



Q4

Proven Stability and Sustainable Growth

FINANCIAL REPORT | DECEMBER 31, 2021



CONTENTS

<u>MANAGEMENT'S DISCUSSION AND ANALYSIS</u>	1
1. Key Highlights	2
2. Our Business	9
3. Glossary of Terms	17
4. Portfolio Review	18
Portfolio Profile	18
Tenant Profile	22
Acquisitions and Dispositions	25
5. Operational Performance Review	28
Occupancy and Leasing Activity	28
Lease Maturities	31
6. Financial Performance Review	32
7. Development	42
8. Capital Management	50
Capital Management Framework	50
Capital Structure	52
Debt Metrics	53
Cash Flows	59
Liquidity	61
Financial Instruments	63
9. Risk Management	64
10. Other Disclosures	73
Related Party Transactions	73
Use of Estimates and Judgments	74
Controls and Procedures	76
Quarterly Information	77
11. Non-GAAP Financial Measures	79
12. Forward-looking Information	82
<u>CONSOLIDATED FINANCIAL STATEMENTS</u>	84
Management's Statement of Responsibility for Financial Reporting	85
Independent Auditor's Report	86
Consolidated Financial Statements	91
Notes to the Consolidated Financial Statements	95
UNITHOLDERS' INFORMATION	135

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2021

INTRODUCTION

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

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

The information contained in the MD&A, including forward-looking statements, is based on information available to management as of February 23, 2022, except as otherwise noted.

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

For definitions of certain acronyms and specialized terms we use in this document, refer to the "Glossary of Terms" on page 17.

FOOTNOTES

(*) NON-GAAP FINANCIAL MEASURES

Some of the financial measures we provide in this document are non-GAAP financial measures that have no standardized meaning under International Financial Reporting Standards (IFRS) and therefore may not be comparable to similar measures presented by other companies. See "Non-GAAP Financial Measures", starting on page 79, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

FORWARD-LOOKING STATEMENTS

Some of the information we provide in this document is forward-looking and therefore could change over time to reflect changes in the environment in which we operate and compete. See "Forward-looking Information", starting on page 82, for more information.

1. KEY HIGHLIGHTS

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

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

Property revenue

Q4 2021
\$103,832
Q4 2020 \$97,060 +6.98%

Year 2021
\$408,892
Year 2020 \$388,733 +5.19%

The increase in property revenue in the quarter and on an annual basis is due primarily to increased rental revenue from development activity, strong occupancy, and modernizations. Lease termination income contributed additionally to the increase, offset in part by increased tenant incentive amortization from modernizations.

Operating income attributable to Unitholders

Q4 2021
\$78,730
Q4 2020 \$17,157 +358.88%

Year 2021
\$155,401
Year 2020 \$67,608 +129.86%

The increase in operating income attributable to Unitholders in the quarter is driven primarily by gain on disposal of investment properties, gain from equity accounted investments, income from completed developments, strong occupancy, and lease terminations. Additional contributing factors were lower impairments recognized on retail properties compared to the same period in 2020, and reduced finance costs from operations due to the early partial redemption of senior unsecured notes in 2020. The increase is offset in part by higher general and administrative expenses caused primarily by increased annual incentive amounts, and a higher Unit price and its impact on Unit-based compensation plans, and loss from equity accounted investments.

On an annual basis, the growth in operating income is a result of gain on disposal of investment properties, a reduction in bad debt expense as a result of decreased collection risk in 2021, gain from equity accounted investments, and increased income and lower impairments as noted for the quarter. This is offset in part by higher general and administrative expenses resulting from increased Unit price, loss from equity accounted investments resulting from residential development projects as they move toward revenue stabilization when revenue earned will exceed expenses, and by increased finance costs from operations due to reduced capitalized interest.

Net property income

Q4 2021
\$71,402
Q4 2020 \$67,815 +5.29%

Year 2021
\$283,031
Year 2020 \$258,861 +9.34%

The growth in net property income for the quarter compared to the same period in 2020 is primarily due to income from completed developments, lease termination income, strong occupancy, and higher supplemental rents from modernizations and capital improvements.

On an annual basis, the primary driver of the increase is reduced bad debt expense resulting from decreased collection risk in 2021, as well as the factors impacting the quarter.

FINANCIAL METRICS (CONTINUED)

Same-asset property cash NOI^(*)

+2.40%

Q4 2021 **\$64,442**

Q4 2020 **\$62,935**

+4.96%

Year 2021 **\$253,162**

Year 2020 **\$241,203**

The increase in same-asset property cash NOI for the quarter compared to the same period in 2020 is primarily due to lease termination income, strong occupancy, and higher supplemental rents from modernizations and capital improvements.

On an annual basis, the primary driver of the increase is reduced bad debt expense resulting from decreased collection risk in 2021, as well as the factors impacting the quarter.

FFO^(*) per Unit

Q4 2021

\$0.29

Q4 2020 **\$0.27** **+7.41%**

Year 2021

\$1.14

Year 2020 **\$1.05** **+8.57%**

FFO per Unit increased for the quarter from the same period in 2020 primarily due to increased net property income from development completions, strong occupancy, and lease terminations. Reduced finance costs from operations resulting from the early partial redemption of unsecured notes in the fourth quarter of 2020 also contributed to the increase in FFO per Unit. This is offset in part by higher general and administrative costs which were primarily the result of increased annual incentive plan amounts, and the impact Unit price on Unit-based compensation plans.

On an annual basis, the primary drivers of the increase are reduced bad debt expense resulting from decreased collection risk in 2021, increased income from retail-related industrial developments, lease terminations, strong occupancy, and modernizations. This is offset in part by increased general and administrative costs resulting from the impact of Unit price on Unit-based compensation plans, loss from equity accounted investments due to operating results from residential development projects as they move toward revenue stabilization when revenue earned will exceed expenses, and higher finance costs from operations.

FFO^(*) payout ratio

Q4 2021

78.0%

Q4 2020 **83.2%** **-5.2%**

Year 2021

78.1%

Year 2020 **84.6%** **-6.5%**

The improved payout ratios for the quarter and year resulted from higher FFO, offset in part by higher total distributions due to increased number of Units outstanding from the issuance of 6,025,000 Units in the second quarter of 2021.

AFFO^(*) per Unit

Q4 2021

\$0.25

Q4 2020 **\$0.23** **+8.70%**

Year 2021

\$0.97

Year 2020 **\$0.88** **+10.23%**

The increase in AFFO per Unit for the quarter is primarily due to income from completed developments, strong occupancy, and lease terminations, as well as reduced finance costs from operations. This is offset in part by higher general and administrative costs, primarily the result of increased annual incentive plan amounts, and the impact of an increased Unit price on Unit-based compensation plans in 2021.

On an annual basis, reduced bad debt expense resulting from decreased collection risk in 2021 is the primary cause of the increased FFO, with increased income from modernizations and the sources noted for the quarter. This is offset by increased general and administrative costs due to the impact of Unit price on Unit-based compensation plans, loss from equity accounted investments resulting from operating results from residential development projects as they move toward revenue stabilization when revenue earned will exceed expenses, and higher finance costs from operations.

FINANCIAL METRICS (CONTINUED)

AFFO^(*) payout ratio

Q4 2021
90.5%
Q4 2020 98.7% -8.2%

Year 2021
91.8%
Year 2020 101.0% -9.2%

The increased AFFO described above resulted in an improvement in both the quarter and annual payout ratios, offset in part by higher total distributions due to the increased number of Units outstanding from the issuance of 6,025,000 Units in the second quarter of 2021.

OPERATIONAL METRICS

Renewals (GLA)

Q4 2021
97,000
Q4 2020 200,000 -103,000

Year 2021
905,000
Year 2020 758,000 +147,000

Renewal activity in the quarter consisted of 61,000 square feet in Rest of Canada, 23,000 square feet in Major Markets, and 13,000 square feet in VECTOM.

Year to date, renewal activity consisted of 478,000 square feet in Rest of Canada, 225,000 square feet in VECTOM, and 202,000 square feet in Major Markets.

Renewal spreads

Q4 2021
5.0%
Q4 2020 4.5% +0.5%

Year 2021
3.4%
Year 2020 4.1% -0.7%

The primary driver of the renewal growth in the quarter and year to date was retail plaza renewals at an increase of 6.1% and 3.9% over expiring rental rates, respectively.

Committed occupancy

Year 2021
96.2%
Year 2020 96.4% -0.2%

Economic occupancy

Year 2021
95.6%
Year 2020 94.0% +1.6%

Crombie's committed occupancy of 96.2% included 114,000 square feet of committed space in the quarter. Approximately 90,000 square feet of committed space is in VECTOM and Major Markets, including 42,000 square feet at our Scotia Square complex in downtown Halifax.

Strong economic occupancy is primarily due to new leases of 710,000 square feet, largely at our major retail and retail-related industrial development projects, outpacing lease expiries and other changes by 371,000 square feet. Notable new leases include Empire's Voilà par IGA Customer Fulfillment Centre ("CFC") in Montreal and the Voilà by Sobeys spoke at The Queensway Commons.

FINANCIAL CONDITION METRICS

Interest coverage ratio^(*)

Q4 2021
3.13x
Q4 2020 2.77x +0.36x

Year 2021
3.06x
Year 2020 2.90x +0.16x

The improvement in interest coverage ratio for the quarter compared to the same period in 2020 is due to reduced interest on unsecured notes, and the increase in property revenue resulting primarily from completed developments, strong occupancy, and lease terminations.

On an annual basis, increased property revenue is the driver of the improved ratio, offset in part by increased finance costs from operations from new mortgages and unsecured debt and reduced capitalized interest on completed developments.

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

Q4 2021
42.9%
Q4 2020 49.4% -6.5%

Q4 2020
49.4%
Q4 2019 48.9% +0.5%

Since the fourth quarter of 2020, fair value of investment properties increased by \$211,000 primarily from lower capitalization rates, acquisitions, and completed developments. This increase, along with higher fair value of investment in joint ventures resulting from the completion of multi-use residential properties at Davie Street and Le Duke, and reduced outstanding debt, resulted in the improvement in D/GFV compared to the prior year.

Debt to gross fair value^(*), applying cash and cash equivalents to reduce debt, is 42.9% at Q4 2021 (Q4 2020 - 48.8%).

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

Q4 2021
8.25x
Q4 2020 9.73x -1.48x

The improvement in D/EBITDA ratio compared to the same period in 2020 is due to lower outstanding debt at the fourth quarter of 2021 resulting from mortgage maturities, lower outstanding balances drawn on credit facilities, and increased property revenue resulting primarily from completed developments, strong occupancy, and lease terminations.

Debt to trailing 12 months adjusted EBITDA^(*), applying cash and cash equivalents to reduce debt, is 8.23x (Q4 2020 - 9.48x).

Available liquidity - unutilized credit facilities

Q4 2021
\$507,777
Q4 2020 \$471,708 +7.65%

The increase in available liquidity from the fourth quarter of 2020 is primarily due to lower outstanding balances drawn on credit facilities resulting from proceeds from the issuance of unsecured notes in the third quarter of 2021.

DEVELOPMENT HIGHLIGHTS



POINTE-CLAIRE CFC 2

Montreal, QC

- Crombie's Ownership: 50%
 - Sold a 50% non-managing interest to Nexus REIT in December 2021 for a total purchase price of \$98.2M
- Industrial GLA: 309,000 sq. ft
- Substantial Completion: Q4 2020



DAVIE STREET RESIDENTIAL

Vancouver, BC

- Crombie's Ownership: 50%
- Residential Units: 330
- Residential GLA: 254,000 sq. ft
- Substantial Completion: Q1 2021



LE DUKE

Montreal, QC

- Crombie's Ownership: 50%
- Residential Units: 387
- Residential GLA: 241,000 sq. ft
- Commercial GLA: 26,000 sq. ft
- Substantial Completion: Q3 2021



BRONTE VILLAGE

Oakville (Toronto), ON

- Crombie's Ownership: 50%
- Residential Units: 481
- Residential GLA: 466,000 sq. ft
- Commercial GLA: 54,000 sq. ft
- Estimated Substantial Completion: Q1 2022

COVID-19 IMPACT

OPERATIONS

COVID-19 was declared a global pandemic in early 2020, and persisted throughout 2021. With essential grocery-anchored properties accounting for approximately 78% of Crombie's annual minimum rent, our portfolio is proving resilient through successive waves of COVID-19. Crombie has responded to the crisis to ensure the health and safety of our employees, tenants, and customers, while minimizing the impact on our earnings and cash flow. Crombie's tenants have largely remained operational and, as a result, we have collected approximately 99% of our contractual rents for the year ended December 31, 2021. Our major development program, while slightly impacted by supply chain challenges and COVID-19 related delays, had a successful year. Vancouver's Davie Street residential project reached completion and full occupancy, Montreal's Le Duke reached substantial completion (and began leasing), Oakville's Bronte Village neared substantial completion (and began leasing), and the Voilà CFC3 in Calgary began construction. (Please refer to the "Development" section of this MD&A for further details on each project.)

OMICRON VARIANT

The Omicron variant of COVID-19 appeared in Canada in November 2021. The variant's high level of transmissibility has led to record numbers of infections across the country, and the reintroduction of lockdown measures in many provinces. While it is too early to determine the full impact this will have, Crombie has acted swiftly to ensure the safety of employees by asking those who can, to work from home, giving time as needed for vaccine booster shots, and providing support to any employees who test positive for the virus. We are aware that this will impact some of our tenants as well and we will continue discussions to determine their needs. We remain committed to the safety of our employees, tenants, and communities. Although not significant, COVID-19 related inefficiencies and delays have increased risk around date and cost of project completions, as well as pace of residential lease-up stabilization, on our major development program. We have focused on strengthening our balance sheet and have secured ample liquidity to ensure stability over the long-term.

OTHER CONSTITUENTS

Crombie's business continuity plan contains mechanisms to ensure we complete all public company filings on a timely basis, maintain key internal and disclosure controls, and continue to meet all other ordinary course business obligations. COVID-19 related impacts are further discussed in the following sections of this MD&A: "Financial Performance Review", "Risk Management", "Other Disclosures", and "Forward-looking Information".

FINANCIAL

In order to ensure Crombie is doing its part to contribute to the resilience of its tenants during the pandemic, management continues to actively work with tenants who are seeking rental concessions. Most of Crombie's leases require that rent be paid on the first day of each month. During the three months and year ended December 31, 2021, we have collected the following approximate contractual rents:

	Three months ended December 31, 2021		Year ended December 31, 2021	
	% of Gross Rent Collected	% of Gross Rent, Total Portfolio	% of Gross Rent Collected	% of Gross Rent, Total Portfolio
Retail	99 %	90 %	99 %	90 %
Office	100 %	5 %	100 %	6 %
Retail-related industrial	100 %	5 %	100 %	4 %
Total	99 %	100 %	99 %	100 %

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

Based on its review, Crombie recorded a bad debt expense of \$811 for the year ended December 31, 2021 compared to \$10,894 for the same period in 2020, of which Crombie considers \$9,807 to be attributed to the impact of COVID-19.

Crombie continues to navigate the effects of COVID-19. Although parking revenue remains depressed as compared to pre-pandemic levels, there has been significant improvement in bad debt expense.

The following tables further outline what management estimates to be the material impacts of COVID-19 on Crombie's operating performance.

For the year ended December 31, 2021:

<i>(In thousands of CAD dollars, except per Unit amounts and as otherwise noted)</i>	FFO ^(*)		AFFO ^(*)		Same-asset property cash NOI ^(*)	Same-asset property cash NOI ^(*) growth	
	\$	Per Unit	\$	Per Unit	\$	\$	%
Actual results - year ended December 31, 2021	\$ 185,032	\$ 1.14	\$ 157,532	\$ 0.97	\$ 253,162	\$ 11,959	4.8 %
Adjusted for:							
Bad debt expense	811	0.01	811	0.01	420	(4,933)	(2.0)%
Rent abatements	—	—	—	—	—	(1,465)	(0.6)%
Parking revenue ⁽¹⁾	789	—	789	—	789	(1,926)	(0.8)%
Adjusted results - year ended December 31, 2021	\$ 186,632	\$ 1.15	\$ 159,132	\$ 0.98	\$ 254,371	\$ 3,635	1.4 %
Adjusted results - year ended December 31, 2020	\$ 180,893	\$ 1.15	\$ 155,309	\$ 0.98	\$ 250,736		

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

For the year ended December 31, 2020:

<i>(In thousands of CAD dollars, except per Unit amounts and as otherwise noted)</i>	FFO ^(*)		AFFO ^(*)		Same-asset property cash NOI ^(*)	Same-asset property cash NOI ^(*) growth	
	\$	Per Unit	\$	Per Unit	\$	\$	%
Actual results - year ended December 31, 2020	\$ 165,850	\$ 1.05	\$ 138,963	\$ 0.88	\$ 241,203	\$ (10,217)	(4.1)%
Adjusted for:							
Bad debt expense ⁽¹⁾	9,807	0.06	9,807	0.06	5,353	5,353	2.1 %
Rent abatements ⁽²⁾	1,012	0.01	2,315	0.01	1,465	1,465	0.6 %
Parking revenue ⁽³⁾	2,715	0.02	2,715	0.02	2,715	2,715	1.1 %
Organizational realignment severance costs	1,509	0.01	1,509	0.01	—	—	— %
Adjusted results - year ended December 31, 2020	\$ 180,893	\$ 1.15	\$ 155,309	\$ 0.98	\$ 250,736	\$ (684)	(0.3)%
Actual results - year ended December 31, 2019	\$ 175,539	\$ 1.16	\$ 148,632	\$ 0.98	\$ 251,420		

(1) Crombie considers bad debt expense for Q2 to Q4 2020 only to be attributed to the impact of COVID-19.

(2) Total amount of rent abatements recognized for AFFO^(*) purposes, primarily related to the Canada Emergency Commercial Rent Assistance program ("CECRA"), was \$2,315. Where qualifying tenants had accounts receivable balances, Crombie elected to treat the abatements as a credit loss under IFRS 9. In cases where insufficient accounts receivable balances existed, Crombie applied IFRS 16 and treated the abatements as a lease modification, which was averaged over the life of the lease as straight-line rent. For purposes of FFO^(*), the abatements were partially offset by the straight-line rent impact of \$(1,303).

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

2. OUR BUSINESS

Crombie invests in real estate that enriches local communities and enables long-term sustainable growth. As one of the country's leading owner, operator, and developer of quality real estate, Crombie's portfolio primarily includes grocery-anchored retail, retail-related industrial, and mixed-use residential properties in Canada's top urban and suburban markets. Crombie is an unincorporated, open-ended real estate investment trust established under, and governed by, the laws of the Province of Ontario. Empire Company Limited ("Empire"), through a subsidiary, holds a 41.5% economic and voting interest in Crombie at December 31, 2021. Crombie Units trade on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

BUSINESS MODEL

Crombie's business model:

1. Portfolio: Stable and growing portfolio backed by strong grocery-anchored tenants
2. Retailer Partnership: Strategic partnership with Empire to create value (for both companies) by enabling long-term growth
3. Development Pipeline: Growth through a pipeline of major development projects focused on urban intensification in growth oriented markets
4. Financial Condition: Strong financial condition, ample liquidity, multiple sources of capital and investment grade credit rating
5. Platform: Talented team that executes our strategy and genuinely cares about our properties, tenants, communities, and environment

OUR GOAL

To enrich communities through long-term sustainable growth.

OUR VALUES

Embody Integrity

Care Passionately

Deliver Excellence Together

Empower One Another

Outperform Expectations

\$5.0 billion

fair value of investment properties⁽¹⁾
(+4% vs. 2020)

\$0.4 billion

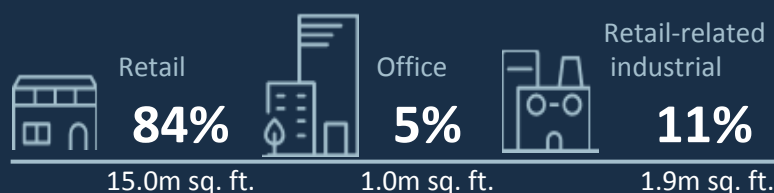
fair value of investment properties held in joint ventures
(+72% vs. 2020)

295 properties

including properties under development and 4 properties owned in joint ventures

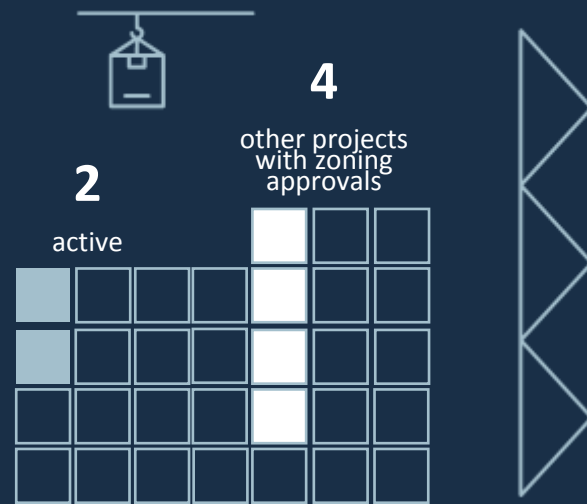
17.9m sq. ft.

ASSET TYPE



Mixed-use residential
held within joint ventures
mixed-use residential sq. ft. 0.6m sq. ft.

