy for actual historic costs, anticipated future costs, and any significant changes in the nature and age of the properties in the portfolio as it evolves over time. For 2021, Crombie has maintained the normalized rate of $0.90 per square foot of weighted average GLA, based on the actual spend for the previous three years and estimated spend for 2021. Additionally, Crombie combines maintenance capital expenditures with maintenance tenant incentive ("TI") and deferred leasing costs in arriving at the normalized per square foot charge to AFFO, based on the fact that in years where TI and leasing expenditures are reduced, spending on maintenance capital expenditures may be accelerated and vice versa.

Maintenance Expenditures - Actual

	Three months ended		Six months ended		Year ended	Three months ended				Year ended
	Jun. 30, 2021	**Mar. 31, 2021**	**Jun. 30, 2021**	Jun. 30, 2020	Dec. 31, 2020	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019
Total additions to investment properties	**$ 6,736**	**$ 8,381**	**$ 15,117**	$ 28,958	$ 109,668	$ 49,797	$ 30,913	$ 14,819	$ 14,139	$ 94,769
Less: revenue enhancing expenditures	**(6,641)**	**(7,232)**	**(13,873)**	(26,403)	(103,982)	(47,692)	(29,887)	(13,890)	(12,513)	(86,807)
Maintenance capital expenditures	**95**	**1,149**	**1,244**	2,555	5,686	2,105	1,026	929	1,626	7,962
Total additions to TI and deferred leasing costs	**26,122**	**30,051**	**56,173**	48,573	64,971	12,716	3,682	23,944	24,629	61,035
Less: revenue enhancing expenditures	**(23,875)**	**(27,265)**	**(51,140)**	(40,322)	(51,464)	(9,557)	(1,585)	(18,947)	(21,375)	(53,564)
Maintenance TI and deferred leasing costs	**2,247**	**2,786**	**5,033**	8,251	13,507	3,159	2,097	4,997	3,254	7,471
Total maintenance expenditures - actual	**$ 2,342**	**$ 3,935**	**$ 6,277**	$ 10,806	$ 19,193	$ 5,264	$ 3,123	$ 5,926	$ 4,880	$ 15,433
Reserve amount charged against AFFO(*)	**$ 4,024**	**$ 3,990**	**$ 8,014**	$ 7,920	$ 15,869	$ 3,986	$ 3,963	$ 3,967	$ 3,953	$ 16,113

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

Maintenance TI and deferred leasing costs are the result of both lease renewals and new leases and are reflective of the leasing activity during 2021, 2020, and 2019.

Revenue enhancing expenditures are capitalized and depreciated or charged against revenue over their useful lives, but not deducted when calculating AFFO(*). Revenue enhancing expenditures during the six months ended June 30, 2021 consisted primarily of development work, modernization investments, and land use intensifications.

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

11. FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements about expected future events and the financial and operating performance of Crombie. These statements, and the related estimates and assumptions used by management, can be found in several sections of the MD&A, including, but not limited to, "Portfolio Review - Strategic Acquisitions", "Portfolio Review - Strategic Dispositions", "Development", "Capital Management", and "Other Disclosures." Forward-looking statements include, but are not limited to, statements concerning management's beliefs, plans, estimates, intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical fact. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "estimate", "anticipate", "believe", "expect", "intend", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. All forward-looking information in this MD&A is qualified by the cautionary statements under "Risk Factors Related to the Business of Crombie" above and in the 2020 Annual MD&A, as well as the additional statements in the "Risks" section of Crombie's Annual Information Form available at www.sedar.com. Forward-looking statements in this MD&A and principle related risks include statements regarding:

(i) AFFO accretion and NAV growth from strategic acquisitions, which may be affected by future occupancy and rental performance, and/or redevelopment activity of acquired properties;
(ii) disposition of properties and the anticipated reinvestment of net proceeds, which could be impacted by the availability of purchasers, the availability of accretive property acquisitions, the timing of property development activities or other accretive uses for net proceeds and real estate market conditions;
(iii) statements under the heading "Development" including the locations identified, timing, cost, development size and nature, and anticipated impact on portfolio quality and diversification, estimated yield on cost, cash flow growth, unitholder value, or other financial measures, all of which may be impacted by real estate market cycles, future capitalization rates, the availability of financing opportunities and labour, actual development costs, and general economic conditions and factors described under the "Development" section and which assumes obtaining required municipal zoning and development approvals and successful agreements with existing tenants, and where applicable, successful execution of development activities undertaken by related parties not under the direct control of Crombie;
(iv) fair value of investment properties, which is based on assumptions regarding the short and potential long-term impacts of COVID-19, cash flow projections, and estimates of future cash flows and anticipated trends and economic conditions;
(v) overall indebtedness levels and terms, and expectations relating to refinancing, which could be impacted by the level of acquisition and disposition activity that Crombie is able to achieve, levels of indebtedness, Crombie's ability to maintain and strengthen its investment grade credit rating, future financing opportunities, future interest rates, creditworthiness of major tenants and joint arrangement partners, and market conditions;
(vi) estimated GLA, estimated completion dates, estimated total costs, and estimated yields for Near-Term Major Developments, which are subject to changes in site plans, cost tendering processes, and continuing tenant negotiations, as well as access to job sites, supplies and labour availability, ability to attract tenants, tenant mix, building sizes, and availability and cost of construction financing;
(vii) asset growth and reinvesting to develop or otherwise make improvements to existing properties, which could be impacted by the availability of labour, capital resource availability and allocation decisions, as well as actual development costs;
(viii) generating improved rental income and occupancy levels, including anticipated replacement of expiring tenancies, which could be impacted by changes in demand for Crombie's properties, tenant bankruptcies, the effects of general economic conditions, e-commerce, and supply of competitive locations in proximity to Crombie locations;
(ix) estimated payments on derivative and non-derivative financial liabilities, which could be impacted by interest rate subsidy payments, interest rates on floating rate debt, and fluctuations in the settlement value and settlement timing of any derivative financial liabilities;
(x) pending acquisitions or dispositions, which remain subject to satisfaction of customary closing conditions;
(xi) investment in joint ventures and the income contributed by those investments, which could be impacted by the risk and uncertainty from dependence on partners that are not under Crombie's control, including risk of default by a partner on financing obligations or non-performance of a partner's obligations on a project, which may include development, construction, management or leasing;
(xii) tax exempt status, which can be impacted by regulatory changes enacted by governmental authorities;
(xiii) anticipated distributions and payout ratios, which could be impacted by results of operations and capital resource allocation decisions; and
(xiv) effect that any contingencies or guarantees would have on Crombie's financial statements which could be impacted by their eventual outcome.

