Crombie

Building Together

Q1 Quarterly Report
March 31, 2024

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE THREE MONTHS ENDED MARCH 31, 2024

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 ("financial statements") as at and for the three months ended March 31, 2024 and 2023. 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, 2023 and 2022.

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 at May 8, 2024, 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.sedarplus.ca.

For definitions of certain acronyms and specialized terms used in this document, refer to the "Glossary of Terms" on page 6.

FOOTNOTES

(*) NON-GAAP FINANCIAL MEASURES
Some of the financial measures provided in this document are non-GAAP financial measures that have no standardized meaning under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and therefore may not be comparable to similar measures presented by other companies. See "Non-GAAP Financial Measures", starting on page 62, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

FORWARD-LOOKING STATEMENTS
Some of the information provided in this document is forward-looking and therefore could change over time to reflect changes in the environment in which Crombie operates and competes. See "Forward-looking Information", starting on page 66, for more information.

1. KEY HIGHLIGHTS

Crombie uses financial and operational metrics to measure its performance. These key metrics are highlighted below:

(*) See "Non-GAAP Financial Measures", starting on page 62, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

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

Property revenue[1]

Q1 2024

$118,609

Q1 2023 $112,449 **+5.5%**

The increase in property revenue in the quarter was due primarily to higher revenue from recently completed developments, renewals, and new leasing activity.

Operating income attributable to Unitholders

Q1 2024

$26,205

Q1 2023 $25,173 **+4.1%**

The increase in operating income in the quarter resulted mainly from growth in property revenue from recently completed developments, renewals, new leasing activity, lower interest expense on floating rate debt, revenue from management and development services, and increased capitalized interest. This was offset in part by higher interest expense on senior unsecured notes and a decrease in income from equity-accounted investments related to the sale of land within a joint venture in the first quarter of 2023.

Net property income(*)

Q1 2024

$73,641

Q1 2023 $68,648 **+7.3%**

Net property income increased during the quarter due to property revenue increases from recently completed developments, renewals, and new leasing.

Same-asset property cash NOI(*)

Q1 2024

$76,532

Q1 2023 $74,141 **+3.2%**

The increase in same-asset property cash NOI for the quarter was primarily driven by increased property revenue from renewals and new leasing.

(1) Property revenue for the three months ended March 31, 2023 has been increased by $4,898 as a result of a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

FINANCIAL METRICS (CONTINUED)

FFO(*) per Unit

Q1 2024

$0.30

Q1 2023 $0.30 **—%**

The increase in total FFO was driven primarily by higher property revenue from recently completed developments, renewals, and new leasing. Reduced interest expense on floating rate debt, revenue from management and development services, and higher capitalized interest further contributed to FFO growth. This was offset in part by an increase in interest expense on senior unsecured notes and a decrease in income from equity-accounted investments related to the sale of land within a joint venture in the first quarter of 2023.

FFO(*) payout ratio

Q1 2024

73.6%

Q1 2023 75.3% **-1.7%**

Items affecting FFO, as stated above, drove the improvement in FFO payout ratio in the quarter compared to the same period in 2023.

AFFO(*) per Unit

Q1 2024

$0.26

Q1 2023 $0.26 **—%**

Total AFFO increased in the quarter primarily due to higher property revenue from recently completed developments, renewals, and new leasing, reduced interest expense on floating rate debt, revenue from management and development services, and higher capitalized interest. This was partially offset by increased interest expense on senior unsecured notes and decreased income from equity-accounted investments related to the sale of land within a joint venture in the first quarter of 2023.

AFFO(*) payout ratio

Q1 2024

86.1%

Q1 2023 86.6% **-0.5%**

Items affecting AFFO, as stated above, drove the improvement in AFFO payout ratio in the quarter compared to the same period in 2023.

OPERATIONAL METRICS

Renewals (GLA sq. ft.)

Q1 2024

249,000

Q1 2023 540,000 **-53.9%**

Renewal activity in the quarter consisted of 156,000 square feet in Rest of Canada, 49,000 square feet in Major Markets, and 44,000 square feet in VECTOM. At March 31, 2024, 35,000 square feet of Empire Company Limited ("Empire") renewals were completed.

Renewal spreads

Q1 2024

10.1%

Q1 2023 5.7% **+4.4%**

The primary driver of renewal growth in the quarter was 228,000 square feet of renewals at retail properties with an increase of 11.6% over expiring rental rates. Partially offsetting renewal growth in the quarter was one office lease renewing at decreased rents.

Committed occupancy

Q1 2024

96.2%

Q1 2023 96.7% **-0.5%**

At the end of the first quarter of 2024, 94,000 square feet of space was committed. Approximately 67,000 square feet of committed space was in VECTOM and Major Markets, including 31,000 square feet in Burlington, Ontario and 27,000 square feet in Calgary, Alberta. The decrease in committed occupancy compared to March 31, 2023 is due to natural lease expiries and attrition including early lease terminations and tenants downsizing.

Economic occupancy

Q1 2024

95.7%

Q1 2023 94.5% **+1.2%**

Crombie's economic occupancy was primarily influenced by new leases. Notable new leases over the last twelve months include a retail-related industrial asset, a food store, and necessity-based retailers.

FINANCIAL CONDITION METRICS

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

Q1 2024

7.97x

Q1 2023 7.96x +0.01x

The increase in D/EBITDA ratio was due to higher outstanding debt compared to the first quarter of 2023, primarily from the issuance of senior unsecured notes in the first quarter of 2024. This was offset by an increase in trailing adjusted EBITDA and a reduction in outstanding mortgages.

Interest coverage ratio(*)

Q1 2024

3.23x

Q1 2023 3.24x **-0.01x**

Interest coverage ratio was slightly impacted by higher finance costs from operations as a result of the issuance of senior unsecured notes, offset in part by improved adjusted EBITDA. The increase in adjusted EBITDA resulted primarily from higher property revenue from recently completed developments, renewals, new leasing, and revenue from management and development services.

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

Q1 2024

42.9%

Q1 2023 41.9% +1.0%

During the first quarter of 2024, floating rate debt was paid down by the issuance of senior unsecured notes, leading to a slight increase in D/GFV. This was partially offset by a reduction in outstanding mortgages and an increase in gross fair value of investment properties compared to the first quarter of 2023.

Available liquidity - unutilized credit facilities

Q1 2024

$736,990

Q1 2023 $735,877 +0.2%

The increase in available liquidity resulted from an increase in cash compared to the first quarter of 2023, offset in part by an increase in outstanding letters of credit.

2. GLOSSARY OF TERMS

Adjusted debt(*)	Represents debt, including Crombie's share of debt held in equity-accounted joint ventures, excluding transaction costs, which Crombie believes is a more relevant presentation of indebtedness. Adjusted debt is a non-GAAP measure that is used in the calculation of Crombie's debt to gross fair value and debt to trailing 12 months adjusted EBITDA.
Adjusted EBITDA(*)	Represents earnings before interest, taxes, depreciation, and amortization, excluding certain items such as amortization of tenant incentives, impairment of investment properties, gain (loss) on disposal of investment properties, and gain on distribution from equity-accounted investments. It includes Crombie's share of revenue, operating expenses, and general and administrative expenses from equity-accounted joint ventures. Adjusted EBITDA is a non-GAAP measure that is used as an input in several of Crombie's debt metrics.
Adjusted interest expense(*)	Represents finance costs from operations, including Crombie's share of interest from equity-accounted joint ventures, excluding amortization of deferred financing costs. Adjusted interest expense is a non-GAAP measure that is used in the calculation of Crombie's interest coverage and debt service coverage ratios.
AFFO(*)	Adjusted funds from operations. Crombie follows the recommendations of REALPAC's January 2022 guidance in determining AFFO.
AMR	Annual minimum rent. This represents annualized fixed minimum rent payable by the tenant pursuant to the terms of the lease.
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 (excludes space held in equity-accounted joint ventures).
D/GFV(*)	Debt to gross fair value.
Economic occupancy	Represents space currently occupied (excludes space held in equity-accounted joint ventures).
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 January 2022 guidance in determining FFO.
GHG	Greenhouse gas emissions.
GLA	Gross leasable area (excludes space held in equity-accounted joint ventures unless noted as proportionately consolidated).
GRESB	An industry-led organization which collects, validates, scores, and independently benchmarks ESG data for financial markets.
IFRS Accounting Standards	International Financial Reporting Standards as issued by the International Accounting Standards Board.
Joint operations	Properties in which Crombie owns partial interests. These co-owned properties are subject to proportionate consolidation, the results of which are reflected in Crombie's operating and financial results, based on the proportionate interest in such joint operations.
Joint ventures	Entities over which Crombie shares joint control with other parties and where the joint venture parties have rights to the net assets of the joint venture. Crombie accounts for investments in joint ventures using the equity method.
Lease termination income	Revenue derived from the early termination of a lease. Lease termination occurs when a tenant desires to end occupancy prior to the lease end date.
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 2021 boundaries for census metropolitan areas and census agglomeration.
Modernization	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. Net property income excludes revenue from management and development services and certain expenses such as interest expense and indirect operating expenses.
Property cash NOI(*)	Property NOI on a cash basis, excluding non-cash straight-line rent recognition and non-cash tenant incentive amortization.
Proportionate ownership	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 as required under IFRS Accounting Standards.
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 Crombie's substantial retail portfolio, including certain additional properties that comprise both retail and office space. These properties have been consistently included in Crombie's retail category.
Retail-related industrial	Retail-related industrial includes retail distribution centres, customer fulfillment centres, and spokes.

Revenue from management and development services	Represents revenue from co-owners, related parties, and third parties for development, construction, and property management services.
Same-asset properties(*)	Properties owned and operated throughout the current and comparative reporting periods, excluding any property that was designated for redevelopment or was subject to disposition of a portion of its GLA during either the current or comparative period.
Spokes	Spokes are cross-dock distribution facilities developed to support customer fulfillment centres, the hubs of Empire's hub-and-spoke network, by expediting the movement of merchandise to customers with minimal storage time.
Sq. ft.	Square footage.
Unencumbered assets	Represents assets that have not been pledged as security or collateral under a secured credit agreement or mortgage.
VECTOM	Vancouver, Edmonton, Calgary, Toronto, Ottawa-Gatineau, and Montreal, as defined by Statistics Canada 2021 boundaries for census metropolitan areas and census agglomeration.
WATM	Weighted average term to maturity.
Zoning applications submitted	A formal municipal rezoning application has been submitted for the purpose of achieving a new land use (i.e. residential, mixed-use) and generally to obtain higher levels of density and building height.

(*) See "Non-GAAP Financial Measures", starting on page 62, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

3. PORTFOLIO REVIEW

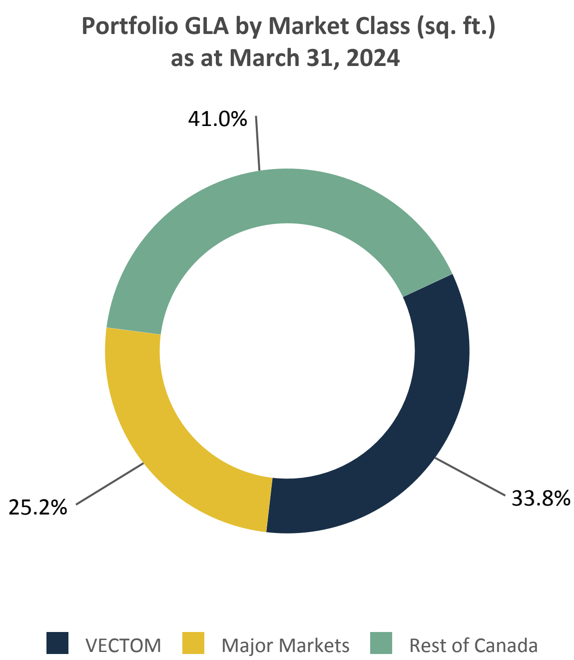
As at March 31, 2024, Crombie's property portfolio consisted of full ownership interests in 233 investment properties, and partial ownership interests in 62 investment properties held in joint operations. In addition to investment properties, Crombie also has full ownership interests in four properties under development ("PUD"), as well as partial ownership in one property under development held in a joint operation and four properties held in joint ventures. Together, Crombie's share of these 304 properties contains approximately 19.2 million square feet of GLA in all 10 provinces.

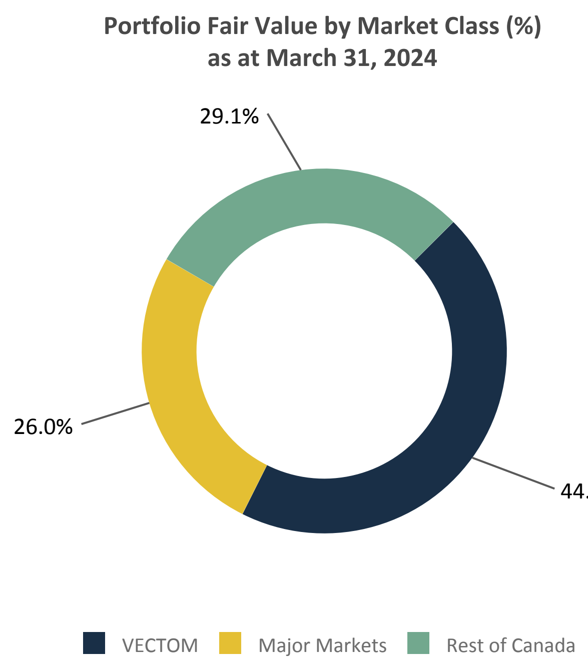
Total Portfolio Review Inclusive of Joint Ventures

Crombie holds partial ownership interests in eight joint ventures, four of which currently hold property. These joint ventures are all subject to equity accounting. The results of these equity-accounted investments are not included in certain financial metrics, such as net property income(*), property cash NOI(*), or same-asset property cash NOI(*), unless it is specifically indicated that such metrics are presented on a proportionate consolidation basis. Below are select operating metrics for the full portfolio presented on a proportionate consolidation basis.

Market Class

Crombie's portfolio of GLA and fair value, inclusive of joint ventures at Crombie's share, consisted of the following as at March 31, 2024:





The table below provides details of the average capitalization rate (weighted by stabilized trailing NOI including joint ventures) by market class used by Crombie in assessing fair value. 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.

	March 31, 2024	December 31, 2023	March 31, 2023
VECTOM	**5.10 %**	5.10 %	4.79 %
Major Markets	**6.15 %**	6.16 %	6.15 %
Rest of Canada	**6.93 %**	6.93 %	6.90 %
Weighted average portfolio capitalization rate	**5.91 %**	5.92 %	5.74 %

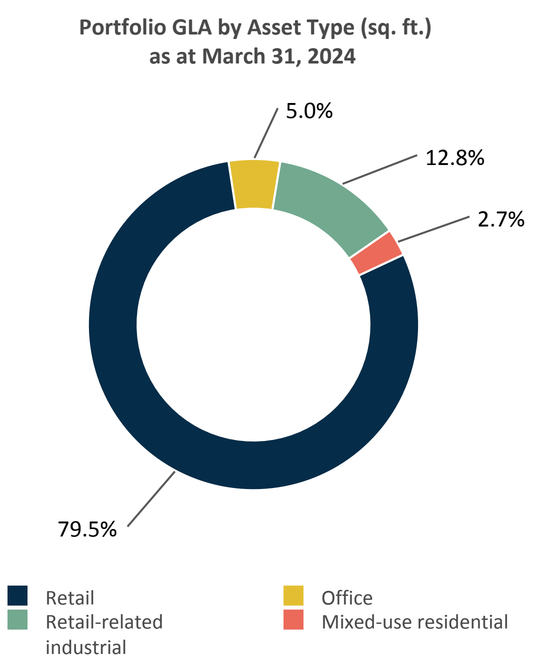
Crombie's weighted average capitalization rate has remained consistent compared to December 31, 2023. Since March 31, 2023, market capitalization rates in general have expanded despite solid fundamentals. The increase in capitalization rates is largely the result of tight financial conditions, including higher borrowing costs and uncertainty around monetary policy.

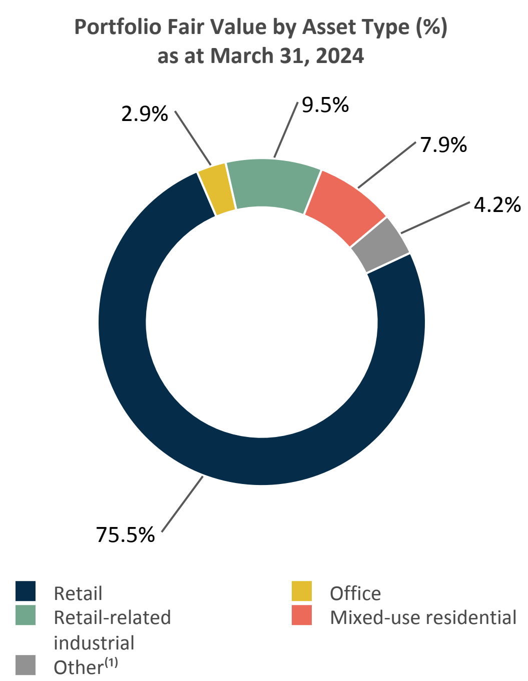
	GLA (sq. ft.)	
	March 31, 2024	March 31, 2023
VECTOM	**6,507,000**	6,470,000
Major Markets	**4,844,000**	4,811,000
Rest of Canada	**7,888,000**	7,799,000
Total	**19,239,000**	19,080,000

When compared to March 31, 2023, Rest of Canada GLA increased by 89,000 square feet largely due to an acquisition in the second quarter of 2023 and non-major development activity. VECTOM and Major Markets increased by 37,000 square feet and 33,000 square feet, respectively, primarily driven by non-major development activity.

Asset Type

Crombie's portfolio of GLA and fair value, inclusive of joint ventures at Crombie's share, consisted of the following as at March 31, 2024:





(1) Other includes properties under development ("PUD") and land.

Retail properties represent 79.5% of Crombie's GLA and 75.5% of fair value at March 31, 2024, compared to 79.6% of Crombie's GLA and 77.4% of fair value at March 31, 2023.

	GLA (sq. ft.)	
	March 31, 2024	March 31, 2023
Retail	**15,302,000**	15,198,000
Office	**963,000**	954,000
Retail-related industrial	**2,460,000**	2,414,000
Mixed-use residential	**514,000**	514,000
Total	**19,239,000**	19,080,000

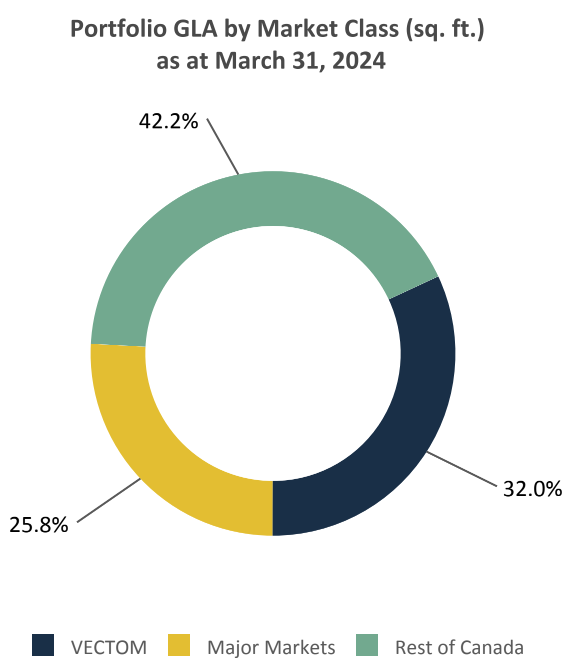
When compared to March 31, 2023, retail increased 104,000 square feet largely due to an acquisition in the second quarter of 2023 and non-major development activity. Retail-related industrial increased 46,000 square feet due to the substantial completion of a warehouse in Burlington, Ontario in the third quarter of 2023 and the substantial completion of a co-owned industrial facility in Calgary, Alberta, in the first quarter of 2024.

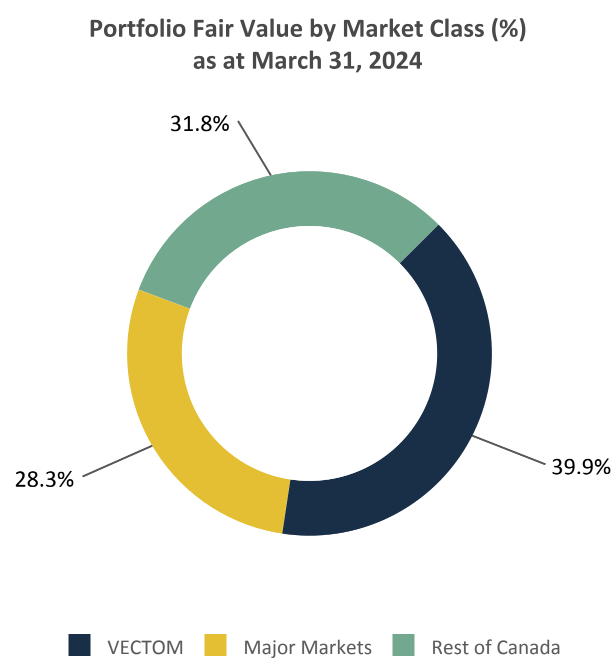
Portfolio Review - Excluding Joint Ventures

Below are select operating metrics for the full portfolio presented without inclusion of Crombie's partial ownership interests in eight joint ventures, four of which currently hold property. Partial ownership interests are reflected in our financial statements, based on our proportionate ownership in joint operations.

Market Class

Crombie's portfolio of GLA and fair value consisted of the following as at March 31, 2024:





The table below provides details of the average capitalization rate (weighted by stabilized trailing NOI) by market class used by Crombie in assessing fair value. 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.

	March 31, 2024	December 31, 2023	March 31, 2023
VECTOM	**5.44 %**	5.44 %	5.04 %
Major Markets	**6.15 %**	6.16 %	6.15 %
Rest of Canada	**6.93 %**	6.93 %	6.90 %
Weighted average portfolio capitalization rate	**6.12 %**	6.12 %	5.93 %

Crombie’s weighted average capitalization rate has remained unchanged compared to December 31, 2023. Since March 31, 2023, market capitalization rates in general have expanded despite solid fundamentals. The increase in capitalization rates is largely the result of tight financial conditions, including higher borrowing costs and uncertainty around monetary policy.

Crombie’s portfolio diversification by market class of its investment properties as at March 31, 2024 and 2023 is as follows:

	GLA (sq. ft.)								
Market Class	January 1, 2024	Net Acquisitions	Other(1)	**March 31, 2024**	Number of Investment Properties	% of AMR	% NOI(2)	Economic Occupancy	Committed Occupancy
VECTOM	5,966,000	—	27,000	**5,993,000**	89	34.9 %	34.5 %	98.9 %	99.3 %
Major Markets	4,827,000	—	1,000	**4,828,000**	64	26.8 %	27.6 %	96.1 %	96.9 %
Rest of Canada	7,888,000	—	—	**7,888,000**	142	38.3 %	37.9 %	93.0 %	93.4 %
Total	**18,681,000**	**—**	**28,000**	**18,709,000**	**295**	**100.0 %**	**100.0 %**	**95.7 %**	**96.2 %**

	GLA (sq. ft.)								
Market Class	January 1, 2023	Net Acquisitions	Other(1)	March 31, 2023	Number of Investment Properties	% of AMR	% NOI(2)	Economic Occupancy	Committed Occupancy
VECTOM	5,956,000	—	—	5,956,000	88	33.9 %	33.9 %	94.1 %	99.3 %
Major Markets	4,794,000	—	1,000	4,795,000	63	27.2 %	28.3 %	96.2 %	97.3 %
Rest of Canada	7,695,000	81,000	23,000	7,799,000	140	38.9 %	37.8 %	93.8 %	94.4 %
Total	18,445,000	81,000	24,000	18,550,000	291	100.0 %	100.0 %	94.5 %	96.7 %

(1) Changes in GLA include increases for completed developments and additions/expansions to GLA on existing properties.
(2) Property cash NOI for the three months ended March 31.