31 projects



⁽¹⁾ Includes partially-owned properties subject to proportionate consolidation

OUR PURPOSE

We own and operate high-quality, sustainable real estate where people live, work, shop and play.

WHO WE DELIVER FOR

OUR TENANTS AND CUSTOMERS	OUR PARTNERS	OUR UNITHOLDERS	OUR PEOPLE	OUR COMMUNITIES
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WHAT WE HAVE

WHAT WE DO

VALUE WE CREATE

 Strong, stable portfolio	Effective and efficient property management Strategic acquisitions / dispositions	Resilient grocery-anchored needs-based properties that meet the needs of our tenants, their customers and communities Stable and growing cash flow	p.11
 Strategic partnership	Strategically engage with Empire to complete accretive investments such as conversions, modernizations, expansions, and e-commerce customer fulfillment centres, as well as unlocking major developments	Accretively optimized portfolio designed to meet Empire and Crombie's current and future needs, including unlocking development opportunities	p.12
 Development pipeline	Planning and zoning of land Design and execution of projects	High-quality real estate that enhances communities and provides sustainable long-term growth	p.13

UNDERPINNED BY

 Strong financial condition	Reasonable and balanced debt ladder with multiple sources of capital and ample liquidity Disciplined and innovative capital funding and management Strong balance sheet	Optimize cost of capital Available capital sources Minimized financial risk	p.14
 A highly skilled team that generates strong returns by executing on strategy and caring about the sustainability of our properties, tenants, communities, and environment	Attract, develop, and retain a talented team who are committed to advancing our purpose, values, and overall business strategy Prioritize employee engagement, development, and community outreach Focus on environmental, social, and governance ("ESG") footprint, including a sustainability strategy centered on creating value by developing our properties in a way that enhances local communities and protects our environment	Diverse and inclusive team of skilled real estate professionals Experienced and focused leadership Address the needs of our employees and care for our communities Minimized environmental impact of our buildings and operations Strong governance Strong risk management and risk appetite framework Supported communities	p.15



STABLE AND GROWING PORTFOLIO

We build and own a high-quality, resilient, and diversified portfolio, backed primarily by grocery-anchored assets, that provide stable and growing long-term earnings, cash flow, and Net Asset Value ("NAV").

The retail space has become more bifurcated over the course of the pandemic, with grocery-anchored retail emerging stronger than ever. This real estate is the backbone of our business. Crombie's major tenants stayed open, and mostly thrived, which allowed us to do the same. The strength of grocery-anchored retail assets has been highlighted throughout the pandemic for several reasons, including the resilience of everyday needs retailers, the importance of lease term and covenant with the opportunity for growth. This strength led to significant capitalization rate compression over the last 12 months due to evidence of transactions in the private real estate markets.

The fundamentals of Crombie's needs-based retail real estate remain solid providing stability with the addition of strategic mixed-use development adding significant growth potential. We have further optimized and diversified our grocery-anchored portfolio through modernizations and developments, acquisitions of grocery assets, and dispositions of low-growth assets, while remaining committed to advancing the quality of our grocery-anchored properties. Our highly skilled and experienced property management contributes to high occupancy rates, tenant satisfaction, consistent renewal rates, and increasing renewal spreads.

KEY HIGHLIGHTS DURING THE YEAR

Crombie's strong fundamentals were driven by committed occupancy of 96.2%. New leases increased occupancy by 710,000 sq.ft. at a weighted average first year rate of \$20.92 per square foot. Additionally, 905,000 sq.ft. was renewed at a 3.4% increase over expiring rate. Crombie completed acquisitions on seven income-producing properties and two development properties for a total purchase price of approximately \$62,887. Through these acquisitions, Crombie strengthened its presence in VECTOM and Major Markets. Additionally, Crombie continued its capital recycling program with gross proceeds of \$209,188, primarily led by the Q4 2021 50% sale of Voilà par IGA CFC in Montreal.

NET PROPERTY INCOME



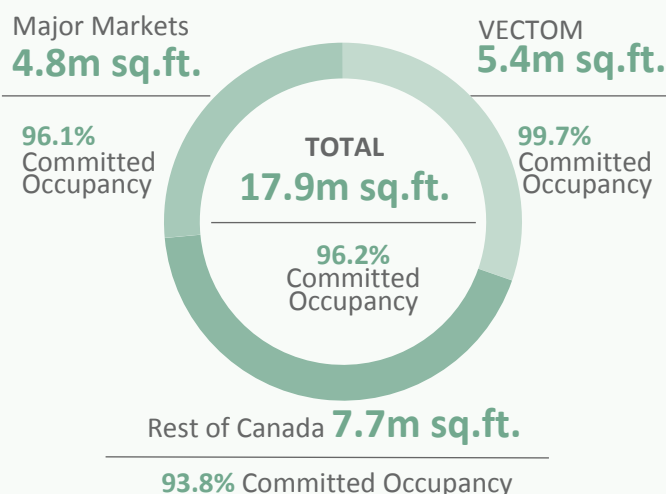
SAME-ASSET PROPERTY CASH NOI^(*)



85% Grocery-anchored properties, inclusive of retail-related industrial

78% Annual Minimum Rent ("AMR") from grocery-anchored properties, inclusive of retail-related industrial

69% AMR from essential service tenants



AFFO/UNIT ^(*) **\$0.97** \$0.88 in 2020

AFFO PAYOUT RATIO ^(*) **91.8%** 101.0% in 2020

FFO/UNIT ^(*) **\$1.14** \$1.05 in 2020

0.9m sq.ft. leases renewed

+3.4% renewal leasing spread

9.3 years weighted average lease term

5.1 years weighted average term to debt maturity



STRATEGIC PARTNERSHIP WITH EMPIRE

Our relationship with Empire is a sustainable competitive advantage. We collaborate to deliver the best possible solutions and work together to execute projects of mutual interest that enable operational stability, resilience, and growth.

Grocery-anchored real estate has historically been thought of as stable with slow growth, but we are determined to prove that Crombie can be not only stable during crisis but also strong during periods of higher economic growth. As the retail landscape changes, the needs of the communities that Empire serves continue to evolve. Our relationship with Empire and our strategic alignment offers us a continuing opportunity to drive growth. We remain committed to investing \$100 to \$200 million annually with Empire, on strategic and accretive investments in the modernization, acquisition, expansion and conversion of their grocery stores to improve their competitiveness, including the conversions to the FreshCo discount format in Western Canada and the Farm Boy banner in Ontario; accelerating Empire's build-out of their online grocery home delivery service Voilà; land-use intensifications; and the unlocking of major developments. Empire is frequently an anchor tenant in these development properties, which strategically supports their growth and provides us a foothold to plan development.

The Board of Trustees and management believe in strong corporate governance. The Board of Trustees is comprised of 11 Trustees, four of whom are appointed by Empire. Appointed Trustees abstain from voting when matters involve Empire. The Board Chair and all of the Committee Chairs are independent Trustees that are elected by Unitholders.

KEY HIGHLIGHTS DURING THE YEAR

In Q1 2021, the 309,000 square foot Voilà par IGA CFC, in Montreal, Quebec, entered economic occupancy and commenced paying rent. Empire and Ocado continue their interior fixturing work for the robotic grid platform. Crombie further expanded our Voilà hub and spoke network with the first spoke opening during Q1 2021, in Toronto, Ontario. In Q2 2021, the site for the 300,000 square foot future home of the Voilà CFC, in Calgary, Alberta, was acquired, and construction commenced immediately. Construction continues at spokes, located in Ottawa, Ontario and Quebec City, Quebec, with substantial completion and/or tenant possession expected in early 2022.

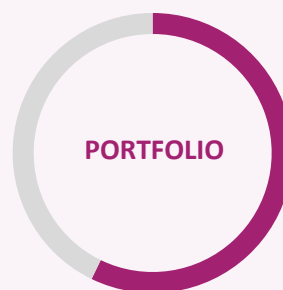
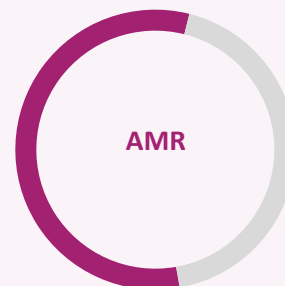
EMPIRE COMPANY LIMITED



41.5%

57%

of AMR generated
by Empire
+3.3% vs. 2020



57%

10.2m sq.ft.
of occupied portfolio GLA

86%

of retail properties
anchored by Empire



12.2 years

weighted average remaining Empire lease term

\$202 million

capital spend in 2021 to support
Empire-related projects



STRONG DEVELOPMENT PIPELINE

By bringing together residential, retail, office, and retail-related industrial properties, our development projects are a cornerstone for our vision of creating sustainable communities where people live, work, shop, and play.

The demand for mixed-use, high-density, residential property, including purpose-built rentals and condominiums remains high in urban areas. These opportunities are facing increased execution challenges with the current global supply chain pressures, longer municipal approval timelines, and increases in fees and levies. Nonetheless, it is becoming essential for those who own irreplaceable urban assets to assess and execute mixed-use development to unlock the value potential of their highest and best use. Crombie recognizes the key role major developments play in our long-term strategy of accelerating NAV and AFFO growth and demonstrates discipline and risk management through these turbulent times. Our development pipeline is geographically diverse, from coast to coast, and is comprised of different asset opportunities, such as large-scale, mixed-use residential and retail-related industrial developments, with varying project durations.

We leverage these opportunities with our talented in-house team that is able to plan, design, and seek necessary approvals for these development opportunities. The team begins by assessing optimal use of the real estate in its location. From there, we assess the style of space that will be attractive to the proposed tenants, and the amenities needed to support this vision. We review municipal requirements and then design spaces to optimize these elements while pursuing the entitlement process. Throughout the entire process, our team ensures ecological, environmental, and climate risk considerations are evaluated and mitigated, guided by our Sustainable Development Policy. The process also includes an evaluation of potential green building certifications, including, but not limited to, LEED, Zero Carbon, BOMA Best, and Well.

KEY HIGHLIGHTS DURING THE YEAR

Our team and our partners worked hard to ensure our active major mixed-used developments remained on track and on budget. Two projects reached substantial completion in 2021 (Davie Street Residential and Le Duke). The remaining active developments, Bronte Village and Voilà CFC 3 (Calgary), are expected to reach substantial completion in Q1 2022 and mid-2022, respectively. Our team continues to work hard to advance projects in our development program (including non-major developments), with the expectation to invest \$150 million to \$250 million annually.

\$5.3 - \$7.5 billion

development pipeline future investment potential

31 development projects



2

Completed projects in 2021

6

Near-term projects



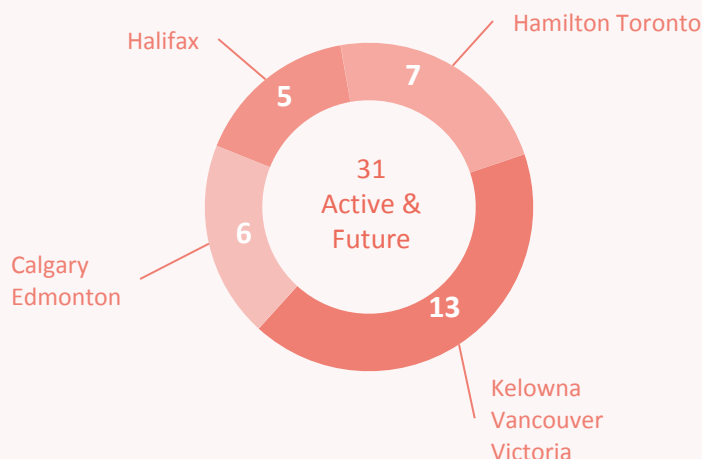
178,000 sq.ft. commercial GLA
300,000 sq. ft. retail-related industrial GLA
1,228,000 sq.ft. residential GLA
1,611 residential units

25

Medium/Long-term projects



1,150,000 sq.ft. commercial GLA
9,852,000 sq.ft. residential GLA
11,100 residential units



\$112 million

development spend on major developments in 2021
vs.
\$157 million in 2020



STRONG FINANCIAL CONDITION

Achieving optimal portfolio quality requires ongoing focus on strengthening our financial condition. It is critically important to maintain a strong balance sheet in order to successfully fulfill our strategic objectives.

We continue to build financial strength by strategically managing our capital structure, accessing capital in a timely and cost-effective manner, and optimizing capital allocation. While we are committed to balance sheet improvement, Crombie recognizes the importance of retaining flexibility to pursue strategic growth initiatives. A key component to that flexibility is access to multiple sources of capital to fund investments in Empire-related initiatives and our development program. Historically, Crombie has funded our business with traditional equity issuances and commercial debt. Over the last five years, Crombie raised \$1.06 billion through full or partial asset dispositions and transitioned our focus to access the unsecured debt market.

This innovation and expanded sources of capital has allowed us to fund our major mixed-use development commitments, which is aligned with our long-term funding strategy. This also results in improving our financial position by:

1. Reducing leverage,
2. Increasing flexibility by repaying mortgages and increasing our utilization of unsecured debt,
3. Providing advanced funding for maturing debt,
4. Increasing our unencumbered asset pool and weighted average term to maturity, and
5. Maintaining adequate liquidity.

Crombie has a credit rating of "BBB(low)" with a "Negative" trend from DBRS Morningstar ("DBRS"). We are committed to improving our investment grade credit rating and achieving defined financial targets. Crombie may enter joint venture or other partnership arrangements for major developments to share cost, revenue, risk and development expertise depending upon the nature of each project. Each project remains subject to normal development approvals, achieving required economic hurdles including financial and NAV accretion, and Board of Trustees' approval.

KEY HIGHLIGHTS DURING THE YEAR

Crombie continues to reduce risk and maintain financial strength with a strong and flexible balance sheet, supported by our improved financial condition and ample liquidity. Our debt to gross fair value at the end of 2021 was 42.9%, a significant improvement from 49.4% at the end of 2020.

In May 2021, Crombie closed a \$100 million equity financing at a price of \$16.60 per Unit, the highest issuance price in the organization's history. In June 2021, Crombie redeemed \$150 million 3.962% unsecured notes, and issued \$150 million 3.133% unsecured notes in August.

In December 2021, Crombie sold a 50% non-managing interest in our Pointe-Claire CFC to Nexus REIT for gross proceeds of \$98.2 million, including the purchaser's assumption of \$61.5 million mortgage financing related to the property.

FAIR VALUE OF UNENCUMBERED ASSETS

\$1.8 billion

+28.3% vs. 2020

WEIGHTED AVERAGE TERM TO DEBT MATURITY

5.1 years

5.3 years in 2020

AVAILABLE LIQUIDITY - UNUTILIZED CREDIT FACILITIES

\$508 million

\$472 million in 2020

INTEREST COVERAGE RATIO^(*)

3.13x

2.77x in Q4 2020

D/GFV^(*)

42.9%

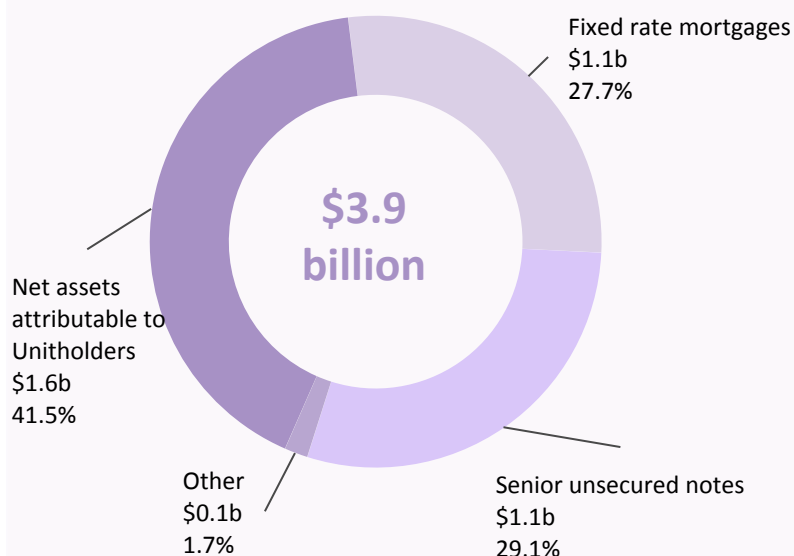
-6.5% vs. 2020

DEBT TO ADJUSTED EBITDA^(*) (TTM)

8.25x

9.73x in 2020

Capital Structure





PEOPLE, COMMUNITY, AND SUSTAINABILITY

Our team is our most important asset. We have always been guided by the value we place on community, and our team genuinely cares about and wants to make a positive difference in all of the communities where we live and operate. For Crombie, sustainability entails ESG matters that impact our long-term value. Crombie's vision is to enrich communities sustainably through tangible actions and an ethical and diverse culture. In the second quarter of 2021, we were proud to publish our inaugural Sustainability Report and complete our first submission to GRESB. A management committee, comprised of our President & Chief Executive Officer, Chief Financial Officer & Secretary, Executive Vice President & Chief Operating Officer, Chief Talent Officer & Vice President Communications, Vice President of Financial Analysis & Treasury, Vice President Sustainability, Environmental Manager, and Director of Communications & Marketing, under the leadership of our Chief Executive Officer, provides formal oversight of any accountability for sustainability.

OUR SUSTAINABILITY COMMITMENT

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

OUR SUSTAINABILITY STRATEGY

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

ENVIRONMENTAL SUSTAINABILITY

Crombie is utilizing Ecopilot®, artificial intelligence which optimizes the efficiency of our buildings' HVAC systems by using real-time data, five-day weather forecasts, and building thermodynamics, resulting in operational savings and reduced energy consumption.



operating in **>1m** square feet of office buildings

As of December 31, 2021, Crombie's portfolio included:

29 electric vehicle charging stations at properties across the country

2m square feet of portfolio BOMA BEST certified



\$14.9m invested in LED upgrades at 154 properties since 2020

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

ENVIRONMENT

Sustainable design and construction is our first environmental key topic. Crombie understands the importance of a sustainable design and development process in asset development and ownership. We are committed to integrating environmental considerations into new developments and minimizing our environmental impact. In 2021, Crombie formalized and published our Sustainable Development Policy.

Crombie's second environmental key topic is energy consumption. We are continuously looking for ways to conserve energy and have implemented programs focused on reducing our carbon footprint throughout our portfolio.

SOCIAL (PEOPLE AND COMMUNITY)

Our three social key topics are:

- talent attraction, development, and retention
- diversity, equity, and inclusion
- health, safety, and well-being

Our team is at the core of our success and we actively recruit people with diverse perspectives who share in our values and embrace our culture. Crombie encourages education and professional development opportunities for our employees, and is committed to diversity and inclusion throughout our organization while fostering a culture that supports the physical and mental health and wellness of our team. Crombie will continue to leverage its competent, experienced, and diverse workforce to achieve strategic objectives ensuring our culture, brand, and values are aligned to drive sustainable growth and innovation.

The challenges presented over the last two years have tested the resilience of our team. Our people persistently demonstrated empathy and support to our tenants and communities, and continued to work towards Crombie's strategic objectives while adapting to new work situations in the face of the global pandemic.

Our teams engage in our local communities and help with important local causes. This is not a requirement by Crombie; our people do it because they genuinely care, and we support them in those efforts.

GOVERNANCE

Board composition and governance, and risk management are our governance key topics.

A diverse Board ensures strong governance and accountability to move Crombie forward and achieve its business strategy ethically and with integrity. All Trustees and employees are required to commit annually to signing a comprehensive Code of Business Conduct and Ethics.

An extensive risk management framework is reviewed annually by the Board and its committees in order to monitor and mitigate ESG risks in addition to traditional financial risks.

PEOPLE



26% of executives and vice-presidents are women

54% of leadership development program participants are women

66% of internal promotions in 2021 were women

54% of senior leadership under the age of 50

26% of hires in the year were diverse candidates



The Globe & Mail's Report on Business magazine awarded 50 Canadian leaders with "Best Executive Awards". Among this group was Crombie's Chief Talent Officer and Vice President Communications, Cheryl Fraser. We are proud of Cheryl's leadership in building a strong corporate culture and team, with a strategic focus on the long-term needs of the business.

COMMUNITY



Crombie team members demonstrate their generosity and commitment to our communities through many endeavours.

In the spirit of giving in December, teams in our Western, Central, and Atlantic regions collected donations for local charities. Much needed items, non-perishable food, gifts, cash, and Sobeys gift cards were distributed by the charities to families in need in their areas.