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

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

CROMBIE REAL ESTATE INVESTMENT TRUST
Interim Condensed Consolidated Financial Statements
June 30, 2021

(in thousands of CAD dollars)

	Note	June 30, 2021	December 31, 2020
Assets			
Non-current assets			
Investment properties	3	$ 3,592,469	$ 3,583,939
Investment in joint ventures	4	50,676	51,043
Other assets	5	367,895	307,724
		4,011,040	3,942,706
Current assets			
Cash and cash equivalents	16	23,582	63,293
Other assets	5	82,425	69,540
Investment properties held for sale	6	11,650	29,899
		117,657	162,732
Total Assets		4,128,697	4,105,438
Liabilities			
Non-current liabilities			
Fixed rate mortgages	7	1,041,920	1,139,798
Credit facilities	7	166,939	27,256
Senior unsecured notes	8	971,682	971,398
Employee future benefits obligation		8,511	8,378
Trade and other payables	9	21,462	15,975
Lease liabilities	20	34,640	29,242
		2,245,154	2,192,047
Current liabilities			
Fixed rate mortgages	7	217,903	127,246
Credit facilities	7	—	35,000
Senior unsecured notes	8	—	150,000
Employee future benefits obligation		279	279
Trade and other payables	9	105,718	121,888
Lease liabilities	20	898	672
		324,798	435,085
Total liabilities excluding net assets attributable to Unitholders		2,569,952	2,627,132
Net assets attributable to Unitholders		$ 1,558,745	$ 1,478,306
Net assets attributable to Unitholders represented by:			
Crombie REIT Unitholders		$ 927,474	$ 881,511
Special Voting Units and Class B Limited Partnership Unitholders		631,271	596,795
		$ 1,558,745	$ 1,478,306
Commitments, contingencies and guarantees	21		
Subsequent events	22		

See accompanying notes to the interim condensed consolidated financial statements.

(in thousands of CAD dollars)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Property revenue	10	$ 100,006	$ 96,501	$ 203,543	$ 198,753
Property operating expenses	11	29,814	37,887	63,215	73,124
Net property income		70,192	58,614	140,328	125,629
Gain (loss) on disposal of investment properties	3	—	—	11,144	(829)
Impairment of investment properties	3	—	(2,100)	—	(2,100)
Depreciation and amortization	3,5	(19,054)	(18,278)	(37,849)	(37,596)
General and administrative expenses	13	(7,353)	(6,960)	(12,391)	(9,979)
Finance costs - operations	14	(23,618)	(22,006)	(47,079)	(44,646)
Income (loss) from equity accounted investments	4	(562)	123	(1,333)	238
Operating income attributable to Unitholders		19,605	9,393	52,820	30,717
Finance costs - other					
Distributions to Unitholders		(36,124)	(35,187)	(71,344)	(69,889)
Change in fair value of financial instruments	13	(1,219)	(212)	(2,245)	1,717
		(37,343)	(35,399)	(73,589)	(68,172)
Decrease in net assets attributable to Unitholders		(17,738)	(26,006)	(20,769)	(37,455)
Other comprehensive income (loss)					
Items that will be subsequently reclassified to (decrease) increase in net assets attributable to Unitholders:					
Costs incurred on derivatives designated as cash flow hedges transferred to finance costs - operations		—	—	—	510
Net change in derivatives designated as cash flow hedges		497	(677)	2,529	(6,797)
Other comprehensive income (loss)		497	(677)	2,529	(6,287)
Comprehensive loss		$ (17,241)	$ (26,683)	$ (18,240)	$ (43,742)

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 CAD dollars)

	REIT Units, Special Voting Units and Class B LP Units (Note 15)	Net Liabilities Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to 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	17	—	—	17	17	—
Comprehensive income (loss)	—	(20,769)	2,529	(18,240)	(10,786)	(7,454)
Units issued under Distribution Reinvestment Plan ("DRIP")	1,218	—	—	1,218	713	505
Units issued under unit based compensation plan	70	—	—	70	70	—
Unit issue proceeds, net of costs	97,374	—	—	97,374	55,949	41,425
Balance, June 30, 2021	$ 1,958,916	$ (397,070)	$ (3,101)	$ 1,558,745	$ 927,474	$ 631,271

	REIT Units, Special Voting Units and Class B LP Units (Note 15)	Net Liabilities Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to Class B LP Units
Balance, January 1, 2020	$ 1,759,324	$ (304,412)	$ 131	$ 1,455,043	$ 870,792	$ 584,251
Adjustments related to EUPP	22	—	—	22	22	—
Comprehensive loss	—	(37,455)	(6,287)	(43,742)	(27,537)	(16,205)
Units issued under DRIP	1,700	—	—	1,700	995	705
Units Issued under unit based compensation plan	745	—	—	745	745	—
Unit issue proceeds, net of costs	97,376	—	—	97,376	55,951	41,425
Balance, June 30, 2020	$ 1,859,167	$ (341,867)	$ (6,156)	$ 1,511,144	$ 900,968	$ 610,176

See accompanying notes to the interim condensed consolidated financial statements.