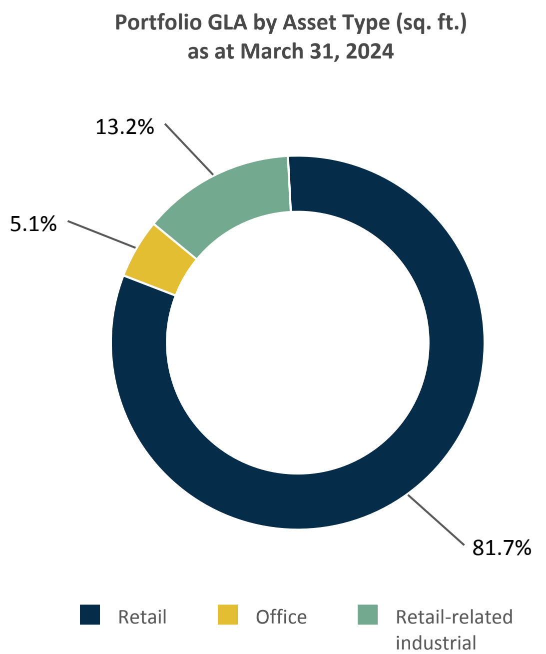
For the three months ended March 31, 2024, Crombie completed the development of one retail-related industrial asset, of which it has a 50% ownership, adding 26,000 square feet in VECTOM. This addition to GLA is included in “Other” changes.

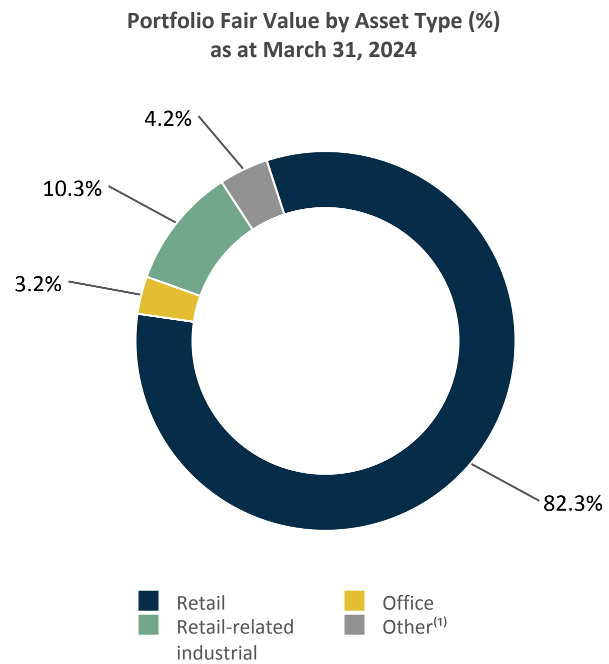
When compared to March 31, 2023, the percentage of annual minimum rent (“AMR”) generated from VECTOM increased by 100 basis points, while Major Markets AMR decreased by 40 basis points and Rest of Canada AMR decreased by 60 basis points. The increase in VECTOM and the corresponding decrease in Major Markets and Rest of Canada is primarily due to new leasing, renewals, and development activity over the last 12 months, including industrial assets in Calgary, Alberta.

Please see the “Operational Performance” section of this MD&A, under “Occupancy and Leasing Activity” for additional information on economic and committed occupancy.

Asset Type

Retail properties represent 81.7% of Crombie's GLA and 82.3% of fair value at March 31, 2024, compared to 81.8% of GLA and 84.2% of fair value at March 31, 2023.





(1) Other includes properties under development ("PUD") and land.

Crombie's portfolio diversification of its investment properties by asset class, as at March 31, 2024 and 2023, is as follows:

	GLA (sq. ft.)								
Asset Class	January 1, 2024	Net Acquisitions	Other(1)	**March 31, 2024**	Number of Investment Properties	% of AMR	% of NOI(2)	Economic Occupancy	Committed Occupancy
Retail	15,285,000	—	1,000	**15,286,000**	282	87.4 %	87.1 %	95.5 %	95.9 %
Office	962,000	—	1,000	**963,000**	5	3.8 %	4.1 %	90.4 %	90.4 %
Retail-related industrial	2,434,000	—	26,000	**2,460,000**	8	8.8 %	8.8 %	98.9 %	100.0 %
Total	**18,681,000**	**—**	**28,000**	**18,709,000**	**295**	**100.0 %**	**100.0 %**	**95.7 %**	**96.2 %**

	GLA (sq. ft.)								
Asset Class	January 1, 2023	Net Acquisitions	Other(1)	March 31, 2023	Number of Investment Properties	% of AMR	% of NOI(2)	Economic Occupancy	Committed Occupancy
Retail	15,077,000	81,000	24,000	15,182,000	280	89.5 %	89.2 %	95.9 %	96.5 %
Office	954,000	—	—	954,000	5	3.9 %	4.1 %	90.6 %	91.1 %
Retail-related industrial	2,414,000	—	—	2,414,000	6	6.6 %	6.7 %	87.4 %	100.0 %
Total	18,445,000	81,000	24,000	18,550,000	291	100.0 %	100.0 %	94.5 %	96.7 %

(1) Changes in GLA include increases for completed developments and additions/expansions to GLA on existing properties and reclassifications within asset types.
(2) Property cash NOI for the three months ended March 31.

For the three months ended March 31, 2024, Crombie completed the development of one retail-related industrial asset, of which it has a 50% ownership, adding 26,000 square feet. This addition to GLA is included in "Other" changes.

Crombie continues to enhance its portfolio asset mix with a balance of grocery-anchored retail and retail-related industrial, as well as mixed-use residential properties, creating long-term value for local communities and Unitholders. Grocery-anchored retail will continue to grow; however, as a result of our development strategy, we expect our residential and retail-related industrial asset types to make up a greater percentage of our total portfolio in the future.

Please see the "Operational Performance" section of this MD&A, under "Occupancy and Leasing Activity" for additional information on economic and committed occupancy.

As equity-accounted joint ventures are not reflected in this information, the applicable residential square footage, occupancy, and asset mix details of these joint ventures are reflected in the "Total Portfolio Review Inclusive of Joint Ventures" section of this MD&A on page 8 and the "Joint Ventures" section of the MD&A on page 53.

Non-major Development - Completed

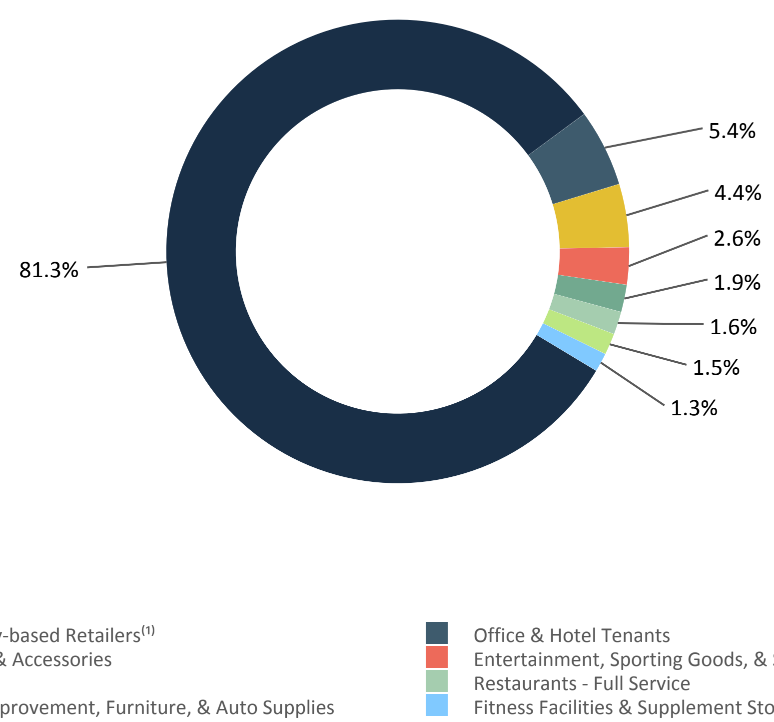
Property development is a strategic priority for Crombie and included in that is non-major development projects with expected costs of less than $50,000. Non-major developments are accretive with shorter project durations and less overall risk than our major development projects. For the three months ended March 31, 2024, Crombie added 26,000 square feet of GLA to its portfolio.

Asset Class	Location	Market Class	**March 31, 2024**	Tenant
Retail-related industrial	Calgary	VECTOM	**26,000**	Empire

Tenant Profile

We build and own a high-quality, resilient, and diversified portfolio, backed primarily by grocery tenants, which delivers consistent long-term earnings and cash flow stability. As at March 31, 2024, 80% of our AMR was generated from grocery-anchored properties, inclusive of retail-related industrial, consistent with March 31, 2023. 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, dollar store, cannabis, convenience store, gasoline, pet supplies, grocery distribution centres, quick service restaurants, medical, professional and personal services, bank and financial services.

The following table illustrates the 20 largest tenants in Crombie's portfolio of investment properties, as measured by their percentage contribution to total AMR, as at March 31, 2024.

Tenant	% of AMR	GLA (sq. ft.)	Weighted Average Remaining Lease Term	Morningstar DBRS Credit Rating
Empire Company Limited (1)	58.4 %	11,241,000	11.1 years	BBB
Shoppers Drug Mart	2.4 %	228,000	5.7 years	BBB(high)
Dollarama	1.8 %	386,000	4.9 years	BBB
Province of Nova Scotia	1.7 %	356,000	6.3 years	A(high)
Bank of Nova Scotia	1.1 %	178,000	2.5 years	AA
Shell Canada	1.1 %	19,000	12.2 years	AA(low)
Cineplex	1.0 %	207,000	6.9 years	—
GoodLife Fitness	0.9 %	190,000	5.1 years	—
Canadian Imperial Bank of Commerce	0.9 %	132,000	13.2 years	AA
Government of Canada	0.9 %	130,000	3.8 years	AAA
Canadian Tire Corporation	0.8 %	158,000	2.9 years	BBB
Restaurant Brands International	0.7 %	66,000	4.4 years	—
Royal Bank of Canada	0.5 %	49,000	3.5 years	AA(high)
Pet Valu	0.5 %	73,000	4.9 years	—
Halifax Regional Municipality	0.5 %	126,000	6.8 years	—
SAQ/Province of Quebec	0.5 %	65,000	6.1 years	AA(low)
Metro	0.5 %	88,000	5.1 years	BBB(high)
BC Liquor/Province of British Columbia	0.4 %	40,000	4.1 years	AA(high)
Giant Tiger	0.4 %	188,000	3.4 years	—
Toronto Dominion Bank	0.4 %	45,000	2.6 years	AA(high)
Total	**75.4 %**	**13,965,000**	**10.0 years**	

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

Other than Empire, which accounts for 58.4% of AMR, and Shoppers Drug Mart, which accounts for 2.4% of AMR, no other tenant accounts for more than 1.8% of Crombie's AMR. Empire's percent of AMR increased by 30 basis points compared to March 31, 2023 as a result of the acquisition of an Empire property over the last 12 months, the development of retail-related industrial assets, modernizations, renewals, and contractual rent step-ups. This is partially offset by Empire's assignment to Crombie of Shell Canada retail fuel site subleases in Western Canada. For more information regarding this assignment, see the "Quarterly Information" in the "Other Disclosures" section of this MD&A, starting on page 57.

For the three months ended March 31, 2024, Empire represents 54.1% of total property revenue. Total property revenue includes 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 costs.

The weighted average remaining term of all Crombie leases is approximately 8.7 years, which decreased 0.3 years as compared to March 31, 2023. This remaining lease term is influenced by the weighted average Empire remaining lease term of 11.1 years, which decreased 0.4 years from March 31, 2023.

Same-asset Properties

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 and those for which planning activities are underway are also in this category until such development activities commence and/or tenant leasing/ renewal activity is suspended. Same-asset property cash NOI(*) reflects Crombie's proportionate ownership of jointly-operated properties (and excludes any properties held in joint ventures).

	Crombie-owned Properties				
	Investment Properties ("IP")	**Properties Under Development ("PUD")**	**Sub-total**	**Properties in Joint Ventures ("JV")**	**Total(1)**
Same-asset properties	288	—	288	2	290
Non-same-asset properties:					
Acquisitions - 2023	1	—	1	—	1
Other(2)	5	4	9	—	9
Active and completed major developments(3)	1	1	2	2	4
	7	5	12	2	14
Total properties	**295**	**5**	**300**	**4**	**304**

(1) Same-asset metrics throughout the MD&A do not include properties held in joint ventures.
(2) Other includes investment properties that have been designated for repositioning and land parcels included in PUD.
(3) Active and completed major developments include:
Voilà CFC 3 (IP)
The Marlstone (PUD)
Le Duke (JV)
Bronte Village (JV)

The following table illustrates the movement in Crombie's same-asset properties as at March 31, 2024.

	Investment Properties ("IP")	**Properties in Joint Ventures ("JV")**	**Total(1)**
Same-asset properties December 31, 2023	287	2	289
Transfers from acquisitions(2)	1	—	1
Total same-asset properties March 31, 2024	**288**	**2**	**290**

(1) Same-asset metrics throughout the MD&A do not include properties held in joint ventures.
(2) Acquisitions transferred to same-asset were acquired in 2023 and have a full 12 months of comparative results.

Strategic Acquisitions and Dispositions

As at March 31, 2024, GLA, at Crombie's interest, of its investment properties was 18.7 million square feet compared to 18.6 million square feet as at March 31, 2023. The net increase in GLA is due to 58,000 square feet of acquisitions, and 101,000 square feet of other changes throughout the portfolio, primarily from non-major development activity.

Strategic Acquisitions

Through strategic and selective acquisitions of high-quality, primarily grocery-anchored assets, Crombie intends to continue to enhance overall portfolio quality. Crombie's acquisitions are intended to add strategic value to the portfolio, while leading to strong AFFO(*) accretion and NAV(*) growth. During the three months ended March 31, 2024, Crombie did not acquire any assets.

					Ownership			
Date	Property	Location	Vendor	Strategy	Number of Investment Properties	Interest	Sq. ft.	Price(1)
Total acquisitions for the three months ended March 31, 2024					—	—	—	$ —
Total acquisitions for the three months ended March 31, 2023					2	100 %	81,000	$ 16,722

(1) Prices are stated before transaction and closing costs.

4. OPERATIONAL PERFORMANCE REVIEW

Occupancy and Leasing Activity

The portfolio occupancy and committed space activity by market class and asset type for the three months ended March 31, 2024 was as follows:

	Occupied Space (sq. ft.)									
Market Class	January 1, 2024	Net Acquisitions	New Leases(1)	Lease Expiries	Other(2)	**March 31, 2024**	Economic Occupancy	Committed Space (sq. ft.)(3)	Total Committed Space (sq. ft.)	Committed Occupancy
VECTOM	5,924,000	—	3,000	—	(1,000)	**5,926,000**	98.9 %	27,000	5,953,000	99.3 %
Major Markets	4,645,000	—	7,000	(9,000)	(5,000)	**4,638,000**	96.1 %	40,000	4,678,000	96.9 %
Rest of Canada	7,359,000	—	54,000	(52,000)	(24,000)	**7,337,000**	93.0 %	27,000	7,364,000	93.4 %
Total	**17,928,000**	**—**	**64,000**	**(61,000)**	**(30,000)**	**17,901,000**	**95.7 %**	**94,000**	**17,995,000**	**96.2 %**

	Occupied Space (sq. ft.)									
Asset Type	January 1, 2024	Net Acquisitions	New Leases(1)	Lease Expiries	Other(2)	**March 31, 2024**	Economic Occupancy	Committed Space (sq. ft.)(3)	Total Committed Space (sq. ft.)	Committed Occupancy
Retail	14,619,000	—	63,000	(55,000)	(30,000)	**14,597,000**	95.5 %	68,000	14,665,000	95.9 %
Office	875,000	—	1,000	(6,000)	—	**870,000**	90.4 %	—	870,000	90.4 %
Retail-related industrial	2,434,000	—	—	—	—	**2,434,000**	98.9 %	26,000	2,460,000	100.0 %
Total	**17,928,000**	**—**	**64,000**	**(61,000)**	**(30,000)**	**17,901,000**	**95.7 %**	**94,000**	**17,995,000**	**96.2 %**

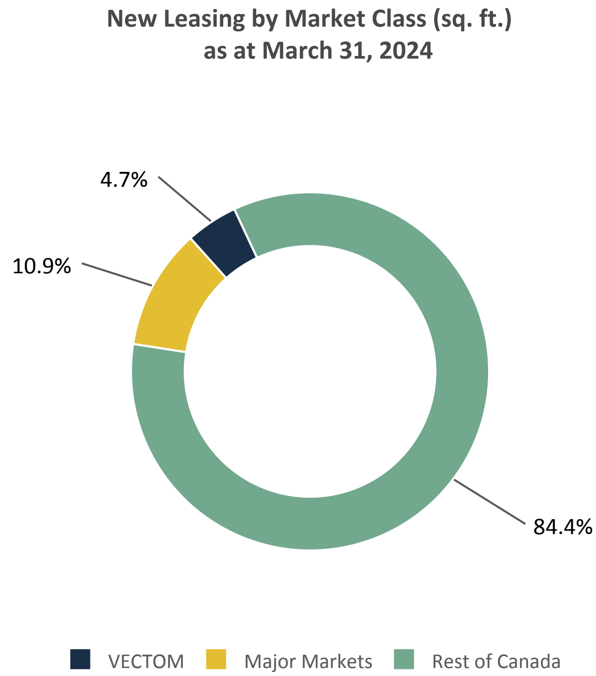
(1) New leases include new leases and expansions at existing properties.
(2) Other includes amendments to existing leases; lease terminations and surrenders; bankruptcies; space certifications; and reclassifications within asset types.
(3) Committed space represents lease contracts for future occupancy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

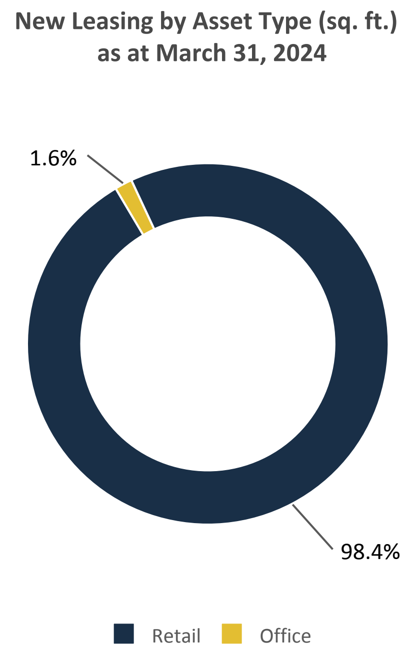
Committed occupancy has decreased to 96.2% at March 31, 2024 from 96.7% at March 31, 2023. During the first quarter of 2024, Crombie had new leases outpace lease expiries by 3,000 square feet.

Committed occupancy in our retail properties portfolio was 95.9% at March 31, 2024, a decrease from 96.5% at March 31, 2023, primarily due to natural lease expiries and attrition including early lease terminations and tenants downsizing. Committed occupancy in office properties was 90.4% at March 31, 2024, which decreased from 91.1% at March 31, 2023. This was primarily due to natural lease expiries and attrition including a tenant downsizing at our office properties. Committed space in retail-related industrial properties of 100.0% at March 31, 2024 remained constant from 100.0% at March 31, 2023.

The portfolio average AMR per occupied square foot for our income-producing properties was $17.72 as at March 31, 2024, an increase of 3.6%, compared to $17.11 as at March 31, 2023.

New Leasing Activity



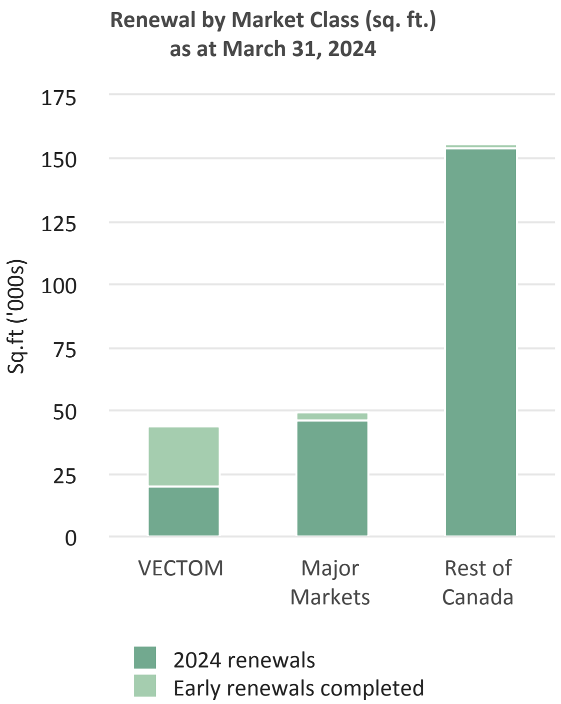


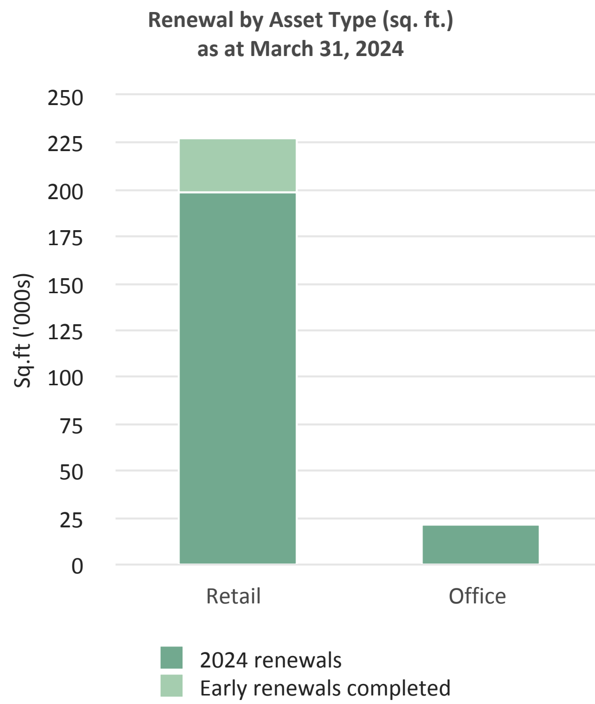
New leases increased occupancy by 64,000 square feet at March 31, 2024, at an average first year rate of $23.04 per square foot.

For the three months ended March 31, 2024, 84.4% of new leases, equivalent to 54,000 square feet, were completed in Rest of Canada markets. Notable new leases in these markets included a Foodland in Mount Forest, Ontario, and PetSmart in Fort McMurray, Alberta. In VECTOM and Major Markets, 10,000 square feet, or 15.6% of new leases, were completed in the first quarter of 2024.

At March 31, 2024, 94,000 square feet of GLA at an average first year rate of $20.66 per square foot was committed, with tenants expected to take possession throughout 2024. VECTOM and Major Markets represent 67,000 square feet of committed space, including 31,000 square feet in Burlington, Ontario and 27,000 square feet in Calgary, Alberta.

Renewal Activity





For the three months ended March 31, 2024, renewal activity for our portfolio was as follows:

	Three months ended March 31, 2024		
	Square Feet	Rate PSF	Growth %
2024 Renewals	220,000	$19.25	9.6 %
Future Year Renewals	29,000	$21.91	12.9 %
Total	**249,000**	**$19.56**	**10.1 %**

Crombie's renewal activity for the three months ended March 31, 2024 included retail renewals of 228,000 square feet with an increase of 11.6% over expiring rental rates. Renewal spreads are based on the first year rate and do not factor in any additional rent step-ups that may take place throughout the lease term. When comparing the expiring rental rates to the weighted average rental rate for the renewal term, Crombie achieved an increase of 10.6% for the three months ended March 31, 2024.

Total renewal growth was positively impacted by the 44,000 square feet of renewals in VECTOM at an average first year rate of $25.88 per square foot, an increase of 35.7% over expiring rental rates. Excluding one lease with renewal growth over 100.0%, VECTOM renewals had an increase of 15.0% over expiring rental rates. Major Markets saw renewals of 49,000 square feet, with an increase of 6.7% over expiring rental rates or an average first year rate of $25.35 per square foot. Rest of Canada accounted for the remaining 156,000 square feet of renewals at an average first year rate of $15.95, with an increase of 2.8% over expiring rental rates. Excluding two renewals, a call centre and office tenant, at decreased rental rates, Rest of Canada would have had an increase of 9.9% over expiring rental rates.

Crombie proactively manages its lease maturities, taking advantage of opportunities to renew tenants prior to expiration. During the three months ended March 31, 2024, 29,000 square feet of renewals related to future year expiries were completed.