Some highlighted charities and community groups supported include:



GOVERNANCE

100% independent Board chair and committee chairs

36% of the Board of Trustees is comprised of women

Audit, Governance, and HR committees are fully independent

3. GLOSSARY OF TERMS

Adjusted debt^(*)	Represents debt excluding transaction costs, which Crombie feels is a more relevant presentation of indebtedness. Adjusted debt is a non-GAAP measure that is used in the calculation of our debt to gross fair value.
Adjusted EBITDA^(*)	Represents earnings before interest, taxes, depreciation, and amortization excluding certain items such as amortization of tenant incentives, impairment of investment properties and gain (loss) on disposal of investment properties. Adjusted EBITDA is a non-GAAP measure that is used as an input in several of our debt metrics.
AFFO^(*)	Adjusted funds from operations. Crombie follows the recommendations of REALPAC's February 2019 white paper in determining AFFO.
AMR	Annual minimum rent. This represents fixed minimum rent in the annual amount 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.
D/GFV^(*)	Debt to gross fair value.
Economic occupancy	Represents space currently occupied (excluding residential).
ESG	Environmental, social, and governance.
Fair value	The amount at which an asset or liability could be exchanged between two knowledgeable, willing and unconnected parties in an arm's length transaction.
FFO^(*)	Funds from operations. Crombie follows the recommendations of REALPAC's February 2019 white paper in determining FFO.
GLA	Gross leasable area (excluding residential).
IFRS	International Financial Reporting Standards.
Investment in joint ventures, fair value^(*)	Investment in joint ventures, accounted for at cost under the equity method, adjusted to reflect Investment properties measured at fair value for calculation of D/GFV ^(*) .
Lease termination income	Revenue derived from fees resulting from the early termination of a lease. Lease termination occurs when a tenant desires to end occupancy prior to the end date in the lease terms.
Major Markets	A Crombie-specific definition that includes Abbotsford-Mission, Barrie, Chilliwack, Halifax, Hamilton, Kitchener-Cambridge-Waterloo, Oshawa, Quebec City, Regina, Saskatoon, Victoria, and Winnipeg, as defined by Statistics Canada 2016 CMA/CA boundaries.
Modernization	A capital investment to modernize/renovate Crombie owned grocery store properties in exchange for a defined return and potential extended lease term.
NAV	Net asset value.
Net property income	Property revenue less property operating expenses, which excludes certain expenses such as interest expense and indirect operating expenses.
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.
REALPAC	Real Property Association of Canada.
Rest of Canada ("RoC")	A Crombie-specific definition that includes all remaining geographies outside of VECTOM and Major Markets.
Retail	Includes our substantial retail portfolio with commercial reflecting certain few additional properties which comprise both retail and office space. These properties have been consistently included in our retail category.
Retail-related industrial	Retail-related industrial includes retail distribution centres and customer fulfillment centres ("CFC") owned in major urban markets.
Same-asset properties^(*)	Properties owned and operated throughout the current and comparative reporting periods, excluding any property that was designated for redevelopment, or was subject to disposition of a portion of its GLA during either the current or comparative period.
Sq. ft.	Square footage.
Unencumbered assets	Represents assets that have not been pledged as security or collateral under a credit agreement or mortgage.
VECTOM	Vancouver, Edmonton, Calgary, Toronto, Ottawa-Gatineau, Montreal, as defined by Statistics Canada 2016 CMA/CA boundaries.
WATM	Weighted average term to maturity.
Zoning applications submitted	A formal municipal re-zoning application has been submitted for the purpose of achieving a new land use (ie. residential, mixed-use) and generally to obtain higher levels of density and height.

(*) See "Non-GAAP Financial Measures", starting on page 79, for more information on Crombie's non-GAAP financial measures and reconciliations thereof.

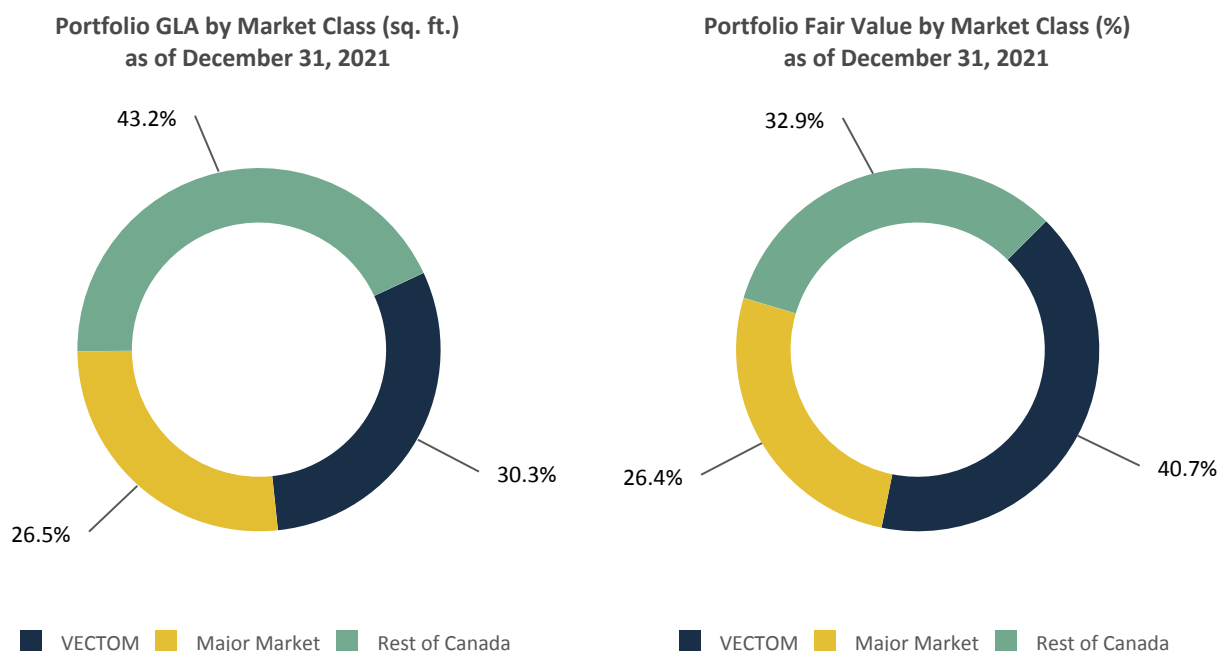
4. PORTFOLIO REVIEW

As at December 31, 2021, Crombie's property portfolio consisted of full ownership interests in 224 investment properties, and partial ownership interests in 60 investment properties held in joint operations. The partial ownership interests are reflected in our consolidated balance sheet and income statement, based on our proportionate ownership in such joint operations. Together these 284 properties contain, at Crombie's share, approximately 17.9 million square feet of GLA in all 10 provinces.

Crombie also holds partial ownership interests in seven joint ventures, four of which currently hold properties. 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^(*), same-asset property NOI^(*), or in operating metrics such as occupancy and GLA, unless specifically indicated that such metrics are presented on a proportionate consolidation basis.

Market Class

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



The table below provides details of the average capitalization rate (weighted by stabilized 12-month trailing NOI) by market class:

	December 31, 2021	December 31, 2020
VECTOM	4.73%	4.92%
Major Markets	5.91%	6.07%
Rest of Canada	6.55%	6.73%
Weighted average portfolio capitalization rate	5.65%	5.86%

Throughout the year, capital recycling, development completions, and strong demand for grocery-anchored assets all helped to compress our weighted average capitalization rate by 21 basis points.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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For an explanation of the determination of capitalization rates, see the "Other Disclosures" section of this MD&A, under "Investment Property Valuation" in the "Use of Estimates and Judgments" section.

Crombie's portfolio diversification by market class as at December 31, 2021 and 2020 is as follows:

GLA (sq. ft.)				Number of Investment Properties	% of AMR	% NOI	Economic Occupancy	Committed Occupancy
	January 1, 2021	Net Acquisitions (Dispositions)	Other ⁽¹⁾					
December 31, 2021								
VECTOM	5,588,000	(176,000)	6,000	87	33.9 %	33.9 %	99.7 %	99.7 %
Major Markets	4,619,000	112,000	(8,000)	62	26.6 %	26.4 %	94.2 %	96.1 %
Rest of Canada	7,793,000	(138,000)	65,000	135	39.5 %	39.7 %	93.5 %	93.8 %
Total	18,000,000	(202,000)	63,000	284	100.0 %	100.0 %	95.6 %	96.2 %

GLA (sq. ft.)				Number of Investment Properties	% of AMR	% NOI	Economic Occupancy	Committed Occupancy
	January 1, 2020	Net Acquisitions (Dispositions)	Other ⁽¹⁾					
December 31, 2020								
VECTOM	5,295,000	2,000	291,000	89	32.3 %	33.1 %	93.5 %	99.0 %
Major Markets	4,597,000	(17,000)	39,000	59	26.3 %	26.7 %	94.8 %	96.1 %
Rest of Canada	7,666,000	46,000	81,000	136	41.4 %	40.2 %	93.8 %	94.7 %
Total	17,558,000	31,000	411,000	284	100.0 %	100.0 %	94.0 %	96.4 %

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

For the year ended December 31, 2021, three investment properties at full interest and two investment properties at partial interest were disposed of in VECTOM and Major Markets. This is partially offset by the acquisition of four investment properties and two properties under development in these markets, resulting in a net decrease in GLA of 64,000 square feet. Four investment properties at full interest and one investment property at partial interest were disposed of in the Rest of Canada, this is partially offset by the acquisition of three investment properties, resulting in a net decrease in GLA of 138,000 square feet in Rest of Canada.

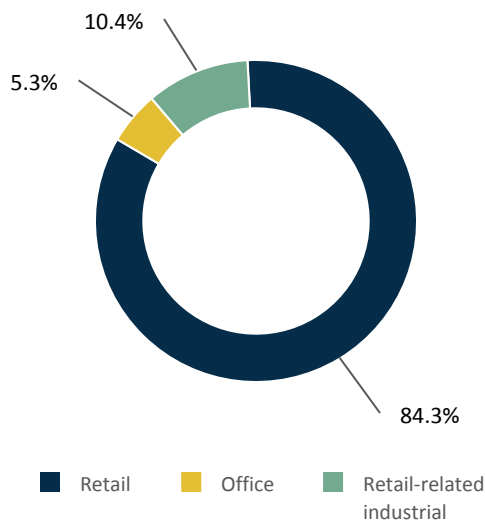
When compared to December 31, 2020, the percentage of total annual minimum rent generated from VECTOM increased by 160 basis points, while Major Market total annual minimum rent increased by 30 basis points and Rest of Canada decreased by 190 basis points. The increase in VECTOM is primarily due to the completion of the base building for the Voilà par IGA CFC in Montreal, the opening of the Voilà by Sobeys spoke at The Queensway Commons in Toronto, and the first quarter acquisition of a freestanding Sobeys store in Edmonton.

As at December 31, 2021, committed and economic occupancy stand at 96.2% and 95.6%, respectively. Committed occupancy decreased by 20 basis points compared to December 31, 2020. Economic occupancy increased 160 basis points compared to December 31, 2020. Throughout the year, 139,000 net square feet of GLA has been removed from the portfolio. The net decrease in GLA is due to 430,000 square feet of dispositions, partially offset by the addition of 228,000 square feet from acquisitions and 63,000 square feet of other changes throughout the portfolio, primarily development activity. New leasing activity for the year ended December 31, 2021 totaled 710,000 square feet at an average rate of \$20.92 per square foot. Approximately 55.6% of Crombie's new leases are at completed major development properties, demonstrating continued progress in leasing our development space.

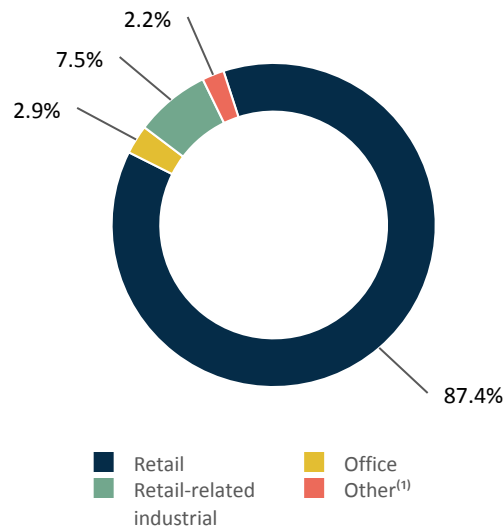
Asset Type

Retail properties represent 84.3% of Crombie's GLA and 90.4% of annual minimum rent at December 31, 2021 compared to 83.7% of GLA and 91.8% of annual minimum rent at December 31, 2020. The main driver of the improved diversification is due to the addition of completed retail-related industrial developments and new leases for the Voilà hub and spoke network, which increased from 4.2% to 5.7% as a percentage of total annual minimum rent.

**Portfolio GLA by Asset Type (sq. ft.)
as of December 31, 2021**



**Portfolio Fair Value by Asset Type (%)
as of December 31, 2021**



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

Crombie's portfolio diversification by asset type as at December 31, 2021 and 2020 is as follows:

	GLA (sq. ft.)				Number of Investment Properties	% of AMR	Economic Occupancy	Committed Occupancy
	January 1, 2021	Net Acquisitions (Dispositions)	Other ⁽¹⁾	December 31, 2021				
Retail	15,064,000	(47,000)	35,000	15,052,000	275	90.4 %	95.6 %	96.0 %
Office	953,000	—	1,000	954,000	5	3.9 %	87.4 %	91.8 %
Retail-related industrial	1,983,000	(155,000)	27,000	1,855,000	4	5.7 %	100.0 %	100.0 %
Total	18,000,000	(202,000)	63,000	17,861,000	284	100.0 %	95.6 %	96.2 %

	GLA (sq. ft.)				Number of Investment Properties	% of AMR	Economic Occupancy	Committed Occupancy
	January 1, 2020	Net Acquisitions (Dispositions)	Other ⁽¹⁾	December 31, 2020				
Retail	14,910,000	31,000	123,000	15,064,000	275	91.8 %	95.5 %	96.0 %
Office	965,000	—	(12,000)	953,000	5	4.0 %	89.1 %	94.2 %
Retail-related industrial	1,683,000	—	300,000	1,983,000	4	4.2 %	84.9 %	100.0 %
Total	17,558,000	31,000	411,000	18,000,000	284	100.0 %	94.0 %	96.4 %

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

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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For the year ended December 31, 2021, retail GLA had a net decrease of 47,000 square feet due to the disposition of seven investment properties at full interest and two investment properties at partial interest totalling 275,000 square feet, which was partially offset by the acquisition of seven investment properties totalling 228,000 square feet. The fourth quarter disposition of a 50% non-managing interest in the Voilà par IGA CFC, in Montreal, resulted in a decrease of 155,000 square feet to retail-related industrial GLA.

Economic occupancy improved by 160 basis points compared to December 31, 2020 while committed occupancy decreased by 20 basis points. A significant amount of activity occurred throughout the year resulting in slight decrease of portfolio GLA due to net disposition activity, partially offset by development activity. In the first quarter of 2021, the Voilà par IGA CFC entered economic occupancy from committed occupancy. This is Crombie's first CFC completed with Empire, and it further diversifies our portfolio mix. In the fourth quarter of 2021, Crombie disposed of a 50% non-managing interest of the Voilà par IGA CFC to Nexus REIT. Committed occupancy in our office portfolio is at 91.8%, a decrease from 94.2% at December 31, 2020, primarily attributable to tenants vacating at our five office properties throughout 2021.

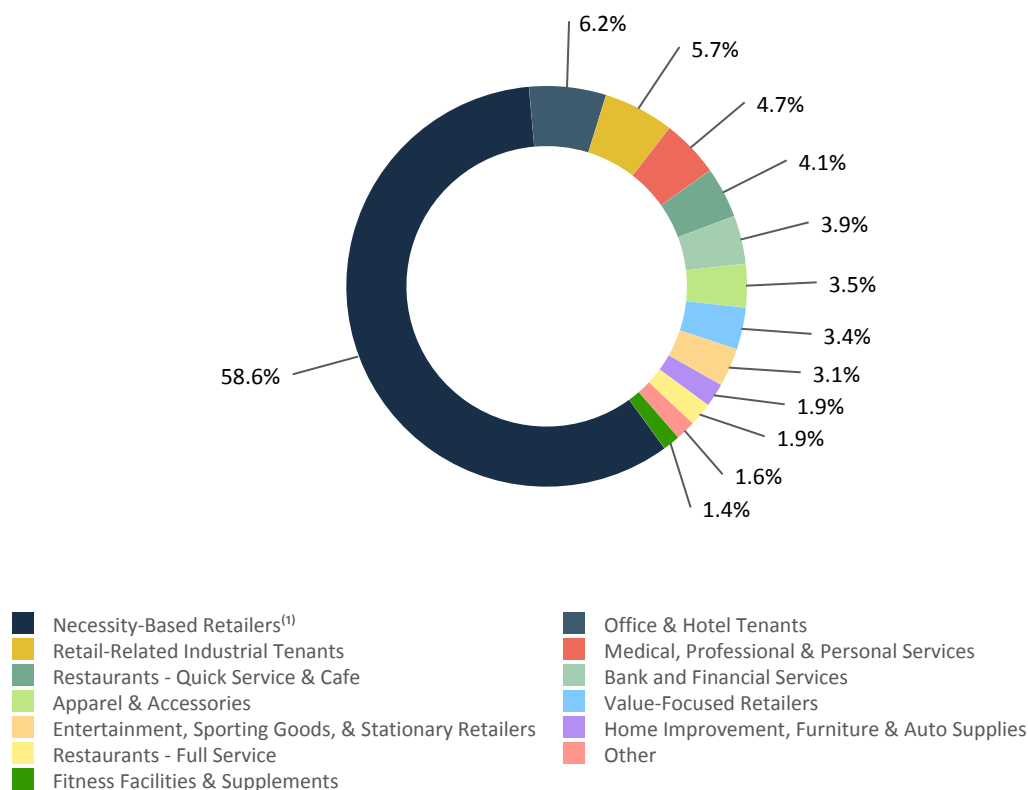
Through our mixed-use development strategy, Crombie is evolving from defensive grocery-anchored retail to a balance of grocery-anchored retail and retail-related industrial, as well as large-scale mixed-use properties, creating long-term value for local communities and Unitholders. Grocery-anchored retail will continue to grow and, as a result of our development strategy, we expect our residential and retail-related industrial asset types to make up a greater percentage of our total portfolio in the future.

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 not included herein.

Tenant Profile

We build and own a high-quality, resilient, and diversified portfolio, backed primarily by grocery tenants, that delivers consistent long-term earnings and cash flow stability. As at December 31, 2021, 78% of our annual minimum rent was generated from grocery-anchored properties, inclusive of retail-related industrial, compared to 77% at December 31, 2020. The increase is primarily due to our retail-related industrial tenants, specifically, the CFC supporting Voilà par IGA in Montreal and a spoke for Voilà by Sobeys in Toronto. These necessity-based tenants have stable underlying income and cash flows, are more resilient to changes in economic cycles and evolving retail trends, and form a solid foundation for organic same-asset property cash NOI⁽¹⁾ and AFFO^(*) growth.

Tenants by Industry
(% of AMR)



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

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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The following table illustrates the 20 largest tenants in Crombie's portfolio of investment properties, as measured by their percentage contribution to total annual minimum rent, as at December 31, 2021.

Tenant	% of AMR	GLA (sq. ft.)	Average Remaining Lease Term	DBRS Credit Rating
Empire Company Limited ⁽¹⁾	56.7 %	10,223,000	12.2 years	BBB(low)
Shoppers Drug Mart	2.6 %	228,000	6.7 years	BBB(high)
Province of Nova Scotia	1.7 %	366,000	5.7 years	A(high)
Dollarama	1.5 %	311,000	5.2 years	BBB
Bank of Nova Scotia	1.1 %	173,000	2.2 years	AA
GoodLife Fitness	1.1 %	210,000	7.1 years	
Cineplex	1.0 %	207,000	9.2 years	
CIBC	1.0 %	132,000	14.7 years	AA
Canadian Tire Group	1.0 %	158,000	5.1 years	BBB
Government of Canada	0.9 %	130,000	2.7 years	AAA
Leon's Furniture	0.7 %	112,000	9.1 years	
Restaurant Brands International	0.6 %	63,000	4.9 years	
Royal Bank of Canada	0.6 %	55,000	2.3 years	AA(high)
Bank of Montreal	0.6 %	84,000	4.9 years	AA
SAQ/Province of Quebec	0.6 %	65,000	7.6 years	AA(low)
Metro	0.5 %	88,000	5.9 years	BBB
TJX Companies	0.5 %	120,000	6.6 years	
Bell Canada	0.5 %	85,000	3.4 years	BBB(high)
Giant Tiger	0.5 %	188,000	3.7 years	
Staples	0.4 %	86,000	2.0 years	
Total	74.1 %	13,084,000		

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

Other than Empire, which accounts for 56.7% of annual minimum rent and Shoppers Drug Mart, which accounts for 2.6% of annual minimum rent, no other tenant accounts for more than 1.7% of Crombie's annual minimum rent.

For the year ended December 31, 2021, Empire also represents 51.3% of total property revenue. Total property revenue includes annual minimum rent, as well as operating and realty tax cost recovery income and percentage rent. These additional amounts can vary by property type, specific tenant leases and where tenants may directly incur and pay operating and realty tax costs.

The weighted average remaining term of all Crombie leases is approximately 9.3 years, which decreased 0.2 years as compared to December 31, 2020. This remaining lease term is influenced by the average Empire remaining lease term of 12.2 years, which decreased 0.3 years from December 31, 2020.