(In thousands of CAD dollars)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2020 [1]	Six months ended June 30, 2021	Six months ended June 30, 2020 [1]
Cash flows provided by (used in)					
Operating Activities					
Decrease in net assets attributable to Unitholders		$ (17,738)	$ (26,006)	$ (20,769)	$ (37,455)
Additions to tenant incentives		(25,653)	(23,573)	(55,610)	(47,864)
Items not affecting operating cash	16	22,727	22,652	33,450	42,952
Change in other non-cash operating items	16	(13,041)	(17,999)	(9,049)	(23,061)
Finance costs - operations	14	23,618	22,006	47,079	44,646
Distributions to Unitholders		36,124	35,187	71,344	69,889
Cash provided by operating activities		26,037	12,267	66,445	49,107
Financing Activities					
Issue of mortgages	7	—	118,000	25,550	118,000
Financing - other		(1,116)	(680)	(1,623)	(933)
Repayment of mortgages - principal		(11,229)	(10,395)	(21,777)	(21,185)
Repayment of mortgages - maturity	7	—	(10,672)	(9,847)	(168,302)
Finance costs - operations	14	(23,618)	(22,006)	(47,079)	(44,646)
Advance (repayment) of floating rate credit facilities		87,228	(144,264)	107,111	87,396
Advance of joint operation credit facilities	7	124	144	168	286
Redemption of senior unsecured notes	8	(150,000)	—	(150,000)	—
Distributions to Unitholders		(36,124)	(35,187)	(71,344)	(69,889)
Special cash distribution		—	—	—	(14,857)
REIT Units and Class B LP Units issued	15	100,015	—	100,015	100,012
REIT Units and Class B LP Units issue costs	15	(2,641)	(46)	(2,641)	(2,636)
Payments of lease liabilities		(207)	(187)	(388)	(364)
Items not affecting financing cash	16	1,370	1,404	2,784	3,134
Cash used in financing activities		(36,198)	(103,889)	(69,071)	(13,984)
Investing Activities					
Acquisition of investment properties and intangible assets		(13,422)	(4,645)	(59,466)	(4,962)
Additions to investment properties		(6,736)	(14,819)	(15,117)	(28,958)
Proceeds on disposal of investment properties	3	—	—	41,561	901
Contributions to joint ventures	4	—	(517)	(1,000)	(517)
Distributions from joint ventures	4	17	17	34	34
Additions to fixtures and computer equipment		(39)	(314)	(112)	(475)
Additions to deferred leasing costs		(469)	(371)	(563)	(709)
Advances on long-term receivables		(2,131)	(386)	(2,422)	(437)
Cash used in investing activities		(22,780)	(21,035)	(37,085)	(35,123)
Net change in cash and cash equivalents		(32,941)	(112,657)	(39,711)	—
Cash and cash equivalents, beginning of period		56,523	112,657	63,293	—
Cash and cash equivalents, end of period		$ 23,582	$ —	$ 23,582	$ —

[1] See Note 2(d) for change in accounting policy.

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 six months ended June 30, 2021 and June 30, 2020 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 six months ended June 30, 2021 interim condensed consolidated financial statements were authorized for issue by the Board of Trustees on August 4, 2021.

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, 2020.

(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 of 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, 2020.

(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 judgements disclosed in the annual financial statements also apply to these interim financial statements. As of June 30, 2021, there continues to be measurement uncertainty due to the outbreak of the novel strain of coronavirus ("COVID-19"). The estimates and assumptions that are critical to the determination of the amounts reported in the 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. Crombie has adjusted net property income for expected impacts related to COVID-19 by looking at potential bad debts or other income implications at each property, and applying probability to several potential scenarios and, where appropriate, normalized the COVID-19 impact on net operating income. Biannual yields are obtained from an independent valuation company, which reflects the specific risks inherent in the net property income, to arrive at property valuations. As at June 30, 2021, 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) 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.

(v) Risk management

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

(vi) Expected credit loss

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

(In thousands of CAD dollars)

(d) Changes in accounting policies

Crombie has amended its accounting policy for the presentation of finance costs on debt and distributions to Unitholders in the consolidated statements of cash flows. Effective January 1, 2021, Crombie has elected to present these items as cash flows arising from financing activities, where they were previously included in cash flows from operating activities. Crombie has made this change in order to better reflect cash flows related to debt transactions. As a result of this change in presentation, cash flows provided by (used in) operating activities for the three and six months ended June 30, 2021 have increased by $58,372 and $115,639 respectively (June 30, 2020 - $55,789 and $126,258) with a corresponding reduction to cash flows provided by (used in) financing activities.

3) INVESTMENT PROPERTIES

	June 30, 2021	December 31, 2020
Income properties	$ 3,522,794	$ 3,520,562
Properties under development	69,675	63,377
	$ 3,592,469	$ 3,583,939

Income properties

	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2021	$ 1,147,608	$ 2,921,305	$ 73,318	$ 10,078	$ 4,152,309
Acquisitions	11,253	27,404	2,321	—	40,978
Additions	436	6,639	—	621	7,696
Write-off of fully depreciated assets	—	(5,646)	(2,992)	(695)	(9,333)
Transfer to investment properties held for sale (Note 6)	(3,534)	(10,334)	(293)	—	(14,161)
Reclassification from properties under development	—	2,372	—	—	2,372
Balance, June 30, 2021	1,155,763	2,941,740	72,354	10,004	4,179,861
Accumulated depreciation, amortization, and impairment					
Opening balance, January 1, 2021	6,290	590,366	31,211	3,880	631,747
Depreciation and amortization	158	33,975	2,427	604	37,164
Write-off of fully depreciated assets	—	(5,646)	(2,992)	(695)	(9,333)
Transfer to investment properties held for sale (Note 6)	—	(2,366)	(145)	—	(2,511)
Balance, June 30, 2021	6,448	616,329	30,501	3,789	657,067
Net carrying value, June 30, 2021	$ 1,149,315	$ 2,325,411	$ 41,853	$ 6,215	$ 3,522,794

Included in land are right of use assets of $15,931 net of accumulated depreciation of $791 for land held under lease.

Properties under development

	Land	Buildings	Total
Opening balance, January 1, 2021	$ 46,225	$ 17,152	$ 63,377
Acquisitions	18,622	—	18,622
Additions	995	434	1,429
Reclassification to income-producing properties [1]	—	(13,753)	(13,753)
Balance, June 31, 2021	$ 65,842	$ 3,833	$ 69,675

[1] During the six months ended June 30, 2021, $11,381 was moved out of properties under development and into tenant incentives. Refer to Note 5 of the financial statements.