Lease Maturities

The following table sets out, as at March 31, 2024, the total number of leases, including committed 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 AMR per square foot at the time of expiry.

Year	Number of Leases[(1)]	Renewal Area (sq. ft.)	% of Total GLA	Average AMR per sq. ft. at Expiry
2024	223	785,000	4.2 %	$ 17.33
2025	184	1,185,000	6.3 %	15.56
2026	181	992,000	5.3 %	17.29
2027	181	1,368,000	7.3 %	18.49
2028	144	1,033,000	5.5 %	18.78
2029	132	1,344,000	7.2 %	19.19
2030	53	641,000	3.4 %	17.57
2031	93	1,085,000	5.8 %	19.75
2032	80	550,000	2.9 %	21.33
2033	98	1,897,000	10.1 %	24.01
Thereafter	236	7,115,000	38.2 %	20.24
Total	**1,605**	**17,995,000**	**96.2 %**	**$ 19.65**

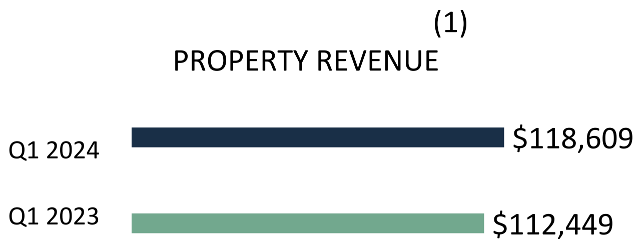
(1) Assuming tenants do not hold over on a month-to-month basis or exercise renewal options or termination rights.

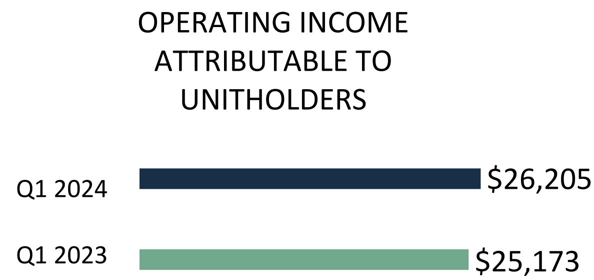
The following table sets out, as at March 31, 2024, the number of Empire leases maturing during the periods indicated, the renewal area, the percentage of the total GLA of the properties represented by such maturities, and the estimated average AMR per square foot at the time of expiry.

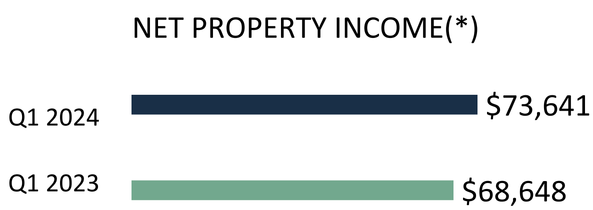
Year	Number of Leases[(1)]	Renewal Area (sq. ft.)	% of Total GLA	Average AMR per sq. ft. at Expiry
2024	9	73,000	0.4 %	$ 10.59
2025	7	255,000	1.4 %	13.34
2026	14	248,000	1.3 %	13.18
2027	17	537,000	2.9 %	13.41
2028	12	296,000	1.6 %	16.12
2029	18	615,000	3.3 %	15.61
2030	8	312,000	1.7 %	15.36
2031	13	463,000	2.5 %	16.67
2032	4	145,000	0.8 %	18.91
2033	39	1,567,000	8.4 %	22.65
Thereafter	160	6,787,000	36.1 %	19.88
Total[(2)]	**301**	**11,298,000**	**60.4 %**	**$ 19.00**

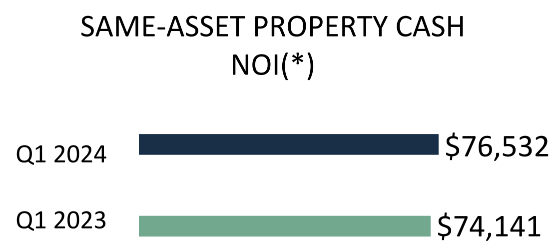
(1) Assuming tenants do not hold over on a month-to-month basis or exercise renewal options or termination rights.
(2) Two Empire leases, totalling approximately 57,000 square feet, are included in committed occupancy.

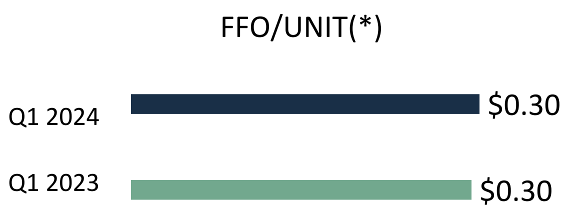
5. FINANCIAL PERFORMANCE REVIEW

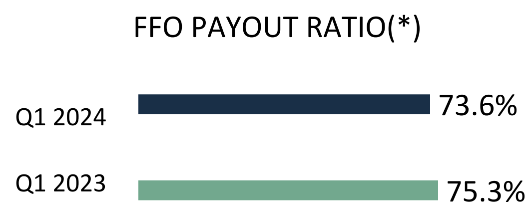


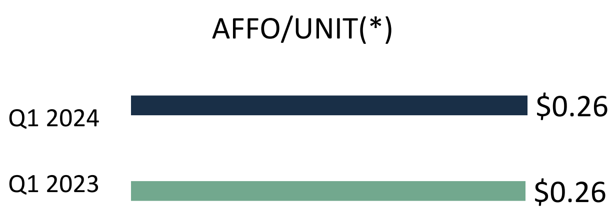


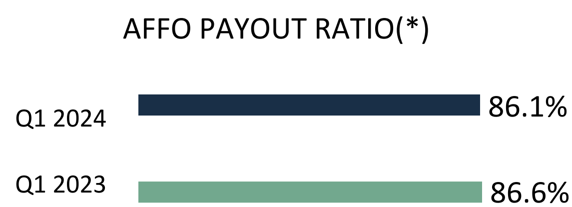












(1) Property revenue for the three months ended March 31, 2023 has been increased by $4,898 as a result of a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

	Three months ended March 31,		
	2024	2023(1)	Variance
Property revenue	**$ 118,609**	$ 112,449	$ 6,160
Revenue from management and development services	**749**	—	749
Property operating expenses	**(44,968)**	(43,801)	(1,167)
Gain on disposal of investment properties	**—**	111	(111)
Depreciation and amortization	**(20,014)**	(19,420)	(594)
General and administrative expenses	**(4,747)**	(5,075)	328
Finance costs - operations	**(22,283)**	(20,764)	(1,519)
Income (loss) from equity-accounted investments	**(1,141)**	1,673	(2,814)
Operating income attributable to Unitholders	**26,205**	25,173	1,032
Distributions to Unitholders	**(40,399)**	(39,775)	(624)
Change in fair value of financial instruments	**122**	603	(481)
Decrease in net assets attributable to Unitholders	**$ (14,072)**	$ (13,999)	$ (73)
Operating income attributable to Unitholders per Unit, basic	**$ 0.14**	$ 0.14	$ —
Basic weighted average Units outstanding (in 000's)	**181,450**	178,669	2,781
Distributions per Unit to Unitholders	**$ 0.22**	$ 0.22	$ —
Other Non-GAAP Performance Metrics			
Same-asset property cash NOI(*)	**$ 76,532**	$ 74,141	$ 2,391
FFO(*)	**$ 54,868**	$ 52,835	$ 2,033
FFO(*) per Unit - basic	**$ 0.30**	$ 0.30	$ —
FFO(*) payout ratio (%)	**73.6 %**	75.3 %	(1.7)%
AFFO(*)	**$ 46,947**	$ 45,909	$ 1,038
AFFO(*) per Unit - basic	**$ 0.26**	$ 0.26	$ —
AFFO(*) payout ratio (%)	**86.1 %**	86.6 %	(0.5)%

(1) Property revenue and property operating expenses for the three months ended March 31, 2023 have been increased by $4,898 as a result of a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

Operating Income Attributable to Unitholders

Operating income attributable to Unitholders increased by $1,032, or 4.1%, primarily due to growth in property revenue of $2,000 from new developments and $1,651 from renewals and new leasing. Lower average loan balances compared to the same period in 2023 resulting in reduced interest expense on floating rate debt of $882, revenue from management and development services of $749 in the first quarter of 2024, and higher capitalized interest of $581 further contributed to the growth in operating income. The increase in operating income was offset in part by higher interest expense on senior unsecured notes of $3,342 from the issuance of Series L notes in the first quarter of 2024 and the issuance of Series K notes in the first quarter of 2023. Additionally, income from equity-accounted investments decreased by $2,814 due primarily to the sale of land at Crombie's Opal Ridge joint venture in Dartmouth, Nova Scotia in the first quarter of 2023.

Net Property Income(*)

Management uses net property income(*) as a measure of performance of properties period over period. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 62, for a more detailed discussion on net property income(*).

Net property income(*), which excludes revenue from management and development services and certain expenses such as interest expense and indirect operating expenses, is as follows:

	Three months ended March 31,		
	2024	2023(1)	Variance
Property revenue	**$ 118,609**	$ 112,449	$ 6,160
Property operating expenses	**(44,968)**	(43,801)	(1,167)
Net property income(*)	**$ 73,641**	$ 68,648	$ 4,993
Net property income(*) margin percentage	**62.1 %**	61.0 %	1.1 %

(1) Property revenue and property operating expenses for the three months ended March 31, 2023 have been increased by $4,898 as a result of a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

An increase in net property income of $4,993 was primarily due to growth in property revenue of $2,000 from new developments and $1,651 from renewals and new leasing.

Same-asset Property Cash NOI(*)

Management uses net property income(*) on a cash basis (property cash NOI(*)) as a measure of performance as it reflects the cash generated by properties period over period. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 62, 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 March 31,		
	2024	2023	Variance
Net property income(*)	**$ 73,641**	$ 68,648	$ 4,993
Non-cash straight-line rent	**(1,497)**	(1,305)	(192)
Non-cash tenant incentive amortization(1)	**6,718**	6,792	(74)
Property cash NOI(*)	**78,862**	74,135	4,727
Acquisitions and dispositions property cash NOI(*)	**338**	17	321
Development property cash NOI(*)	**1,992**	(23)	2,015
Acquisitions, dispositions, and development property cash NOI(*)	**2,330**	(6)	2,336
Same-asset property cash NOI(*)	**$ 76,532**	$ 74,141	$ 2,391

(1) Refer to "Amortization of Tenant Incentives" on page 26 for a breakdown of tenant incentive amortization.

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

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

	Three months ended March 31,			
	2024	2023	Variance	%
VECTOM	**$ 25,588**	$ 25,143	$ 445	1.8 %
Major Markets	**21,467**	20,928	539	2.6 %
Rest of Canada	**29,477**	28,070	1,407	5.0 %
Same-asset property cash NOI(*)	**$ 76,532**	$ 74,141	$ 2,391	3.2 %

	Three months ended March 31,			
	2024	2023	Variance	%
Retail(1)	**$ 68,209**	$ 66,060	$ 2,149	3.3 %
Office	**3,258**	3,104	154	5.0 %
Retail-related industrial	**5,065**	4,977	88	1.8 %
Same-asset property cash NOI(*)	**$ 76,532**	$ 74,141	$ 2,391	3.2 %

(1) Retail includes Crombie's substantial retail portfolio and reflects certain additional properties which comprise both retail and office space. These properties have been consistently included in the retail category.

Same-asset property cash NOI increased by $2,391, or 3.2%, compared to the first quarter of 2023 primarily due to renewals and new leasing.

Funds from Operations (FFO)(*)

Crombie follows the recommendations of the January 2022 guidance of the Real Property Association of Canada ("REALPAC") in calculating FFO(*). Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 62, for a more detailed discussion on FFO(*).

The reconciliation of FFO(*) for the three months ended March 31, 2024 and 2023 is as follows:

	Three months ended March 31,		
	2024	2023	Variance
Decrease in net assets attributable to Unitholders	**$ (14,072)**	$ (13,999)	$ (73)
Add (deduct):			
Amortization of tenant incentives	**6,718**	6,792	(74)
Gain on disposal of investment properties	**—**	(111)	111
Depreciation and amortization of investment properties	**19,638**	19,069	569
Adjustments for equity-accounted investments	**1,263**	1,257	6
Principal payments on right-of-use assets	**59**	57	2
Internal leasing costs	**985**	598	387
Finance costs - distributions to Unitholders	**40,399**	39,775	624
Change in fair value of financial instruments(1)	**(122)**	(603)	481
FFO(*) as calculated based on REALPAC recommendations	**$ 54,868**	$ 52,835	$ 2,033
Basic weighted average Units (in 000's)	**181,450**	178,669	2,781
FFO(*) per Unit - basic	**$ 0.30**	$ 0.30	$ —
FFO(*) payout ratio (%)	**73.6 %**	75.3 %	(1.7)%

(1) Includes the fair value changes of Crombie's deferred unit plan.

The increase in FFO of $2,033 was primarily due to growth in property revenue of $2,000 from new developments,$1,651 from renewals and new leasing, and reduced interest expense on floating rate debt of $882 resulting from lower average loan balances compared to the same period in 2023. Revenue from management and development services of $749 in the first quarter of 2024, and higher capitalized interest of $581 further contributed to the growth in FFO. This was partially offset by higher interest expense on senior unsecured notes of $3,342 from the issuance of Series L notes in the first quarter of 2024 and the issuance of Series K notes in the first quarter of 2023. Additionally, income from equity-accounted investments decreased by $2,814 due primarily to the sale of land at Crombie's Opal Ridge joint venture in Dartmouth, Nova Scotia in the first quarter of 2023.

Adjusted Funds from Operations (AFFO)(*)

Crombie follows the recommendations of REALPAC's January 2022 guidance 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 62, for a more detailed discussion.

The reconciliation of AFFO(*) for the three months ended March 31, 2024 and 2023 is as follows:

	Three months ended March 31,		
	2024	2023	Variance
FFO(*) as calculated based on REALPAC recommendations	**$ 54,868**	$ 52,835	$ 2,033
Add (deduct):			
Straight-line rent adjustment	**(1,497)**	(1,305)	(192)
Straight-line rent adjustment included in income (loss) from equity-accounted investments	**79**	120	(41)
Internal leasing costs	**(985)**	(598)	(387)
Maintenance expenditures on a square footage basis	**(5,518)**	(5,143)	(375)
AFFO(*) as calculated based on REALPAC recommendations	**$ 46,947**	$ 45,909	$ 1,038
Basic weighted average Units (in 000's)	**181,450**	178,669	2,781
AFFO(*) per Unit - basic	**$ 0.26**	$ 0.26	$ —
AFFO(*) payout ratio (%)	**86.1 %**	86.6 %	(0.5)%

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

The increase in AFFO was primarily due to the same factors impacting FFO for the quarter.

Distributions to Unitholders

A trust that satisfies the criteria of a real estate investment trust ("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 2023 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. Subject to approval of the Board of Trustees, Crombie intends 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 March 31,		
	2024	2023	Variance
Distributions to Unitholders	**$ 23,850**	$ 23,484	$ 366
Distributions to Class B Voting Unitholder[1]	**16,549**	16,291	258
Total distributions	**$ 40,399**	$ 39,775	$ 624
FFO[*] payout ratio	**73.6 %**	75.3 %	(1.7)%
AFFO[*] payout ratio	**86.1 %**	86.6 %	(0.5)%

(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 tables below outline the differences between cash provided by operating activities and cash distributions, and operating income attributable to Unitholders and cash distributions, respectively, in accordance with the policy guidelines.

	Three months ended March 31,		
	2024	2023	Variance
Cash provided by operating activities	**$ 79,822**	$ 64,294 [1]	$ 15,528
Monthly distributions paid and payable	**(40,399)**	(39,775)	(624)
Cash provided by operating activities in excess of distributions paid and payable	**$ 39,423**	$ 24,519	$ 14,904

(1) Cash provided by operating activities for the three months ended March 31, 2023 was updated from the previously reported figure to show finance costs - operations net of non-cash items.

	Three months ended March 31,		
	2024	2023	Variance
Operating income attributable to Unitholders	**$ 26,205**	$ 25,173	$ 1,032
Monthly distributions paid and payable	**(40,399)**	(39,775)	(624)
Operating income attributable to Unitholders in shortfall of distributions paid and payable	**$ (14,194)**	$ (14,602)	$ 408

Monthly distributions paid for the three months ended March 31, 2024 and 2023 were funded with cash flows from operating activities and borrowing on the bank credit facilities. Operating income attributable to Unitholders includes depreciation and amortization, which does not directly impact the level of income Crombie generates that can be paid out in distributions.

On April 15, 2024, Crombie declared distributions of 7.417 cents per Unit for the period from April 1, 2024 up to and including April 30, 2024. The distributions will be paid on May 15, 2024, to Unitholders of record as at April 30, 2024.

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 lease amendments. These investments are amortized over the lease term and reduce the associated increase in property revenue.

	Three months ended March 31,		
	2024	2023	Variance
Regular tenant incentive amortization	**$ 3,461**	$ 4,053	$ (592)
Modernization tenant incentive amortization	**3,257**	2,739	518
Total amortization of tenant incentives	**$ 6,718**	$ 6,792	$ (74)

General and Administrative Expenses

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

	Three months ended March 31,		
	2024	2023	Variance
Salaries and benefits	**$ 2,141**	$ 2,716	$ 575
Unit-based compensation(1)	**842**	858	16
Professional fees	**697**	400	(297)
Public company costs	**391**	381	(10)
Rent and occupancy	**165**	164	(1)
Other	**511**	556	45
General and administrative expenses	**$ 4,747**	$ 5,075	$ 328
As a percentage of property revenue	**4.0 %**	4.5 % (2)	0.5 %

(1) Unit-based compensation includes both employees and trustees.
(2) Property revenue for the three months ended March 31, 2023 has been increased by $4,898 as a result of a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

The lower general and administrative expenses in the quarter are primarily due to a decrease of $575 in salaries and benefits due to leadership transitions in the same quarter in 2023.

Finance Costs - Operations

	Three months ended March 31,		
	2024	2023	Variance
Fixed rate mortgages	**$ 8,765**	$ 9,091	$ 326
Floating rate term, revolving, and demand facilities	**2,048**	2,930	882
Capitalized interest	**(1,530)**	(949)	581
Senior unsecured notes	**12,023**	8,681	(3,342)
Interest income on finance lease receivable	**(130)**	(137)	(7)
Interest on lease liability	**553**	526	(27)
Finance costs	**21,729**	20,142	(1,587)
Amortization of deferred financing charges	**554**	622	68
Finance costs - operations	**$ 22,283**	$ 20,764	$ (1,519)

Finance costs increased by $1,587 primarily due to higher interest expense on senior unsecured notes of $3,342 from the issuance of Series L notes in the first quarter of 2024 and the issuance of Series K notes in the first quarter of 2023. This was partially offset by a decrease of $882 on floating rate debt interest expense resulting from lower average loan balances compared to the same period in 2023. Capitalized interest increased $581 as a result of increased development activity in the quarter.

Depreciation, Amortization, and Impairment

Crombie's total fair value of investment properties exceeds carrying value by $1,148,714 at March 31, 2024 (December 31, 2023 - $1,109,289). Crombie uses the cost method of accounting for investment properties, and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment, if any, is recognized on a property-by-property basis when circumstances indicate that the carrying value may not be recoverable.

	Three months ended March 31,		
	2024	2023	Variance
Same-asset(*) depreciation and amortization	**$ 19,244**	$ 18,924	$ (320)
Acquisitions, dispositions, and development depreciation/amortization	**770**	496	(274)
Depreciation and amortization	**$ 20,014**	$ 19,420	$ (594)

The increase in depreciation and amortization of $594 was due to accelerated depreciation on properties scheduled for redevelopment, acquisitions in 2023, and recently completed developments.

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 and non-major developments at certain properties, where development may include residential, commercial, and/or retail-related industrial. 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 66 for additional information regarding such statements and the related risks and uncertainties.

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 operating properties to construction/development of these sites on mutually agreeable terms. In conjunction with our strategic partner, Crombie management continuously reviews and prioritizes development opportunities that drive NAV(*) and cash flow growth, including high-density urban redevelopment, new grocery-anchored retail, retail-related industrial e-commerce facilities, and land-use intensification.

Major Development Pipeline

Crombie has the potential to unlock significant value within its current pipeline of 26 major development projects as at March 31, 2024 (March 31, 2023 - 27). Crombie benefits from having solid income (NOI, 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.

Our major development plans include the 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 cash flow growth. From time to time, Crombie may enter into partnerships to complete developments to share knowledge, risk, and expertise. 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.

Management uses project assumptions to calculate the pipeline cost range, factoring in a degree of uncertainty that comes with a diverse pipeline that spans 15 years or longer. Uncertainty can come in the form of changing project scopes, moving certain properties in or out of the pipeline, variations in the entitlement process, the potential of engaging joint venture partners, dispositions of pipeline properties, and a variety of external factors that may affect project costing. Costs presented in Crombie’s pipeline are reflective of current construction cost estimates on a market-by-market basis. Crombie monitors inflationary pressures impacting construction costs and adjusts pipeline assumptions when necessary. Given that some of these projects may not reach the full potential of the original scope, management discloses a low and high range to reasonably estimate the pipeline costs. As at March 31, 2024, total project costs to develop the pipeline range from $5,000,000 to $6,800,000 (March 31, 2023 - $5,100,000 to $6,900,000). Year-over-year changes in the pipeline can be attributed to changing project scopes, changing project costs, the ongoing refinement of development assumptions, completions and removals of properties from the pipeline, and evolving opportunities in our pipeline. Crombie may enter joint ventures or other partnership arrangements for these properties to share cost, 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.

Crombie divides its development pipeline into three timing-based segments. Near-term projects are either under active construction or indicate that a decision to commit financially is expected to be determined within the next two years. Medium-term projects have a timeline to commitment of two years to five years, and long-term projects are expected to be committed within five to 15 years. Many projects in the current pipeline are large, multi-phased endeavors where the project timeline could span several years. In these instances, Crombie recognizes the project in the time period where financial commitment to the initial phase is expected.

Active Major Developments

Crombie currently has one active major development underway, The Marlstone, located in downtown Halifax, which is Crombie's first self-developed residential project. Key project metrics are summarized in the below table.

							$ in millions		
Property	CMA	Use	Ownership %	Residential GLA on Completion	Residential Units	Estimated Substantial Completion Date	Estimated Total Cost	Estimated Cost to Complete	Estimated Yield on Cost
The Marlstone	Halifax	Residential	100 %	189,000	291	Q1/Q2 2026	$ 134 (1)	$ 112	4.5 % - 5.5 %
Total active major developments				**189,000**	**291**		**$ 134**	**$ 112**	**4.5 % - 5.5 %**

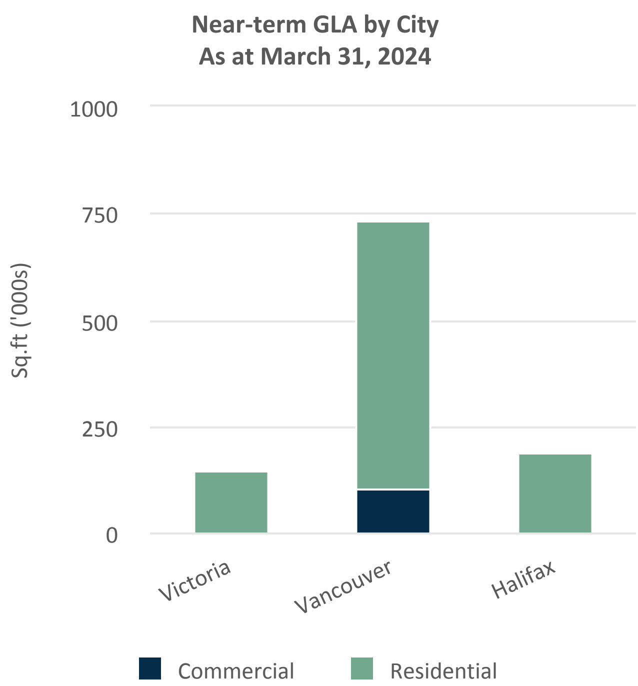
(1) Costs presented for The Marlstone are exclusive of land costs.