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

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

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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	Crombie Owned Properties				Total
	Investment Properties ("IP")	Properties Under Development ("PUD")	Sub-total	Additional Properties in Joint Ventures ("JV")	
Same-asset properties	267	—	267	—	267
Adjustments					
Acquisitions - 2021	7	1	8	—	8
Acquisitions - 2020	3	2	5	—	5
Other ⁽¹⁾	3	3	6	1	7
Active and Completed Major Developments ⁽²⁾	4	1	5	3	8
	17	7	24	4	28
Total	284	7	291	4	295

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

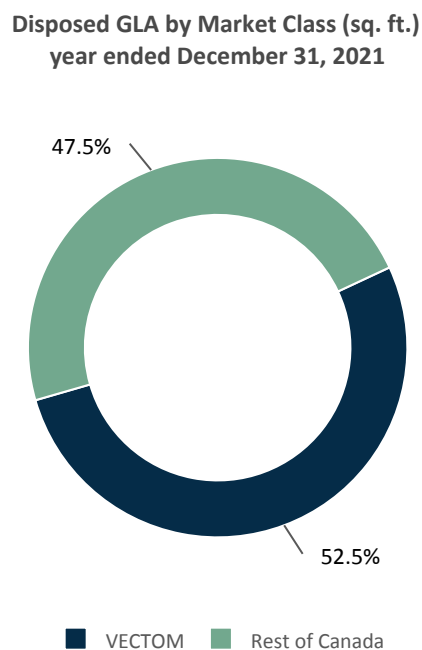
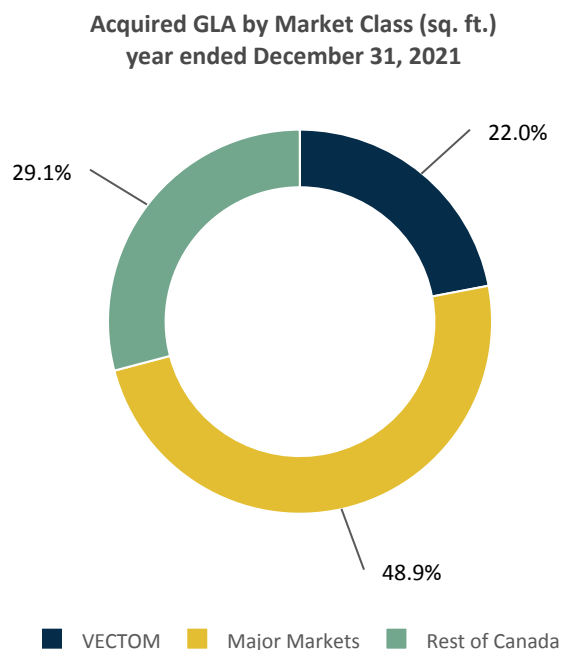
(2) Active and Completed Major Development includes:

Davie Street retail (IP)
 Avalon Mall retail (IP)
 Belmont Market retail and office (IP)
 Pointe-Claire CFC (IP)
 Calgary CFC (PUD)
 Davie Street residential (JV)
 Le Duke (JV)
 Bronte Village (JV)

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

Strategic Acquisitions and Dispositions

As at December 31, 2021, GLA at Crombie's interest was 17.9 million square feet compared to 18.0 million square feet as at December 31, 2020. The net decrease in GLA of approximately 100,000 square feet was driven by 430,000 square feet of dispositions, partially offset by 228,000 square feet of acquisitions and the addition of 60,000 development square footage entering GLA.



Strategic Acquisitions

Through strategic and selective acquisitions of high quality, primarily grocery-anchored, assets, Crombie intends to continue to enhance overall portfolio quality in urban and top tier markets. Crombie's acquisitions are intended to add strategic value to the portfolio, while leading to strong AFFO^(*) accretion and NAV growth. During the year ended December 31, 2021, Crombie completed acquisitions of seven income-producing properties, and two development (PUD) properties for a total aggregate purchase price of \$62,887 excluding transaction and closing costs. These acquisitions added 228,000 square feet and potential for future density to be added to Crombie's GLA. Six of the nine acquisitions are located in VECTOM and Major Markets strengthening Crombie's presence in these markets, in line with our strategy. The remaining three acquisitions are grocery-anchored assets in Rest of Canada markets, of which two were acquired from Empire.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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Date	Property	Location	Vendor	Strategy	Number of Investment Properties	Ownership		Price ⁽¹⁾
						Interest	Sq. ft.	
2021 First Quarter								
February 10, 2021	Grand Bay Plaza	Grand Bay, NB	Related Party	Income-producing	1	100 %	26,000	\$ 3,242
February 26, 2021	Harvester Road	Burlington, ON	Third Party	Development	—	100 %	—	6,400
March 18, 2021	Henderson Highway	Winnipeg, MB	Related Party	Income-producing	1	100 %	24,000	6,300
March 18, 2021	Sargent Avenue	Winnipeg, MB	Related Party	Income-producing	1	100 %	33,000	7,800
March 25, 2021	Tamarack	Edmonton, AB	Related Party	Income-producing	1	100 %	50,000	5,260
March 26, 2021	Alpine Avenue	Winnipeg, MB	Related Party	Income-producing	1	100 %	55,000	15,600
March 29, 2021	Coldwater Road	Coldwater, ON	Third Party	Income-producing	1	100 %	16,000	1,690
					6		204,000	46,292
2021 Second Quarter								
June 10, 2021	Calgary CFC	Calgary, AB	Third Party	Development	—	100 %	—	11,885
2021 Third Quarter								
July 6, 2021	Highland Street	Haliburton, ON	Related Party	Income-producing	1	100 %	24,000	4,710
Total acquisitions for the year ended December 31, 2021					7		228,000	\$ 62,887
Total acquisitions for the year ended December 31, 2020					3		125,000	\$ 40,790

(1) Prices are stated before transaction and closing costs

Strategic Dispositions

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

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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Date	Property Type	Number of Investment Properties	Ownership			
			Interest	Sq. ft.	Net Property Income ⁽¹⁾	Price
2021 First Quarter						
Total dispositions at 100% interest	Three Retail Assets	3	100 %	30,000 ⁽²⁾	\$ 937	\$ 41,970
2021 Third Quarter						
Total dispositions at 100% interest	One Retail Asset	1	100 %	28,000	872	15,000
2021 Fourth Quarter						
Total dispositions at 100% interest	Five Retail Assets ⁽³⁾	3	100 %	217,000	2,715	54,035
Total dispositions at 50% interest	One Retail-related Industrial Asset	—	50 %	155,000	—	98,183
				372,000	2,715	152,218
Total dispositions for the year ended December 31, 2021		7		430,000	\$ 4,524	\$ 209,188
Total dispositions for the year ended December 31, 2020		5		94,000	\$ 2,318 ⁽⁴⁾	\$ 38,010

- (1) Reflects actual net property income earned for the full year ended December 31, 2020. Total actual net property income earned in 2021 for all disposed properties prior to disposition was \$7,268, as reflected in our consolidated results.
- (2) Square footage totalling 33,000 for one of the disposition properties was removed from GLA in the second quarter of 2020 as the property was slated for redevelopment.
- (3) Two of the five assets represent partial dispositions of retail assets as certain CRU space was sold and grocery retail space retained.
- (4) Reflects actual net property income earned on 2020 dispositions for the full year ended December 31, 2019. Total actual net property income earned in 2020 for all disposed properties prior to disposition was \$2,156, as reflected in our consolidated results.

5. OPERATIONAL PERFORMANCE REVIEW

Occupancy and Leasing Activity

The portfolio occupancy and committed activity by market class and asset type for the year ended December 31, 2021 was as follows:

	Occupied Space (sq. ft.)					December 31, 2021	Economic Occupancy	Committed Space (sq. ft.) ⁽³⁾	Total Committed Space (sq. ft.)	Committed Occupancy
	January 1, 2021	Net Acquisitions (Dispositions)	New Leases ⁽¹⁾	Lease Expiries	Other Changes ⁽²⁾					
VECTOM	5,225,000	(176,000)	357,000	(5,000)	1,000	5,402,000	99.7 %	1,000	5,403,000	99.7 %
Major Markets	4,381,000	99,000	146,000	(37,000)	(138,000)	4,451,000	94.2 %	89,000	4,540,000	96.1 %
Rest of Canada	7,310,000	(138,000)	207,000	(47,000)	(113,000)	7,219,000	93.5 %	24,000	7,243,000	93.8 %
Total	16,916,000	(215,000)	710,000	(89,000)	(250,000)	17,072,000	95.6 %	114,000	17,186,000	96.2 %

	Occupied Space (sq. ft.)					December 31, 2021	Economic Occupancy	Committed Space (sq. ft.) ⁽³⁾	Total Committed Space (sq. ft.)	Committed Occupancy
	January 1, 2021	Net Acquisitions (Dispositions)	New Leases ⁽¹⁾	Lease Expiries	Other Changes ⁽²⁾					
Retail	14,384,000	(60,000)	326,000	(78,000)	(189,000)	14,383,000	95.6 %	72,000	14,455,000	96.0 %
Office	849,000	—	53,000	(11,000)	(57,000)	834,000	87.4 %	42,000	876,000	91.8 %
Retail-related industrial	1,683,000	(155,000)	331,000	—	(4,000)	1,855,000	100.0 %	—	1,855,000	100.0 %
Total	16,916,000	(215,000)	710,000	(89,000)	(250,000)	17,072,000	95.6 %	114,000	17,186,000	96.2 %

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

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

(3) Committed space represents lease contracts for future occupancy of currently vacant space. Management believes such reporting, along with reported lease maturities, provides more balanced reporting of overall vacant space.

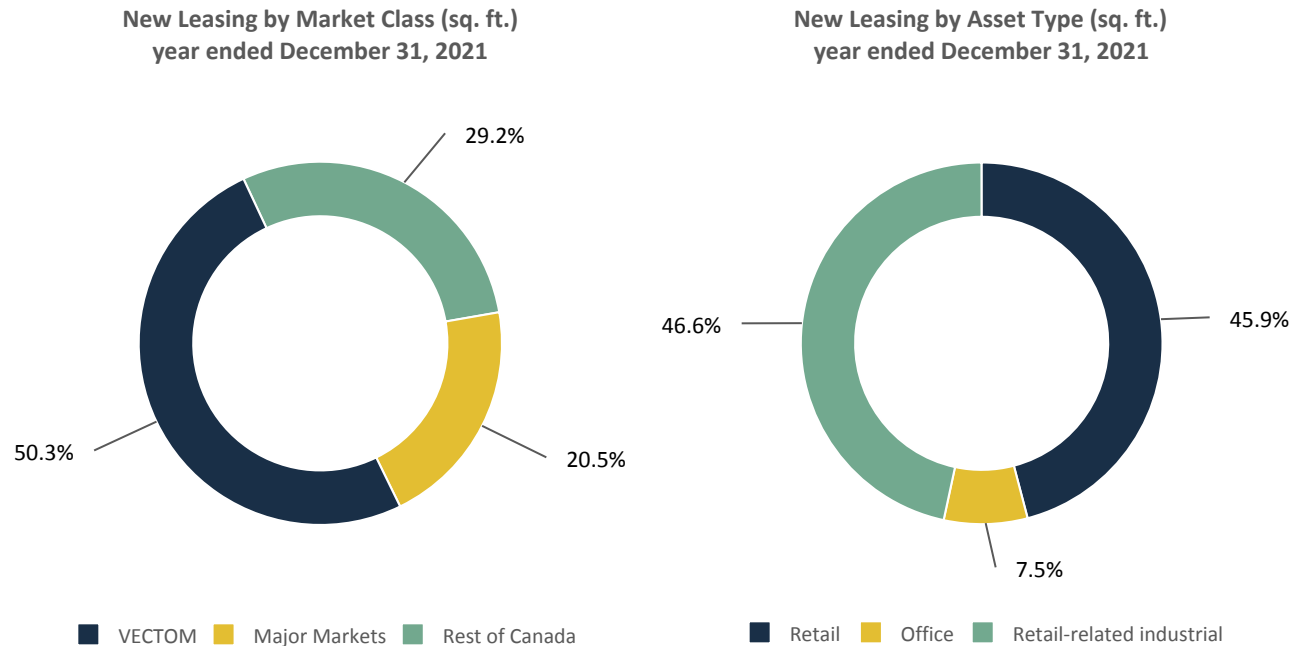
Overall leased space (occupied plus committed) has decreased from 96.4% at December 31, 2020 to 96.2% at December 31, 2021. During 2021, Crombie had a net decrease from dispositions of 215,000 square feet, which is greater than the decrease of 202,000 square feet of GLA from net dispositions due to a vacancy at one acquisition property. Additionally, Crombie had new leases outpace lease expiries by 621,000 square feet.

Leasing activity at major developments included in occupancy continued throughout the year, with approximately 395,000 square feet of new leases in economic occupancy at Avalon Mall (93.3%), Belmont Market (91.2%), Davie Street Retail (100.0%) and Voilà par IGA CFC (100.0%). Equity accounted joint ventures are not included in this reporting.

Leased space in our retail properties portfolio was 96.0% at December 31, 2021, which remained constant from 96.0% at December 31, 2020. Leased space in office properties was 91.8% at December 31, 2021, decreased from 94.2% at December 31, 2020. This was primarily due to certain tenants vacating at our five office properties throughout 2021. Leased space in retail-related industrial properties of 100.0 % at December 31, 2021 remained constant from 100.0 % at December 31, 2020. Retail-related industrial provides stability with solid NOI growth and long lease terms, and also provides growth opportunities through an increased presence in e-commerce. During the first quarter of 2021, the Voilà par IGA CFC in Montreal and the Voilà by Sobeys spoke at The Queensway Commons in Toronto moved into economic occupancy.

The portfolio weighted average annual minimum rent per occupied square foot for our income-producing properties was \$16.94 as at December 31, 2021 compared to \$16.74 as at December 31, 2020. The 1.2% increase in average annual minimum rent per occupied square foot was due to new leases (including development space), contractual rent increases within existing leases, and increased rent from modernizations. The increase also reflects strategic commitment to portfolio quality improvement through both dispositions of non-core, low growth assets, and a positive return from modernizations with Empire.

New Leasing Activity

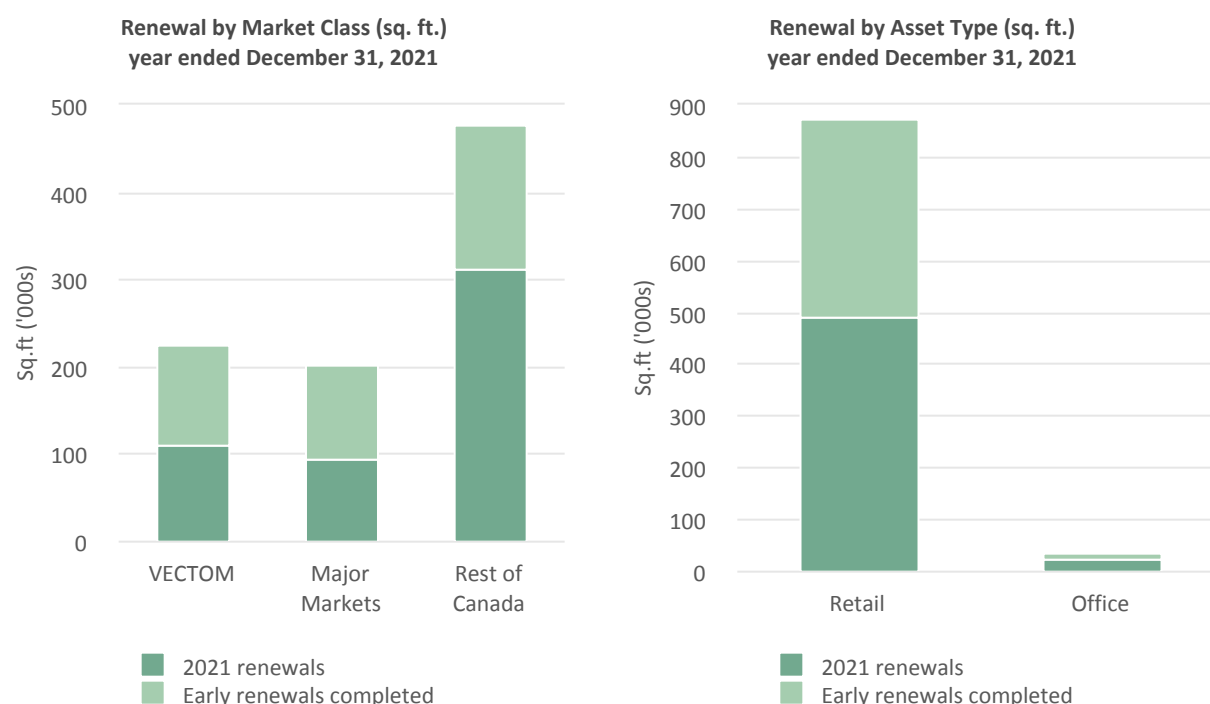


New leases increased occupancy by 710,000 square feet at December 31, 2021, at an average first year rate of \$20.92 per square foot.

Crombie is focused on increasing its presence in VECTOM and Major Markets. For the year ended December 31, 2021, 70.8% of new leases, equivalent to 503,000 square feet, were completed in these markets. New leases of 207,000 square feet occurred in Rest of Canada markets. The vast majority of the portfolio's vacancy is within this market, however, Crombie is pleased with the new leasing activity throughout 2021.

At December 31, 2021, 114,000 square feet of GLA at an average first year rate of \$18.76 per square foot was committed with tenants expected to take possession throughout 2022. VECTOM and Major Markets represent 90,000 square feet of committed space, including 42,000 square feet at our Scotia Square complex in Halifax, Nova Scotia.

Renewal Activity



For the three months and year ended December 31, 2021, renewal activity for our portfolio was as follows:

	Three months ended December 31, 2021			Year ended December 31, 2021		
	Sq. ft.	Rate PSF	Growth %	Sq. ft.	Rate PSF	Growth %
2021 Renewals	60,000	\$18.00	1.3 %	513,000	\$17.56	3.4 %
Early Renewals Completed	37,000	\$25.70	9.5 %	392,000	\$19.52	3.5 %
Total	97,000	\$20.91	5.0 %	905,000	\$18.41	3.4 %

For the three months ended December 31, 2021, Crombie renewed 83,000 square feet of retail renewals with an increase of 5.5% over expiring rental rates. Driving this growth was 58,000 square feet of renewals at retail plazas, with an increase of 6.1% over expiring rental rates. Renewal spreads are based on the first year rate and do not factor in any additional rental step-ups that may take place throughout the lease term. When comparing the expiring rental rates to the average rental rate for the renewal term, Crombie achieved an increase of 6.8% for the three months ended December 31, 2021.

Crombie's renewal activity for the year ended December 31, 2021 included retail renewals of 872,000 square feet with an increase of 3.5% over expiring rental rates. Driving this growth was 684,000 square feet of renewals at retail plazas, with an increase of 3.9% over expiring rental rates. Office renewals of 33,000 square feet were completed with an increase of 1.4% over expiring rental rates.

During the year ended December 31, 2021, Crombie demonstrated portfolio stability with approximately 47.2% of renewals occurring in VECTOM and Major Markets. Total renewal growth was positively impacted by the 225,000 square feet of renewals in VECTOM at an average first year rate of \$26.00 per square foot, an increase of 3.1% over expiring rental rates. Major Markets saw renewals of 202,000 square feet, with an increase of 5.5% over expiring rental rates or an average first year rate of \$19.38 per square foot. The remaining 478,000 square feet of renewals was in the Rest of Canada at an average first year rate of \$14.42, which is an increase of 2.7% over expiring rental rates.

For the year ended December 31, 2021, Crombie achieved an increase of 6.5% when comparing the expiring rental rates to the average rental rate for the renewal term versus 3.4% when comparing the expiring rental rates to the first year of renewal.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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Crombie proactively manages its lease maturities, taking advantage of opportunities to renew tenants prior to expiration. During the year ended December 31, 2021, approximately 392,000 square feet of renewals related to future year expiries were completed.

Lease Maturities

The following table sets out, as at December 31, 2021, the number of leases maturing during the periods indicated, the renewal area, the percentage of the total GLA of the properties represented by such maturities and the estimated average rent per square foot at the time of expiry.

Year	Number of Leases ⁽¹⁾	Renewal Area (sq. ft.)	% of Total GLA	Average Rent per sq. ft. at Expiry
2022	327	1,275,000	7.1 % \$	15.77
2023	161	708,000	4.0 %	18.80
2024	177	868,000	4.9 %	18.11
2025	141	1,142,000	6.4 %	16.16
2026	141	962,000	5.4 %	17.11
2027	96	824,000	4.6 %	18.39
2028	57	714,000	4.0 %	17.29
2029	91	1,068,000	6.0 %	19.06
2030	47	625,000	3.5 %	16.47
2031	86	1,096,000	6.1 %	19.49
Thereafter	264	7,904,000	44.2 %	20.18
Total	1,588	17,186,000	96.2 % \$	18.80

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

The following table sets out, as at December 31, 2021, the number of Empire leases maturing during the periods indicated, the renewal area, the percentage of the total GLA of the properties represented by such maturities, and the estimated average rent per square foot at the time of expiry.