(In thousands of CAD dollars)

Fair value

Crombie's total fair value of investment properties exceeds carrying value by $1,115,159 at June 30, 2021 (December 31, 2020 - $921,974). Crombie uses the cost method for accounting for investment properties and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment is recognized at the time of impairment. As of June 30, 2021, there continues to be increased measurement uncertainty around valuation regarding COVID-19. Crombie has disclosed increased sensitivity around capitalization rates and continues to monitor the ongoing potential impacts on valuation.

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

		Fair Value		Carrying Value
June 30, 2021	**$**	**5,053,000**	**$**	**3,937,841**
December 31, 2020	$	4,815,000	$	3,893,026

Carrying value consists of the net carrying value of:

	Note		June 30, 2021		December 31, 2020
Income properties	3	**$**	**3,522,794**	$	3,520,562
Properties under development	3		**69,675**		63,377
Accrued straight-line rent receivable	5		**92,960**		88,299
Tenant incentives	5		**240,762**		190,889
Investment properties held for sale	6		**11,650**		29,899
Total carrying value		**$**	**3,937,841**	$	3,893,026

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.

	June 30, 2021	December 31, 2020
Weighted average capitalization rate	**5.68 %**	5.86 %

Crombie has determined that an increase (decrease) in this applied capitalization rate at June 30, 2021 would result in an increase (decrease) in the fair value of the investment properties as follows:

Capitalization Rate Sensitivity			Increase In Rate		Decrease in Rate
June 30, 2021					
	0.25 %	**$**	**(216,000)**	**$**	**230,000**
	0.50 %	**$**	**(410,000)**	**$**	**489,000**
	0.75 %	**$**	**(588,000)**	**$**	**776,000**

(In thousands of CAD dollars)

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
January 29, 2021	Third Party	(2)	(30,000)	$ (17,570)
February 10, 2021	Related Party	1	26,000	3,242
February 26, 2021	Third Party	—	—	6,400
March 18, 2021	Related Party	2	57,000	14,100
March 25, 2021	Related Party	1	50,000	5,260
March 26, 2021	Related Party	1	55,000	15,600
March 29, 2021	Third Party	1	16,000	1,690
March 31, 2021	Third Party	(1)	(33,000)	(24,400)
June 10, 2021	Third Party	—	—	11,885

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

	Three months ended June 30,		Six months ended June 30,	
Investment property disposals	2021	2020	2021	2020
Gross proceeds	$ —	$ —	$ 41,970	$ 1,000
Selling costs	—	—	(409)	(99)
	—	—	41,561	901
Carrying values derecognized				
Land	—	—	(15,147)	(1,730)
Buildings	—	—	(14,539)	—
Intangibles	—	—	(213)	—
Accrued straight-line rent	—	—	(501)	—
Provisions	—	—	(17)	—
Gain (loss) on disposal	$ —	$ —	$ 11,144	$ (829)

4) INVESTMENT IN JOINT VENTURES

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

	June 30, 2021	December 31, 2020
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 %	—
King George Development (I) Limited Partnership	50.0 %	—

(In thousands of CAD dollars)

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

	June 30, 2021			December 31, 2020		
	Davie LP	Other	Total	Davie LP	Other	Total
Non-current assets	$ 186,470	$ 327,314	$ 513,784	$ 187,100	$ 288,680	$ 475,780
Current assets	9,115	4,341	13,456	7,187	800	7,987
Non-current liabilities	(154,783)	(3,420)	(158,203)	(141,362)	(3,479)	(144,841)
Current liabilities	(6,767)	(261,569)	(268,336)	(18,057)	(219,433)	(237,490)
Net Assets	$ 34,035	$ 66,666	$ 100,701	$ 34,868	$ 66,568	$ 101,436
Crombie's investment in joint ventures	$ 9,576	$ 41,100	$ 50,676	$ 9,993	$ 41,050	$ 51,043

	Three months ended June 30, 2021			Three months ended June 30, 2020		
	Davie LP	Other	Total	Davie LP	Other	Total
Revenue	$ 1,333	$ 602	$ 1,935	$ —	$ 413	$ 413
Property Operating expenses	(437)	(529)	(966)	—	(99)	(99)
General and administrative expenses	(176)	(43)	(219)	—	—	—
Depreciation and amortization	(696)	(43)	(739)	—	(42)	(42)
Finance costs - operations	(1,080)	(55)	(1,135)	—	(26)	(26)
Net (loss) income	$ (1,056)	$ (68)	$ (1,124)	$ —	$ 246	$ 246
Crombie's (loss) income from equity accounted investments	$ (528)	$ (34)	$ (562)	$ —	$ 123	$ 123

	Six months ended June 30, 2021			Six months ended June 30, 2020		
	Davie LP	Other	Total	Davie LP	Other	Total
Revenue	$ 1,738	$ 1,080	$ 2,818	$ —	$ 843	$ 843
Property Operating expenses	(707)	(664)	(1,371)	—	(225)	(225)
General and administrative expenses	(363)	(47)	(410)	—	—	—
Depreciation and amortization	(1,392)	(85)	(1,477)	—	(90)	(90)
Finance costs - operations	(2,110)	(116)	(2,226)	—	(52)	(52)
Net (loss) income	$ (2,834)	$ 168	$ (2,666)	$ —	$ 476	$ 476
Crombie's (loss) income from equity accounted investments	$ (1,417)	$ 84	$ (1,333)	$ —	$ 238	$ 238

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

	June 30, 2021	December 31, 2020
Opening balance	$ 51,043	$ 45,123
Contributions	1,000	6,061
Distributions	(34)	(69)
Share of (loss) income	(1,333)	(72)
Closing balance	$ 50,676	$ 51,043

(In thousands of CAD dollars)

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
June 30, 2021	**$ 620,000**	**$ 513,784**
December 31, 2020	$ 475,780	$ 475,780

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 June 30, 2021 and December 31, 2020, 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 June 30, 2021, 1600 Davie Limited Partnership and 140 CPN Limited are substantially complete.