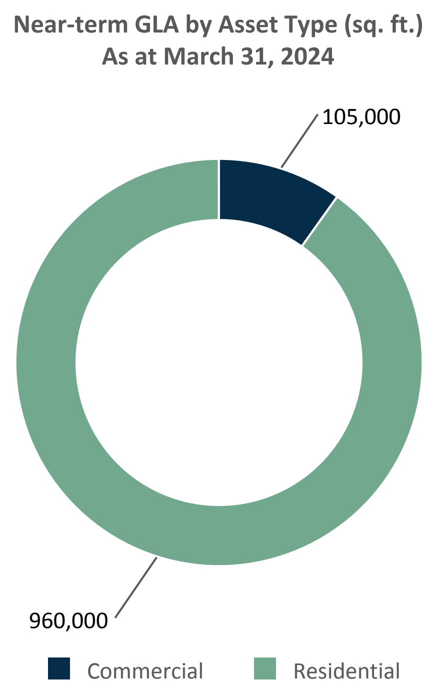
Total estimated costs include soft and hard construction costs, tenant inducements, external leasing costs, finance costs, and capitalized interest and other carrying costs, such as capitalized construction and development wages, and property taxes. These costs are determined by using internal knowledge and external professional resources, where applicable. Project capital cost uncertainty exists, and project cost estimates contain a contingency for capital cost exceedances in the ordinary course. Historically, capital cost exceedances in the 5%-10% range are reflective of such contingencies.

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, supply 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.

Estimated annual net operating income is calculated using first year stabilized annual rent for each tenant, assuming 100% occupancy. These estimates are established using market rents, Crombie’s market knowledge, and/or using externally generated market studies. The estimated yield on cost is derived from dividing the estimated annual net operating income by the estimated total project costs. Crombie determines the yield on cost range from the approved pro forma while factoring in a margin of uncertainty on both sides of the approved yield.

Near-term Projects





The table below provides additional detail on Crombie's near-term development opportunities.

			Full Project Density		
Property	City	% Ownership	Commercial GLA	Residential GLA	Residential Units
The Marlstone[(1)]	Halifax	100 %	—	189,000	291
1780 East Broadway (Broadway and Commercial)	Vancouver	50 % [(2)]	105,000	626,000	970
Belmont Market - Phase II	Victoria	100 %	—	145,000	200
Total near-term developments			**105,000**	**960,000**	**1,461**

(1) The Marlstone was previously referred to as Westhill on Duke. The Marlstone is an active construction project.
(2) Crombie will own 100% of the commercial portion of this development.

Full project density reflects estimated GLA upon completion. 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

The Marlstone, Halifax, Nova Scotia
Type: Residential
Ownership: 100%
Project status: The Marlstone is a 291-unit residential rental project in the heart of downtown Halifax, located within the Scotia Square mixed-use retail, office, and hotel complex. Demolition and existing building upgrades commenced in May 2023 and construction continues to progress well. Completion is expected in the first half of 2026.

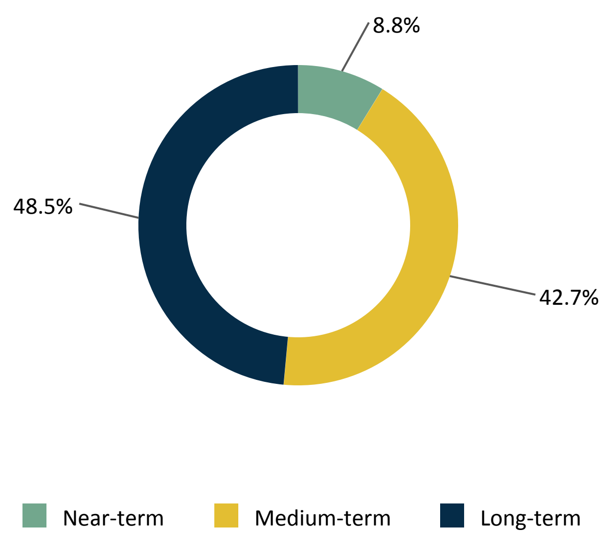
1780 East Broadway (Broadway and Commercial), Vancouver, British Columbia
Type: Retail/Residential
Ownership: 100% retail, 50% residential and office
Project status: East Broadway is a proposed major mixed-use redevelopment on 2.4 acres of land located at the busiest transit node in Western Canada. A rezoning application is in process with the City of Vancouver that comprises a mix of grocery-anchored retail, rental residential, and office. Rezoning is expected to be completed in 2024, which could support construction tendering in 2025.

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 1.7 acres of land within the Belmont Market development area. The lands are fully entitled and could be ready for construction tendering in 2025.

Total Development Pipeline

In addition to near-term projects, Crombie is actively working on its pipeline to ensure a consistent inventory of projects. A number of potential major developments in Crombie's pipeline are large, multi-phased projects spanning over a decade in total duration. For the charts and tables outlined throughout this section, Crombie has summarized total project costs and GLA data at the date of its financial commitment to Phase 1. The following chart and table detail total project cost estimates by category at March 31, 2024:

Crombie Development Spending by Project Timeline
As at March 31, 2024



		At Crombie's Share ($ in millions)					
Project Timeline	Number of Projects		Total Estimated Costs[1]		Total Spend to Date[2]		Estimated Cost to Complete
Near-term	3	$	500-600	$	60	$	440-540
Medium-term	7		2,200-2,900		90		2,110-2,810
Long-term	16		2,300-3,300		180		2,120-3,120
Total pipeline	**26**	**$**	**5,000-6,800**	**$**	**330**	**$**	**4,670-6,470**

(1) Many projects in the pipeline are multi-phased. Project costs are shown to align with the first phase of project commencement. Project timelines are subject to change.
(2) Total spend to date includes Crombie's total investment in land at these properties, with the exception of the Marlstone.

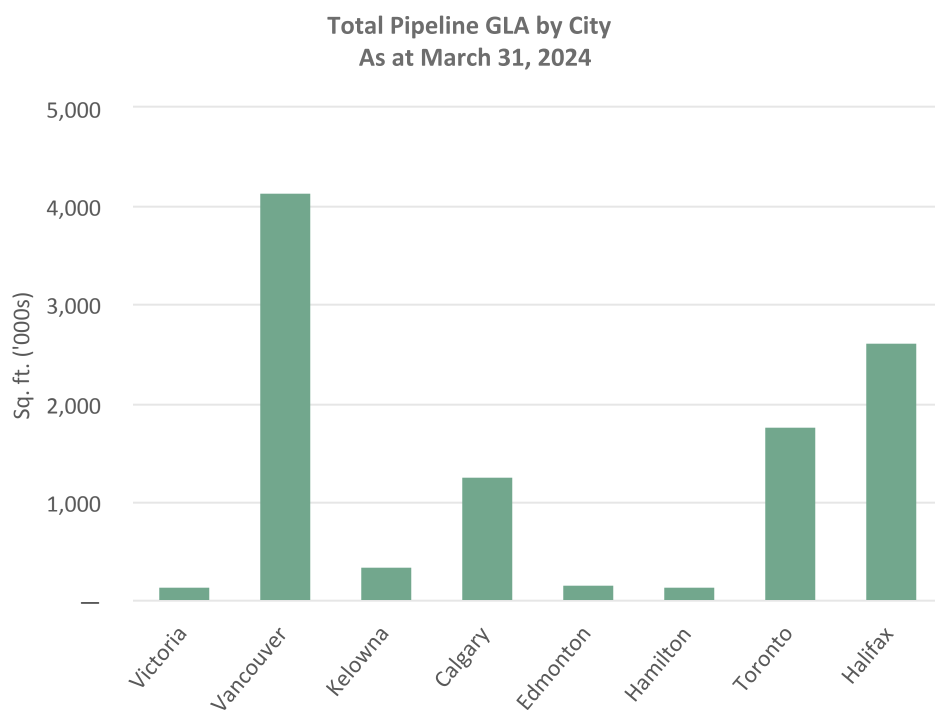
Crombie continuously monitors and evaluates the potential pipeline to optimize value creation. With a strong commitment to portfolio growth, Crombie actively analyzes costs and market opportunities within the potential pipeline in order to maximize NAV(*) and cash flow growth.

Total estimated costs usually include land cost on the 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 wages, 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 a 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 that could be material. Estimated total costs are based on assumptions that are updated regularly, including revised site plans, cost tendering processes, market studies, and continuing tenant negotiations. These assumptions are based on supply and labour availability, ability to attract tenants, estimated GLA, 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 1,144,000 square feet of commercial GLA, and up to 9,460,000 square feet (up to 11,291 units) of residential GLA (which may include a combination of rental or condominium units).



	Total Pipeline Density by Project Timeline			
Project Timeline[(1)]	Commercial GLA	Residential GLA	Estimated Total Sq. Ft.	Residential Units
Near-term	105,000	960,000	1,065,000	1,461
Medium-term	259,000	4,407,000	4,666,000	5,080
Long-term	780,000	4,093,000	4,873,000	4,750
Total pipeline	**1,144,000**	**9,460,000**	**10,604,000**	**11,291**

(1) Many projects in the pipeline are multi-phased. GLA and units are shown to align with the first phase. Project timelines are subject to change.

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 eight of these 26 potential major projects either already zoned or identified for rezoning 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 Residential Sq. ft.[(1)]	Estimated Total Sq. ft.[(1)]	Residential Units[(1)]
Zoned	4	55,000	1,444,000	1,499,000	1,801
Application Submitted	4	197,000	2,893,000	3,090,000	3,460
Future	18	892,000	5,123,000	6,015,000	6,030
Total	**26**	**1,144,000**	**9,460,000**	**10,604,000**	**11,291**

(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.

Zoning is in place for the following development sites: The Marlstone (Halifax), Belmont Market - Phase II (Victoria), Barrington Residential (Halifax), and Brunswick Place (Halifax). Rezoning applications have been submitted and are in process for Broadway and Commercial (Vancouver), McCowan and Ellesmere (Toronto), Park West (Halifax), and Toronto East (Toronto).

The following table lists the 26 identified potential major development locations and certain key features of each property. Potential developments in the following table are organized in order of potential construction commencement:

Major Development Pipeline

	Existing Property[1]	CMA	Site Size (acres)	Existing Tenants	Potential Commercial Expansion	Entitlement Status	Project Timing
1	The Marlstone	Halifax	0.46 [2]	N/A	No	Zoned	Near-term
2	Belmont Market - Phase II	Victoria	1.70	Land	No	Zoned	Near-term
3	Broadway and Commercial	Vancouver	2.43	Safeway	Yes	Application Submitted	Near-term
4	Brunswick Place	Halifax	0.75 [3]	Office/Parkade	Yes	Zoned	Medium-term
5	McCowan and Ellesmere	Toronto	4.48	FreshCo/Other	Yes	Application Submitted	Medium-term
6	Lynn Valley	Vancouver	2.82	Safeway	Yes	Future	Medium-term
7	Park West	Halifax	19.66	Sobeys	Yes	Application Submitted	Medium-term
8	Toronto East	Toronto	0.14	Land	Yes	Application Submitted	Medium-term
9	Barrington Residential	Halifax	0.68	Land	Yes	Zoned	Medium-term
10	Fleetwood	Vancouver	4.45	Safeway	Yes	Future	Medium-term
11	1818 Centre Street	Calgary	2.18	Safeway	Yes	Future	Long-term
12	Port Coquitlam	Vancouver	5.31	Safeway	Yes	Future	Long-term
13	Danforth	Toronto	0.79	The Beer Store	Yes	Future	Long-term
14	West Broadway	Vancouver	1.95	Safeway	Yes	Future	Long-term
15	Centennial Parkway	Hamilton	2.75	Retail	Yes	Future	Long-term
16	King Edward	Vancouver	1.80	Safeway	Yes	Future	Long-term
17	Elbow Drive	Calgary	1.60	Safeway	Yes	Future	Long-term
18	Robson Street	Vancouver	1.15	Safeway	Yes	Future	Long-term
19	Kensington	Calgary	1.73	Safeway	Yes	Future	Long-term
20	Beltline	Calgary	2.59	Safeway	Yes	Future	Long-term
21	Kingsway and Tyne	Vancouver	3.74	Safeway/Other	Yes	Future	Long-term
22	East Hastings	Vancouver	3.30	Safeway/Other	Yes	Future	Long-term
23	Bernard Ave	Kelowna	1.83	Safeway	Yes	Future	Long-term
24	Whyte Ave	Edmonton	2.44	Safeway/Other	Yes	Future	Long-term
25	New Westminster	Vancouver	2.82	Safeway	Yes	Future	Long-term
26	Brampton Mall	Toronto	8.74	Office/Retail	Yes	Future	Long-term

(1) All projects in the pipeline are transit-oriented and have the potential for residential expansion.
(2) The Marlstone is being 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.

Non-major Developments

Non-major developments, categorized as land-use intensification, property redevelopments, and modernizations, include projects with a total estimated cost below $50,000 at Crombie's share. Projects in the non-major category are shorter in duration and thus boast less overall risk as compared to our major development pipeline. Current non-major developments have a yield range of 5.5% to 7.0%. These projects have the ability to create value while enhancing the overall quality of the portfolio. The below table summarizes active non-major developments within Crombie's portfolio at March 31, 2024.

		At Crombie's Share ($ in millions)	
Type	GLA on Completion	Estimated Total Cost	Estimated Cost to Complete
Land-use intensification	52,000	$ 18	$ 16
Modernizations(1), Redevelopments, and Other	—	8	2
Total non-major developments	**52,000**	**$ 26**	**$ 18**
Yield on cost projections	**5.5 % - 7.0 %**		

(1) Modernizations are a capital investment to modernize/renovate Crombie-owned grocery store properties in exchange for a defined return and potential extended lease term. The first quarter spend on modernizations totals $1,500 (March 31, 2023 - $6,907).

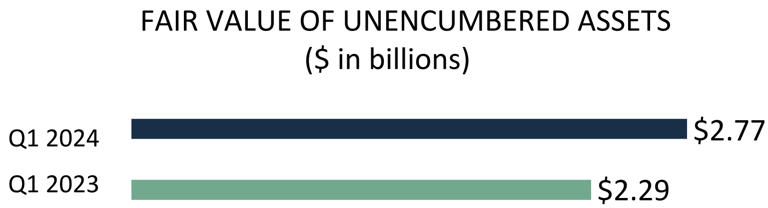
In the first quarter of 2024, one land-use intensification, totalling 26,000 square feet, reached substantial completion. This project, along with seventeen modernizations completed in 2023, totalling $45,000, were removed from the non-major development table. Actual yield on cost for the completed projects was between 5.3% to 7.0%, consistent with our disclosure in the fourth quarter of 2023. There were two additions to the non-major developments in the first quarter of 2024: a 52,000 square foot land-use intensification and a modernization.

Total estimated costs include land cost on the existing income-producing properties in certain occasions such as greenfield non-major developments, 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 wages, 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 a contingency for capital cost exceedances in the ordinary course. Historically, capital cost exceedances in the 5%-10% range are reflective of such contingencies.

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, supply 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.

Estimated annual net operating income is calculated using first year stabilized annual rent for each tenant, assuming 100% occupancy. These estimates are established using market rents, Crombie’s market knowledge, and/or using externally generated market studies. The estimated yield on cost range is derived from dividing the estimated annual NOI by the estimated total project costs, factoring in a margin for uncertainty.

7. CAPITAL MANAGEMENT



Crombie continues to reduce risk and build financial strength by strategically managing its capital structure and optimizing capital allocation to generate long-term value for its stakeholders. Crombie's continued success is underpinned by a strong balance sheet, more-than-adequate liquidity, and an investment-grade credit rating profile providing Crombie with a solid financial foundation and financial flexibility.

Capital Management Framework

Crombie’s strategic capital management objectives consist of four main priorities:

1. to maintain multiple sources of debt and equity financing;
2. to reduce risk by prefunding capital commitments;
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
4. maintain conservative payout ratios.

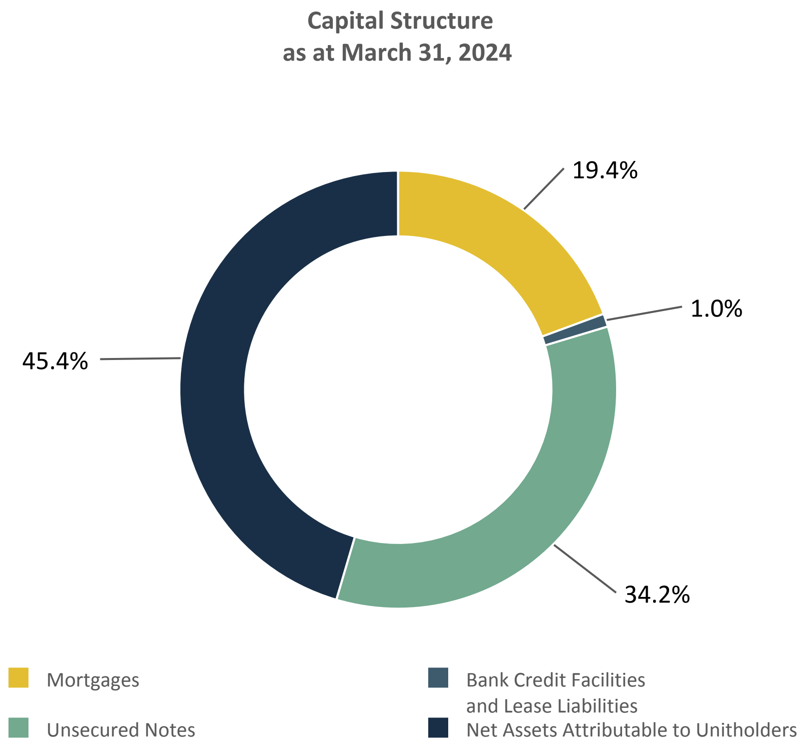
At a minimum, Crombie’s capital structure is managed to ensure that it complies with the limitations pursuant to its Declaration of Trust, the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT, and existing debt covenants.

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 Investment Committee and/or 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 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;
- cash distributions from Crombie's joint ventures;
- 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;
- issuance of new Units; and
- 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:

	March 31, 2024			December 31, 2023		
Fixed rate mortgages[1]	**$**	**777,792**	**19.4 %**	$	834,628	20.8 %
Drawn credit facilities[1]		**2,725**	**0.1 %**		144,391	3.6 %
Senior unsecured notes[1]		**1,371,144**	**34.2 %**		1,171,769	29.2 %
Lease liabilities		**36,109**	**0.9 %**		36,292	0.9 %
Net assets attributable to Crombie REIT Unitholders		**1,079,044**	**26.9 %**		1,081,631	27.0 %
Net assets attributable to Special Voting Units and Class B Limited Partnership Unitholders		**741,369**	**18.5 %**		743,082	18.5 %
Total capital structure	**$**	**4,008,183**	**100.0 %**	$	4,011,793	100.0 %

(1) Net of deferred financing charges.

Debt Metrics

Crombie monitors its debt by utilizing a number of key metrics, including the following:

	March 31, 2024	December 31, 2023	March 31, 2023
Unencumbered investment properties(1)	**$ 2,771,000**	$ 2,608,000	$ 2,291,000
Unencumbered investment properties(1) as a % of unsecured debt(*)	**201.5 %**	205.6 %	195.0 %
Debt to gross fair value(*)	**42.9 %**	43.0 %	41.9 %
Weighted average interest rate(2)	**4.2 %**	4.1 %	4.0 %
Debt to trailing 12 months adjusted EBITDA(*)	**7.97x**	8.03x	7.96x
Interest coverage ratio(*)	**3.23x**	3.06x	3.24x

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

Crombie has continued to grow its unencumbered asset pool, increasing its fair value from $2,608,000 as at December 31, 2023 to $2,771,000 as at March 31, 2024. This increase is primarily due to mortgage maturities.

Debt to Gross Fair Value(*)

When calculating debt to gross fair value(*), debt is defined as obligations for borrowed money, including obligations incurred in connection with acquisitions, excluding trade payables and accruals in the ordinary course of business, and distributions payable. Debt includes Crombie's share of debt held in equity-accounted joint ventures.

Gross fair value includes investment properties measured at fair value, including Crombie's share of those held within equity-accounted joint ventures. All other components of gross fair value are measured at the carrying value included in Crombie's financial statements. Crombie's methodology for determining the fair value of investment properties includes capitalization of trailing 12 months 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. Valuation techniques are more fully described in Crombie's year-end audited financial statements.

The fair value included in this calculation reflects the fair value of the properties as at March 31, 2024 and December 31, 2023, respectively, based on each property's current use as a revenue-generating investment property. Additionally, as properties are prepared for redevelopment, Crombie considers each property's progress through entitlement in determining the fair value of a property. As at March 31, 2024, Crombie's weighted average capitalization rate used in the determination of the fair value of its investment properties was 6.12%, unchanged from December 31, 2023. Crombie's weighted average capitalization rate used in the determination of the fair value of its share of investment properties held in equity-accounted joint ventures was 3.66% as at March 31, 2024, a decrease of 1 basis point from December 31, 2023. For an explanation of how Crombie determines capitalization rates, see the "Other Disclosures" section of this MD&A, under "Investment Property Valuation" in the "Use of Estimates and Judgments" section.

Debt to gross fair value(*) was 42.9% at March 31, 2024 compared to 43.0% at December 31, 2023.

The decrease in this leverage ratio during the three months ended March 31, 2024 was due primarily to repayment of credit facilities of $140,961, an increase of $78,000 in gross fair value of investment properties, reduced balances of mortgages outstanding of $57,605, and increased cash and cash equivalents of $12,276. This was offset in part by the issuance of $200,000 of senior unsecured notes and the reclassification of $49,600 from other assets to investment properties and properties under development.

		March 31, 2024		December 31, 2023
Fixed rate mortgages	$	**781,352**	$	838,957
Senior unsecured notes		**1,375,000**		1,175,000
Unsecured non-revolving credit facility		**—**		93,297
Revolving credit facility		**—**		47,591
Joint operation credit facility		**3,430**		3,503
Debt held in joint ventures, at Crombie's share(1) (2)		**279,452**		274,115
Lease liabilities		**36,109**		36,292
Adjusted debt(*)	$	**2,475,343**	$	2,468,755
Investment properties, fair value	$	**5,174,000**	$	5,096,000
Investment properties held in joint ventures, fair value, at Crombie's share(2)		**470,000**		472,500
Other assets, cost(3)		**76,723**		136,081
Other assets, cost, held in joint ventures, at Crombie's share(2) (3) (4)		**29,028**		26,214
Cash and cash equivalents		**12,276**		—
Cash and cash equivalents held in joint ventures, at Crombie's share(2)		**3,631**		3,004
Deferred financing charges		**8,121**		7,560
Gross fair value	$	**5,773,779**	$	5,741,359
Debt to gross fair value(*)		**42.9 %**		43.0 %

(1) Includes Crombie's share of fixed rate mortgages, floating rate construction loans, revolving credit facility, and lease liabilities held in joint ventures.
(2) See the "Joint Ventures" section of this MD&A.
(3) Excludes tenant incentives, accumulated amortization, and accrued straight-line rent receivable.
(4) Includes deferred financing charges.

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

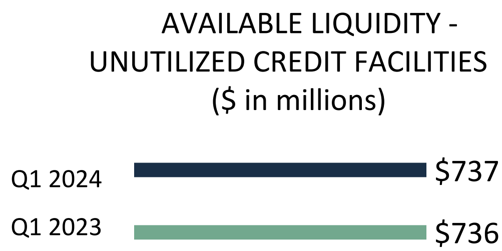
The following table presents a reconciliation of operating income attributable to Unitholders to adjusted EBITDA(*). Adjusted EBITDA(*) is a non-GAAP measure and should not be considered an alternative to operating income attributable to Unitholders and may not be comparable to that used by other entities. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 62, for more information.

In calculating adjusted EBITDA(*), Crombie includes its share of revenue, operating expenses, and general and administrative expenses in joint ventures, and excludes its share of amortization of tenant incentives in joint ventures. Interest coverage(*) and debt service coverage(*) calculations also include Crombie's share of finance costs - operations and debt repayments in joint ventures.