Year	Number of Leases ⁽¹⁾	Renewal Area (sq. ft.)	% of Total GLA	Average Rent (sq. ft.) at Expiry
2022	17	235,000	1.3 % \$	8.95
2023	3	8,000	— %	32.12
2024	4	89,000	0.5 %	10.42
2025	7	255,000	1.4 %	13.34
2026	16	353,000	2.0 %	13.97
2027	10	335,000	1.9 %	14.09
2028	9	307,000	1.7 %	15.68
2029	17	596,000	3.3 %	16.40
2030	8	294,000	1.7 %	13.62
2031	13	508,000	2.8 %	16.61
Thereafter	196	7,243,000	40.6 %	20.22
Total	300	10,223,000	57.2 % \$	18.57

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

6. FINANCIAL PERFORMANCE REVIEW

	Three months ended December 31,			Year ended December 31,			
	2021	2020	Variance	2021	2020	Variance	2019
Property revenue	\$ 103,832	\$ 97,060	\$ 6,772	\$ 408,892	\$ 388,733	\$ 20,159	\$ 398,741
Property operating expenses	32,430	29,245	(3,185)	125,861	129,872	4,011	117,645
Net property income	71,402	67,815	3,587	283,031	258,861	24,170	281,096
Net property income margin percentage	68.8 %	69.9 %	(1.1)%	69.2 %	66.6 %	2.6 %	70.5 %
Other items:							
Gain on disposal of investment properties	42,762	4,164	38,598	56,525	3,335	53,190	81,803
Gain from equity accounted investments	15,525	—	15,525	15,525	—	15,525	—
Impairment of investment properties	(1,300)	(4,500)	3,200	(2,539)	(6,600)	4,061	(6,000)
Depreciation and amortization	(18,805)	(19,506)	701	(75,763)	(75,567)	(196)	(74,313)
General and administrative expenses	(7,367)	(5,493)	(1,874)	(25,484)	(20,534)	(4,950)	(23,721)
Finance costs - operations	(22,639)	(24,912)	2,273	(92,788)	(91,808)	(980)	(97,316)
Income (loss) from equity accounted investments	(685)	(411)	(274)	(2,941)	(72)	(2,869)	334
Operating income before taxes	78,893	17,157	61,736	155,566	67,615	87,951	161,883
Taxes - current	(163)	—	(163)	(165)	(7)	(158)	(8)
Operating income attributable to Unitholders	78,730	17,157	61,573	155,401	67,608	87,793	161,875
Finance costs - distributions to Unitholders	(36,637)	(35,211)	(1,426)	(144,559)	(140,302)	(4,257)	(150,169)
Finance (costs) income - change in fair value of financial instruments	(1,018)	(725)	(293)	(2,972)	805	(3,777)	(1,337)
Increase (decrease) in net assets attributable to Unitholders	\$ 41,075	\$ (18,779)	\$ 59,854	\$ 7,870	\$ (71,889)	\$ 79,759	\$ 10,369
Operating income attributable to Unitholders per Unit, Basic	\$ 0.48	\$ 0.11	\$ 0.37	\$ 0.96	\$ 0.43	\$ 0.53	\$ 1.07
Basic weighted average Units outstanding (in 000's)	164,592	158,239	6,353	162,130	157,448	4,682	151,666
Distributions per Unit to Unitholders	\$ 0.22	\$ 0.22	\$ —	\$ 0.89	\$ 0.89	\$ —	\$ 0.89
Other Non-GAAP Performance Metrics							
Same-asset property cash NOI ^(*)	\$ 64,442	\$ 62,935	\$ 1,507	\$ 253,162	\$ 241,203	\$ 11,959	\$ 251,420
FFO ^(*)	\$ 46,948	\$ 42,305	\$ 4,643	\$ 185,032	\$ 165,850	\$ 19,182	\$ 175,539
FFO ^(*) per Unit - basic	\$ 0.29	\$ 0.27	\$ 0.02	\$ 1.14	\$ 1.05	\$ 0.09	\$ 1.16
FFO ^(*) payout ratio, excluding 2019 special distribution (%)	78.0 %	83.2 %	(5.2)%	78.1 %	84.6 %	(6.5)%	76.9 %
AFFO ^(*)	\$ 40,468	\$ 35,679	\$ 4,789	\$ 157,532	\$ 138,963	\$ 18,569	\$ 148,632
AFFO ^(*) per Unit - basic	\$ 0.25	\$ 0.23	\$ 0.02	\$ 0.97	\$ 0.88	\$ 0.09	\$ 0.98
AFFO ^(*) payout ratio, excluding 2019 special distribution (%)	90.5 %	98.7 %	(8.2)%	91.8 %	101.0 %	(9.2)%	90.8 %

Operating income attributable to Unitholders

For the three months ended:

Operating income attributable to Unitholders increased by \$61,573, or 358.9%, compared to the fourth quarter of 2020 primarily due to gain on disposal of investment properties of \$42,762, including \$27,904 from the sale of a 50% non-managing interest in the Pointe-Claire CFC, gain from equity accounted investments of \$15,525 resulting from distributions received from 1600 Davie Limited Partnership in excess of our investment in the joint venture, increased income of \$1,963 from completed developments, \$1,000 from renewals and new leasing, and \$913 from lease terminations. Additionally, an impairment of \$1,300 was recognized on one retail property during the quarter, which was \$3,200 lower than the impairment related to four retail properties in the fourth quarter of 2020. Finance costs from operations was lower by \$2,273 primarily due to the early partial redemption of Series B senior unsecured notes in 2020. The growth in operating income was offset in part by increased general and administrative expenses of \$1,874 primarily as a result of an increase of \$940 in salaries and benefits resulting from higher annual incentive plan amounts, and an increase in Unit price and its impact on Unit-based compensation plans of \$813.

For the year ended:

Operating income attributable to Unitholders increased by \$87,793, or 129.9%, on an annual basis. Gain on disposal of investment properties increased by \$53,190, including \$27,904 from the sale of a 50% non-managing interest in the Pointe-Claire CFC in the fourth quarter of 2021. Net property income increased \$24,170 due to a reduction in bad debt expense of \$10,082 as a result of decreased collection risk in 2021; new income from completed developments of \$7,700; \$3,346 from lease terminations; \$2,100 from renewals and new leasing; an increase in modernization income of \$2,100 offset by higher tenant incentive amortization of \$1,961; and increased percentage rent of \$1,284 resulting from tenants converting to percentage rent leases. During the fourth quarter of 2021, Crombie received a distribution of \$25,000 from 1600 Davie Limited Partnership, of which \$15,525 was treated as a gain from equity accounted investments as a result of this distribution exceeding our investment in the joint venture. Additionally, impairments of \$2,539 were recognized on two retail properties during the year which was \$4,061 lower than the impairments related to six properties in the prior year. The improved operating income for the period was offset in part by increased general and administrative expenses of \$4,950, primarily the result of an increase in Unit price and its impact on Unit-based compensation plans of \$5,764, offset in part by decreased salaries of \$1,121 and higher severance costs in 2020. Additionally, losses from equity accounted investments were \$2,941 for 2021 compared to \$72 for the year ended December 31, 2020, as residential development projects move toward revenue stabilization, when revenue earned will exceed expenses. Finance costs from operations increased by \$980 due primarily to lower capitalized interest on developments of \$1,738 and increased interest on long term debt of \$705 from the addition of new mortgages and unsecured debt, offset in part by decreased interest on credit facilities of \$1,557 resulting from lower average outstanding balances in the year.

Net Property Income

Management uses net property income on a cash basis (property cash NOI^(*)) as a measure of performance as it reflects the cash generated by properties period-over-period. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 79, 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 December 31,			Year ended December 31,		
	2021	2020	Variance	2021	2020	Variance
Net property income	\$ 71,402	\$ 67,815	\$ 3,587	\$ 283,031	\$ 258,861	\$ 24,170
Non-cash straight-line rent	(1,998)	(2,036)	38	(9,486)	(9,112)	(374)
Non-cash tenant incentive amortization ⁽¹⁾	5,249	4,859	390	19,811	17,849	1,962
Property cash NOI ^(*)	74,653	70,638	4,015	293,356	267,598	25,758
Acquisitions and dispositions property cash NOI ^(*)	2,204	1,878	326	10,635	7,286	3,349
Development property cash NOI ^(*)	8,007	5,825	2,182	29,559	19,109	10,450
Acquisitions, dispositions and development property cash NOI ^(*)	10,211	7,703	2,508	40,194	26,395	13,799
Same-asset property cash NOI ^(*)	\$ 64,442	\$ 62,935	\$ 1,507	\$ 253,162	\$ 241,203	\$ 11,959
Adjusted for management's estimate of the material impacts of COVID-19:						
Decrease in parking revenue	—	854	(854)	789	2,715	(1,926)
Rent abatements	—	178	(178)	—	1,465	(1,465)
Bad debt expense	260	(32)	292	420	5,353	(4,933)
Same-asset property cash NOI ^(*) , adjusted for COVID-19	\$ 64,702	\$ 63,935	\$ 767	\$ 254,371	\$ 250,736	\$ 3,635

(1) Refer to "Amortization of Tenant Incentives" on page 39 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 result in operations being impacted minimally in some instances, and more significantly in others. Consequently, comparison of period-over-period development operating results may not be meaningful. The redevelopment of Avalon Mall was substantially complete in the fourth quarter of 2020 and its NOI inclusive of COVID-19 impact is reflected in the above table in the "Development" section.

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

	Three months ended December 31,				Year ended December 31,			
	2021	2020	Variance	%	2021	2020	Variance	%
VECTOM	\$ 23,154	\$ 21,394	\$ 1,760	8.2 %	\$ 88,750	\$ 84,459	\$ 4,291	5.1 %
Major Markets	17,444	17,571	(127)	(0.7)%	70,843	66,359	4,484	6.8 %
Rest of Canada	23,844	23,970	(126)	(0.5)%	93,569	90,385	3,184	3.5 %
Same-asset property cash NOI ^(*)	\$ 64,442	\$ 62,935	\$ 1,507	2.4 %	\$ 253,162	\$ 241,203	\$ 11,959	5.0 %

	Three months ended December 31,				Year ended December 31,			
	2021	2020	Variance	%	2021	2020	Variance	%
Retail ⁽¹⁾	\$ 58,629	\$ 57,156	\$ 1,473	2.6 %	\$ 229,648	\$ 217,963	\$ 11,685	5.4 %
Office	2,815	2,811	4	0.1 %	11,583	11,418	165	1.4 %
Retail-related industrial ⁽²⁾	2,998	2,968	30	1.0 %	11,931	11,822	109	0.9 %
Same-asset property cash NOI ^(*)	\$ 64,442	\$ 62,935	\$ 1,507	2.4 %	\$ 253,162	\$ 241,203	\$ 11,959	5.0 %

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

(2) Retail-related industrial includes retail distribution centres owned in Toronto (100%), Montreal (50%), and Calgary (50%), and a spoke facility owned in Toronto (100%).

For the three months ended:

Same-asset property cash NOI increased by \$1,507, or 2.4%, compared to the fourth quarter of 2020 primarily due to \$994 from lease terminations, \$599 in tenant recoveries related to a property tax reassessment, an increase of supplemental rents of \$305 from modernizations and capital improvements, and strong occupancy, offset in part by increased bad debt expense of \$292 (expense of \$260 on same-asset properties in the fourth quarter of 2021 compared to recovery of \$32 in the same quarter of 2020). Same-asset property cash NOI adjusted for the removal of what management estimates to be the impacts of COVID-19 increased 1.2% compared to the same period in 2020.

Compared to the fourth quarter of 2020, net property income increased by \$3,587 and property cash NOI increased by \$4,015. In addition to the factors affecting same-asset property cash NOI, the growth was driven by increased rent of \$1,963 from development activity.

For the year ended:

On an annual basis, same-asset property cash NOI increased 5.0% compared to 2020 primarily due to a reduction in bad debt expense on same-asset properties of \$5,388 as a result of decreased collection risk in 2021, increased lease termination income of \$2,638, strong occupancy, an increase of supplemental rents of \$1,927 from modernizations and capital improvements, and \$615 in tenant recoveries related to property tax reassessments. Same-asset property cash NOI adjusted for the removal of what management estimates to be the impacts of COVID-19 is \$254,371, an increase of 1.4% compared to the adjusted results for the year ended December 31, 2020.

On an annual basis, net property income increased by \$24,170 and property cash NOI increased by \$25,758 compared to the same period in 2020, primarily for the same reasons affecting same-asset property cash NOI, and by increased income of \$7,700 from completed developments.

Funds from Operations (FFO)^(*)

Crombie follows the recommendations of the Real Property Association of Canada ("REALPAC")'s January 2022 guidance in calculating FFO^(*). This update from the February 2019 white paper had no impact on Crombie's FFO calculation. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 79, for a more detailed discussion on FFO.

The reconciliation of FFO for the three months and year ended December 31, 2021 and 2020 is as follows:

	Three months ended December 31,			Year ended December 31,		
	2021	2020	Variance	2021	2020	Variance
Increase (decrease) in net assets attributable to Unitholders	\$ 41,075	\$ (18,779)	\$ 59,854	\$ 7,870	\$ (71,889)	\$ 79,759
Add (deduct):						
Amortization of tenant incentives	5,249	4,859	390	19,811	17,849	1,962
Gain on disposal of investment properties	(42,762)	(4,164)	(38,598)	(56,525)	(3,335)	(53,190)
Gain from equity accounted investments	(15,525)	—	(15,525)	(15,525)	—	(15,525)
Impairment of investment properties	1,300	4,500	(3,200)	2,539	6,600	(4,061)
Depreciation and amortization of investment properties	18,437	19,183	(746)	74,359	74,316	43
Adjustments for equity accounted investments	841	109	732	2,267	176	2,091
Principal payments on right of use assets	58	57	1	225	220	5
Internal leasing costs	620	604	16	2,480	2,416	64
Finance costs - distributions to Unitholders	36,637	35,211	1,426	144,559	140,302	4,257
Finance costs (income) - change in fair value of financial instruments	1,018	725	293	2,972	(805)	3,777
FFO ^(*) as calculated based on REALPAC recommendations	\$ 46,948	\$ 42,305	\$ 4,643	\$ 185,032	\$ 165,850	\$ 19,182
Basic weighted average Units (in 000's)	164,592	158,239	6,353	162,130	157,448	4,682
FFO ^(*) per Unit - basic	\$ 0.29	\$ 0.27	\$ 0.02	\$ 1.14	\$ 1.05	\$ 0.09
FFO ^(*) payout ratio (%)	78.0 %	83.2 %	(5.2)%	78.1 %	84.6 %	(6.5)%

For the three months ended:

The increase in FFO of \$4,643 is primarily due to increased net property income (an increase of \$3,587 compared to the fourth quarter of 2020) which resulted from increased income of \$1,963 from completed developments, strong occupancy, and \$913 from lease terminations. Additionally, finance costs from operations was lower by \$2,273 primarily due to the early partial redemption of Series B senior unsecured notes in 2020. The improved net property income is offset in part by increased general and administrative expenses of \$1,874 primarily as a result of an increase of \$940 in salaries and benefits resulting from higher annual incentive plan amounts, and an increase in Unit price and its impact on Unit-based compensation plans of \$813.

For the year ended:

On an annual basis, FFO increased \$19,182 primarily due to improved net property income (an increase of \$24,170 year over year) due to a significant reduction in bad debt expense of \$10,082 resulting from decreased collection risk in 2021, increased income of \$7,700 from completed developments, an increase of \$3,346 in lease termination income, \$2,100 from renewals and new leasing, and an increase in modernization income of \$2,100. The growth in net property income is partially offset by increased general and administrative expenses of \$4,950 primarily related to the impact of increased Unit price on Unit-based compensation plans of \$5,764, offset in part by \$1,509 of severance costs in the second quarter of 2020. Additionally, losses from equity accounted investments were \$2,941 for the period compared to \$72 for the year ended December 31, 2020, resulting from operating results from residential development projects as they move toward revenue stabilization, when revenue earned will exceed expenses, and finance costs from operations increased by \$980 due primarily to lower capitalized interest on developments of \$1,738 and increased interest on long term debt of \$705 from the addition of new mortgages and unsecured debt, offset in part by decreased interest on credit facilities of \$1,557 due to a lower average balance outstanding compared to the prior year.

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. The new guidance resulted in no impact to Crombie's AFFO calculation. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 79, for a more detailed discussion.

The reconciliation of AFFO for the three months and year ended December 31, 2021 and 2020 is as follows:

	Three months ended December 31,			Year ended December 31,		
	2021	2020	Variance	2021	2020	Variance
FFO ^(*) as calculated based on REALPAC recommendations	\$ 46,948	\$ 42,305	\$ 4,643	\$ 185,032	\$ 165,850	\$ 19,182
Add (deduct):						
Amortization of effective swap agreements	—	—	—	—	510	(510)
Straight-line rent adjustment	(1,998)	(2,036)	38	(9,486)	(9,112)	(374)
Straight-line rent adjustment included in Income from equity accounted investments	144	—	144	509	—	509
Internal leasing costs	(620)	(604)	(16)	(2,480)	(2,416)	(64)
Maintenance expenditures on a square footage basis	(4,006)	(3,986)	(20)	(16,043)	(15,869)	(174)
AFFO ^(*) as calculated based on REALPAC recommendations	\$ 40,468	\$ 35,679	\$ 4,789	\$ 157,532	\$ 138,963	\$ 18,569
Basic weighted average Units (in 000's)	164,592	158,239	6,353	162,130	157,448	4,682
AFFO ^(*) per Unit - basic	\$ 0.25	\$ 0.23	\$ 0.02	\$ 0.97	\$ 0.88	\$ 0.09
AFFO ^(*) payout ratio (%)	90.5 %	98.7 %	(8.2)%	91.8 %	101.0 %	(9.2)%

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

For the three months ended:

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

For the year ended:

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

Distributions to Unitholders

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

Crombie has organized its assets and operations to satisfy the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT. Crombie's management and its advisors have completed an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it met the REIT criteria throughout 2021 and continues to do so. The relevant tests apply throughout the taxation year and as such the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

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

Details of distributions to Unitholders are as follows:

	Three months ended December 31,			Year ended December 31,		
	2021	2020	Variance	2021	2020	Variance
Distributions to Unitholders	\$ 21,645	\$ 20,810	\$ 835	\$ 85,416	\$ 82,917	\$ 2,499
Distributions to Class B Voting Unitholder ⁽¹⁾	14,992	14,401	591	59,143	57,385	1,758
Total distributions	\$ 36,637	\$ 35,211	\$ 1,426	\$ 144,559	\$ 140,302	\$ 4,257
FFO ^(*) payout ratio	78.0 %	83.2 %	(5.2)%	78.1 %	84.6 %	(6.5)%
AFFO ^(*) payout ratio	90.5 %	98.7 %	(8.2)%	91.8 %	101.0 %	(9.2)%

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

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

	Three months ended December 31,			Year ended December 31,		
	2021	2020	Variance	2021	2020	Variance
Operating income attributable to Unitholders	\$ 78,730	\$ 17,157	\$ 61,573	\$ 155,401	\$ 67,608	\$ 87,793
Monthly distributions paid and payable	(36,637)	(35,211)	(1,426)	(144,559)	(140,302)	(4,257)
Operating income attributable to Unitholders in excess (shortfall) of distributions paid and payable	\$ 42,093	\$ (18,054)	\$ 60,147	\$ 10,842	\$ (72,694)	\$ 83,536

Monthly distributions paid for the three months and year ended December 31, 2021 and 2020 were funded with cash flows from operating activities and borrowing on the revolving credit facility.

On January 14, 2022, Crombie declared distributions of 7.417 cents per Unit for the period from January 1, 2022 to and including January 31, 2022. The distributions were paid on February 15, 2022, to Unitholders of record as of January 31, 2022.

On February 15, 2022, Crombie declared distributions of 7.417 cents per Unit for the period from February 1, 2022 to and including February 28, 2022. The distributions will be paid on March 15, 2022, to Unitholders of record as of February 28, 2022.

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 December 31,			Year ended December 31,		
	2021	2020	Variance	2021	2020	Variance
Regular tenant incentive amortization	\$ 2,890	\$ 2,988	\$ 98	\$ 11,021	\$ 11,288	\$ 267
Modernization tenant incentive amortization	2,359	1,871	(488)	8,790	6,561	(2,229)
Total amortization of tenant incentives	\$ 5,249	\$ 4,859	\$ (390)	\$ 19,811	\$ 17,849	\$ (1,962)

General and Administrative Expenses

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

	Three months ended December 31,			Year ended December 31,		
	2021	2020	Variance	2021	2020	Variance
Salaries and benefits	\$ 3,555	\$ 2,615	\$ (940)	\$ 11,287	\$ 12,408	\$ 1,121
Unit-based compensation ⁽¹⁾	2,576	1,763	(813)	8,537	2,773	(5,764)
Professional fees	323	442	119	1,782	1,676	(106)
Public company costs	198	151	(47)	1,154	1,209	55
Rent and occupancy	146	133	(13)	565	569	4
Other	569	389	(180)	2,159	1,899	(260)
General and administrative expenses	\$ 7,367	\$ 5,493	\$ (1,874)	\$ 25,484	\$ 20,534	\$ (4,950)
As a percentage of property revenue	7.1 %	5.7 %	(1.4)%	6.2 %	5.3 %	(0.9)%

(1) Unit-based compensation includes both employees and trustees.

For the three months ended:

The higher expenses in the quarter are primarily due to an increase of \$940 in salaries and benefits resulting from higher annual incentive plan amounts, and an increase in Crombie's Unit price and its impact on Unit-based compensation plans resulting in increased costs of \$813. General and administrative expenses excluding the impact of Unit-based compensation of \$2,576 is 4.6% of property revenue.

For the year ended:

On an annual basis, the increase in expenses is primarily due to an increase in Crombie's Unit price and its impact on Unit-based compensation plans, resulting in increased costs of \$5,764. This is offset in part by reduced salaries and benefits of \$1,121 due to savings in 2021 related to organizational realignment in the second quarter of 2020 and the associated \$1,509 of severance in that quarter. General and administrative expenses excluding the impact of Unit-based compensation of \$8,537 is 4.1% of property revenue.