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

	June 30, 2021	December 31, 2020
Weighted average capitalization rate	**3.07 %**	—

5) OTHER ASSETS

	June 30, 2021			December 31, 2020		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Trade receivables	**$ 31,193**	**$ —**	**$ 31,193**	$ 42,211	$ —	$ 42,211
Provision for doubtful accounts	**(4,588)**	**—**	**(4,588)**	(7,955)	—	(7,955)
Net trade receivables	**26,605**	**—**	**26,605**	34,256	—	34,256
Prepaid expenses and deposits	**35,392**	**—**	**35,392**	19,271	—	19,271
Other fixed assets [(1)] [(2)]	**—**	**11,340**	**11,340**	—	11,373	11,373
Finance lease receivable	**544**	**12,839**	**13,383**	391	7,734	8,125
Accrued straight-line rent receivable	**—**	**92,960**	**92,960**	—	88,299	88,299
Tenant incentives	**—**	**240,762**	**240,762**	—	190,889	190,889
Other	**66**	**105**	**171**	89	127	216
Amounts receivable from related parties	**19,818**	**9,889**	**29,707**	15,533	9,302	24,835
	$ 82,425	**$ 367,895**	**$ 450,320**	$ 69,540	$ 307,724	$ 377,264

(1) For the six months ended June 30, 2021, depreciation of other fixed assets was $685 (June 30, 2020 - $622).
(2) Other fixed assets include right of use assets of $2,382 (December 31, 2020 - $2,136) net of accumulated depreciation of $1,015 (December 31, 2020 - $818) relating to office and vehicle leases.

Tenant Incentives	**Cost**	**Accumulated Amortization**	**Net Carrying Value**
Balance, January 1, 2021	**$ 275,194**	**$ 84,305**	**$ 190,889**
Additions	**47,867**	**—**	**47,867**
Amortization	**—**	**9,375**	**(9,375)**
Transfer from properties under development	**11,381**	**—**	**11,381**
Balance, June 30, 2021	**$ 334,442**	**$ 93,680**	**$ 240,762**

(In thousands of CAD dollars)

6) INVESTMENT PROPERTIES HELD FOR SALE

	Land	Buildings	Intangibles	Total
Balance, January 1, 2021	$ 15,147	$ 14,539	$ 213	$ 29,899
Assets transferred to held for sale	3,534	7,968	148	11,650
Derecognition through disposition	(15,147)	(14,539)	(213)	(29,899)
Net carrying value, June 30, 2021	$ 3,534	$ 7,968	$ 148	$ 11,650

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

Crombie has determined that one of its investment properties meets the criteria for classification as held for sale as at June 30, 2021 based on the status of the sale process.

Prior to the classification as held for sale, the property was assessed for impairment, which, at that time, is the amount by which the carrying value exceeds its recoverable amount, if any. No depreciation or amortization will be recorded while the property is classified as held for sale. Crombie completed the sale of the property on July 9, 2021 (Note 22(b)).

7) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	June 30, 2021	December 31, 2020
Fixed rate mortgages	2.70 - 6.44 %	3.96 %	5.5 years	$ 1,267,317	$ 1,274,304
Revolving credit facility			4.0 years	62,228	17,712
Joint operation credit facility I			2.8 years	7,167	7,188
Joint operation credit facility II			3.3 years	2,544	2,356
Unsecured bilateral credit facility			2.0 years	95,000	35,000
Deferred financing charges on fixed rate mortgages				(7,494)	(7,260)
				$ 1,426,762	$ 1,329,300
Mortgages					
Non-current				$ 1,041,920	$ 1,139,798
Current				217,903	127,246
Credit facilities					
Non-current				166,939	27,256
Current				—	35,000
				$ 1,426,762	$ 1,329,300

Specific investment properties with a carrying value of $2,808,667 as at June 30, 2021 (December 31, 2020 - $2,743,270) 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.

(In thousands of CAD dollars)

Mortgage Activity

For the six months ended:	Type	Number of Mortgages	Weighted Average Rates	Weighted Average Terms in Years	Weighted Average Amortization Period in Years	Proceeds (Repayments)
June 30, 2021	Addition	—	2.87 %			$ 25,000
	New	1	2.70 %	5.0	25.0	550
	Repaid	4	2.98 %			(10,612)
						$ 14,938

Joint Operation Credit Facility I

The joint operation revolving credit facility was amended in the second quarter of 2021. The amendment reduced the maximum $5,800 to $2,908 and maturity remains unchanged at April 25, 2024. Borrowings under the joint operation 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. Concurrent with entering into the facility, Crombie and its co-owner entered into a fixed for floating interest rate swap, effectively fixing the interest rate at 3.58%.

Revolving Credit Facility

The revolving credit facility agreement was extended in the second quarter of 2021. The revolving credit facility has a maximum principal amount of $400,000 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. It is secured by a pool of first mortgages on certain properties and the maximum principal amount is subject to an available borrowing base (June 30, 2021- 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 first quarter of 2021. The unsecured bilateral credit facility has a maximum principal amount of $130,000 and matures June 30, 2023. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. Borrowings under the bilateral credit facility can be by way of Bankers' Acceptance or prime rate advance and the floating interest rate is contingent on the type of advance, plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS Morningstar.

8) SENIOR UNSECURED NOTES

	Maturity Date [1]	Interest Rate	June 30, 2021	December 31, 2020
Series B	June 1, 2021	3.962 %	$ —	$ 150,000
Series D	November 21, 2022	4.066 %	150,000	150,000
Series E	January 31, 2025	4.800 %	175,000	175,000
Series F	August 26, 2026	3.677 %	200,000	200,000
Series G	June 21, 2027	3.917 %	150,000	150,000
Series H	March 31, 2028	2.686 %	150,000	150,000
Series I	October 9, 2030	3.211 %	150,000	150,000
Unamortized Series B issue premium			—	110
Deferred financing charges			(3,318)	(3,712)
			$ 971,682	$ 1,121,398

[1] For the six months ended June 30, 2021, the weighted average term to maturity was 5.3 years.