	Three months ended							
	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022
Operating income attributable to Unitholders	**$ 26,205**	$ 26,295	$ 27,796	$ 19,557	$ 25,173	$ 87,718	$ 26,410	$ 28,424
Amortization of tenant incentives	**6,718**	6,529	7,838	5,357	6,792	5,940	5,795	5,690
Gain on disposal of investment properties	**—**	—	(477)	—	(111)	(62,584)	(13,357)	(4,863)
Gain on distribution from equity-accounted investments	**—**	—	—	—	—	—	(1,000)	—
Impairment of investment properties	**—**	—	—	—	—	—	10,400	—
Depreciation and amortization	**20,014**	20,087	19,834	19,494	19,420	18,991	22,744	19,222
Finance costs - operations	**22,283**	23,839	20,665	21,000	20,764	20,623	20,884	20,762
(Income) loss from equity-accounted investments	**1,141**	980	(876)	1,425	(1,673)	1	1,787	1,627
Property revenue in joint ventures, at Crombie’s share	**4,918**	7,222	9,691	4,144	11,269	7,271	3,258	2,616
Amortization of tenant incentives in joint ventures, at Crombie's share	**75**	—	—	—	—	—	—	—
Property operating expenses in joint ventures, at Crombie’s share	**(1,617)**	(3,684)	(4,270)	(1,231)	(5,170)	(3,022)	(1,296)	(1,002)
General and administrative expenses in joint ventures, at Crombie’s share	**(55)**	(23)	(145)	(54)	(107)	(77)	(31)	(21)
Taxes - current	**—**	6	—	—	—	4	—	—
Adjusted EBITDA(*) [1]	**$ 79,682**	$ 81,251	$ 80,056	$ 69,692	$ 76,357	$ 74,865	$ 75,594	$ 72,455
Trailing 12 months adjusted EBITDA(*) [4]	**$ 310,681**	$ 307,356	$ 300,970	$ 296,508	$ 299,271	$ 294,259	$ 290,022	$ 286,024
Finance costs - operations	**$ 22,283**	$ 23,839	$ 20,665	$ 21,000	$ 20,764	$ 20,623	$ 20,884	$ 20,762
Finance costs - operations in joint ventures, at Crombie’s share	**3,228**	3,279	3,428	3,293	3,430	2,961	2,564	2,157
Amortization of deferred financing charges	**(554)**	(588)	(604)	(641)	(622)	(654)	(675)	(668)
Amortization of deferred financing charges in joint ventures, at Crombie's share	**(316)**	—	—	—	—	—	—	—
Adjusted interest expense(*) [2]	**$ 24,641**	$ 26,530	$ 23,489	$ 23,652	$ 23,572	$ 22,930	$ 22,773	$ 22,251
Debt principal repayments	**$ 7,522**	$ 7,606	$ 7,703	$ 8,357	$ 9,041	$ 9,172	$ 9,349	$ 9,599
Debt principal repayments in joint ventures, at Crombie’s share	**233**	317	315	312	1,738	307	305	306
Debt principal repayments [3]	**$ 7,755**	$ 7,923	$ 8,018	$ 8,669	$ 10,779	$ 9,479	$ 9,654	$ 9,905
Debt outstanding (see Debt to Gross Fair Value(*)) [5](1)	**$ 2,475,343**	$ 2,468,755	$ 2,448,384	$ 2,421,240	$ 2,383,231	$ 2,359,458	$ 2,463,882	$ 2,502,845
Interest coverage(*) ratio {[1]/[2]}	**3.23x**	3.06x	3.41x	2.95x	3.24x	3.26x	3.32x	3.26x
Debt service coverage(*) ratio {[1]/([2]+[3])}	**2.46x**	2.36x	2.54x	2.16x	2.22x	2.31x	2.33x	2.25x
Debt to trailing 12 months adjusted EBITDA(*) {[5]/[4]}	**7.97x**	8.03x	8.13x	8.17x	7.96x	8.02x	8.50x	8.75x

(1) Includes debt held in joint ventures, at Crombie’s share.

Debt Profile



Mortgages

Crombie had outstanding fixed rate mortgages consisting of:

		March 31, 2024		December 31, 2023
Fixed rate mortgages[1]	**$**	**781,395**	$	839,008
Unamortized fair value debt adjustment and interest rate subsidy		**(43)**		(51)
		781,352		838,957
Deferred financing charges on fixed rate mortgages		**(3,560)**		(4,329)
Total mortgage debt	**$**	**777,792**	$	834,628
Long-term portion	**$**	**641,121**	$	617,717
Current portion	**$**	**136,671**	$	216,911
Weighted average interest rate		**4.35 %**		4.30 %
Weighted average term to maturity		**6.3 years**		5.9 years

(1) Includes floating rate mortgages that are fixed under swap agreements.

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 $82,533 of floating rate debt that is classified as fixed rate due to interest rate swap agreements in place.

Senior Unsecured Notes ("Notes")

The following series of senior unsecured notes were outstanding as at March 31, 2024 and December 31, 2023:

	Maturity Date	Effective Interest Rate	March 31, 2024	December 31, 2023
Series E	January 31, 2025	4.80 %	$ 175,000	$ 175,000
Series F	August 26, 2026	3.68 %	200,000	200,000
Series G	June 21, 2027	3.92 %	150,000	150,000
Series H	March 31, 2028	2.69 %	150,000	150,000
Series I	October 9, 2030	3.21 %	150,000	150,000
Series J	August 12, 2031	3.13 %	150,000	150,000
Series K	September 28, 2029	5.24 %	200,000	200,000
Series L	March 29, 2030	5.14 %	200,000	—
Deferred financing charges			(3,856)	(3,231)
Total senior unsecured notes			$ 1,371,144	$ 1,171,769
Long-term portion			$ 1,197,024	$ 1,171,769
Current portion			$ 174,120	$ —
Weighted average interest rate			4.07 %	3.89 %
Weighted average term to maturity			4.4 years	4.4 years

On March 6, 2024, Crombie issued, on a private placement basis, $200,000 of Series L notes (senior unsecured) maturing March 29, 2030. The net proceeds were used to repay existing indebtedness, including repayment of outstanding credit facilities, and for general trust purposes. The Series L notes were priced with an effective yield to maturity of 5.14%. Interest is payable in equal semi-annual installments on March 29 and September 29.

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 March 31, 2024 and December 31, 2023:

	Total Available Facility	Weighted Average Term to Maturity	March 31, 2024	December 31, 2023
Revolving credit facility	$ 400,000	3.2 years	$ —	$ 47,591
Unsecured non-revolving credit facility	200,000	1.6 years	—	93,297
Unsecured bilateral credit facility	130,000	1.2 years	—	—
Joint operation credit facility II(1) (2)	3,520	0.5 years	3,430	3,503
Deferred financing charges			(705)	—
Total credit facilities	$ 733,520	0.5 years	$ 2,725	$ 144,391
Long-term portion			$ —	$ 140,888
Current portion			$ 2,725	$ 3,503
Weighted average interest rate for drawn credit facilities			3.27 %	6.78 %

(1) Availability is limited by mortgages held in the joint operations.
(2) Includes the fixed portion of the interest expense for credit facilities under swap agreements.

The revolving credit facility is secured by a pool of first mortgages on certain properties and has a maturity date of June 30, 2027. The unsecured non-revolving credit facility was amended in the first quarter of 2024 to renew the $200,000 maximum principal amount following repayment with proceeds from the issuance of Series L senior unsecured notes. The facility has a maturity date of November 18, 2025 and is intended to be used for mortgage repayments. 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 a maturity date of June 30, 2025. Joint operation credit facility II consists of term loan and revolving credit facilities which are secured by first and second mortgages on select properties.

Crombie and its co-ownership partners entered into fixed-for-floating interest rate swaps, effectively fixing the interest rate on the joint operation facility.

Borrowings under all credit facilities are possible 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 Morningstar DBRS.

As at March 31, 2024, the remaining amount available under the revolving credit facility was approximately $400,000 (prior to reduction for standby letters of credit outstanding of $5,286) and was not limited by the aggregate borrowing base. Crombie has remained in compliance with all debt covenants.

The terms of the unsecured bilateral revolving credit facility and the unsecured non-revolving credit facility also require annualized NOI on all properties to be a minimum of 1.4 times the coverage of all annualized debt service requirements and cash distributions to Unitholders to be limited to 100% of funds from operations as defined in the credit facilities. Crombie is in compliance with this requirement.

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

		Twelve months ending March 31,					
	Contractual Cash Flows(1)	2025	2026	2027	2028	2029	Thereafter
Fixed rate mortgages - principal and interest(2)	$ 348,988	$ 58,863	$ 50,460	$ 46,886	$ 38,567	$ 33,988	$ 120,224
Fixed rate mortgages - maturities	614,368	110,545	20,476	98,634	33,557	83,805	267,351
Senior unsecured notes	1,620,142	229,542	47,542	243,148	335,619	30,283	734,008
Trade and other payables	114,536	94,446	9,598	1,326	1,086	1,086	6,994
Lease liabilities	150,615	4,825	3,016	2,936	2,581	2,437	134,820
	2,848,649	498,221	131,092	392,930	411,410	151,599	1,263,397
Credit facilities(2)	3,488	3,488	—	—	—	—	—
Total estimated payments	**$ 2,852,137**	**$ 501,709**	**$ 131,092**	**$ 392,930**	**$ 411,410**	**$ 151,599**	**$ 1,263,397**

(1) Includes principal and interest and excludes extension options.
(2) Includes the fixed portion of the interest expense for mortgages and credit facilities under swap agreements.

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

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 select investment properties;
- secured mortgage and term debt on unencumbered properties;
- issuance of additional senior unsecured notes;
- issuance of new Units;
- entering into new joint arrangements; and
- cash.

Debt Maturities

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

	Maturing Debt Balances							
12 Months Ending	Mortgages	Senior Unsecured Notes	Credit Facilities	Total	% of Total	Payments of Mortgage Principal	Total Required Payments	% of Total
Remainder of 2024	$ 99,957	$ —	$ 3,430	$ 103,387	5.2 %	$ 20,923	$ 124,310	5.8 %
December 31, 2025	30,596	175,000	—	205,596	10.3 %	23,729	229,325	10.6 %
December 31, 2026	12,401	200,000	—	212,401	10.7 %	22,097	234,498	10.9 %
December 31, 2027	111,759	150,000	—	261,759	13.1 %	18,894	280,653	13.0 %
December 31, 2028	45,234	150,000	—	195,234	9.8 %	17,074	212,308	9.8 %
Thereafter	314,421	700,000	—	1,014,421	50.9 %	64,310	1,078,731	49.9 %
Total(1)	**$ 614,368**	**$ 1,375,000**	**$ 3,430**	**$ 1,992,798**	**100.0 %**	**$ 167,027**	**$ 2,159,825**	**100.0 %**

(1) Excludes fair value debt adjustment of $(43) and deferred financing charges of $(4,265) on mortgages and $(3,856) on unsecured notes (December 31, 2023 - $(51), $(4,329), and $(3,231), respectively).

Outstanding Unit Data

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

For the three months ended March 31, 2024, Crombie issued 417,355 REIT Units and 295,652 Class B LP Units under its DRIP. Units issued under the DRIP are issued at a price equal to 97% of the volume-weighted average trading price of the REIT Units on the Toronto Stock Exchange for the five trading days immediately preceding the relevant distribution payment date.

Total Units outstanding at April 30, 2024, were as follows:

Units	107,460,223
Special Voting Units(1)	74,571,305

(1) Crombie Limited Partnership, a subsidiary of Crombie, has issued 74,571,305 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 March 31,		
	2024	2023(1)	Variance
Cash provided by (used in):			
Operating activities	**$ 79,822**	$ 64,294	$ 15,528
Financing activities	**(57,777)**	(31,373)	(26,404)
Investing activities	**(9,769)**	(29,988)	20,219
Net change during the period	**$ 12,276**	$ 2,933	$ 9,343

(1) Cash provided by (used in) operating and financing activities for the three months ended March 31, 2023 was updated from the previously reported figures to show finance costs - operations net of non-cash items.

Operating Activities

The increase in cash provided by operating activities was primarily due to lower additions to tenant incentives of $7,516, higher property cash NOI(*) of $4,727 due to growth in property revenue, and an increase in the net change in non-cash working capital items of $2,208.

Financing Activities

The increase in cash used in financing activities was primarily due to new mortgage issuances of $31,427 compared to $48,000 in the same period in 2023. Additionally, mortgage repayments were $15,235 higher and finance costs increased by $3,196 due to higher interest expense on senior unsecured notes. The increase in cash was offset in part by the net amount drawn on floating rate credit facilities of $140,961 compared to $149,894 in the first quarter of 2023.

Investing Activities

The decrease in cash used in investing activities was primarily due to a decease in acquisitions of investment properties of $18,752 and higher collection of notes receivable from related parties of $5,379. This was partially offset by an increase in contributions of $1,738 to equity-accounted investments and a decrease in distributions from equity-accounted investments of $1,547.

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 March 31, 2024, Crombie has a total of $5,286 (December 31, 2023 - $5,342) in outstanding letters of credit related to construction work being performed on investment properties. Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

As at March 31, 2024, Crombie had signed construction contracts totalling $245,658, of which $175,192 has been paid. This includes contracts signed within joint ventures at Crombie's ownership percentage.

Crombie has committed to funding $37,926 in development costs at 1700 East Broadway Limited Partnership, of which $633 has been funded as at March 31, 2024.

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 March 31, 2024, Crombie has provided guarantees of approximately $61,844 (December 31, 2023 - $81,781) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 2.0 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.

In 2023, 1600 Davie Limited Partnership entered into a credit agreement with a Canadian chartered bank. The revolving credit facility has a maximum principal amount of $4,000 and matures July 31, 2026. Crombie has guaranteed 100% of the credit facility, which has been fully drawn.

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 three months ended March 31, 2024.

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

- Cash and cash equivalents
- Accounts receivable
- 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 that have a fair value different from their carrying value:

	March 31, 2024		December 31, 2023	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value[1]
Financial liabilities				
Investment property debt	**$ 746,771**	**$ 780,517**	$ 956,601	$ 979,019
Senior unsecured notes	**1,314,563**	**1,371,144**	1,108,474	1,171,769
Total financial liabilities	**$ 2,061,334**	**$ 2,151,661**	$ 2,065,075	$ 2,150,788

(1) Carrying values for 2023 were updated to include deferred financing costs.

Financial assets are derecognized when the contractual rights to benefits from the financial asset expire.

The fair values of 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 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 2023 annual MD&A, and the “Risks” section of Crombie’s 2023 Annual Information Form available at www.sedarplus.ca, the following is a specific risk update for March 31, 2024:

<u>Significant Relationship</u>

As at March 31, 2024, Empire, through its wholly owned subsidiary ECL Developments Limited (“ECLD”), holds a 41.5% indirect interest in Crombie. Crombie’s anchor tenants are concentrated in a relatively small number of retail operators. Specifically, for the three months ended March 31, 2024, 58.4% of the AMR and 54.1% 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 Crombie's financial risks, how these risks are managed, and whether there was a change in risk exposure compared to the prior year.

Credit Risk

Risk Description	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.
Risk Management	Crombie mitigates credit risk by geographical diversification, diversifying both its tenant mix and asset mix, and conducting credit assessments for new and renewing tenants. The residential component of Crombie’s investment in joint ventures further diversifies its portfolio. In measuring tenant concentration, Crombie considers both the AMR and total property revenue of major tenants. • Crombie’s largest tenant, Empire (including Sobeys and all other subsidiaries of Empire), represents 58.4% of AMR. No other tenant accounts for more than 2.4% of Crombie’s AMR; • total property revenue includes base rent as well as 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 costs. Crombie earned total property revenue of $64,201 for the three months ended March 31, 2024 (March 31, 2023 - $61,439) from Sobeys and other subsidiaries of Empire; and • over the next five years, leases on no more than 7.3% of the gross leasable area of Crombie will expire in any one year. Receivables are substantially comprised of current balances due from tenants and past due receivables. The balance of accounts receivable past due is usually not significant. Historically low receivable balances increased significantly over the past few years as a result of the impacts of the COVID-19 pandemic but have since returned to their pre-pandemic collection rates. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoicing, and balances over 30 days are considered past due. Crombie determines the expected credit loss in accordance with the IFRS 9 “Financial Instruments” 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 and ongoing discussions with tenants. During the three months ended March 31, 2024, Crombie recorded bad debt recovery of $(294) (March 31, 2023 - expense of $116). Crombie's trade receivables and provision for doubtful accounts balances at March 31, 2024 were $21,724 and $(904), respectively (December 31, 2023 - $18,605 and $(1,396), 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.

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	The real estate industry is capital intensive, and most assets are non-current in nature. These assets produce income through long-term leases, which funds current liabilities as they come due. While rents are contractually committed, they are not recognized as current assets, and this imbalance creates a working capital deficit, despite cash flows from contractually committed rents and credit facilities being more than adequate to satisfy current liabilities. 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 at March 31, 2024, Crombie's credit rating on outstanding senior unsecured notes was "BBB(low)" with a "Stable" trend from 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 2023 Annual Information Form. 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 is likely to 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 it cannot exceed the borrowing base security provided by Crombie. Refer to the "Debt Maturities" section of this MD&A for a maturity analysis of Crombie's 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 the risk of rising interest rates by utilizing staggered debt maturities and limiting the use of permanent floating rate debt and, on occasion, utilizing interest rate swap agreements. The interest swap rates would be based on Canadian bond yields, plus a premium, called the swap spread, which reflects the risk of trading with a private counterparty as opposed to the Canadian government. Under interest rate swap arrangements, Crombie would agree to pay the counterparty an amount if market interest rates decline, in return for the counterparty's agreement to pay Crombie an amount if market interest rates increase. As a result, the combined effect of variable interest rates on certain debt arrangements coupled with the payment obligations under interest rate swap agreements is to stabilize Crombie's net interest expense, as increased interest payments are partially offset by the right to receive payments under the interest rate swap agreements, while decreased interest payments are partially offset by the obligation to make payments under the interest rate swap agreements. In the event that interest rates change by more than was anticipated in the interest rate swap agreements, payment obligations under interest rate swap agreements could adversely impact Crombie's financial condition and results of operations and decrease the amount of cash available for distribution. Crombie does not enter into these interest rate swaps on a speculative basis. Crombie is prohibited by its Declaration of Trust in purchasing, selling, or trading in interest rate future contracts other than for hedging purposes.

The table below summarizes Crombie's financial instruments in which hedge accounting was applied:

			As at March 31, 2024		Three months ended March 31, 2024	
Hedge type	**Maturity date**	**Fixed interest rate**	**Notional amount of the hedging instrument[1]**	**Fair value of hedging instrument[1]**	**Change in fair value gain (loss) recognized in other comprehensive income (loss)[1]**	**Hedge recognized in statements of comprehensive loss**
Cash flow hedge[2]	Dec. 20, 2024	3.72 %	$ 74,542	$ 1,486	$ (496)	$ —
Cash flow hedge[2]	Mar. 18, 2025	3.52 %	4,561	124	(17)	—
Cash flow hedge[2]	Oct. 7, 2024	3.27 %	3,430	71	(25)	—
Cash flow hedge[3]	Mar. 1, 2029	3.15 %	52,000	3,653	745	—
			$ 134,533	$ 5,334	$ 207	$ —

(1) Amounts are shown at Crombie's ownership percentage.
(2) Included in other assets on Crombie's interim condensed consolidated balance sheets.
(3) Included in investment in joint ventures on Crombie's interim condensed consolidated balance sheets.

As at March 31, 2024:

- Crombie's weighted average term to maturity of its fixed rate mortgages is 6.3 years;
- Crombie's weighted average term to maturity of its unsecured notes is 4.4 years;
- Crombie has a floating rate revolving credit facility available to a maximum of $400,000, subject to available borrowing base, with no balance outstanding/drawn;
- Crombie has an unsecured non-revolving credit facility available to a maximum of $200,000 with no balance outstanding/drawn;
- Crombie has a floating rate unsecured bilateral credit facility available to a maximum of $130,000 with no balance outstanding/drawn;
- Crombie has a joint operation credit facility available to a maximum of $3,520 at Crombie's share with a balance of $3,430 outstanding;
- Crombie has interest rate swap agreements in place on $82,533 of floating rate debt and an interest rate swap agreement in place held in equity-accounted investments on $52,000 of floating rate debt, at Crombie's share; and
- Crombie has floating rate credit facilities, included in debt held in equity-accounted investments, available to a maximum of $23,500 with a balance of $10,950 outstanding, both at Crombie's share.

Risk Management

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

	Three months ended March 31, 2024	
Impact on operating income attributable to Unitholders of interest rate changes on the revolving credit facility	**Increase in rate**	**Decrease in rate**
Impact of a 0.5% interest rate change	**$ (174)**	**$ 174**
Impact of a 1.0% interest rate change	**$ (348)**	**$ 348**
Impact of a 1.5% interest rate change	**$ (523)**	**$ 523**

	As at March 31, 2024	
Impact on other comprehensive loss of interest rate changes on interest rate swap agreements at Crombie's share	**Increase in rate**	**Decrease in rate**
Impact of a 0.5% interest rate change	**$ 1,400**	**$ (1,400)**
Impact of a 1.0% interest rate change	**$ 2,700**	**$ (2,700)**
Impact of a 1.5% interest rate change	**$ 4,300**	**$ (4,300)**

9. JOINT VENTURES

As at March 31, 2024, Crombie holds partial ownership interests in eight joint ventures, four of which currently hold property. These joint ventures are all 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(*), and same-asset property cash NOI(*), or in operational metrics such as occupancy and GLA, unless specifically indicated that such metrics are presented on a proportionate consolidation basis. (See the "Total Portfolio Review Inclusive of Joint Ventures" section of this MD&A for select operating metrics presented in this manner.) The figures presented below represent only the results of these joint ventures, at 100%, with the exception of FFO(*).

Joint Venture Summary

The following represents Crombie's interest in joint venture investments:

	March 31, 2024	December 31, 2023
1600 Davie Limited Partnership	**50.0 %**	50.0 %
Bronte Village Limited Partnership	**50.0 %**	50.0 %
The Duke Limited Partnership	**50.0 %**	50.0 %
Penhorn Residential Holdings Limited Partnership	**50.0 %**	50.0 %
140 CPN Limited	**50.0 %**	50.0 %
1700 East Broadway Limited Partnership	**50.0 %**	50.0 %
Lynn Valley Limited Partnership	**50.0 %**	50.0 %
Kingsway & Tyne Property Development Limited Partnership	**50.0 %**	50.0 %

1600 Davie Limited Partnership
Davie Street is a retail/residential mixed-used property consisting of 330 residential units and 54,000 square feet of retail GLA in Vancouver, British Columbia. Crombie maintains 100% ownership of the retail GLA, which is anchored by a 44,500 square foot Safeway, while the joint venture retains ownership of the 330 residential units. Stabilization of NOI was reached in September 2021 and the residential property is 94.8% leased at March 31, 2024.

Bronte Village Limited Partnership
Bronte Village is a retail/residential mixed-used property located in Oakville, Ontario. It is comprised of two residential towers incorporating 481 residential rental units and 54,000 square feet of grocery-anchored retail GLA that is owned by the joint venture. Substantial completion was reached on tower one in the third quarter of 2021, with the remaining residential tower completed during the first quarter of 2022. Stabilization of occupancy was reached at the end of the first quarter of 2024 and the residential property is 93.3% leased at March 31, 2024.

The Duke Limited Partnership
Le Duke is a retail/residential mixed-use property in Montreal, Quebec, with an existing heritage building integrated into the ground floor of the property. The property incorporates 387 residential units, a 25,000 square foot IGA on the ground floor, and an additional 1,000 square feet of retail space that is owned by the joint venture. Stabilization of NOI was reached in December 2022 and the residential tower is 95.6% leased at March 31, 2024.

Penhorn Residential Holdings Limited Partnership
Opal Ridge (Penhorn), formerly referred to as Penhorn Lands, is a 26-acre parcel in Dartmouth, Nova Scotia, with zoning proposed for the development of multi-family parceled building lots. Entitlement and development agreements were approved in June 2022 with all land parcels being sold thereafter and the remaining land development activity completed at the end of 2023.

140 CPN Limited
Centennial Parkway is a retail plaza in Hamilton, Ontario, consisting of 33,000 square feet of retail GLA, which is fully leased and owned by the joint venture.

1700 East Broadway Limited Partnership
East Broadway (Broadway and Commercial) is a proposed major mixed-use redevelopment in Vancouver, British Columbia, located at the busiest transit node in Western Canada. It will include grocery-anchored retail, office, residential rental, and condominiums. The project is

currently being rezoned and construction tendering could commence in 2025. The joint venture will own the residential and office components, with Crombie retaining 100% ownership of the retail.