Finance Costs - Operations

	Three months ended December 31,			Year ended December 31,		
	2021	2020	Variance	2021	2020	Variance
Fixed rate mortgages	\$ 11,833	\$ 11,921	\$ 88	\$ 49,169	\$ 48,801	\$ (368)
Floating rate term, revolving, and demand facilities	358	517	159	1,896	3,453	1,557
Capitalized interest	(1,037)	(1,287)	(250)	(3,593)	(5,331)	(1,738)
Senior unsecured notes	10,364	12,542	2,178	40,741	40,404	(337)
Interest income on finance lease receivable	(144)	(95)	49	(548)	(387)	161
Interest on lease liability	523	479	(44)	2,056	1,862	(194)
Finance costs	21,897	24,077	2,180	89,721	88,802	(919)
Amortization of deferred financing charges	742	835	93	3,067	3,006	(61)
Finance costs - operations	\$ 22,639	\$ 24,912	\$ 2,273	\$ 92,788	\$ 91,808	\$ (980)

For the three months ended:

Finance costs decreased by \$2,180 primarily due to reduced interest on unsecured notes resulting from the early partial redemption of Series B senior unsecured notes in 2020.

For the year ended:

Annually, finance costs increased by \$919 primarily due to reduced capitalized interest on development properties of \$1,738, and increased interest on long term debt of \$705 from the addition of new mortgages and unsecured debt, offset in part by lower interest on credit facilities of \$1,557 resulting from lower average outstanding balances in the year.

Depreciation, Amortization, and Impairment

Crombie's total fair value of investment properties exceeds carrying value by \$1,150,558 at December 31, 2021 (December 31, 2020 - \$921,974). Crombie uses the cost method for accounting for investment properties, and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment, if any, is recognized on a property by property basis when circumstances indicate that the carrying value may not be recoverable.

	Three months ended December 31,			Year ended December 31,		
	2021	2020	Variance	2021	2020	Variance
Same-asset ⁽¹⁾ depreciation and amortization	\$ 15,994	\$ 16,137	\$ 143	\$ 64,317	\$ 64,966	\$ 649
Acquisitions, dispositions and development depreciation/amortization	2,811	3,369	558	11,446	10,601	(845)
Depreciation and amortization	\$ 18,805	\$ 19,506	\$ 701	\$ 75,763	\$ 75,567	\$ (196)
Impairment	\$ 1,300	\$ 4,500	\$ 3,200	\$ 2,539	\$ 6,600	\$ 4,061

For the three months ended:

The decrease in depreciation and amortization of \$701 is due most notably to dispositions, offset in part by the commencement of depreciation in the first quarter of 2021 on the substantially completed developments at the Pointe-Claire CFC and Avalon Mall, an increase of \$486 over the fourth quarter of 2020, and by acquisitions.

For the year ended:

The \$196 increase in depreciation and amortization on an annual basis is due to depreciation on the substantially completed developments at the Pointe-Claire CFC and Avalon Mall, which resulted in an increase of \$2,282, and acquisitions. This is partially offset by dispositions and by accelerated depreciation due to the partial demolition of a building at the Avalon Mall site in the first quarter of 2020.

During the year ended December 31, 2021, Crombie recorded impairments totalling \$2,539 on two properties, one for \$1,239 in the third quarter as the result of a partial disposition which closed on December 14, 2021. The fourth quarter impairment of \$1,300 was due to

continuing high vacancy rates and the departure of a major tenant at a retail property in Rest of Canada during the year. Impairment was determined as the amount by which carrying value, using the cost method, exceeded the recoverable amount for that property. The recoverable amount was determined to be the property's fair value defined as the higher of the economic benefit of the continued use of the asset or the selling price less costs to sell. To calculate the benefit of the continued use of the asset, Crombie utilized the present value of the estimated future cash flows, discounted using a discount rate based on the risk associated with the property.

Selected Balance Sheet Information

	As at December 31,			
	2021	2020	Variance	2019
Total Assets	\$ 4,023,676	\$ 4,105,438	\$ (81,762)	\$ 3,920,267
Investment properties, carrying value	\$ 3,875,442	\$ 3,893,026	\$ (17,584)	\$ 3,796,326
Investment properties, fair value	\$ 5,026,000	\$ 4,815,000	\$ 211,000	\$ 4,605,000
Investment properties held in joint ventures, carrying value	\$ 288,114	\$ 225,127	\$ 62,987	\$ 149,299
Investment properties held in joint ventures, fair value	\$ 387,000	\$ 225,127	\$ 161,873	\$ 148,799
Total Debt ⁽¹⁾	\$ 2,426,184	\$ 2,627,132	\$ (200,948)	\$ 2,465,224
Total non-current financial liabilities	\$ 1,960,143	\$ 2,192,047	\$ (231,904)	\$ 2,073,212
Number of Units outstanding (in 000's)	164,803	158,258	6,545	151,743

(1) Total debt consists of total liabilities in Crombie's financial statements excluding the financial liabilities to REIT Unitholders and to holders of Class B LP Units, shown on the balance sheet as net assets attributable to Unitholders.

The lower total assets (a difference of \$81,762 compared to the prior year) is driven primarily by dispositions of investment properties of \$148,981, offset in part by additions to tenant incentives of \$69,704. The increase of \$211,000 in fair value of investment properties resulted from capitalization rates compression, acquisitions, and completed developments. Investment properties held in joint ventures increased in both carrying value (increase of \$62,987 over the prior year) and fair value (\$161,873 compared to the prior year) due to the completion of developments at Davie Residential in the first quarter of 2021 and Le Duke in the third quarter of 2021. The decrease in total debt of \$200,948 is driven by the repayment of mortgages (\$163,414) and credit facilities (\$33,493) during the year, funded by dispositions and the issuance of Series J senior unsecured notes in the third quarter of 2021.

7. DEVELOPMENT

Property development is a strategic priority for Crombie to improve NAV, cash flow growth and Unitholder value. With urban intensification an important reality across the country, Crombie is focused on evaluating and undertaking major mixed-use developments at certain properties, where incremental costs to develop are greater than \$50,000 and where development may include residential, commercial and/or retail-related industrial ("Major Developments"). This discussion of Crombie's development activities contains forward-looking information. Refer to the "Forward-looking Information" section of this MD&A starting on page 82 for additional information regarding such statements and the related risks and uncertainties.

Crombie has the potential to unlock significant value within its current pipeline of 31 major development properties over the next fifteen years. Crombie benefits from having solid income (FFO and AFFO) generated by most of these properties while working through the various approvals, entitlements, and advance preparations required before each major development can commence. Crombie currently achieves in-place NOI on existing assets not yet under construction.

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

Our major developments will be planned and executed to complete development of mixed-use properties with a focus on grocery-anchored retail and, wherever practical, primarily purpose-built residential rental accommodations that provide revenue, diversification and growth to Crombie. We view this approach as the optimal way to drive both NAV and AFFO growth. 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. Crombie may also have the option, if desired, to monetize our density value by selling certain air rights, or purpose-built rental properties to third parties in lieu of, or after, development.

Completed Developments

The table below summarizes projects that have reached substantial completion during the fiscal year. Crombie recognizes substantial completion when key project milestones are met and/or project spending has reached over 90% of total project costs.

During the year ended, December 31, 2021, Crombie has reached substantial completion on the following major development projects:

Property	CMA	Use	Ownership	Completion Quarter	Completed Commercial GLA	% of Commercial GLA Leased	Completed Residential GLA	Residential Units Available for Lease	Residential Units Leased	% of Residential Units Leased
Davie Residential ⁽¹⁾	Vancouver	Residential	50%	Q1 2021	—	N/A	254,000	330	325	98 %
Le Duke ⁽²⁾	Montreal	Mixed-use	50%	Q3 2021	26,000	100 %	241,000	387	110	28 %

(1) Total estimated costs at Davie Residential is \$80,000 with expected yields in the 5.5% -6.0% range, exclusive of free rent amortization. All units are available for lease. Project yields have been updated from 5.0%-5.5% to 5.5%-6.0% as residential rents realized are in excess of initial expectations.

(1) Total estimated costs at Le Duke is \$59,000 with expected yields in the 5.4% -5.8% range. All units are available for lease. Project estimates are unchanged from Q3 2021.

These projects have reached substantial completion, thereby reducing the construction risk remaining in the development. The remaining risk is primarily related to achieving successful lease-up stabilization of vacant units at market rents, and potential changes in prevailing market rents. Any failure to achieve successful lease-up stabilization at current prevailing market rents could negatively impact expected yields for these developments.

Completed GLA is based on applicable standards of area measurement determined through internal site plans and drawings, and using external massing studies, where applicable. GLA in the above table is shown at full project density.

Total estimated costs include the current carrying costs of development lands, where applicable, net of any reductions from land and air rights dispositions. Total estimated project costs include land costs on existing income producing properties upon transfer to the development, soft and hard construction costs, tenant inducements, external leasing costs, finance costs, 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.

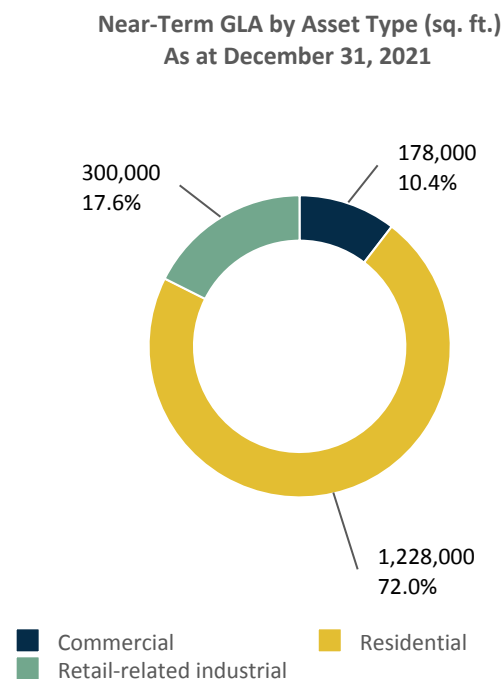
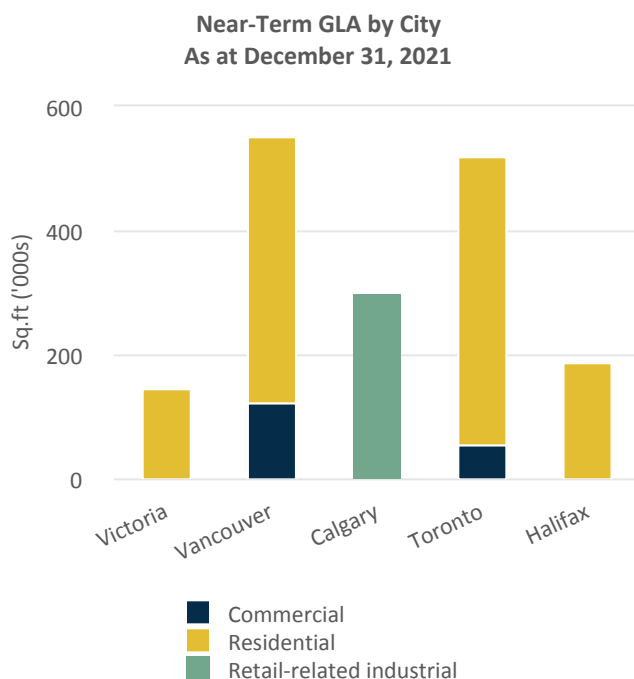
Estimated annual NOI is calculated using estimated first year stabilized annual rent for each tenant, assuming 100% occupancy. These estimates are established using market rents, Crombie's market knowledge, and/or using externally generated market studies. The expected yield for each project is then derived by dividing the estimated annual NOI by the total estimated cost for the project.

Development Pipeline

Crombie has identified 31 major development projects as at December 31, 2021 (December 31, 2020 - 30). Management uses current project assumptions to calculate the pipeline cost range, factoring in a degree of uncertainty that comes with a diverse pipeline that spans fifteen years or greater. 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 ventures partners, dispositions of pipeline properties, and a variety of external factors that may affect project costing. 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 of December 31, 2021, total project costs to develop the pipeline range from \$5,300,000 to \$7,500,000 (December 31, 2020 - \$4,300,000 to \$6,100,000). Crombie may enter joint venture or other partnership arrangements for these properties to share cost, revenue, risk, and development expertise, depending upon the nature of each project. Each selected project remains subject to normal development approvals, achieving required economic hurdles, and Board of Trustees' approval. In conjunction with our strategic partner Empire, Crombie management continuously reviews and prioritizes development opportunities that drive NAV and AFFO growth, including high-density urban re-development, new grocery-anchored retail, retail-related industrial e-commerce facilities, and land-use intensification.

Near-Term Projects

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



PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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The below table provides additional detail into Crombie's near-term developments.

Property	City	% Ownership	Commercial GLA	Full Project Density		
				Retail-related industrial GLA	Residential GLA	Residential Units
Bronte Village ⁽¹⁾	Toronto	50%	54,000	—	466,000	481
Voilà CFC 3 (Calgary) ⁽¹⁾	Calgary	100%	—	300,000	—	—
Westhill on Duke	Halifax	100%	—	—	188,000	280
1780 East Broadway (Broadway and Commercial)	Vancouver	50% ⁽²⁾	124,000	—	429,000	650
Belmont Market - Phase II	Victoria	100%	—	—	145,000	200
Penhorn Lands ⁽³⁾	Halifax	50%	—	—	—	—
Total Near-Term Developments			178,000	300,000	1,228,000	1,611

(1) These projects are financially committed and under active development

(2) Crombie will own 100% of the commercial portion of this development

(3) Development related to 26 acres of land at Penhorn Mall in Halifax, NS, involves the re-zoning and sale or development of multi-family parceled lots approximating 900 units. Crombie has the option to participate in development of certain parcels but numbers above based on sale of all land parcels.

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

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

Type: Retail / Residential

Ownership: 50%

Project status: Construction at 125 and 133 Bronte Road has progressed significantly over the last quarter. 125 Bronte, which represents half of the 481 units available, welcomed its first tenants in the third quarter. Interior finishing of suites continues at 133 Bronte and has reached substantial completion in January of 2022. Subsequent to the quarter, Crombie received the occupancy permit for 133 Bronte Road. As a result, Crombie adjusted substantial completion from Q4 2021 to Q1 2022. At Crombie's share, project cost is \$139,000 with estimated yields in the 5.4%-6.0% range. At Crombie's share, the estimated cost to complete at Bronte Village is \$8,900.

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

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

Voilà CFC 3, Calgary, Alberta

Type: Retail-related industrial

Ownership: 100%

Project status: The Calgary Voilà CFC is the third Empire grocery e-commerce fulfillment hub in Canada powered by Ocado plc's industry-leading technology. Crombie closed on the acquisition of the 25-acre site in June 2021 and site servicing and foundation work is nearing completion with erection of building steel underway. Retail-related industrial GLA of this project will total approximately 300,000 square feet.

Westhill on Duke, Halifax, Nova Scotia

Type: Residential

Ownership: 100%

Project status: Westhill on Duke is a planned 280 unit residential rental project in the heart of downtown Halifax located within the Scotia Square mixed-use retail, office and hotel complex. The site is entitled and a development application has been submitted. The project is expected to be ready for commencement in late 2022 or early 2023.

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

Type: Retail / Residential

Ownership: 100% retail, 50% residential and office

Project status: East Broadway is a proposed major mixed-use re-development on 2.43 acres of land located at the busiest transit node in Western Canada. A re-zoning application is in process with the City of Vancouver which comprises a mix of grocery-anchored retail, rental residential, and market condos. Crombie anticipates completion of re-zoning in 2022 and construction commencement in 2023.

Belmont Market - Phase II, Victoria, British Columbia

Type: Residential

Ownership: 100%

Project status: Belmont Market - Phase II envisions the development of approximately 200 residential units on the remaining 75,000 square feet of land within the Belmont Market development area. The lands are fully entitled and could be ready for construction commencement in 2023.

Penhorn Lands, Halifax, Nova Scotia

Type: Land Development / Residential

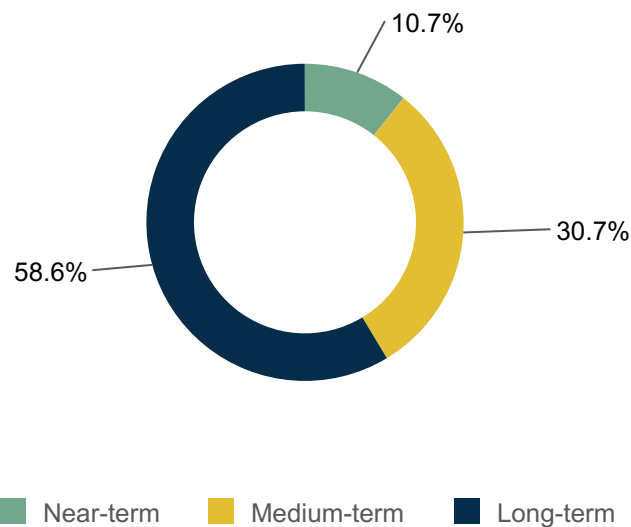
Ownership: 50%

Project status: Crombie continues to work with our development partner, Clayton Developments Limited, to enable a 26 acre mixed-use development at this prime location. Development approval is anticipated in mid-2022 with commencement of land sales in late 2022. The potential exists for approximately 900 units and Crombie and its partner have the option to participate in developing certain parcels.

Total Development Pipeline

In addition to near-term projects Crombie is actively working on its pipeline to ensure a consistent inventory of projects. The following table details total project cost estimates by category at December 31, 2021:

Crombie Development Spending by Project Timeline
As at December 31, 2021



Project Timeline	Number of Projects	At Crombie's Share (\$ in millions)					
		Total Estimated Costs		Total Spend to Date ⁽¹⁾	Estimated Cost to Complete		
Near-term	6	\$	700-800	\$	210	\$	490-590
Medium-term	7		1,600-2,300		60		1,540-2,240
Long-term	18		3,000-4,400		170		2,830-4,230
Total Pipeline	31	\$	5,300-7,500	\$	440	\$	4,860-7,060

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

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 amongst the potential pipeline in order to maximize NOI and NAV creation. As a result of scope changes, new opportunities in the pipeline and the addition of a new pipeline property in Q4 (Broadview - Toronto), the projected cost range of our total pipeline was refined from \$4,600,000 to \$6,500,000 in Q3 to \$5,300,000 to \$7,500,000 in Q4.

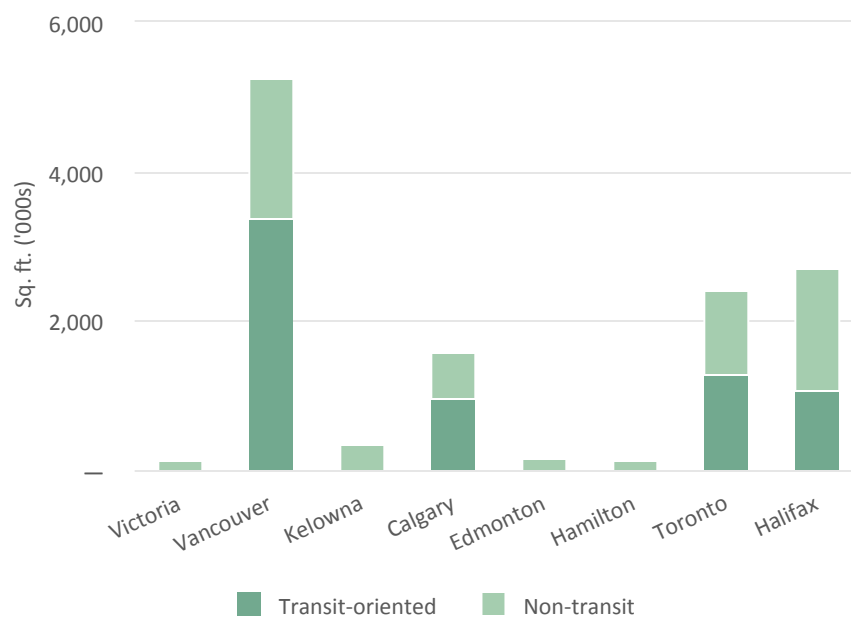
Estimated total cost includes the current carrying costs of development lands, net of any proceeds from land and air rights dispositions. Total estimated costs include land cost on the existing income-producing properties upon transfer to the development, soft and hard construction costs, tenant inducements, 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 contingency for capital cost exceedances in the ordinary course. Historically, capital cost exceedances in the 5% - 10% range are reflective of such contingencies.