(In thousands of CAD dollars)

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

	June 30, 2021	December 31, 2020
Non-current	$ 971,682	$ 971,398
Current	—	150,000
Total	$ 971,682	$ 1,121,398

9) TRADE AND OTHER PAYABLES

	June 30, 2021			December 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Tenant incentives and capital expenditures	$ 41,239	$ —	$ 41,239	$ 51,960	$ —	$ 51,960
Property operating costs	15,190	—	15,190	19,548	—	19,548
Prepaid rents	17,408	—	17,408	15,938	—	15,938
Finance costs on investment property debt and notes	12,704	—	12,704	13,010	—	13,010
Amounts payable to related party	503	—	503	1,008	—	1,008
Fair value of interest rate swap agreements	2,734	—	2,734	5,263	—	5,263
Distributions payable	12,191	—	12,191	11,738	—	11,738
Unit-based compensation plans	3,435	17,164	20,599	3,165	11,575	14,740
Deferred revenue	314	4,298	4,612	258	4,400	4,658
	$ 105,718	$ 21,462	$ 127,180	$ 121,888	$ 15,975	$ 137,863

10) PROPERTY REVENUE

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Operating lease revenue				
Rental revenue contractually due from tenants (1)	$ 88,941	$ 87,001	$ 176,908	$ 173,791
Contingent rental revenue	410	75	1,087	437
Straight-line rent recognition	2,448	1,879	5,162	3,810
Tenant incentive amortization	(4,840)	(4,419)	(9,375)	(8,238)
Lease termination income	836	245	2,397	336
Revenue from contracts with customers				
Common area cost recoveries	11,695	11,350	26,239	26,849
Parking revenue	516	370	1,125	1,768
	$ 100,006	$ 96,501	$ 203,543	$ 198,753

(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 June 30,				Six months ended June 30,			
	2021		2020		2021		2020	
Sobeys Inc. (including all subsidiaries of Empire)	$ 54,965	55.0%	$ 50,873	52.7%	$ 107,146	52.6 %	$ 100,243	50.4 %

(In thousands of CAD dollars)

11) PROPERTY OPERATING EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Recoverable property taxes	**$ 16,265**	$ 16,941	**$ 32,903**	$ 33,940
Recoverable operating expenses	**12,138**	11,453	**27,344**	27,768
Other operating costs	**1,411**	9,493	**2,968**	11,416
	$ 29,814	$ 37,887	**$ 63,215**	$ 73,124

Bad debt expense recognized in property operating expenses for the three and six months ended June 30, 2021 was $330 and $978 respectively (June 30, 2020 - $8,722 and $9,809).

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 June 30, 2021, is as follows:

	Remaining	Year ending December 31,					
	2021	**2022**	**2023**	**2024**	**2025**	**Thereafter**	**Total**
Future minimum rental income	$ 141,624	$ 274,462	$ 261,688	$ 250,585	$ 234,830	$ 1,892,305	$ 3,055,494

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 June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Salaries and benefits	**$ 5,298**	$ 5,502	**$ 8,711**	$ 6,881
Professional and public company costs	**1,097**	892	**2,196**	1,701
Occupancy and other	**958**	566	**1,484**	1,397
	$ 7,353	$ 6,960	**$ 12,391**	$ 9,979

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Deferred Unit ("DU") Plan	**$ (1,219)**	$ (212)	**$ (2,245)**	$ 1,717

(In thousands of CAD dollars)

14) FINANCE COSTS - OPERATIONS

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Fixed rate mortgages	**$ 13,065**	$ 12,496	**$ 25,979**	$ 25,343
Floating rate term, revolving, and demand facilities	**634**	1,041	**1,111**	2,300
Capitalized interest	**(791)**	(1,337)	**(1,677)**	(2,586)
Senior unsecured notes	**10,335**	9,441	**20,915**	18,861
Interest income on finance lease receivable	**(158)**	(97)	**(259)**	(195)
Interest on lease liability	**533**	462	**1,010**	923
Finance costs - operations, expense	**23,618**	22,006	**47,079**	44,646
Amortization of fair value debt adjustment and accretion income	**75**	40	**152**	152
Change in accrued finance costs	**1,165**	1,142	**306**	610
Amortization of effective swap agreements	**—**	—	**—**	(510)
Capitalized interest [1]	**791**	1,337	**1,677**	2,586
Amortization of issue premium on senior unsecured notes	**45**	110	**110**	220
Amortization of deferred financing charges	**(764)**	(683)	**(1,566)**	(1,434)
Finance costs - operations, paid	**$ 24,930**	$ 23,952	**$ 47,758**	$ 46,270

[1] For the three months ended June 30, 2021, interest was capitalized to qualifying development projects based on a weighted average interest rate of 3.34% (June 30, 2020 - 3.75%).

(In thousands of CAD dollars)

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, 2021	93,533,246	$	1,100,999	64,724,915	$	759,238	158,258,161	$	1,860,237
Net change in EUPP loans receivable	—		17	—		—	—		17
Units issued under DRIP	45,210		713	32,033		505	77,243		1,218
Units issued under unit based compensation plan	4,817		70	—		—	4,817		70
Units issued (proceeds are net of issue costs)	3,525,000		55,949	2,500,000		41,425	6,025,000		97,374
Balance, June 30, 2021	97,108,273	$	1,157,748	67,256,948	$	801,168	164,365,221	$	1,958,916

Crombie REIT Units

On May 19, 2021, Crombie closed a public offering, on a bought deal basis, of 3,525,000 Units, at a price of $16.60 per Unit for proceeds of $55,949 net of issue costs.

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

On May 19, 2021, concurrently with the issue of the REIT Units, in satisfaction of its pre-emptive right, ECL Developments purchased 2,500,000 Class B LP Units and the attached SVUs at a price of $16.60 per Class B LP Unit for proceeds of $41,425 net of issue costs, on a private placement basis.