Lynn Valley Limited Partnership
1170 East 27 Street is a proposed mixed-use redevelopment in North Vancouver, British Columbia. The joint venture is advancing entitlement by working through public engagement in advance of submitting a formal rezoning application.

Kingsway & Tyne Property Development Limited Partnership
3410 Kingsway is a proposed mixed-use redevelopment in Vancouver, British Columbia. The joint venture is currently working through early concept planning to support a policy inquiry submission which will allow municipal staff to provide early input on the redevelopment concept.

Occupancy Metrics

	Retail GLA	Retail Occupancy % as at March 31, 2024	Residential GLA	Residential Occupancy % as at March 31, 2024(2)	Total GLA	Number of Residential Units	Number of Committed Units
Stabilized properties(1)	**113,000**	**95.8 %**	**947,000**	**94.5 %**	**1,060,000**	**1,198**	**1,132**

(1) Comprised of Davie Street Residential, Le Duke, Bronte Village, and Centennial Parkway.
(2) Committed occupancy.

Total average residential rent is $3.82 per square foot.

Financial Performance

	Three months ended										
	March 31, 2024					March 31, 2023					Variance
	Davie LP	**Bronte LP**	**Duke LP**	**Other**	**Total**	Davie LP	Bronte LP	Duke LP	Other	Total	Total
Property revenue	**$ 3,042**	**$ 4,156**	**$ 2,448**	**$ 189**	**$ 9,835**	$ 2,843	$ 2,564	$ 2,175	$ 14,956	$ 22,538	$(12,703)
Property operating expenses	**(704)**	**(1,599)**	**(861)**	**(70)**	**(3,234)**	(718)	(1,062)	(581)	(7,978)	(10,339)	7,105
Net property income(*)	**2,338**	**2,557**	**1,587**	**119**	**6,601**	2,125	1,502	1,594	6,978	12,199	(5,598)
General and administrative	**(7)**	**(29)**	**(41)**	**(32)**	**(109)**	(40)	(95)	—	(78)	(213)	104
Depreciation and amortization	**(734)**	**(1,153)**	**(476)**	**(14)**	**(2,377)**	(884)	(1,213)	(488)	(14)	(2,599)	222
Finance costs - operations	**(1,657)**	**(3,959)**	**(824)**	**(16)**	**(6,456)**	(2,021)	(3,938)	(814)	(87)	(6,860)	404
Net income (loss)	**$ (60)**	**$ (2,584)**	**$ 246**	**$ 57**	**$ (2,341)**	$ (820)	$ (3,744)	$ 292	$ 6,799	$ 2,527	$ (4,868)
Contribution to Crombie's FFO(*) (1)	**$ 367**	**$ (653)**	**$ 373**	**$ 35**	**$ 122**	$ 331	$ (1,210)	$ 402	$ 3,407	$ 2,930	$ (2,808)

(1) FFO is at Crombie's share and is included in Crombie's total FFO numbers.

Net income (loss) decreased by $4,868, or 192.6%, primarily due to $6,770 in net income on the disposition of land parcels at Opal Ridge in the first quarter of 2023. This was offset by growth of $1,160 in net income at Bronte Village compared to the first quarter of 2023 due to ongoing lease-up efforts over the past 12 months.

	Three months ended													
	March 31, 2024						March 31, 2023						Variance	
		Retail		**Residential**		**Total**		Retail		Residential		Total		Total
Net property income(*)	**$**	**625**	**$**	**5,976**	**$**	**6,601**	$	7,408	$	4,791	$	12,199	$	(5,598)
Non-cash straight-line rent		**(40)**		**200**		**160**		(18)		257		239		(79)
Non-cash tenant incentive amortization		**149**		**—**		**149**		136		—		136		13
Property cash NOI(*)	**$**	**734**	**$**	**6,176**	**$**	**6,910**	$	7,526	$	5,048	$	12,574	$	(5,664)

Property cash NOI decreased by $5,664, or 45.0%, compared to the first quarter of 2023 primarily due to the disposition of land parcels at Opal Ridge in the first quarter of 2023. This was partially offset by the ongoing lease-up efforts at Bronte Village over the past 12 months.

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
March 31, 2024	**$**	**940,000**	**$**	**561,523**
December 31, 2023	$	945,000	$	566,563

The fair value included in this summary reflects the fair value of the properties as at March 31, 2024 and December 31, 2023, respectively, based on each property’s current use as a revenue-generating property or property under development. Additionally, as properties are prepared for redevelopment, Crombie considers each property's progress through entitlement in determining the fair value of a property. The fair value of properties under development is assumed to equal cost until the property is substantially completed. As at March 31, 2024, properties held within 1600 Davie Limited Partnership, Bronte Village Limited Partnership, The Duke Limited Partnership, and 140 CPN Limited are revenue-generating properties.

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

	March 31, 2024	December 31, 2023
Weighted average capitalization rate	**3.66 %**	3.67 %

Fair Value Sensitivity

Crombie has determined that a change in this applied capitalization rate and net operating income at March 31, 2024 would result in an (increase) decrease in the fair value of the investment properties as follows:

Capitalization rate change	**Net Operating Income Change**													
	$	(1,500)	$	(1,000)	$	(500)	$	—	$	500	$	1,000	$	1,500
(0.75) %	$	198,000	$	212,000	$	225,000	$	239,000	$	253,000	$	266,000	$	280,000
(0.50) %	$	103,000	$	117,000	$	130,000	$	144,000	$	158,000	$	171,000	$	185,000
(0.25) %	$	23,000	$	37,000	$	50,000	$	64,000	$	78,000	$	91,000	$	105,000
— %	$	(41,000)	$	(27,000)	$	(14,000)	$	—	$	14,000	$	27,000	$	41,000
0.25 %	$	(105,000)	$	(91,000)	$	(78,000)	$	(64,000)	$	(50,000)	$	(37,000)	$	(23,000)
0.50 %	$	(156,000)	$	(142,000)	$	(129,000)	$	(115,000)	$	(101,000)	$	(88,000)	$	(74,000)
0.75 %	$	(202,000)	$	(188,000)	$	(175,000)	$	(161,000)	$	(147,000)	$	(134,000)	$	(120,000)

Debt to Gross Fair Value(*)

	March 31, 2024	December 31, 2023
Fixed and floating rate mortgages and construction loans	$ 530,246	$ 510,254
Revolving credit facilities	21,900	21,400
Partnership loans	1,120	10,664
Lease liabilities	5,637	5,912
Total debt outstanding	$ 558,903	$ 548,230
Investment properties, fair value	$ 940,000	$ 945,000
Other assets, cost[(1)]	58,056	52,429
Cash and cash equivalents	7,262	6,008
Gross fair value	$ 1,005,318	$ 1,003,437
Debt to gross fair value(*)	55.6 %	54.6 %

(1) Other assets include deferred financing costs, and exclude tenant incentives and related accumulated amortization, and accrued straight-line rent receivable.

Debt Profile

	March 31, 2024				December 31, 2023			
	Mortgages[(1)]	Revolving Credit Facilities[(2)]	Partnership Loans	Total Borrowings	Mortgages[(1)]	Revolving Credit Facilities[(2)]	Partnership Loans	Total Borrowings
Opening balance, beginning of period	$ 510,254	$ 21,400	$ 10,664	$ 542,318	$ 506,143	$ 17,256	$ 10,364	$ 533,763
Additions	243,457	—	438	243,895	6,615	—	—	6,615
Net advances	—	500	—	500	—	7,000	300	7,300
Principal repayments	(223,465)	—	(9,982)	(233,447)	(2,504)	(2,856)	—	(5,360)
Closing balance, end of period	$ 530,246	$ 21,900	$ 1,120	$ 553,266	$ 510,254	$ 21,400	$ 10,664	$ 542,318

(1) Includes construction financing.
(2) The unsecured revolving term credit facility at Broadway and Commercial is used by the joint venture to finance development activity of the partnership during rezoning.

	March 31, 2024	December 31, 2023
Total borrowings	$ 553,266	$ 542,318
Long-term portion	$ 528,687	$ 315,146
Current portion	$ 24,579	$ 227,172
Weighted average fixed interest rate[(1)]	3.72 %	3.27 %
Weighted average floating interest rate[(2)]	6.99 %	7.16 %
Weighted average term to maturity of fixed rate debt	4.6 years	4.2 years
Weighted average term to maturity of floating rate debt[(2)]	1.2 years	1.3 years

(1) Includes floating rate mortgages that are fixed under swap agreements.
(2) Includes credit facilities of $21,900 at March 31, 2024 (December 31, 2023- $244,400).

From time to time, Crombie's joint ventures have entered into interest rate swap agreements to manage the interest rate profile of their current or future debts without an exchange of the underlying principal amount. Crombie's joint ventures currently have an interest rate swap agreement in place on $104,000 of floating rate debt.

10. OTHER DISCLOSURES

Related Party Transactions

As at March 31, 2024, 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 trustees, and post-employment benefit plans.

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

Crombie's transactions with related parties are as follows:

	Three months ended March 31,	
	2024	2023
Property revenue		
Property revenue	**$ 64,201**	$ 61,439 (1)
Head lease income	**$ 219**	$ 313
Revenue from management and development services	**$ 670**	$ —
Property operating expenses	**$ (34)**	$ (34)
General and administrative expenses		
Property management services recovered	**$ 41**	$ 57
Other general and administrative expenses	**$ (44)**	$ (44)
Finance costs - distributions to Unitholders	**$ (16,752)**	$ (16,493)

(1) Property revenue for the three months ended March 31, 2023 has been increased by $4,830 as a result of a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

Crombie provides property management, development management, project management, leasing services, and environmental management to co-owners and to specific properties owned by certain subsidiaries of Empire on a fee-for-service basis pursuant to a Management Agreement, which is being recognized as revenue from management and development services.

Included in the above, during the three months ended March 31, 2024, Crombie issued 295,652 (March 31, 2023 - 247,263) Class B LP Units to ECLD under the DRIP.

During the three months ended March 31, 2024, Crombie invested $2,468 (March 31, 2023 - $6,907) in properties anchored by subsidiaries of Empire, which resulted in amended lease terms. These amounts have been included in tenant incentive additions and the costs are being amortized over the amended lease terms.

Crombie has a mortgage payable of $24,792 (December 31, 2023 - $24,876) due to 1600 Davie Limited Partnership that has interest at 3.22% and matures December 1, 2027. 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 $1,120 (December 31, 2023 - $10,664) in a 6% subordinated note receivable due from Bronte Village Limited Partnership. The subordinated note receivable is due on demand and is expected to be collected within the year.

Amounts due from related parties include $167 (December 31, 2023 - $801) in a note receivable due from Lynn Valley Limited Partnership related to development services.

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 more fully under the "Critical Accounting Estimates and Assumptions" section of the 2023 annual MD&A. The estimates and assumptions that are critical to the determination of the amounts reported in the March 31, 2024 financial statements relate to the following:

<u>Fair Value Measurement</u>

A number of assets and liabilities included in Crombie's 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 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.

<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 its 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 the capitalized net operating income method, using internally generated valuation models prepared by considering the aggregate trailing annual net property income[(*)] recognized from leasing the property, which is stabilized for any major tenant movement. The key assumptions are the capitalization rates for each specific property and stabilized net property income[(*)]. Crombie is responsible for the reasonableness of the assumptions and for the accuracy of inputs that are used to determine its valuation disclosures. Crombie receives biannual capitalization rate reports (June and December) from an independent valuation company, which reflect the specific risks inherent in the net property income[(*)], to arrive at property valuations. The capitalization rate reports provide a range of rates for various geographic regions and for various types and qualities of properties within each region. Management selects the rate for each property from the range provided that management believes is most appropriate in its judgment. In addition to this, Crombie uses the market information obtained in external appraisals each quarter and makes relevant adjustments to its input assumptions. As at March 31, 2024, management's determination of fair value was updated for current market assumptions, including net property income[(*)], market capitalization rates, and recent appraisals provided by independent appraisal professionals. For properties under development, fair value is assumed to equal cost until the property is substantially completed.

Critical Judgments

Critical judgments are discussed under the "Critical Judgments" section of the 2023 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 interim Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding disclosure. Crombie's CEO and interim CFO have evaluated the design and effectiveness of its disclosure controls and procedures as at March 31, 2024. They have concluded that the current disclosure controls and procedures are effective.

In addition, Crombie's CEO and interim 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, Crombie's CEO and interim CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the design and operation of ICFR as at March 31, 2024 and have concluded that its current ICFR are effective based on that evaluation. There have been no material changes to Crombie’s internal controls during the period.

Quarterly Information

	Three months ended							
	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022
Net property income(*)	**$ 73,641**	$ 75,869	$ 71,453	$ 71,442	$ 68,648	$ 70,816	$ 71,574	$ 70,097
Operating income	**$ 26,205**	$ 26,295	$ 27,796	$ 19,557	$ 25,173	$ 87,718	$ 26,410	$ 28,424
Finance costs - distributions to Unitholders	**(40,399)**	(40,237)	(40,077)	(39,921)	(39,775)	(39,697)	(39,513)	(39,394)
Finance income (costs) - change in fair value of financial instruments	**122**	(1,400)	1,191	1,517	603	(1,704)	1,782	2,034
Increase (decrease) in net assets attributable to Unitholders	**$ (14,072)**	$ (15,342)	$ (11,090)	$ (18,847)	$ (13,999)	$ 46,317	$ (11,321)	$ (8,936)
Operating income per Unit - basic	**$ 0.14**	$ 0.15	$ 0.15	$ 0.11	$ 0.14	$ 0.49	$ 0.15	$ 0.16
Distributions								
Distributions	**$ 40,399**	$ 40,237	$ 40,077	$ 39,921	$ 39,775	$ 39,697	$ 39,513	$ 39,394
Per Unit	**$ 0.22**	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22
FFO(*)								
Basic	**$ 54,868**	$ 54,590	$ 56,510	$ 46,068	$ 52,835	$ 52,104	$ 52,665	$ 49,877
Per Unit - basic	**$ 0.30**	$ 0.30	$ 0.31	$ 0.26	$ 0.30	$ 0.29	$ 0.30	$ 0.28
Payout ratio	**73.6 %**	73.7 %	70.9 %	86.7 %	75.3 %	76.2 %	75.0 %	79.0 %
AFFO(*)								
Basic	**$ 46,947**	$ 46,111	$ 49,962	$ 39,118	$ 45,909	$ 45,061	$ 46,787	$ 43,551
Per Unit - basic	**$ 0.26**	$ 0.26	$ 0.28	$ 0.22	$ 0.26	$ 0.25	$ 0.26	$ 0.25
Payout ratio	**86.1 %**	87.3 %	80.2 %	102.1 %	86.6 %	88.1 %	84.5 %	90.5 %
Operating information								
Number of investment properties	**295**	294	294	293	291	289	290	294
Gross leasable area	**18,709,000**	18,681,000	18,652,000	18,625,000	18,550,000	18,445,000	18,331,000	18,500,000
Economic occupancy	**95.7 %**	96.0 %	96.0 %	95.9 %	94.5 %	94.8 %	96.2 %	95.9 %
Committed occupancy	**96.2 %**	96.5 %	96.4 %	96.4 %	96.7 %	96.9 %	96.8 %	96.3 %
Debt metrics								
Unencumbered investment properties(1)	**$2,771,000**	$2,608,000	$2,582,000	$2,488,000	$2,291,000	$2,154,000	$2,201,000	$2,155,000
Available liquidity	**$ 736,990**	$ 583,770	$ 564,903	$ 614,072	$ 735,877	$ 583,003	$ 445,372	$ 444,262
Debt to gross fair value(*)	**42.9 %**	43.0 %	42.4 %	42.3 %	41.9 %	41.8 %	42.0 %	42.7 %
Weighted average interest rate(2)	**4.2 %**	4.1 %	4.0 %	4.0 %	4.0 %	3.8 %	3.8 %	3.8 %
Debt to trailing 12 months adjusted EBITDA(*)	**7.97x**	8.03x	8.13x	8.17x	7.96x	8.02x	8.50x	8.75x
Interest coverage ratio(*)	**3.23x**	3.06x	3.41x	2.95x	3.24x	3.26x	3.32x	3.26x

(1) Represents fair value of unencumbered properties.
(2) 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:
    - March 31, 2024 - no acquisitions or dispositions;
    - December 31, 2023 - no acquisitions or dispositions;
    - September 30, 2023 - no acquisitions or dispositions; a payment of $16,361 was made to a subsidiary of Empire in connection with the assignment of 24 subleases to Crombie for retail sites in Western Canada;
    - June 30, 2023 - acquisition of one retail property for a total purchase price of $9,760;
    - March 31, 2023 - acquisition of two retail properties for a total purchase price of $16,722;
    - December 31, 2022 - disposition of two retail properties for proceeds of $113,418;
    - September 30, 2022 - acquisition of one retail property for a total purchase price of $1,350 and disposition of five retail properties and a parcel of land adjacent to existing retail properties for proceeds of $52,126; and
    - June 30, 2022 - acquisition of one retail property and one development property for a total purchase price of $15,939 and disposition of one retail property for proceeds of $10,250.
- 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.

11. NON-GAAP FINANCIAL MEASURES

There are financial measures included in this MD&A that do not have a standardized meaning under IFRS Accounting Standards. 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 Accounting Standards measure.

Non-GAAP Measure	**Description and Purpose**	**Reconciliation**
Net property income	• Property revenue less property operating expenses, excluding revenue from management and development services and certain expenses such as interest expense and indirect operating expenses. • Management believes that net property income is a useful measure of operating performance by the properties period over period.	"Net Property Income(*)" starting on page 23
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.	"Same-asset Property Cash NOI(*)" starting on page 23
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, or was subject to disposition, during either the current or comparative period. Same-asset property cash NOI includes Crombie's proportionate ownership of jointly operated properties but currently excludes properties owned in joint ventures. • 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 288 as at March 31, 2024.	"Same-asset Property Cash NOI(*)" starting on page 23
Funds from operations ("FFO")	• Crombie considers FFO 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 January 2022 guidance in calculating FFO, and defines FFO as increase (decrease) in net assets attributable to Unitholders (computed in accordance with IFRS Accounting Standards), adjusted for the following applicable amounts: ◦ gain or loss on disposal of investment properties and related income tax; ◦ gain on distribution from equity-accounted investments; ◦ 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.	"Funds from Operations (FFO)(*)" starting on page 24

Non-GAAP Measure	**Description and Purpose**	**Reconciliation**
	• REALPAC provides for other adjustments in determining FFO which are currently not applicable to Crombie and 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 are added back in the calculation of FFO as recommended by REALPAC, Crombie also adds back the amortization of tenant incentives. • Crombie calculates FFO per Unit using the basic weighted average Units outstanding for the period. Management believes this is a useful measure in comparing period-over-period operating results.	
FFO payout ratio	• FFO payout ratio shows the proportion of FFO paid to Unitholders in the form of distributions for the period, expressed as a percentage of FFO. • FFO payout ratio is calculated by dividing finance costs - distributions to Unitholders by FFO for the period. • Management uses this key metric in evaluating the sustainability of Crombie's distribution payments to Unitholders.	"Funds from Operations (FFO)(*)" starting on page 24
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 January 2022 guidance 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, maintenance capital expenditures, and maintenance tenant incentives and leasing costs. • Crombie calculates AFFO per Unit using the basic weighted average Units outstanding for the period. Management believes this is a useful measure in comparing period-over-period operating results.	"Adjusted Funds from Operations (AFFO)(*)" starting on page 25
AFFO payout ratio	• AFFO payout ratio shows the proportion of AFFO paid to Unitholders in the form of distributions for the period, expressed as a percentage of AFFO. • AFFO payout ratio is calculated by dividing finance costs - distributions to Unitholders by AFFO for the period. • Management uses this key metric in evaluating the sustainability of Crombie's distribution payments to Unitholders.	"Adjusted Funds from Operations (AFFO)(*)" starting on page 25
Net asset value ("NAV")	• NAV represents total assets less total liabilities excluding net assets attributable to Unitholders.	"Development" starting on page 29
Unencumbered investment properties as a percentage of unsecured debt	• Unencumbered investment properties represent the fair value of investment properties that have not been pledged as security for any debt obligations. • Unsecured debt currently consists of Crombie's senior unsecured notes and its Unsecured bilateral and Unsecured non-revolving credit facilities. • This ratio is used to assess the aggregate unencumbered investment properties currently available for secured financing to satisfy all outstanding unsecured debt obligations.	"Debt Metrics" starting on page 39
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. It includes Crombie's share of debt held in equity-accounted joint ventures. • Adjusted debt is used in the calculation of Crombie's debt to gross fair value and debt to trailing 12 months adjusted EBITDA.	"Debt Metrics" starting on page 39

Non-GAAP Measure	Description and Purpose	Reconciliation
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, gain (loss) on disposal of investment properties, and gain on distribution from equity-accounted investments. It includes Crombie's share of revenue, operating expenses, and general and administrative expenses from equity-accounted joint ventures. • Adjusted EBITDA is used as an input in several of Crombie's debt metrics, providing information with respect to certain financial ratios that are used in measuring Crombie's debt profile and assessing its ability to satisfy obligations, including servicing its 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
Adjusted interest expense	• Represents finance costs from operations, excluding amortization of deferred financing costs. It includes Crombie's share of interest from equity-accounted joint ventures. • Adjusted interest expense is used in the calculation of Crombie's interest coverage and debt service coverage ratios.	"Debt Metrics" starting on page 39
Interest coverage Debt service coverage	• These ratios are useful in determining 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 or otherwise enhance the property's overall value.

Crombie's policy is to charge AFFO[(*)] with a reserve amount for 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 as little to no maintenance expense is incurred in the first year of operation. Crombie also discloses actual maintenance expenditures for comparative purposes. The rate per square foot is a proxy for actual historical 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 2024, Crombie has increased the normalized rate from $1.10 to $1.15 per square foot of weighted average GLA, based on the actual spend for the previous three years and estimated spend for 2024. 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	Year ended	Three months ended				Year ended
	Mar. 31, 2024	Dec. 31, 2023	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Total additions to investment properties	**$ 13,702**	$ 75,654	$ 21,695	$ 13,337	$ 26,893	$ 13,729	$ 104,379
Transfer of predevelopment costs to investment properties	**48,910**	—	—	—	—	—	—
Total additions to investment properties held in joint ventures, at Crombie's share	**—**	125	125	—	—	—	—
Less: revenue-enhancing expenditures	**(60,626)**	(66,952)	(19,577)	(12,036)	(25,367)	(9,972)	(95,032)
Maintenance capital expenditures	**1,986**	8,827	2,243	1,301	1,526	3,757	9,347
Total additions to TI and deferred leasing costs	**3,843**	62,329	13,325	25,393	12,090	11,521	43,408
Less: revenue-enhancing expenditures	**(2,103)**	(32,248)	(9,756)	(6,025)	(8,126)	(8,341)	(32,721)
Maintenance TI and deferred leasing costs	**1,740**	30,081	3,569	19,368	3,964	3,180	10,687
Total maintenance expenditures - actual	**$ 3,726**	$ 38,908	$ 5,812	$ 20,669	$ 5,490	$ 6,937	$ 20,034
Reserve amount charged against AFFO[*]	**$ 5,518**	$ 20,757	$ 5,246	$ 5,186	$ 5,182	$ 5,143	$ 18,526

Obligation for TI expenditures occurs when renewing existing tenant leases or a new tenant occupies 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 2024, 2023, and 2022. In the third quarter of 2023, maintenance TI and deferred leasing costs included $16,361 paid to a subsidiary of Empire in connection with the assignment of 24 subleases to Crombie for retail sites in Western Canada.

Revenue-enhancing expenditures are capitalized and depreciated or charged against revenue over their useful lives. Revenue-enhancing expenditures during the three months ended March 31, 2024 consisted primarily of development work.