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

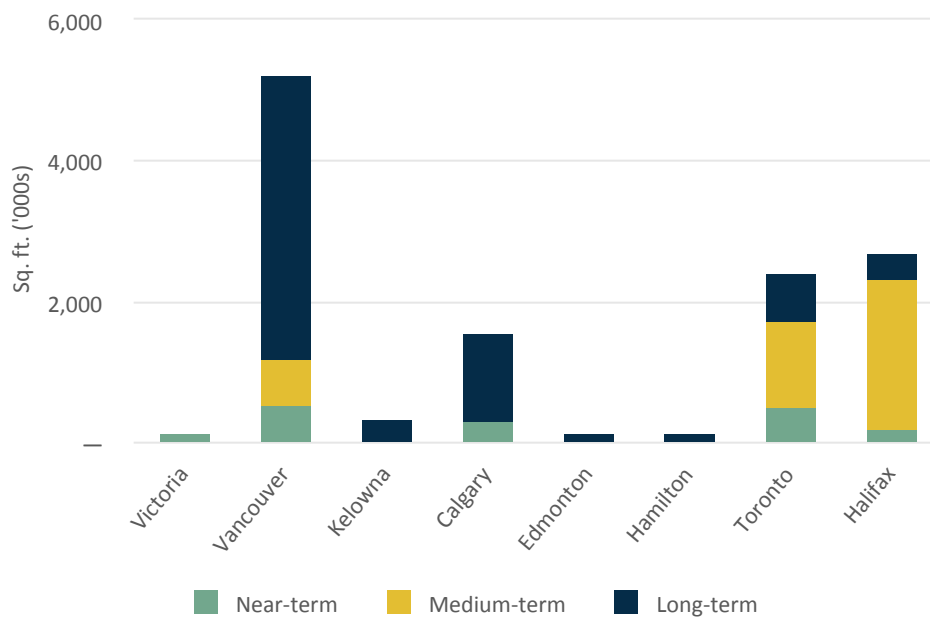
These estimates and assumptions are reviewed and updated regularly and are subject to changes which could be material. Estimated total costs are based on assumptions that are updated regularly, based on revised site plans, cost tendering processes, market studies and continuing tenant negotiations. These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

Crombie's current pipeline has the potential to add up to 1,328,000 square feet of commercial GLA, 300,000 square feet of retail-related industrial GLA and up to 11,080,000 square feet (up to 12,711 units) of residential GLA (which may include a combination of rental or condominium units).

**Total Pipeline GLA by City
As at December 31, 2021**



**Total Pipeline GLA by City
As at December 31, 2021**



PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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Total Pipeline Density by Project Timeline

Project Timeline	Commercial GLA	Retail-related industrial GLA	Residential GLA	Residential Units
Near-term	178,000	300,000	1,228,000	1,611
Medium-term	187,000	—	3,837,000	4,350
Long-term	963,000	—	6,015,000	6,750
Total Pipeline	1,328,000	300,000	11,080,000	12,711

An important part of creating a sustainable development program is a systematic approach to proactively moving potential development lands through the entitlement process to obtain zoning approvals. Crombie currently has 8 of these 31 potential major projects identified for imminent re-zoning and is currently in various stages of entitlement pursuit as noted in the following chart:

Crombie's Entitled Projects

	Number of Projects	Estimated Commercial Sq. ft. ⁽¹⁾	Estimated Retail-related industrial Sq. ft. ⁽¹⁾	Estimated Residential Sq. ft. ⁽¹⁾	Estimated Total Sq. ft. ⁽¹⁾	Residential Units ⁽¹⁾
<u>Near-term:</u>						
Zoned	4	54,000	300,000	799,000	1,153,000	961
Application Submitted ⁽²⁾	2	124,000	—	429,000	553,000	650
Total Near-term	6	178,000	300,000	1,228,000	1,706,000	1,611
<u>Medium / Long-term:</u>						
Zoned	2	47,000	—	1,191,000	1,238,000	1,400
Total	8	225,000	300,000	2,419,000	2,944,000	3,011

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

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

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

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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The following table lists the 31 identified Potential Major Development locations and certain key features of each property. Potential developments in the table following are organized in order of potential construction commencement:

Major Development Pipeline								
Existing Property	CMA	Site Size (acres)	Transit Oriented	Existing Tenants	Potential Commercial Expansion	Potential Residential Expansion	Entitlement Status	Project Timing
1 Bronte Village	Toronto	5.66	No	Sobeys	Yes	Yes	Zoned	Near-term
2 Voilà CFC 3 (Calgary)	Calgary	25.00	No	n/a	Yes	No	Zoned	Near-term
3 Westhill on Duke ⁽¹⁾	Halifax	0.46 ⁽²⁾	Yes	n/a	Yes	Yes	Zoned	Near-term
4 Belmont Market - Phase II	Victoria	1.70	No	Land	No	Yes	Zoned	Near-term
5 1780 East Broadway (Broadway and Commercial)	Vancouver	2.43	Yes	Safeway	Yes	Yes	Application Submitted	Near-term
6 Penhorn Lands	Halifax	26.12	No	Land	Yes	Yes	Application Submitted	Near-term
7 Park West	Halifax	6.44	Yes	Retail	Yes	Yes	Pre-Planning	Medium-term
8 1170 East 27 Street (Lynn Valley)	Vancouver	2.82	No	Safeway	Yes	Yes	Pre-Planning	Medium-term
9 Toronto East	Toronto	0.45	Yes	Foodland	Yes	Yes	Pre-Planning	Medium-term
10 Brunswick Place	Halifax	0.75 ⁽³⁾	Yes	Office	Yes	Yes	Zoned	Medium-term
11 Broadview	Toronto	1.43	Yes	Dollarama	Yes	Yes	Pre-Planning	Medium-term
12 McCowan & Ellesmere	Toronto	4.48	Yes	FreshCo/Other	Yes	Yes	Pre-Planning	Medium-term
13 10355 King George Boulevard - Multi-phased	Vancouver	5.07	Yes	Safeway	Yes	Yes	Pre-Planning	Medium/Long-term
14 Triangle Lands	Halifax	0.68	Yes	Land	Yes	Yes	Zoned	Long-term
15 1818 Centre Street	Calgary	2.18	Yes	Safeway	Yes	Yes	Future	Long-term
16 3130 Danforth	Toronto	0.79	Yes	The Beer Store	Yes	Yes	Pre-Planning	Long-term
17 2733 West Broadway	Vancouver	1.95	Yes	Safeway	Yes	Yes	Future	Long-term
18 Centennial Parkway	Hamilton	2.75	No	Retail	Yes	Yes	Future	Long-term
19 990 West 25 Avenue (King Edward)	Vancouver	1.80	No	Safeway	Yes	Yes	Future	Long-term
20 524 Elbow Drive SW (Mission)	Calgary	1.60	No	Safeway	Yes	Yes	Future	Long-term
21 Fleetwood	Vancouver	4.45	Yes	Safeway	Yes	Yes	Future	Long-term
22 Robson Street	Vancouver	1.15	No	Safeway	Yes	Yes	Future	Long-term
23 Port Coquitlam	Vancouver	5.31	No	Safeway	Yes	Yes	Future	Long-term
24 410 10 Street NW (Kensington)	Calgary	1.73	Yes	Safeway	Yes	Yes	Future	Long-term
25 813 11 Avenue SW (Beltline)	Calgary	2.59	Yes	Safeway	Yes	Yes	Future	Long-term
26 3410 Kingsway (Kingsway and Tyne)	Vancouver	3.74	Yes	Safeway/Other	Yes	Yes	Future	Long-term
27 East Hastings	Vancouver	3.30	No	Safeway/Other	Yes	Yes	Future	Long-term
28 Bernard Ave	Kelowna	1.83	No	Safeway	Yes	Yes	Future	Long-term
29 10930 82 Avenue (Whyte Ave)	Edmonton	2.44	No	Safeway/Other	Yes	Yes	Future	Long-term
30 New Westminster	Vancouver	2.82	No	Safeway	Yes	Yes	Future	Long-term
31 Brampton Mall	Toronto	8.74	No	Office/Retail	Yes	Yes	Future	Long-term

(1) Westhill on Duke was formerly referred to as Westhill and Scotia Square residential

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

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

8. CAPITAL MANAGEMENT

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

Capital Management Framework

The real estate industry is highly capital intensive.

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

1. to maintain multiple sources of both debt and equity financing;
2. to reduce risk by pre-funding its 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 Board. Crombie's Board ensures continued compliance with the Declaration of Trust through the review and approval of the annual operating and capital budgets, annual confirmation of Crombie's strategic plan, and through the approval of individual projects. The annual budget will detail the level of projected capital spend for a given year and how the required capital will be funded, as well as various key performance indicators and impacts on debt covenants. The Board monitors performance quarterly or on a more frequent basis, if needed. In addition, the Board and Management regularly review unspent committed capital (i.e. unfunded capital requirements of partially completed projects) with a lens towards Crombie's available liquidity, leverage metrics and sources of financing.

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

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

Our guiding principles for managing capital are as follows:

Guiding Principles	Current Status
Reduce total leverage over the medium/long term	D/GFV ^(*) is 42.9% at December 31, 2021.
Maintain minimum of \$250 million liquidity	Increased liquidity to \$507.8M, up \$36.1M from 2020.
Improve weighted average term to maturity	Minor decrease to 5.1 years at December 31, 2021 versus 5.3 years at December 31, 2020.
Lower cost of capital through equity raises and/or innovative funding solutions, such as capital recycling	During 2021, Crombie raised equity at a record net price of \$16.60 per Unit, and completed dispositions for proceeds of \$205.5M, net of selling costs.
Take advantage of current low interest rates	Continued to harvest interest rate savings by refinancing high coupon debt in current low rate environment.
Increase unencumbered asset pool	Expanded unencumbered asset pool by approximately 28% to \$1.8B .

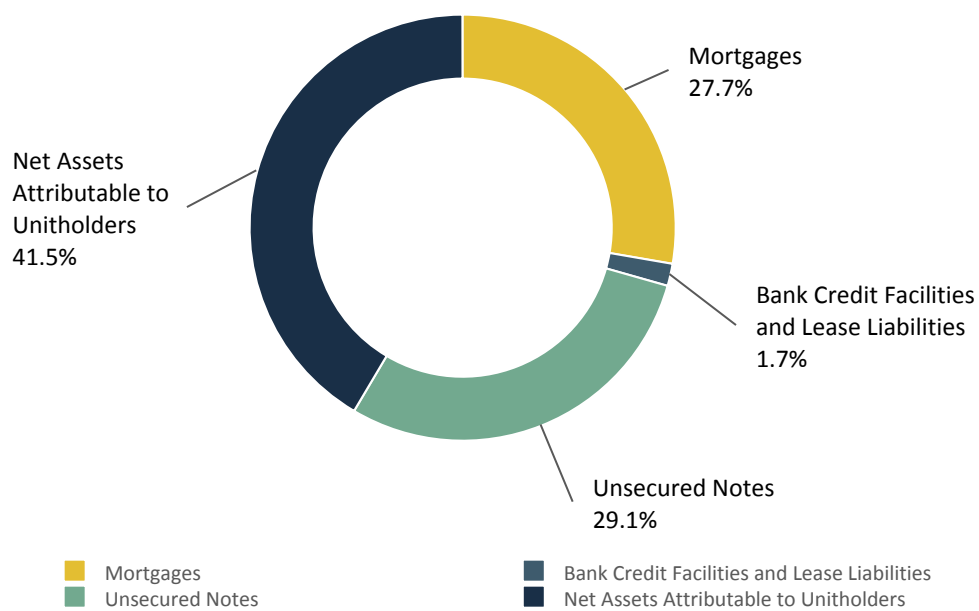
Investment Grade Credit Rating

Crombie's ability to raise debt financing and the cost associated with that debt financing depends on its ability to access the public debt capital markets, which are reliant on assigned credit ratings, as well as the bank credit market. A credit rating generally indicates the rating agency's assessment of the relative risk that the borrower will not fulfill its obligations in a timely manner with respect to both interest and principal commitments. In 2013, Crombie successfully applied to DBRS for a credit rating in order to access the unsecured note markets. In the second quarter of 2021, Crombie received notice of a downgrade in its credit rating from "BBB(low)" with a "Stable" trend to "BBB(low)" with a "Negative" trend.⁽¹⁾ Management is focused on restoring and improving Crombie's credit rating.

(1) The credit ratings are not recommendations to buy, sell, or hold any of the securities referred to, and they may be revised or withdrawn at any time by the assigning rating agency. Ratings are determined by the rating agencies based on criteria established from time to time by them, and they do not comment on market price or suitability for a particular investor. Each credit rating should be evaluated independently of any other credit rating.

Strong Capital Structure

**Capital Structure
as at December 31, 2021**



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

	December 31, 2021		December 31, 2020	
Fixed rate mortgages	\$	1,067,859	27.7 %	\$ 1,267,044 32.0 %
Drawn credit facilities		29,124	0.8 %	62,256 1.6 %
Senior unsecured notes		1,121,267	29.1 %	1,121,398 28.3 %
Lease liabilities		35,352	0.9 %	29,914 0.7 %
Net assets attributable to Crombie REIT Unitholders		950,271	24.7 %	881,511 22.3 %
Net assets attributable to Special Voting Units and Class B Limited Partnership Unitholders		647,221	16.8 %	596,795 15.1 %
	\$	3,851,094	100.0 %	\$ 3,958,918 100.0 %

Debt Metrics

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

	December 31, 2021	December 31, 2020
Unencumbered investment properties ⁽¹⁾	\$ 1,752,927	\$ 1,366,258
Unencumbered investment properties ⁽¹⁾ as a % of unsecured debt	128.8 %	117.8 %
Debt to gross fair value ^(*)	42.9 %	49.4 %
Weighted average interest rate ⁽²⁾	3.8 %	3.9 %
Debt to trailing 12 months adjusted EBITDA ^(*)	8.25x	9.73x
Interest coverage ratio ^(*)	3.13x	2.77x

(1) Represents fair value of unencumbered properties.

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

Crombie has continued to grow its unencumbered asset pool, increasing its fair value from \$1,366,258 as at December 31, 2020 to \$1,752,927 as at December 31, 2021. This increase is primarily due to mortgage maturities, and increased fair value of properties, in addition to acquisitions, partially offset by dispositions.

Debt to Gross Fair Value ^(*)

Debt to gross fair value ^(*) was 42.9% at December 31, 2021 (42.9% after applying cash and cash equivalents to reduce debt) compared to 49.4% at December 31, 2020 (48.8% after applying cash and cash equivalents to reduce debt).

The decrease in the leverage ratio during the year ended December 31, 2021 was primarily the result of lower outstanding debt, a decrease of \$228,103 from December 31, 2020, due to mortgage maturities and repayment of credit facilities. Increased fair value of investment properties, slightly offset by disposition activity, and increased fair value of investment in joint ventures from Davie Street, Le Duke, and Bronte Village also contributed to the improvement in the ratio. The increase in fair value excludes additional fair value growth expectations at stabilization from our first major developments. The fair value of investment properties increased \$211,000, or 4.4%, from December 31, 2020, as a result of acquisitions, completed developments, and capitalization rates compression of grocery-anchored properties. The capitalization rate compression was evidenced in our bi-annual externally provided capitalization rate report.

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

Debt to gross fair value ^(*) includes investment properties measured at fair value, including those held within joint ventures. Crombie's investment in joint ventures, accounted for at cost under the equity method, is adjusted to reflect investment properties measured at fair value for this calculation. 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 valuers. 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 December 31, 2021 and December 31, 2020, respectively, based on each property's current use as a revenue generating investment property. During the year ended December 31, 2021, Crombie's weighted average capitalization rate used in the determination of the fair value of its investment properties decreased 0.21% to 5.65% from 5.86%. 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.

	December 31, 2021	December 31, 2020
Fixed rate mortgages	\$ 1,073,895	\$ 1,274,304
Senior unsecured notes	1,125,000	1,125,000
Revolving credit facility	9,220	17,712
Joint operation credit facility	9,904	9,544
Bilateral credit facility	10,000	35,000
Lease liabilities	35,352	29,914
Total debt outstanding	2,263,371	2,491,474
Less: Applicable fair value debt adjustment	(53)	(283)
Adjusted debt ^(*)	\$ 2,263,318	\$ 2,491,191
Investment properties, fair value	\$ 5,026,000	\$ 4,815,000
Other assets, cost ⁽¹⁾	103,318	100,206
Cash and cash equivalents	3,915	63,293
Deferred financing charges	9,769	10,972
Investment in joint ventures, fair value ^{(*) (2)}	130,103	51,043
Interest rate subsidy	(53)	(283)
Gross fair value	\$ 5,273,052	\$ 5,040,231
Debt to gross fair value ^(*)	42.9 %	49.4 %

(1) Other assets exclude tenant incentives and accumulated amortization, and accrued straight-line rent receivable.

(2) Investment in joint ventures, fair value^(*) reflects Crombie's investments in joint ventures using equity accounting with investment properties measured at fair value. Fair value of these investment properties totalled \$387,000 (December 31, 2020 - \$225,127) and replaces their value at cost of \$288,114 (December 31, 2020 - \$225,127).

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

Crombie's debt to adjusted EBITDA^(*) improved to 8.25x for the trailing 12 months ended December 31, 2021 from 9.73x for the trailing 12 months ended December 31, 2020. The improvement was primarily due to decreased outstanding debt of \$228,103 resulting from mortgage maturities and repayment of credit facilities, and higher adjusted EBITDA. (Debt to adjusted EBITDA^(*) is 8.23x after applying cash and cash equivalents to reduce debt.) The \$18,313 increase in adjusted EBITDA over the trailing 12 months ended December 31, 2021 when compared to the trailing 12 months ended December 31, 2020 resulted from reduced bad debt expense due to lower collection risk, and increased income from completed developments, renewals and new leasing, and lease terminations.

The interest coverage^(*) ratio for the quarter ended December 31, 2021 improved to 3.13x compared to 2.77x for the quarter ended December 31, 2020 due to reduced finance costs from operations and increased adjusted EBITDA as described above. Finance costs decreased by \$2,180 compared to the fourth quarter of 2020 primarily due to reduced interest on unsecured notes resulting from the early partial redemption of Series B senior unsecured notes in 2020.

Crombie's debt service coverage^(*) increased to 2.07x for the quarter ended December 31, 2021 from 1.92x for the quarter ended December 31, 2020 due primarily to reduced interest on unsecured notes resulting from the early partial redemption of Series B senior unsecured notes in 2020.

The following table presents a reconciliation of property revenue to adjusted EBITDA. Adjusted EBITDA is a non-GAAP measure and should not be considered an alternative to operating income attributable to Unitholders and may not be comparable to that used by other entities. Refer to the "Non-GAAP Financial Measures" section of this MD&A, starting on page 79, for more information.

	Three months ended							
	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020
Property revenue	\$ 103,832	\$ 101,517	\$ 100,006	\$ 103,537	\$ 97,060	\$ 92,920	\$ 96,501	\$ 102,252
Amortization of tenant incentives	5,249	5,187	4,840	4,535	4,859	4,752	4,419	3,819
Adjusted property revenue	109,081	106,704	104,846	108,072	101,919	97,672	100,920	106,071
Property operating expenses	(32,430)	(30,216)	(29,814)	(33,401)	(29,245)	(27,503)	(37,887)	(35,237)
General and administrative expenses	(7,367)	(5,728)	(7,351)	(5,038)	(5,493)	(5,062)	(6,960)	(3,019)
Income (loss) from equity accounted investments	(685)	(923)	(562)	(771)	(411)	101	123	115
Adjusted EBITDA ^(*) (1)	\$ 68,599	\$ 69,837	\$ 67,119	\$ 68,862	\$ 66,770	\$ 65,208	\$ 56,196	\$ 67,930
Trailing 12 months adjusted EBITDA ^(*) (4)	\$ 274,417	\$ 272,588	\$ 267,959	\$ 257,036	\$ 256,104	\$ 254,040	\$ 256,501	\$ 268,979
Finance costs - operations	\$ 22,639	\$ 23,070	\$ 23,618	\$ 23,461	\$ 24,912	\$ 22,250	\$ 22,006	\$ 22,640
Amortization of deferred financing charges	(742)	(759)	(764)	(802)	(835)	(737)	(683)	(751)
Amortization of effective swap agreements	—	—	—	—	—	—	—	(510)
Adjusted interest expense (2)	\$ 21,897	\$ 22,311	\$ 22,854	\$ 22,659	\$ 24,077	\$ 21,513	\$ 21,323	\$ 21,379
Debt principal repayments (3)	\$ 11,304	\$ 11,343	\$ 11,229	\$ 10,548	\$ 10,715	\$ 10,786	\$ 10,395	\$ 10,790
Debt outstanding (see Debt to Gross Fair Value ^(*)) (5)	\$ 2,263,318	\$ 2,439,738	\$ 2,444,629	\$ 2,519,200	\$ 2,491,191	\$ 2,373,623	\$ 2,338,288	\$ 2,383,451
Interest service coverage ^(*) ratio {(1)/(2)}	3.13x	3.13x	2.94x	3.04x	2.77x	3.03x	2.64x	3.18x
Debt service coverage ^(*) ratio {(1)/((2)+(3))}	2.07x	2.08x	1.97x	2.07x	1.92x	2.02x	1.77x	2.11x
Debt to trailing 12 months adjusted EBITDA ^(*) {(5)/(4)}	8.25x	8.95x	9.12x	9.80x	9.73x	9.34x	9.12x	8.86x

Debt Profile

A continuity of Crombie's fixed-rate mortgages, senior unsecured notes, and credit facilities for the year ended December 31, 2021 is as follows:

	Year ended December 31, 2021			Year ended December 31, 2020		
	Mortgages	Senior Unsecured Notes	Credit Facilities	Mortgages	Senior Unsecured Notes	Credit Facilities
Opening balance, beginning of year	\$ 1,273,674	\$ 1,125,000	\$ 62,256	\$ 1,308,147	\$ 925,000	\$ 54,308
Additions to existing mortgages	25,000	—	—	5,125	—	—
New borrowings or issuances	550	150,000	—	218,000	300,000	—
Principal repayments	(44,424)	—	—	(42,686)	—	—
Repayments on maturity	(119,755)	—	—	(214,912)	—	—
Vendor assumptions on disposition	(61,492)	—	—	—	—	—
Redemption	—	(150,000)	—	—	(100,000)	—
Net (repayments) advances	—	—	(33,132)	—	—	7,948
Closing balance, end of year	\$ 1,073,553	\$ 1,125,000	\$ 29,124	\$ 1,273,674	\$ 1,125,000	\$ 62,256

Mortgages

Crombie had outstanding fixed rate mortgages consisting of:

	December 31, 2021	December 31, 2020
Fixed rate mortgages	\$ 1,073,553	\$ 1,273,674
Unamortized fair value debt adjustment and interest rate subsidy	342	630
	1,073,895	1,274,304
Deferred financing charges on fixed rate mortgages	(6,036)	(7,260)
Total mortgage debt	\$ 1,067,859	\$ 1,267,044
Long-term portion	\$ 893,364	\$ 1,139,798
Current portion	\$ 174,495	\$ 127,246
Weighted average interest rate	4.00 %	3.98 %
Weighted average term to maturity	4.9 years	5.7 years

- During the year ended December 31, 2021, Crombie disposed of an interest in a mortgage of \$61,492 through a vendor assumption related to the partial disposition of a retail-related industrial property.