	Crombie REIT Units			Class B LP Units and attached Special Voting Units			Total		
	Number of Units		Amount	Number of Units		Amount	Number of Units		Amount
Balance, January 1, 2020	89,697,623	$	1,042,696	62,045,732	$	716,628	151,743,355	$	1,759,324
Net change in EUPP loans receivable	—		22	—		—	—		22
Units issued under DRIP	70,421		995	49,927		705	120,348		1,700
Units issued under unit based compensation plan	58,090		745	—		—	58,090		745
Units issued (proceeds are net of issue costs)	3,657,000		55,951	2,593,750		41,425	6,250,750		97,376
Balance, June 30, 2020	93,483,134	$	1,100,409	64,689,409	$	758,758	158,172,543	$	1,859,167

(In thousands of CAD dollars)

16) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Items not affecting operating cash:				
Straight-line rent recognition	**$ (2,448)**	$ (1,879)	**$ (5,162)**	$ (3,810)
Amortization of tenant incentives	**4,840**	4,419	**9,375**	8,238
Loss (gain) on disposal of investment properties	**—**	—	**(11,144)**	829
Impairment of investment properties	**—**	2,100	**—**	2,100
Depreciation and amortization	**19,054**	18,278	**37,849**	37,596
Amortization of effective swap agreements and issue premium	**(45)**	(110)	**(110)**	290
Loss (income) from equity accounted investments	**562**	(123)	**1,333**	(238)
Non-cash lease termination income	**(455)**	(245)	**(936)**	(336)
Change in fair value of financial instruments	**1,219**	212	**2,245**	(1,717)
	$ 22,727	$ 22,652	**$ 33,450**	$ 42,952

b) Items not affecting financing cash

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Amortization of financing charges	**$ 764**	$ 683	**$ 1,566**	$ 1,434
Non-cash distributions to Unitholders in the form of DRIP Units	**606**	721	**1,218**	1,700
	$ 1,370	$ 1,404	**$ 2,784**	$ 3,134

c) Change in other non-cash operating items

	Three months ended June 30,		Six months ended June 30,	
Cash provided by (used in):	**2021**	2020	**2021**	2020
Trade receivables	**$ (811)**	$ (8,205)	**$ 7,651**	$ (7,113)
Prepaid expenses and deposits and other assets	**(18,643)**	(8,107)	**(16,277)**	(5,696)
Payables and other liabilities	**6,413**	(1,687)	**(423)**	(10,252)
	$ (13,041)	$ (17,999)	**$ (9,049)**	$ (23,061)

d) Cash and cash equivalents

	June 30, 2021	December 31, 2020
Restricted cash [(1)]	**$ 23,582**	$ 63,293

[(1)] Crombie recently closed on a construction mortgage in which the proceeds were placed in escrow and will be fully drawn down once certain conditions are satisfied.

17) RELATED PARTY TRANSACTIONS

As at June 30, 2021, 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.

(In thousands of CAD dollars)

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 June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Property revenue				
Property revenue	**$ 54,965**	$ 50,873	**$ 107,146**	$ 100,243
Head lease income	**$ 322**	$ 115	**$ 568**	$ 483
Lease termination income	**$ 34**	$ 34	**$ 68**	$ 68
Property operating expenses	**$ (24)**	$ (17)	**$ (29)**	$ (24)
General and administrative expenses				
Property management services recovered	**$ 128**	$ 165	**$ 178**	$ 204
Other general and administrative expenses	**$ (64)**	$ (70)	**$ (129)**	$ (129)
Finance costs - operations				
Interest rate subsidy	**$ 59**	$ 65	**$ 119**	$ 131
Finance costs - distributions to Unitholders	**$ (14,981)**	$ (14,595)	**$ (29,588)**	$ (28,992)

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

During the six months ended June 30, 2021, Crombie issued 32,033 (June 30, 2020 - 49,927) Class B LP Units to ECLD under the DRIP (Note 15).

During the six months ended June 30, 2021, Crombie purchased five properties from a subsidiary of Empire for a total purchase price of $38,202 before transaction costs.

During the six months ended June 30, 2021, Crombie invested $22,631 in properties anchored by subsidiaries of Empire, which resulted in amended lease terms. These amounts have been included in tenant incentive additions or income property additions depending on the nature of the work completed. The costs are being amortized over the amended lease terms or the useful life of the projects, as applicable.

Amounts due from related parties include $15,533 (December 31, 2020 - $15,533) in 6% subordinated notes receivable due from Bronte Village Limited Partnership and The Duke Limited Partnership.

Crombie has a mortgage payable due to 1600 Davie Limited Partnership of $25,526 (December 31, 2020 - $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:

(In thousands of CAD dollars)

- 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 June 30, 2021.

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

	June 30, 2021		December 31, 2020	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value
Financial assets				
Accounts receivable[1]	$ 29,864	$ 29,878	$ 25,042	$ 25,051
Financial liabilities				
Investment property debt	$ 1,509,413	$ 1,434,256	$ 1,427,367	$ 1,336,560
Senior unsecured notes	1,026,599	975,000	1,206,285	1,125,000
Total other financial liabilities	$ 2,536,012	$ 2,409,256	$ 2,633,652	$ 2,461,560

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

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

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

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

b) Risk Management

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. More information on the significant risks, and the actions taken to manage them, are discussed in our 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; however, historically low receivable balances have increased significantly over the past year as a result of the impacts of the COVID-19 pandemic. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoiced, and in general, balances over 30 days are considered past due. The total provision for doubtful accounts is reviewed at each balance sheet date and current and long-term accounts receivable are reviewed on a regular basis.

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

(In thousands of CAD dollars)

Crombie's assessment of expected credit losses is subjective and, due to the impacts of COVID-19, the degree of uncertainty in our assessments has increased. During the six months ended June 30, 2021, Crombie has recorded a bad debt expense of $978.

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. Crombie mitigates its exposure to liquidity risk utilizing a conservative approach to capital management (see Note 19). 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 cannot exceed the borrowing base security provided by Crombie.