12. 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", "Joint Ventures", 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", as well as the additional statements in the "Risks" section of Crombie's 2023 Annual Information Form available at www.crombie.ca. Forward-looking statements in this MD&A and the principal related risks include statements regarding:

(i) opportunities with Empire for investments in the modernization, acquisition, expansion, and conversion of their grocery stores, customer fulfillment centres, or warehouses, which may be impacted by the development of Empire's business and the resulting availability of suitable investment opportunities for Crombie;
(ii) 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;
(iii) 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;
(iv) anticipated growth in Crombie's total portfolio, which depends on successful execution of its current development strategy, its relationship with Empire, availability of suitable properties and development opportunities, and general economic conditions;
(v) statements under the heading "Development", including the locations identified, timing, cost, estimated yield on cost, development size and nature, anticipated impact on portfolio quality and diversification, 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, the availability of labour, actual development costs, ability to achieve lease-up stabilization at current market rents, general economic conditions, and factors described under the "Development" section, and which assume obtaining required municipal zoning and development approvals, successful agreements with existing tenants, and, where applicable, successful execution of development activities undertaken by related parties not under the direct control of Crombie;
(vi) fair value of investment properties, which is based on trailing net operating income, capitalization rates, estimates of future cash flows, and anticipated trends and economic conditions;
(vii) 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;
(viii) estimated GLA, estimated completion dates, estimated yield on cost, and estimated total costs for projects in Crombie's development pipeline, which are subject to changes in site plans, cost tendering processes, and continuing tenant negotiations, as well as access to job sites, supply and labour availability, ability to attract tenants, tenant mix, building sizes, estimated future rents, and availability and cost of construction financing;
(ix) 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;
(x) 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;
(xi) estimated payments on derivative and non-derivative financial liabilities, which could be impacted by interest rates on floating rate debt and fluctuations in the settlement value and settlement timing of any derivative financial liabilities;
(xii) 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;
(xiii) tax exempt status, which can be impacted by regulatory changes enacted by governmental authorities;
(xiv) anticipated distributions and payout ratios, which could be impacted by results of operations and capital resource allocation decisions; and
(xv) the 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
March 31, 2024

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

	Note	March 31, 2024	December 31, 2023
Assets			
Non-current assets			
Investment properties	3	$ 3,654,337	$ 3,624,457
Investment in joint ventures	4	31,590	30,778
Other assets	5	392,600	444,173
		4,078,527	4,099,408
Current assets			
Cash and cash equivalents		12,276	—
Other assets	5	39,113	49,160
Investment properties held for sale	3,6	10,581	—
		61,970	49,160
Total assets		4,140,497	4,148,568
Liabilities			
Non-current liabilities			
Fixed rate mortgages	7	641,121	617,717
Credit facilities	7	—	140,888
Senior unsecured notes	8	1,197,024	1,171,769
Employee future benefits obligation		7,498	7,434
Trade and other payables	9	20,090	20,966
Lease liabilities	21	33,446	35,351
		1,899,179	1,994,125
Current liabilities			
Fixed rate mortgages	7	136,671	216,911
Credit facilities	7	2,725	3,503
Senior unsecured notes	8	174,120	—
Employee future benefits obligation		327	327
Trade and other payables	9	104,399	108,048
Lease liabilities	21	2,663	941
		420,905	329,730
Total liabilities excluding net assets attributable to Unitholders		2,320,084	2,323,855
Net assets attributable to Unitholders		$ 1,820,413	$ 1,824,713
Net assets attributable to Unitholders represented by:			
Crombie REIT Unitholders		$ 1,079,044	$ 1,081,631
Special Voting Units and Class B Limited Partnership Unitholders		741,369	743,082
		$ 1,820,413	$ 1,824,713
Commitments, contingencies and guarantees	22		
Subsequent events	23		

See accompanying notes to the interim condensed consolidated financial statements.

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

	Note	Three months ended March 31, 2024	2023 [1]
Property revenue	10	$ 118,609	$ 112,449
Revenue from management and development services	11	749	—
Property operating expenses	12	(44,968)	(43,801)
Gain on disposal of investment properties	3	—	111
Depreciation and amortization	3,5	(20,014)	(19,420)
General and administrative expenses	14	(4,747)	(5,075)
Finance costs - operations	15	(22,283)	(20,764)
Income (loss) from equity-accounted investments	4	(1,141)	1,673
Operating income attributable to Unitholders		26,205	25,173
Distributions to Unitholders		(40,399)	(39,775)
Change in fair value of financial instruments	14	122	603
		(40,277)	(39,172)
Decrease in net assets attributable to Unitholders		(14,072)	(13,999)
Other comprehensive income (loss)			
Items that will be subsequently reclassified to net assets attributable to Unitholders:			
Share of net change in derivatives designated as cash flow hedges of equity-accounted investments	19	745	(1,048)
Net change in derivatives designated as cash flow hedges	19	(538)	(993)
Other comprehensive income (loss)		207	(2,041)
Comprehensive loss		$ (13,865)	$ (16,040)

(1) Property revenue and property operating expenses for the three months ended March 31, 2023 have been increased by $4,898 as a result of a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

See accompanying notes to the interim condensed consolidated financial statements.

(In thousands of Canadian dollars)

	REIT Units, Special Voting Units and Class B LP Units (Note 16)	**Net Assets Attributable to Unitholders**	**Accumulated Other Comprehensive Income**	**Total**	**Attributable to REIT Units**	**Attributable to Class B LP Units**
Balance, January 1, 2024	**$ 2,233,731**	**$ (415,426)**	**$ 6,408**	**$ 1,824,713**	**$ 1,081,631**	**$ 743,082**
Comprehensive income (loss)	**—**	**(14,072)**	**207**	**(13,865)**	**(8,186)**	**(5,679)**
Units issued under Distribution Reinvestment Plan ("DRIP")	**9,565**	**—**	**—**	**9,565**	**5,599**	**3,966**
Balance, March 31, 2024	**$ 2,243,296**	**$ (429,498)**	**$ 6,615**	**$ 1,820,413**	**$ 1,079,044**	**$ 741,369**

	REIT Units, Special Voting Units and Class B LP Units (Note 16)	Net Assets Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to Class B LP Units
Balance, January 1, 2023	$ 2,196,040	$ (356,148)	$ 10,648	$ 1,850,540	$ 1,097,070	$ 753,470
Comprehensive loss	—	(13,999)	(2,041)	(16,040)	(9,470)	(6,570)
Units issued under DRIP	9,215	—	—	9,215	5,394	3,821
Balance, March 31, 2023	$ 2,205,255	$ (370,147)	$ 8,607	$ 1,843,715	$ 1,092,994	$ 750,721

See accompanying notes to the interim condensed consolidated financial statements.

(In thousands of Canadian dollars)

	Note	Three months ended March 31, 2024	2023 [1]
Cash flows provided by (used in)			
Operating Activities			
Decrease in net assets attributable to Unitholders		**$ (14,072)**	$ (13,999)
Additions to tenant incentives		**(3,596)**	(11,112)
Items not affecting operating cash	17	**26,254**	22,520
Change in other non-cash operating items	17	**8,554**	6,346
Finance costs - operations	15	**22,283**	20,764
Distributions to Unitholders		**40,399**	39,775
Cash provided by operating activities		**79,822**	64,294
Financing Activities			
Issuance of mortgages	7	**31,427**	48,000
Financing - other		**(1,115)**	(1,071)
Repayment of mortgages - principal		**(7,522)**	(9,041)
Repayment of mortgages - maturity	7	**(81,517)**	(64,763)
Finance costs - operations	15	**(27,067)**	(23,871)
Repayment of floating rate credit facilities		**(140,888)**	(150,000)
Advance (repayment) of joint operation credit facilities	7	**(73)**	106
Issuance of senior unsecured notes	8	**200,000**	200,000
Cash distributions to Unitholders		**(30,781)**	(30,516)
Payments of lease liabilities		**(241)**	(217)
Cash used in financing activities		**(57,777)**	(31,373)
Investing Activities			
Acquisition of investment properties and intangible assets		**—**	(18,752)
Additions to investment properties		**(13,702)**	(13,729)
Additions to predevelopment costs		**—**	795
Contributions to joint ventures	4	**(1,738)**	—
Distributions from joint ventures	4	**530**	2,077
Additions to fixtures and computer equipment		**(81)**	(60)
Additions to deferred leasing costs		**(247)**	(409)
Collections on related party receivables	5	**5,469**	90
Cash used in investing activities		**(9,769)**	(29,988)
Net change in cash and cash equivalents		**12,276**	2,933
Cash and cash equivalents, beginning of period		**—**	6,117
Cash and cash equivalents, end of period		**$ 12,276**	$ 9,050

(1) Cash provided by (used in) operating and financing activities for the three months ended March 31, 2023 was updated from the previously reported figures to show finance costs - operations net of non-cash items.

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 months ended March 31, 2024 and March 31, 2023 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 months ended March 31, 2024 interim condensed consolidated financial statements were authorized for issue by the Board of Trustees on May 8, 2024.

2) SUMMARY OF MATERIAL 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, 2023.

(a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34, "Interim Financial Reporting", and do not contain all the information required by IAS 1 "Presentation of Financial Statements". Therefore, they should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023.

(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 (loss) ("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. 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 operating income (property revenue less property operating expenses) recognized from leasing the property, that is stabilized for any major tenant movement. Biannual capitalization rates are obtained from an independent valuation company, which reflect the specific risks inherent in the net operating income, to arrive at property valuations. As at March 31, 2024, management’s determination of fair value was updated for current market assumptions, including net operating income, market capitalization rates, and recent appraisals provided by independent appraisal professionals.

(d) Changes in accounting standards

Effective January 1, 2024, Crombie has applied the amendments of IAS 1 "Presentation of Financial Statements" ("IAS 1"). The amendments clarify how to classify liabilities as current or non-current. The change is applied retrospectively on the effective date and there was no material impact as a result of this amendment.

(e) Future changes in accounting standards

The International Accounting Standards Board (“IASB”) has issued a new standard, IFRS 18 "Presentation and Disclosure in Financial Statements". This standard will replace IAS 1 and provide a defined structure for the statement of profit or loss, require enhanced disclosures for certain profit or loss performance measures that are reported outside an entity’s financial statements and clarification on aggregation and disaggregation. The new standard will apply to reporting periods beginning on or after January 1, 2027 and will apply to comparative information. Management is currently evaluating the impact of this future policy on the consolidated financial statements.

(In thousands of Canadian dollars)

3) INVESTMENT PROPERTIES

		March 31, 2024		December 31, 2023
Income properties	$	3,506,098	$	3,529,969
Properties under development		148,239		94,488
Total investment properties	$	3,654,337	$	3,624,457

Income properties

		Land		Buildings		Intangibles		Deferred Leasing Costs		Total
Cost										
Opening balance, January 1, 2024	$	1,157,300	$	3,099,955	$	75,320	$	22,381	$	4,354,956
Additions		299		2,119		—		116		2,534
Transfer from other assets (Note 5)(1)		—		3,814		—		—		3,814
Transfer to investment properties held for sale (Note 6)		(1,766)		(8,752)		(230)		—		(10,748)
Balance, March 31, 2024		1,155,833		3,097,136		75,090		22,497		4,350,556
Accumulated depreciation, amortization, and impairment										
Opening balance, January 1, 2024		10,738		771,287		37,133		5,829		824,987
Depreciation and amortization		79		17,919		1,134		506		19,638
Transfer to investment properties held for sale (Note 6)		—		(50)		(117)		—		(167)
Balance, March 31, 2024		10,817		789,156		38,150		6,335		844,458
Net carrying value, March 31, 2024	$	1,145,016	$	2,307,980	$	36,940	$	16,162	$	3,506,098

(1) For the three months ended March 31, 2024, Crombie transferred $3,814 in predevelopment costs to investment properties. These costs were previously presented as prepaid expenses and deposits within other assets (Note 5).

Included in land are right-of-use assets of $16,677 net of accumulated depreciation of $1,662 for land held under lease.

Properties under development

		Land		Buildings		Total
Opening balance, January 1, 2024	$	56,637	$	37,851	$	94,488
Additions		797		7,168		7,965
Transfer from other assets (Note 5)(1)		34,510		11,276		45,786
Balance, March 31, 2024	$	91,944	$	56,295	$	148,239

(1) For the three months ended March 31, 2024, Crombie transferred $45,786 in predevelopment costs to properties under development. These costs were previously presented as prepaid expenses and deposits within other assets (Note 5).

Fair Value

Crombie's total fair value of investment properties exceeds carrying value by $1,148,714 at March 31, 2024 (December 31, 2023 - $1,109,289). Crombie uses the cost method of accounting for investment properties and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment, if any, is recognized on a property-by-property basis when circumstances indicate that the carrying value may not be recoverable.

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

		Fair Value		Carrying Value
March 31, 2024	$	5,174,000	$	4,025,286
December 31, 2023	$	5,096,000	$	3,986,711

(In thousands of Canadian dollars)

Carrying value consists of the net carrying value of:

	Note	March 31, 2024	December 31, 2023
Income properties	3	$ 3,506,098	$ 3,529,969
Properties under development	3	148,239	94,488
Accrued straight-line rent receivable	5	105,250	103,753
Tenant incentives	5	255,118	258,501
Investment properties held for sale	6	10,581	—
Total carrying value		$ 4,025,286	$ 3,986,711

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

	March 31, 2024	December 31, 2023
Weighted average capitalization rate	6.12 %	6.12 %

Fair value sensitivity

Crombie has determined that a change in this applied capitalization rate and net operating income at March 31, 2024 would result in an (increase) decrease in the fair value of the investment properties as follows:

Capitalization	Net operating income change						
rate change	$ (15,000)	$ (10,000)	$ (5,000)	$ —	$ 5,000	$ 10,000	$ 15,000
(0.75) %	$ 456,000	$ 538,000	$ 619,000	$ 701,000	$ 783,000	$ 864,000	$ 946,000
(0.50) %	$ 201,000	$ 283,000	$ 364,000	$ 446,000	$ 528,000	$ 609,000	$ 691,000
(0.25) %	$ (32,000)	$ 50,000	$ 131,000	$ 213,000	$ 295,000	$ 376,000	$ 458,000
— %	$ (245,000)	$ (163,000)	$ (82,000)	$ —	$ 82,000	$ 163,000	$ 245,000
0.25 %	$ (441,000)	$ (360,000)	$ (278,000)	$ (196,000)	$ (114,000)	$ (33,000)	$ 49,000
0.50 %	$ (621,000)	$ (540,000)	$ (458,000)	$ (376,000)	$ (294,000)	$ (213,000)	$ (131,000)
0.75 %	$ (788,000)	$ (706,000)	$ (625,000)	$ (543,000)	$ (461,000)	$ (380,000)	$ (298,000)

Investment property disposals

	Three months ended	
	March 31, 2024	March 31, 2023
Recognition of deferred gain[(1)]	$ —	$ 113
Provisions	—	(2)
Total gain on disposal	$ —	$ 111

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

Co-owned properties

Crombie owns partial interests in a number of properties. These co-owned properties are subject to proportionate consolidation, the results of which are reflected in Crombie's interim condensed consolidated financial statements, based on the proportionate interest in such joint operations. As at March 31, 2024, one retail co-owned property has been transferred to investment properties held for sale.

(In thousands of Canadian dollars)

	March 31, 2024		December 31, 2023	
	Number of co-owned properties	Ownership	Number of co-owned properties	Ownership
Retail	59	11 %-50 %	60	11 %-50 %
Retail-related industrial	3	50 %	3	50 %
Total co-owned properties	62		63	

4) INVESTMENT IN JOINT VENTURES

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

	March 31, 2024	December 31, 2023
1600 Davie Limited Partnership	50.0 %	50.0 %
Bronte Village Limited Partnership	50.0 %	50.0 %
The Duke Limited Partnership	50.0 %	50.0 %
Penhorn Residential Holdings Limited Partnership	50.0 %	50.0 %
140 CPN Limited	50.0 %	50.0 %
1700 East Broadway Limited Partnership	50.0 %	50.0 %
Lynn Valley Limited Partnership	50.0 %	50.0 %
Kingsway & Tyne Property Development Limited Partnership	50.0 %	50.0 %

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

	March 31, 2024					December 31, 2023				
	Davie LP	Bronte LP	Duke LP	Other	Total	Davie LP	Bronte LP	Duke LP	Other	Total
Non-current assets	$ 183,468	$ 257,924	$ 112,105	$ 40,580	$ 594,077	$184,015	$ 256,271	$ 112,446	$ 39,220	$591,952
Current assets	13,365	2,399	12,449	3,615	31,828	13,610	2,650	10,932	4,719	31,911
Non-current liabilities	(205,933)	(241,324)	(101,875)	(26,694)	(575,826)	(206,275)	—	(104,000)	(26,477)	(336,752)
Current liabilities	(3,474)	(2,115)	(4,598)	(2,091)	(12,278)	(3,864)	(241,208)	(3,033)	(3,329)	(251,434)
Net assets	(12,574)	16,884	18,081	15,410	37,801	(12,514)	17,713	16,345	14,133	35,677
Crombie's share at 50%	(6,287)	8,442	9,040	7,705	18,900	(6,257)	8,856	8,172	7,067	17,838
Reconciling items:										
Deferred gain	(7,441)	—	—	(833)	(8,274)	(7,441)	—	—	(334)	(7,775)
Partnership loans	(6,000)	5,551	1,685	—	1,236	(6,000)	5,332	1,685	—	1,017
Gain	18,458	—	—	—	18,458	18,458	—	—	—	18,458
Unrecognized losses	1,270	—	—	—	1,270	1,240	—	—	—	1,240
Crombie's investment in joint ventures	$ —	$ 13,993	$ 10,725	$ 6,872	$ 31,590	$ —	$ 14,188	$ 9,857	$ 6,733	$ 30,778

(In thousands of Canadian dollars)

	Three months ended March 31,									
	2024					2023				
	Davie LP	**Bronte LP**	**Duke LP**	**Other**	**Total**	Davie LP	Bronte LP	Duke LP	Other	Total
Revenue	**$ 3,042**	**$ 4,156**	**$ 2,448**	**$ 189**	**$ 9,835**	$ 2,843	$ 2,564	$ 2,175	$ 14,956	$ 22,538
Property operating expenses	**(704)**	**(1,599)**	**(861)**	**(70)**	**(3,234)**	(718)	(1,062)	(581)	(7,978)	(10,339)
General and administrative expenses	**(7)**	**(29)**	**(41)**	**(32)**	**(109)**	(40)	(95)	—	(78)	(213)
Depreciation and amortization	**(734)**	**(1,153)**	**(476)**	**(14)**	**(2,377)**	(884)	(1,213)	(488)	(14)	(2,599)
Finance costs - operations	**(1,657)**	**(3,959)**	**(824)**	**(16)**	**(6,456)**	(2,021)	(3,938)	(814)	(87)	(6,860)
Net income (loss)	**$ (60)**	**$ (2,584)**	**$ 246**	**$ 57**	**$ (2,341)**	$ (820)	$ (3,744)	$ 292	$ 6,799	$ 2,527
Crombie's income (loss) from equity-accounted investments	**$ —**	**$ (1,292)**	**$ 123**	**$ 28**	**$ (1,141)**	$ —	$ (1,872)	$ 146	$ 3,399	$ 1,673

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

	March 31, 2024	December 31, 2023
Opening balance	**$ 30,778**	$ 40,397
Contributions	**1,738**	2,468
Distributions	**(530)**	(11,743)
Deferred gain	**—**	595
Share of income (loss)	**(1,141)**	144
Share of other comprehensive income	**745**	(1,083)
Closing balance	**$ 31,590**	$ 30,778

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**
March 31, 2024	**$ 940,000**	**$ 561,523**
December 31, 2023	$ 945,000	$ 566,563

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

	March 31, 2024	December 31, 2023
Income properties	**$ 521,651**	$ 528,754
Properties under development	**34,715**	32,537
Accrued straight-line rent receivable	**754**	862
Tenant incentives	**4,403**	4,410
Total carrying value	**$ 561,523**	$ 566,563

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 March 31, 2024 and December 31, 2023, respectively, based on each property's current use as a revenue-generating property or property under development. Additionally, as properties are prepared for redevelopment, Crombie considers each property's progress through entitlement in determining the fair value of the property. The fair value of properties under development is assumed to equal cost until the property is substantially completed. As at March 31, 2024, 1600 Davie Limited Partnership, Bronte Village Limited Partnership, The Duke Limited Partnership, and 140 CPN Limited are revenue-generating properties.

(In thousands of Canadian dollars)

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

	March 31, 2024	December 31, 2023
Weighted average capitalization rate	**3.66 %**	3.67 %

Fair value sensitivity

Crombie has determined that a change in this applied capitalization rate and net operating income at March 31, 2024 would result in an (increase) decrease in the fair value of the investment properties as follows:

Capitalization rate change	**Net operating income change**						
	$ (1,500)	**$ (1,000)**	**$ (500)**	**$ —**	**$ 500**	**$ 1,000**	**$ 1,500**
(0.75) %	$ 198,000	$ 212,000	$ 225,000	$ 239,000	$ 253,000	$ 266,000	$ 280,000
(0.50) %	$ 103,000	$ 117,000	$ 130,000	$ 144,000	$ 158,000	$ 171,000	$ 185,000
(0.25) %	$ 23,000	$ 37,000	$ 50,000	$ 64,000	$ 78,000	$ 91,000	$ 105,000
— %	$ (41,000)	$ (27,000)	$ (14,000)	$ —	$ 14,000	$ 27,000	$ 41,000
0.25 %	$ (105,000)	$ (91,000)	$ (78,000)	$ (64,000)	$ (50,000)	$ (37,000)	$ (23,000)
0.50 %	$ (156,000)	$ (142,000)	$ (129,000)	$ (115,000)	$ (101,000)	$ (88,000)	$ (74,000)
0.75 %	$ (202,000)	$ (188,000)	$ (175,000)	$ (161,000)	$ (147,000)	$ (134,000)	$ (120,000)

5) OTHER ASSETS

	March 31, 2024			December 31, 2023		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Trade receivables	**$ 21,724**	**$ —**	**$ 21,724**	$ 18,605	$ —	$ 18,605
Provision for doubtful accounts	**(904)**	**—**	**(904)**	(1,396)	—	(1,396)
Net trade receivables	**20,820**	**—**	**20,820**	17,209	—	17,209
Prepaid expenses and deposits(1)	**7,235**	**—**	**7,235**	11,107	48,910	60,017
Fair value of interest rate swap agreements	**1,681**	**—**	**1,681**	2,219	—	2,219
Other fixed assets(2) (3)	**—**	**9,391**	**9,391**	—	9,629	9,629
Finance lease receivable	**642**	**11,142**	**11,784**	631	11,309	11,940
Accrued straight-line rent receivable	**—**	**105,250**	**105,250**	—	103,753	103,753
Tenant incentives	**—**	**255,118**	**255,118**	—	258,501	258,501
Amounts receivable from related parties	**8,735**	**11,699**	**20,434**	17,994	12,071	30,065
Total other assets	**$ 39,113**	**$ 392,600**	**$ 431,713**	$ 49,160	$ 444,173	$ 493,333

(1) For the three months ended March 31, 2024, Crombie transferred $49,600 to investment properties and properties under development.
(2) For the three months ended March 31, 2024, depreciation of other fixed assets was $376 (March 31, 2023 - $351).
(3) Other fixed assets include right-of-use assets of $2,139 (December 31, 2023 - $2,234) net of accumulated depreciation of $1,524 (December 31, 2023 - $1,372) relating to office and vehicle leases.

Tenant Incentives	**Cost**	**Accumulated Amortization**	**Net Carrying Value**
Balance, January 1, 2024	**$ 374,468**	**$ (115,967)**	**$ 258,501**
Additions	**3,335**	**—**	**3,335**
Amortization	**—**	**(6,718)**	**(6,718)**
Balance, March 31, 2024	**$ 377,803**	**$ (122,685)**	**$ 255,118**

(In thousands of Canadian dollars)

6) INVESTMENT PROPERTIES HELD FOR SALE

	Land	Buildings	Intangibles	Total
Balance, January 1, 2024	$ —	$ —	$ —	$ —
Assets transferred to held for sale	1,766	8,702	113	10,581
Net carrying value, March 31, 2024	$ 1,766	$ 8,702	$ 113	$ 10,581

Crombie has determined that one of its investment properties met the criteria for classification as held for sale as at March 31, 2024 based on the status of the sales process. Prior to the classification as held for sale, the property was assessed for impairment, which, at that time, was the amount by which the carrying amount exceeded its recoverable amount, if any. No impairment was booked on this reclassification, and no depreciation or amortization will be recorded while this property is classified as held for sale. Crombie completed the sale on April 30, 2024 for gross proceeds of $13,000 before closing adjustments and transaction costs.

7) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	March 31, 2024	December 31, 2023
Fixed rate mortgages	2.70 %-6.44 %	4.35 %	6.3 years	$ 781,352	$ 838,957
Unsecured non-revolving credit facility			1.6 years	—	93,297
Revolving credit facility			3.2 years	—	47,591
Joint operation credit facility II			0.5 years	3,430	3,503
Deferred financing charges				(4,265)	(4,329)
Total investment property debt				$ 780,517	$ 979,019
Mortgages					
Non-current				$ 641,121	$ 617,717
Current				136,671	216,911
Credit facilities					
Non-current				—	140,888
Current				2,725	3,503
				$ 780,517	$ 979,019
Weighted average interest rate for drawn credit facilities				3.27 %	6.78 %

Specific investment properties with a carrying value of $1,959,108 as at March 31, 2024 (December 31, 2023 - $2,047,666) are currently pledged as security for mortgages or provided as security for the Revolving credit facility. Carrying value includes investment properties, as well as accrued straight-line rent receivable and tenant incentives, which are included in other assets.

Mortgage activity

			Weighted Average			
For the three months ended:	Type	Number of Mortgages	Rate	Terms in Years	Amortization Period in Years	Proceeds (Repayments)
March 31, 2024	New	8	5.31 %	4.6	26.5	$ 31,427
	Repaid	9	4.19 %			$ (81,517)

(In thousands of Canadian dollars)

Unsecured non-revolving credit facility

The unsecured non-revolving credit facility was amended in the first quarter of 2024. The amendment reinstated the maximum principal amount of $200,000 and matures November 18, 2025. The facility is intended to be used for mortgage repayments. Borrowings under the unsecured non-revolving credit facility can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin.

8) SENIOR UNSECURED NOTES

	Maturity Date[(1)]	Contractual Interest Rate	March 31, 2024	December 31, 2023
Series E	January 31, 2025	4.80 %	$ 175,000	$ 175,000
Series F	August 26, 2026	3.68 %	200,000	200,000
Series G	June 21, 2027	3.92 %	150,000	150,000
Series H	March 31, 2028	2.69 %	150,000	150,000
Series I	October 9, 2030	3.21 %	150,000	150,000
Series J	August 12, 2031	3.13 %	150,000	150,000
Series K	September 28, 2029	5.24 %	200,000	200,000
Series L	March 29, 2030	5.14 %	200,000	—
Deferred financing charges			(3,856)	(3,231)
Total senior unsecured notes			$ 1,371,144	$ 1,171,769
Non-current			$ 1,197,024	$ 1,171,769
Current			174,120	—
			$ 1,371,144	$ 1,171,769
Weighted average interest rate			4.07 %	3.89 %

(1) The weighted average term to maturity as at March 31, 2024 was 4.4 years (December 31, 2023 - 4.4 years).

On March 6, 2024, Crombie issued, on a private placement basis, $200,000 of Series L notes (senior unsecured) maturing March 29, 2030. The notes were priced with a contractual interest rate of 5.14%. Interest is payable in equal semi-annual installments on September 29 and March 29.

9) TRADE AND OTHER PAYABLES

	March 31, 2024			December 31, 2023		
	Current	Non-current	Total	Current	Non-current	Total
Tenant incentives and capital expenditures	$ 18,871	$ —	$ 18,871	$ 27,355	$ —	$ 27,355
Property operating costs	44,605	—	44,605	33,524	—	33,524
Prepaid rents	12,094	—	12,094	13,242	—	13,242
Finance costs on investment property debt and notes	9,953	—	9,953	15,299	—	15,299
Amounts payable to related party	1,222	—	1,222	1,623	—	1,623
Distributions payable	13,484	—	13,484	13,431	—	13,431
Unit-based compensation plans	3,457	16,036	19,493	2,680	16,846	19,526
Deferred revenue	713	4,054	4,767	894	4,120	5,014
Total trade and other payables	$ 104,399	$ 20,090	$ 124,489	$ 108,048	$ 20,966	$ 129,014

(In thousands of Canadian dollars)

10) PROPERTY REVENUE

	Three months ended March 31,	
	2024	2023 (2)
Operating lease revenue		
Rental revenue contractually due from tenants(1)	**$ 102,555**	$ 97,785
Contingent rental revenue	**588**	513
Straight-line rent recognition	**1,497**	1,305
Tenant incentive amortization	**(6,718)**	(6,792)
Lease termination income	**507**	359
Revenue from contracts with customers		
Common area cost recoveries	**18,788**	17,922
Parking revenue	**1,392**	1,357
Total property revenue	**$ 118,609**	$ 112,449

(1) Includes reimbursement of Crombie's property tax expense.
(2) Property revenue for the three months ended March 31, 2023 has been increased by $4,898 as a result of a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

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

	Three months ended March 31,			
	2024		2023 (1)	
Sobeys Inc. (including all subsidiaries of Empire Company Limited ("Empire"))	**$ 64,201**	**54.1 %**	$ 61,439	54.6 %

(1) Property revenue for the three months ended March 31, 2023 has been increased by $4,830 as a result of a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

11) REVENUE FROM MANAGEMENT AND DEVELOPMENT SERVICES

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

	Three months ended March 31,	
	2024	2023
Development fees	**$ 579**	$ —
Management fees	**170**	—
Total revenue from management and development services	**$ 749**	$ —

12) PROPERTY OPERATING EXPENSES

	Three months ended March 31,	
	2024	2023 (1)
Recoverable property taxes	**$ 23,743**	$ 23,181
Recoverable operating expenses	**19,644**	18,743
Other operating costs	**1,581**	1,877
Total property operating expenses	**$ 44,968**	$ 43,801

(1) Property operating expenses for the three months ended March 31, 2023 has been increased by $4,898 as a result of a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

(In thousands of Canadian dollars)

13) 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 March 31, 2024, is as follows:

	Remaining	Year ending December 31,					
	2024	2025	2026	2027	2028	Thereafter	Total
Future minimum rental income	$ 226,412	$ 290,660	$ 276,935	$ 260,186	$ 241,081	$ 1,625,441	$ 2,920,715

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.

14) GENERAL AND ADMINISTRATIVE EXPENSES AND CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) General and administrative expenses

	Three months ended March 31,	
	2024	2023
Salaries and benefits	**$ 2,724**	$ 3,390
Professional and public company costs	**1,347**	965
Occupancy and other	**676**	720
Total general and administrative expenses	**$ 4,747**	$ 5,075

(b) Decrease in fair value of financial instruments

	Three months ended March 31,	
	2024	2023
Deferred Unit Plan	**$ 122**	$ 603

15) FINANCE COSTS - OPERATIONS

	Three months ended March 31,	
	2024	2023
Fixed rate mortgages	**$ 8,991**	$ 9,406
Floating rate term, revolving, and demand facilities	**2,173**	3,055
Capitalized interest(1)	**(1,530)**	(949)
Senior unsecured notes	**12,226**	8,863
Interest income on finance lease receivable	**(130)**	(137)
Interest on lease liability	**553**	526
Finance costs - operations, expense	**22,283**	20,764
Amortization of fair value debt adjustment and accretion income	**(8)**	14
Change in accrued finance costs	**5,346**	3,715
Amortization of deferred financing charges	**(554)**	(622)
Finance costs - operations, paid	**$ 27,067**	$ 23,871

(1) For the three months ended March 31, 2024, interest was capitalized for qualifying development projects based on a weighted average interest rate of 3.83% (March 31, 2023 - 3.90%).

(In thousands of Canadian dollars)

16) 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, 2024	106,905,347	$	1,317,139	74,178,234	$	916,592	181,083,581	$	2,233,731
Units issued under DRIP	417,355		5,599	295,652		3,966	713,007		9,565
Balance, March 31, 2024	107,322,702	$	1,322,738	74,473,886	$	920,558	181,796,588	$	2,243,296

	Crombie REIT Units			Class B LP Units and Attached Special Voting Units			Total		
	Number of Units		Amount	Number of Units		Amount	Number of Units		Amount
Balance, January 1, 2023	105,321,000	$	1,295,077	73,055,896	$	900,963	178,376,896	$	2,196,040
Units issued under DRIP	349,048		5,394	247,263		3,821	596,311		9,215
Balance, March 31, 2023	105,670,048	$	1,300,471	73,303,159	$	904,784	178,973,207	$	2,205,255

17) SUPPLEMENTARY CASH FLOW INFORMATION

(a) Items not affecting operating cash

	Three months ended March 31,			
		2024		2023
Items not affecting operating cash:				
Straight-line rent recognition	$	(1,497)	$	(1,305)
Amortization of tenant incentives		6,718		6,792
Gain on disposal of investment properties		—		(111)
Depreciation and amortization		20,014		19,420
(Income) loss from equity-accounted investments		1,141		(1,673)
Change in fair value of financial instruments		(122)		(603)
	$	26,254	$	22,520

(b) Change in other non-cash operating items

	Three months ended March 31,			
		2024		2023
Cash provided by (used in):				
Trade receivables	$	(3,611)	$	(111)
Prepaid expenses and deposits and other assets		3,488		3,780
Payables and other liabilities[1]		8,677		2,677
	$	8,554	$	6,346

(1) Payables and other liabilities for the three months ended March 31, 2023 was updated from the previously reported figured to show finance costs - operations net of non-cash items.

(In thousands of Canadian dollars)

18) RELATED PARTY TRANSACTIONS

As at March 31, 2024, Empire, through its wholly owned subsidiary ECL Developments Limited ("ECLD"), holds a 41.5% indirect interest in Crombie. Related party transactions primarily include transactions with entities associated with Crombie through Empire's indirect interest. Related party transactions also include transactions with joint venture entities in which Crombie has a 50% interest, as well as transactions with key management personnel and post-employment benefit plans.

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

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

	Three months ended March 31,				
		2024		2023	
Property revenue					
Property revenue	**$**	**64,201**	$	61,439	(1)
Head lease income	**$**	**219**	$	313	
Revenue from management and development services	**$**	**670**	$	—	
Property operating expenses	**$**	**(34)**	$	(34)	
General and administrative expenses					
Property management services recovered	**$**	**41**	$	57	
Other general and administrative expenses	**$**	**(44)**	$	(44)	
Finance costs - distributions to Unitholders	**$**	**(16,752)**	$	(16,493)	

(1) Property revenue for the three months ended March 31, 2023 has been increased by $4,830 as a result of a change in the presentation of recoverable property taxes for certain properties where a tenant pays the property taxes on Crombie's behalf.

Crombie provides property management, development management, project management, leasing services, and environmental management to co-owners and to specific properties owned by certain subsidiaries of Empire on a fee-for-service basis pursuant to a Management Agreement which is being recognized as revenue from management and development services.

During the three months ended March 31, 2024, Crombie issued 295,652 (March 31, 2023 - 247,263) Class B LP Units to ECLD under the DRIP (Note 16).

During the three months ended March 31, 2024, Crombie invested $2,468 (March 31, 2023 - $6,907) in properties anchored by subsidiaries of Empire, which resulted in amended lease terms. These amounts have been included in tenant incentive additions and the costs are being amortized over the amended lease terms.

Amounts due from related parties include $1,120 (December 31, 2023 - $10,664) in a 6% subordinated note receivable due from Bronte Village Limited Partnership. The subordinated note receivable is due on demand and is expected to be collected within the year.

Amounts due from related parties include $167 (December 31, 2023 - $801) in a note receivable due from Lynn Valley Limited Partnership related to development services.

Crombie has a mortgage payable due to 1600 Davie Limited Partnership of $24,792 (December 31, 2023 - $24,876) that has interest at 3.22% and matures December 1, 2027. This mortgage relates to the commercial component of the Davie Street development, 100% of which is included in Crombie's financial statements.

(In thousands of Canadian dollars)

19) FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

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

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

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

There were no transfers between levels of the fair value hierarchy during the period ended March 31, 2024.

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

	March 31, 2024		December 31, 2023	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value [(1)]
Financial liabilities				
Investment property debt	**$ 746,771**	**$ 780,517**	$ 956,601	$ 979,019
Senior unsecured notes	**1,314,563**	**1,371,144**	1,108,474	1,171,769
Total financial liabilities	**$ 2,061,334**	**$ 2,151,661**	$ 2,065,075	$ 2,150,788

(1) Carrying value for December 31, 2023 were updated to included deferred financing costs.

The fair values of investment property debt and senior unsecured notes are Level 2.

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

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

(b) Risk management

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. The significant risks, and the actions taken to manage them, are as follows:

Credit risk

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

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

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

(In thousands of Canadian dollars)

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

Interest rate risk

Interest rate risk is the potential for financial loss arising from increasing interest rates. Crombie mitigates this risk by utilizing staggered debt maturities and limiting the use of permanent floating rate debt and, on occasion, utilizing interest rate swap agreements. Crombie does not enter into interest rate swaps on a speculative basis.

Hedge accounting applied on financial instruments

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

			As at March 31, 2024	
Hedge type	Maturity date	Fixed interest rate	Notional amount of the hedging instrument(1)	Fair value of hedging instrument(1)
Cash flow hedge(2)	December 20, 2024	3.72%	$ 74,542	$ 1,486
Cash flow hedge(2)	March 18, 2025	3.52%	4,561	124
Cash flow hedge(2)	October 7, 2024	3.27%	3,430	71
Cash flow hedge(3)	March 1, 2029	3.15%	52,000	3,653
			$ 134,533	$ 5,334

(1) Amounts are shown at Crombie's ownership percentage.
(2) Included in Note 5 in the interim condensed consolidated balance sheets.
(3) Included in Note 4 in the interim condensed consolidated balance sheets.

			Three months ended March 31, 2024	
Hedge type	Maturity date	Fixed interest rate	Change in fair value gain (loss) recognized in other comprehensive income (loss)(1)	Hedge recognized in statements of comprehensive loss
Cash flow hedge	December 20, 2024	3.72%	$ (496)	$ —
Cash flow hedge	March 18, 2025	3.52%	(17)	—
Cash flow hedge	October 7, 2024	3.27%	(25)	—
Cash flow hedge	March 1, 2029	3.15%	745	—
			$ 207	$ —

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

As at March 31, 2024

- Crombie's weighted average term to maturity of its fixed rate mortgages is 6.3 years;
- Crombie's weighted average term to maturity of its unsecured notes is 4.4 years;
- Crombie has an unsecured non-revolving credit facility available to a maximum of $200,000 with no balance outstanding/drawn;
- Crombie has a floating rate revolving credit facility available to a maximum of $400,000 with no balance outstanding/drawn;

(In thousands of Canadian dollars)

- Crombie has an unsecured bilateral credit facility available to a maximum of $130,000 with no balance outstanding/drawn;
- Crombie has a joint operation credit facility available to a maximum of $3,520 at Crombie's share with a balance of $3,430 outstanding;
- Crombie has interest rate swap agreements in place on $82,533 of floating rate debt and an interest rate swap agreement in place held in equity-accounted investments on $52,000 of floating rate debt, at Crombie's share; and
- Crombie has floating rate credit facilities, included in debt held in equity-accounted investments, available to a maximum of $23,500 with a balance of $10,950 outstanding, at Crombie's share.

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

	Three months ended March 31, 2024	
Impact on operating income attributable to Unitholders of interest rate changes on the Revolving credit facility	Increase in Rate	Decrease in Rate
Impact of a 0.5% interest rate change	$ (174)	$ 174
Impact of a 1.0% interest rate change	$ (348)	$ 348
Impact of a 1.5% interest rate change	$ (523)	$ 523

	As at March 31, 2024	
Impact on other comprehensive loss of interest rate changes on interest rate swap agreements at Crombie's share	Increase in Rate	Decrease in Rate
Impact of a 0.5% interest rate change	$ 1,400	$ (1,400)
Impact of a 1.0% interest rate change	$ 2,700	$ (2,700)
Impact of a 1.5% interest rate change	$ 4,300	$ (4,300)

Liquidity risk

The real estate industry is capital intensive, and most assets are non-current in nature. These assets produce income through long-term leases, which funds current liabilities as they come due. While rents are contractually committed, they are not recognized as current assets, and this imbalance creates a working capital deficit, despite cash flows from contractually committed rents and credit facilities being more than adequate to satisfy current liabilities. Liquidity risk is the risk that Crombie may not have access to sufficient debt and equity capital to fund its growth program, refinance debt obligations as they mature, or meet its ongoing obligations as they arise. Cash flow generated from operating the property portfolio represents the primary source of liquidity used to service the interest on debt, fund general and administrative expenses, reinvest in the portfolio through capital expenditures, as well as fund tenant incentive costs and make distributions to Unitholders. Debt repayment requirements are primarily funded from refinancing Crombie's maturing debt obligations. Property acquisition funding requirements are funded through a combination of accessing the debt and equity capital markets and recycling capital from property dispositions.

There is a risk that the debt capital markets may not refinance maturing fixed rate and floating rate debt on terms and conditions acceptable to Crombie or at any terms at all. Crombie seeks to mitigate this risk by staggering its debt maturity dates. There is also a risk that the equity capital markets may not be receptive to a REIT Unit offering issuance from Crombie with financial terms acceptable to Crombie. Access to the $400,000 Revolving credit facility is limited by the amount utilized under the facility and the amount of any outstanding letters of credit, and it cannot exceed the borrowing base security provided by Crombie. As at March 31, 2024, $394,714 was available on this facility.

(In thousands of Canadian dollars)

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

		Twelve months ending March 31,					
	Contractual Cash Flows[1]	2025	2026	2027	2028	2029	Thereafter
Fixed rate mortgages[2]	$ 963,356	$ 169,408	$ 70,936	$ 145,520	$ 72,124	$ 117,793	$ 387,575
Senior unsecured notes	1,620,142	229,542	47,542	243,148	335,619	30,283	734,008
Trade and other payables	114,536	94,446	9,598	1,326	1,086	1,086	6,994
Lease liabilities	150,615	4,825	3,016	2,936	2,581	2,437	134,820
	2,848,649	498,221	131,092	392,930	411,410	151,599	1,263,397
Credit facilities[2]	3,488	3,488	—	—	—	—	—
Total estimated payments	**$ 2,852,137**	**$ 501,709**	**$ 131,092**	**$ 392,930**	**$ 411,410**	**$ 151,599**	**$ 1,263,397**

(1) Includes principal and interest and excludes extension options.
(2) Includes the fixed portion of the interest expense for mortgages and credit facilities under swap agreements.

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

20) CAPITAL MANAGEMENT

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

Crombie's capital structure consists of the following:

	March 31, 2024	December 31, 2023
Fixed rate mortgages[1]	**$ 777,792**	$ 834,628
Credit facilities[1]	**2,725**	144,391
Senior unsecured notes[1]	**1,371,144**	1,171,769
Crombie REIT Unitholders	**1,079,044**	1,081,631
SVU and Class B LP Unitholders[2]	**741,369**	743,082
Lease liabilities	**36,109**	36,292
	$ 4,008,183	$ 4,011,793

(1) Net of deferred financing charges.
(2) Crombie REIT Special Voting Units ("SVU") and Class B LP Units.

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

For the debt to gross book value calculation, Crombie does not include in total debt the financial liabilities to REIT Unitholders and to holders of Class B LP Units, as shown on the balance sheets as net assets attributable to Unitholders. Crombie's debt to gross book value is defined as the total obligation for borrowed funds and lease liabilities, including the proportionate share of any borrowings held within joint ventures, divided by the gross book value of Crombie's assets which includes its proportionate share of gross assets held within joint ventures.

(In thousands of Canadian dollars)

	March 31, 2024	December 31, 2023
Fixed rate mortgages	$ **781,352**	$ 838,957
Senior unsecured notes	**1,375,000**	1,175,000
Unsecured non-revolving credit facility	**—**	93,297
Revolving credit facility	**—**	47,591
Joint operation credit facilities	**3,430**	3,503
Debt held in joint ventures, at Crombie's share(1)	**279,452**	274,115
Lease liabilities	**36,109**	36,292
Total debt	$ **2,475,343**	$ 2,468,755
Income properties, cost(2)	$ **4,341,399**	$ 4,345,799
Properties under development, cost	**148,239**	94,488
Investment properties, held in joint ventures, cost, at Crombie's share	**293,060**	294,607
Below-market lease component, cost(3)	**72,990**	72,990
Other assets, cost(4)	**559,776**	614,302
Other assets, cost, held in joint ventures, at Crombie's share	**32,818**	30,012
Cash and cash equivalents	**12,276**	—
Cash and cash equivalents held in joint ventures, at Crombie's share	**3,631**	3,004
Deferred financing charges	**8,121**	7,560
Investment properties held for sale, cost	**10,748**	—
Gross book value	$ **5,483,058**	$ 5,462,762
Debt to gross book value - cost basis	**45.1 %**	45.2 %

(1) Includes Crombie's share of fixed and floating rate mortgages, construction loans, revolving credit facility, and lease liabilities held in joint ventures.
(2) Includes cumulative impairments on land of $9,157 (December 31, 2023 - $9,157).
(3) Below-market lease component is included in the carrying value of investment properties.
(4) Excludes accumulated amortization of tenant incentives and other fixed assets.

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

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

As at March 31, 2024, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

(In thousands of Canadian dollars)

21) LEASE LIABILITIES

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

		Twelve months ending March 31,					
	Total	**2025**	**2026**	**2027**	**2028**	**2029**	**Thereafter**
Future minimum lease payments	$ 150,615	$ 4,825	$ 3,016	$ 2,936	$ 2,581	$ 2,437	$ 134,820
Finance charges	(114,506)	(2,162)	(2,056)	(2,020)	(1,992)	(1,974)	(104,302)
Present value of lease payments	$ 36,109	$ 2,663	$ 960	$ 916	$ 589	$ 463	$ 30,518

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

	March 31, 2024	December 31, 2023
Non-current	**$ 33,446**	$ 35,351
Current	**2,663**	941
Total lease liabilities	**$ 36,109**	$ 36,292

Some of Crombie's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the consolidated statements of comprehensive loss as required when contingent criteria are met. The lease agreements contain renewal options and purchase options, none of which are reflected in the minimum lease payments in the above table. For the three months ended March 31, 2024, minimum lease payments of $794 were paid by Crombie.

22) COMMITMENTS, CONTINGENCIES, AND GUARANTEES

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

Crombie obtains standby letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at March 31, 2024, Crombie has $5,286 (December 31, 2023 - $5,342) in outstanding letters of credit related to construction work being performed on investment properties.

As at March 31, 2024, Crombie had signed construction contracts totalling $245,658, of which $175,192 has been paid. This includes contracts signed within joint ventures at Crombie's ownership percentage.

Crombie has committed to funding $37,926 in development costs at 1700 East Broadway Limited Partnership, of which $633 has been funded as at March 31, 2024.

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 March 31, 2024, Crombie has provided guarantees of approximately $61,844 (December 31, 2023 - $81,781) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 2.0 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.

In 2023, 1600 Davie Limited Partnership entered into a credit agreement with a Canadian chartered bank. The revolving credit facility has a maximum principal amount of $4,000 and matures July 31, 2026. Crombie has guaranteed 100% of the credit facility, which has been fully drawn.

23) SUBSEQUENT EVENTS

(a) On April 15, 2024, Crombie declared distributions of 7.417 cents per Unit for the period from April 1, 2024 up to and including April 30, 2024. The distributions will be paid on May 15, 2024, to Unitholders of record as at April 30, 2024.

(b) On April 30, 2024, Crombie disposed of its 50% interest in a co-owned retail property totalling 15,000 square feet. Total proceeds, before closing adjustments and transaction costs, were $13,000, half of which will be in the form of a vendor take-back financing for six months at 5.0% interest.

24) 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

OFFICERS

J. Michael Knowlton
Chair

Mark Holly
President and Chief Executive Officer

Kara Cameron
Interim Chief Financial Officer

John Barnoski
Executive Vice President Corporate Development

Arie Bitton
Executive Vice President Leasing and Operations

Victor Settino
Executive Vice President Development and Construction

Ashley Harrison
Senior Vice President People and Culture

Fred Santini
General Counsel and Corporate Secretary

CROMBIE REIT

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INVESTOR RELATIONS AND INQUIRIES

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

Kara Cameron, CPA, CA
Interim Chief Financial Officer

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, TSX Trust Company.

UNIT SYMBOL

REIT Trust Units – CRR.UN

STOCK EXCHANGE LISTING

Toronto Stock Exchange

TRANSFER AGENT

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Email: shareholderinquiries@tmx.com
Website: www.tsxtrust.com

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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 TSX Trust Company at (800) 387-0825 or (416) 682-3860 to eliminate multiple mailings.

Crombie