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

		Twelve Months Ending June 30,					
	Contractual Cash Flows[1]	2022	2023	2024	2025	2026	Thereafter
Fixed rate mortgages[2]	$ 1,485,084	$ 264,214	$ 257,510	$ 322,407	$ 120,304	$ 57,638	$ 463,011
Senior unsecured notes	1,158,409	36,575	182,850	30,476	201,976	22,076	684,456
Trade and other payables	127,165	105,703	3,794	3,539	1,321	1,321	11,487
Lease liabilities	155,436	2,974	2,917	2,808	2,713	2,655	141,369
	2,926,094	409,466	447,071	359,230	326,314	83,690	1,300,323
Credit facilities	176,589	3,508	98,508	8,618	65,955	—	—
Total	$ 3,102,683	$ 412,974	$ 545,579	$ 367,848	$ 392,269	$ 83,690	$ 1,300,323

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

19) CAPITAL MANAGEMENT

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

(In thousands of CAD dollars)

Crombie's capital structure consists of the following:

	June 30, 2021	December 31, 2020
Fixed rate mortgages	$ 1,259,823	$ 1,267,044
Credit facilities	166,939	62,256
Senior unsecured notes	971,682	1,121,398
Crombie REIT Unitholders	927,474	881,511
SVU and Class B LP Unitholders (1)	631,271	596,795
Lease liabilities	35,538	29,914
	$ 3,992,727	$ 3,958,918

(1) 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. Some of the restrictions pursuant to Crombie's Declaration of Trust would include, among other items:

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

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

	June 30, 2021	December 31, 2020
Fixed rate mortgages	$ 1,267,317	$ 1,274,304
Senior unsecured notes	975,000	1,125,000
Revolving credit facility	62,228	17,712
Joint operation credit facilities	9,711	9,544
Bilateral credit facility	95,000	35,000
Lease liabilities	35,538	29,914
Total debt outstanding	2,444,794	2,491,474
Less: Applicable fair value debt adjustment	(165)	(283)
Debt	$ 2,444,629	$ 2,491,191
Income properties, cost (1)	$ 4,174,204	$ 4,146,652
Properties under development, cost	69,675	63,377
Below-market lease component, cost (2)	63,807	64,873
Investment in joint ventures	50,676	51,043
Other assets, cost (3)	546,717	463,699
Cash and cash equivalents	23,582	63,293
Deferred financing charges	10,812	10,972
Investment properties held for sale, cost	14,161	33,263
Interest rate subsidy	(165)	(283)
Gross book value	$ 4,953,469	$ 4,896,889
Debt to gross book value - cost basis	49.4 %	50.9 %

(1) Includes impairments on land of $5,657.
(2) Below-market lease component is included in the carrying value of investment properties.
(3) Excludes accumulated amortization of tenant incentives and other fixed assets.

(In thousands of CAD dollars)

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

As at June 30, 2021, 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 June 30,						
	Total	**2022**	**2023**	**2024**	**2025**	**2026**	**Thereafter**
Future minimum lease payments	$ 155,436	$ 2,974	$ 2,917	$ 2,808	$ 2,713	$ 2,655	$ 141,369
Finance charges	(119,898)	(2,076)	(2,052)	(2,031)	(2,014)	(1,998)	(109,727)
Present value of lease payments	$ 35,538	$ 898	$ 865	$ 777	$ 699	$ 657	$ 31,642

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

	June 30, 2021	December 31, 2020
Non-current	**$ 34,640**	$ 29,242
Current	**898**	672
Total	**$ 35,538**	$ 29,914

Some of Crombie's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the interim condensed consolidated statements of comprehensive income as required when contingent criteria are met. The lease agreements contain renewal options and purchase options. For the six months ended June 30, 2021, minimum lease payments of $1,398 were paid by Crombie.

21) COMMITMENTS, CONTINGENCIES, AND GUARANTEES

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

Crombie obtains letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at June 30, 2021, Crombie has a total of $4,289 in outstanding letters of credit related to:

(In thousands of CAD dollars)

	June 30, 2021	December 31, 2020
Construction work being performed on investment properties	$ 4,289	$ 3,740
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	—	1,840
Total outstanding letters of credit	$ 4,289	$ 5,580

As at June 30, 2021, Crombie had signed construction contracts totalling $327,043 of which $259,204 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 June 30, 2021, Crombie has provided guarantees of approximately $137,925 (December 31, 2020 - $140,577) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 3.3 years.

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

22) SUBSEQUENT EVENTS

(a) On July 6, 2021, Crombie acquired a 100% interest in a retail property totalling 24,000 square feet for $4,710, excluding closing and transaction costs.

(b) On July 9, 2021, Crombie disposed of a 100% interest in a retail property totalling 28,000 square feet. Total proceeds, before closing adjustments and transactions costs, were approximately $15,000.

(c) On July 16, 2021, Crombie declared distributions of 7.417 cents per Unit for the period from July 1, 2021 to and including July 31, 2021. The distributions will be paid on August 13, 2021, to Unitholders of record as of July 31, 2021.

23) SEGMENT DISCLOSURE

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

UNITHOLDERS' INFORMATION

BOARD OF TRUSTEES

OFFICERS

J. Michael Knowlton
Chair

Donald E. Clow
President and Chief Executive Officer

Clinton D. Keay
Chief Financial Officer and Secretary

Glenn R. Hynes
Executive Vice President and Chief Operating Officer

Cheryl Fraser
Chief Talent Officer and Vice President Communications

John Barnoski
Executive Vice President Corporate Development

Trevor Lee
Senior Vice President Construction and Development

Arie Bitton
Senior Vice President Leasing and Operations

Fred Santini
General Counsel

CROMBIE REIT

Head Office:

610 East River Road, Suite 200

New Glasgow, Nova Scotia, B2H 3S2

Telephone: (902) 755-8100

Fax (902) 755-6477

Internet: www.crombiereit.com

INVESTOR RELATIONS AND INQUIRIES

Unitholders, analysts, and investors
should direct their financial inquiries or requests to:

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

Email: investing@crombie.ca

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

UNIT SYMBOL

REIT Trust Units – CRR.UN

STOCK EXCHANGE LISTING

Toronto Stock Exchange

TRANSFER AGENT

AST Trust Company (Canada)
Investor Correspondence
P.O. Box 700
Montreal, Quebec, H3B 3K3

Telephone: (800) 387-0825
Email: inquiries@astfinancial.com
Website: www.astfinancial.com/ca

COUNSEL

Stewart McKelvey
Halifax, Nova Scotia

AUDITORS

PricewaterhouseCoopers, LLP
Halifax, Nova Scotia

MULTIPLE MAILINGS

If you have more than one account, you may receive a separate mailing for each.

If this occurs, please contact AST Trust Company (Canada) at (800) 387-0825 or (416) 682-3860 to eliminate multiple mailings.

Crombie