From time to time, Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount (see "Interest Rate Risk"). Crombie currently has interest rate swap agreements in place on \$109,535 of floating rate debt.

Senior Unsecured Notes ("Notes")

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

	Maturity Date	Effective Interest Rate	December 31, 2021	December 31, 2020
Series B	June 1, 2021	3.962 %	\$ —	\$ 150,000
Series D	November 21, 2022	4.066 %	150,000	150,000
Series E	January 31, 2025	4.802 %	175,000	175,000
Series F	August 26, 2026	3.677 %	200,000	200,000
Series G	June 21, 2027	3.917 %	150,000	150,000
Series H	March 31, 2028	2.686 %	150,000	150,000
Series I	October 9, 2030	3.211 %	150,000	150,000
Series J	August 12, 2031	3.133 %	150,000	—
Unamortized Series B issue premium			—	110
Deferred financing charges			(3,733)	(3,712)
Total senior unsecured notes			\$ 1,121,267	\$ 1,121,398
Long-term portion			\$ 971,267	\$ 971,398
Current portion			\$ 150,000	\$ 150,000
Weighted average interest rate			3.67 %	3.78 %
Weighted average term to maturity			5.4 years	5.1 years

On August 12, 2021, Crombie issued, on a private placement basis, \$150,000 of Series J notes (senior unsecured) maturing August 12, 2031. The net proceeds were used to repay existing indebtedness, including repayment of outstanding credit facilities. The Series J notes were priced with an effective yield to maturity of 3.133% and sold at a price of \$1,000.00 per \$1,000.00 principal amount. Interest is payable in equal semi-annual installments on February 12 and August 12.

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 December 31, 2021 and December 31, 2020:

	Available Facility	Weighted average term to maturity	December 31, 2021	December 31, 2020
Revolving credit facility	\$ 400,000	3.5 years	\$ 9,220	\$ 17,712
Unsecured bilateral credit facility	130,000	1.5 years	10,000	35,000
Joint operation credit facility I	7,167	2.3 years	7,167	7,188
Joint operation credit facility II	3,520	2.8 years	2,737	2,356
Total credit facilities	\$ 540,687	2.5 years	\$ 29,124	\$ 62,256

Revolving Credit Facility

Crombie has in place an authorized floating rate revolving credit facility of up to \$400,000 (the "revolving credit facility"), and has been amended to extend the maturity date to June 30, 2025, of which \$9,220 (\$12,223 including outstanding letters of credit) was drawn at December 31, 2021. The revolving credit facility is secured by a pool of first mortgages on certain properties. Borrowings under the revolving credit facility can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS and whether the facility remains secured or migrates to an unsecured status.

Unsecured Bilateral Credit Facility

The unsecured bilateral credit facility has a maximum principal amount of \$130,000 and has been amended to extend the maturity date to June 30, 2023, of which \$10,000 was drawn as at December 31, 2021. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. Borrowings under the bilateral credit facility can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS.

Joint Operation Credit Facilities

In conjunction with the 89% sale of a portfolio of assets in the second quarter of 2019, Crombie and its co-ownership partner entered into a credit agreement with a Canadian chartered bank for a \$62,250 term loan facility and a \$5,800 revolving credit facility. In the second quarter of 2021, our co-ownership partner sold its share of the portfolio to a third party. The revolving credit facility was amended in the second quarter of 2021 to reduce the maximum principal amount to \$2,908. Both facilities are secured by first mortgages on select properties and have a term of five years maturing on April 25, 2024. Borrowings under both facilities can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into these facilities, Crombie and its co-ownership partner entered into a fixed for floating interest rate swap, effectively fixing the interest rate on both facilities at 3.58%. At December 31, 2021, Crombie's portion of the term and revolving credit facilities was \$6,847 and \$320 respectively.

In conjunction with the 89% sale of a portfolio of assets in the fourth quarter of 2019, Crombie and its co-ownership partner entered into a credit agreement with a Canadian chartered bank for a \$16,500 term loan facility and a \$15,500 revolving credit facility. Both facilities are secured by first and second mortgages on select properties and have a term of five years maturing on October 7, 2024. Borrowings under both facilities can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into the facility, Crombie and its co-ownership partner entered into a fixed for floating interest rate swap, effectively fixing interest rate on both facilities at 3.27%. At December 31, 2021, Crombie's portion of the term and revolving credit facilities was \$1,815 and \$922 respectively.

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 Principal	Total Required Payments	% of Total	
December 31, 2022	\$ 136,479	\$ 150,000	\$ —	\$ 286,479	14.1 %	\$ 38,016	\$ 324,495	14.5 %	
December 31, 2023	227,405	—	10,000	237,405	11.7 %	31,647	269,052	12.1 %	
December 31, 2024	226,268	—	9,904	236,172	11.6 %	20,178	256,350	11.5 %	
December 31, 2025	30,596	175,000	9,220	214,816	10.6 %	16,251	231,067	10.4 %	
December 31, 2026	12,401	200,000	—	212,401	10.4 %	14,235	226,636	10.2 %	
Thereafter	246,868	600,000	—	846,868	41.6 %	73,209	920,077	41.3 %	
Total ⁽¹⁾	\$ 880,017	\$ 1,125,000	\$ 29,124	\$ 2,034,141	100.0 %	\$ 193,536	\$ 2,227,677	100.0 %	

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

Outstanding Unit Data

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

On May 19, 2021, Crombie closed a public offering, on a bought deal basis, of 3,525,000 Units, at a price of \$16.60 per Unit for proceeds of \$55,801 net of issue costs. On the same date, concurrent with the issue of the REIT Units, in satisfaction of its pre-emptive right, ECL Developments (ECLD), a wholly-owned subsidiary of Empire, purchased 2,500,000 Class B LP Units and the attached Special Voting Units at a price of \$16.60 per Class B LP Unit for proceeds of \$41,424 net of issue costs, on a private placement basis. After the closing of the public offering and the private placement, Empire continues to hold a 41.5% economic and voting interest in Crombie.

For the year ended December 31, 2021, Crombie issued 301,418 REIT Units and 213,577 Class B LP Units under its DRIP. Prior to August 4, 2021, Units issued under the DRIP were issued at a price equal to 100% 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. Effective August 4, 2021, the price of Units issued under the DRIP was reduced by a discount of 3%.

Throughout the year ended December 31, 2021, Crombie issued 4,817 REIT Units under its Unit-based compensation plans.

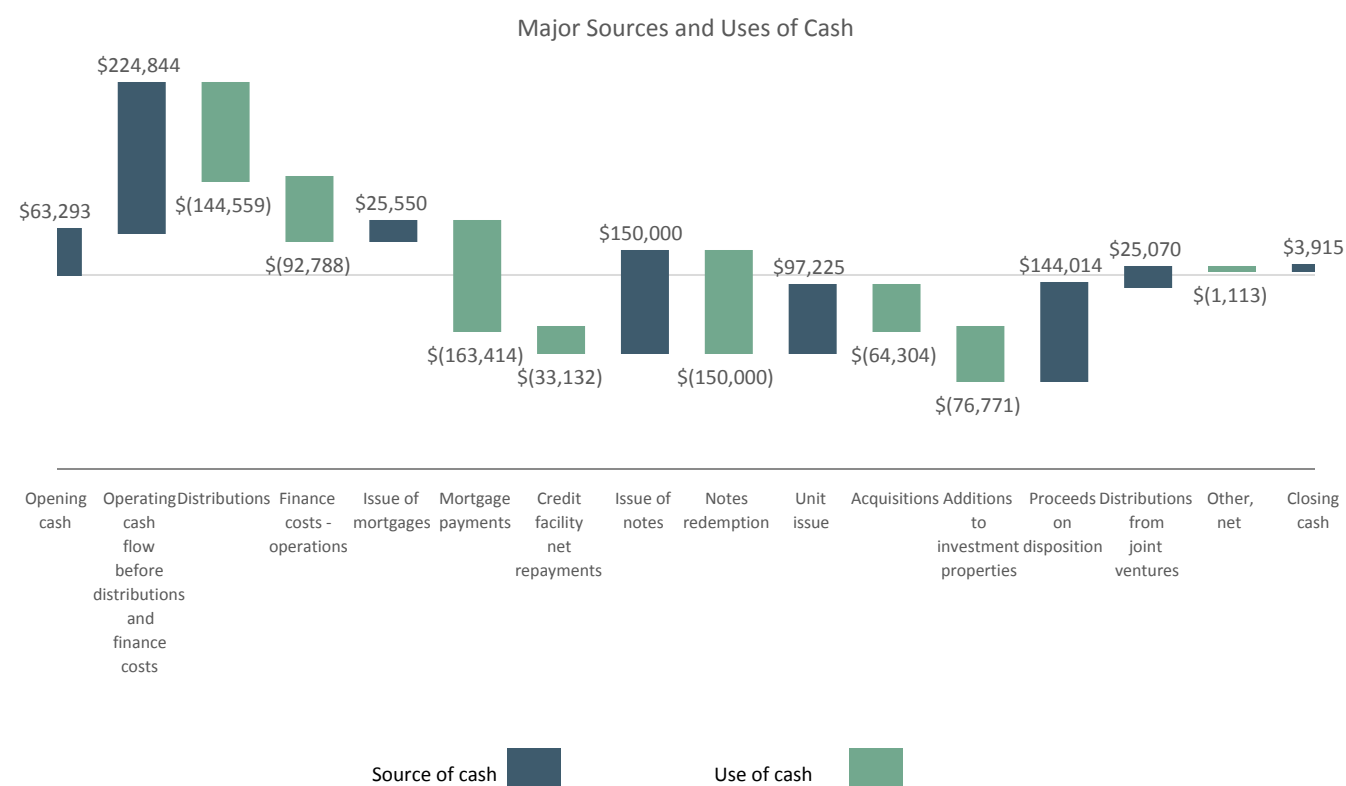
In January 2022, Crombie closed on a public offering, on a bought deal basis, of 6,705,000 Units, and 4,756,446 Class B LP and associated Special Voting Units to ECLD on a private placement basis. After the closing of the public offering and the private placement, Empire continues to hold a 41.5% economic and voting interest in Crombie. Total Units outstanding at January 31, 2022, were as follows:

Units	104,138,848
Special Voting Units ⁽¹⁾	72,244,090

(1) Crombie Limited Partnership, a subsidiary of Crombie, has issued 72,244,090 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

The following shows the major sources and uses of cash for the year ended December 31, 2021:



	Three months ended December 31,			Year ended December 31,		
	2021	2020	Variance	2021	2020	Variance
Cash provided by (used in):						
Operating activities	\$ 84,123	\$ 56,424	\$ 27,699	\$ 224,844	\$ 167,209	\$ 57,635
Financing activities	(169,305)	55,643	(224,948)	(302,712)	20,364	(323,076)
Investing activities	80,201	(48,774)	128,975	18,490	(124,280)	142,770
Net change during the period	\$ (4,981)	\$ 63,293	\$ (68,274)	\$ (59,378)	\$ 63,293	\$ (122,671)

Operating Activities

For the three months ended:

The increase in cash provided by operating activities in the quarter compared to the same quarter in 2020 is primarily due to increased net property income of \$3,587 from completed developments, strong occupancy, and lease terminations, and a positive increase in working capital of \$23,236.

For the year ended:

The increase in cash provided by operating activities on an annual basis is largely due to increased net property income of \$24,170 due to a reduction in bad debt expense of \$10,082 as a result of decreased collection risk in 2021, and income from completed developments, lease terminations, and strong occupancy, and a positive increase in working capital of \$46,342. The increase in cash provided was offset in part by higher additions to tenant incentives (\$72,542 compared to \$63,536 in 2020), and an increase of \$4,950 in general and administrative expenses resulting primarily from an increase in Unit price and its impact on Unit-based compensation plans, offset in part by higher severance costs in 2020.

Financing Activities

For the three months ended:

The decrease in cash provided by financing activities is due to the issuance of unsecured notes of \$300,000 and \$100,000 in mortgage issues, both in the fourth quarter of 2020, and mortgage repayments \$77,168 lower than in the fourth quarter of 2020. This is partially offset by net repayments on floating rate credit facilities of \$3,118 in the quarter compared to the net amount drawn on floating rate credit facilities of \$140,070 during the same period in 2020, redemption of unsecured notes of \$100,000 in the fourth quarter of 2020, and increased finance costs from operations of \$2,273 primarily due to reduced interest on unsecured notes resulting from the early partial redemption of Series B senior unsecured notes in 2020.

For the year ended:

The decrease in cash provided by financing activities on an annual basis is due to mortgage issuances of \$25,550 compared to \$218,000 in 2020, the \$150,000 issuance of Series J unsecured notes in the third quarter of 2021 versus the issue of Series H and Series I unsecured notes totalling \$300,000 in the fourth quarter of 2020, \$150,000 redemption of Series B unsecured notes in the second quarter of 2021 compared to \$100,000 early partial redemption of Series B unsecured notes in the fourth quarter of 2020, and net repayments on floating rate credit facilities of \$33,132 compared to the net amount drawn on floating rate credit facilities of \$7,948 in 2020. This is partially offset by repayment of mortgages of \$163,414 (\$257,598 in 2020), and payment of the special cash distribution of \$14,857 on January 15, 2020.

Investing Activities

For the three months ended:

The increase in cash provided by investing activities in the quarter results primarily from proceeds of \$87,769 from disposition of investment properties compared to dispositions of \$36,931 and acquisitions of \$32,632 in the fourth quarter of 2020, increased distributions from equity accounted investments of \$24,983, and lower additions to investment properties of \$31,735 (\$49,797 in 2020).

For the year ended:

The annual increase in cash provided by investing activities is primarily due to proceeds from disposition of properties of \$144,014 (\$37,832 in 2020), decreased additions to investment properties of \$32,897, and an increase of \$25,001 in distributions from equity accounted investments. This is offset in part by acquisition of properties of \$64,304 (\$42,687 in 2020).

Available Credit Line Liquidity

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

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Revolving credit facility	\$ 400,000	\$ 400,000	\$ 400,000	\$ 398,846	\$ 400,000
Amount drawn	(9,220)	(6,603)	(62,228)	(35,000)	(17,712)
Outstanding letters of credit	(3,003)	(4,229)	(4,289)	(6,014)	(5,580)
Available liquidity	387,777	389,168	333,483	357,832	376,708
Unsecured revolving bilateral credit facility	130,000	130,000	130,000	130,000	130,000
Amount drawn	(10,000)	(7,000)	(95,000)	(35,000)	(35,000)
Available liquidity	120,000	123,000	35,000	95,000	95,000
Cash	—	—	—	16,716	—
Total available liquidity	\$ 507,777	\$ 512,168	\$ 368,483	\$ 469,548	\$ 471,708

Cash and cash equivalents on the balance sheet of \$3,915 consists of restricted cash related to a mortgage on a retail-related industrial property and is therefore not included in available liquidity.

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

- annualized NOI for the prescribed properties must be a minimum of 1.3 times the coverage of the related annualized debt service requirements;
- annualized NOI on all properties must be a minimum of 1.4 times the coverage of all annualized debt service requirements; and
- cash distributions to Unitholders are limited to 100% of funds from operations.

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

At December 31, 2021, the remaining amount available under the revolving credit facility was approximately \$391,000 (prior to reduction for standby letters of credit outstanding of \$3,003) 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 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.

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

	Twelve months ending December 31,						
	Contractual Cash Flows ⁽¹⁾	2022	2023	2024	2025	2026	Thereafter
Fixed rate mortgages - principal and interest ⁽²⁾	\$ 364,548	\$ 77,401	\$ 63,107	\$ 39,387	\$ 30,506	\$ 26,695	\$ 127,452
Fixed rate mortgages - maturities	880,017	136,479	227,405	226,268	30,596	12,401	246,868
Senior unsecured notes	1,335,356	190,599	35,176	35,176	202,476	224,220	647,709
Trade and other payables	147,096	123,258	4,451	2,988	1,609	1,609	13,181
Lease liabilities	154,240	3,007	2,937	2,807	2,758	2,639	140,092
	2,881,257	530,744	333,076	306,626	267,945	267,564	1,175,302
Credit facilities	31,050	836	10,679	10,227	9,308	—	—
Total	\$ 2,912,307	\$ 531,580	\$ 343,755	\$ 316,853	\$ 277,253	\$ 267,564	\$ 1,175,302

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

(2) Reduced by the interest rate subsidy payments to be received from Empire.

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

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

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 December 31, 2021, Crombie has a total of \$3,003 in outstanding letters of credit related to:

	December 31, 2021	December 31, 2020
Construction work being performed on investment properties	\$ 3,003	\$ 3,740
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	—	1,840
Total outstanding letters of credit	\$ 3,003	\$ 5,580

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

As at December 31, 2021, Crombie had signed construction contracts totaling \$359,285 of which \$264,927 has been paid. This includes contracts signed within joint ventures at Crombie's ownership percentage.

Crombie has provided 100% guarantees on mortgages related to properties in which it has less than a 100% interest. The mortgages payable related to these guarantees are secured by specific charges against the properties. As at December 31, 2021, Crombie has provided guarantees of approximately \$128,973 (December 31, 2020 - \$140,577) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 3.0 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.

As at December 31, 2021, Crombie has committed to contributing \$2,120 to 1700 East Broadway Limited Partnership as part of the ongoing predevelopment work in the joint venture.

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 year ended December 31, 2021.

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

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

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

	December 31, 2021		December 31, 2020	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Accounts receivable ⁽¹⁾	\$ 27,737	\$ 27,751	\$ 25,042	\$ 25,051
Financial liabilities				
Investment property debt	\$ 1,177,814	\$ 1,103,019	\$ 1,427,367	\$ 1,336,560
Senior unsecured notes	1,157,820	1,125,000	1,206,285	1,125,000
Total other financial liabilities	\$ 2,335,634	\$ 2,228,019	\$ 2,633,652	\$ 2,461,560

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

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

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

9. RISK MANAGEMENT

Risk Management Framework

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

Risk Factors Related to the Business of Crombie

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. The more significant risks, and the action taken to manage them, are as follows (please see the "Risks" section of Crombie's 2021 Annual Information Form available at www.sedar.com for additional information on risks related to Crombie):

Enterprise Risk Management

Markets have been impacted by COVID-19 since it was declared a pandemic by the World Health Organization in early 2020, and throughout 2021. The continued spread of COVID-19, including the recent Omicron variant, and the actions being taken by governments, businesses and individuals to limit this pandemic, including business closures and physical distancing, and the effects of resulting layoffs and other job losses on the available income of retail customers, may adversely impact our operations and development activities. Risks include, but are not limited to, increasing the credit risk associated with our receivables, limiting our ability to quickly respond to changes in credit risk, extending the time to completion and occupancy of our major developments, and limiting our ability to serve our tenants. COVID-19 has affected the workforce in many businesses through higher employee turnover and unplanned absences due to illness, especially since the advent of Omicron, which may hinder Crombie's capability in managing our properties. There is also increased risk as to the extent of the impact of COVID-19 on leasing, occupancy, tenant inducements, land use intensification, market rents, and capital expenditures. The pandemic has resulted in moderate economic uncertainty, of which the potential impact on Crombie's future financial results and valuation of assets is difficult to reliably measure.

Real Property Ownership and Tenant Risks

All real property investments are subject to elements of risk. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of the properties. In addition, certain significant expenditures, including property taxes, ground rent, mortgage payments, insurance costs, and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. Cash available for distribution will be adversely affected if a significant number of tenants are unable to meet their obligations under their lease or if a significant amount of available space in the properties becomes vacant and cannot be leased on economically favourable lease terms.

Upon the expiry of any lease, there can be no assurance that the lease will be renewed, or the tenant replaced. The terms of any subsequent lease may be less favourable to Crombie than those of an existing lease. The ability to rent unleased space in the properties in which Crombie has an interest will be affected by many factors, including general economic conditions, local real estate markets, changing demographics, supply and demand for leased premises, competition from other available premises, and various other factors. Management utilizes staggered lease maturities so that Crombie is not required to lease unusually large amounts of space in any given year. In addition, the diversification of our property portfolio by geographic location, tenant mix, and asset type also help to mitigate this risk.

Competition

The real estate business is competitive. Numerous other developers, managers, and owners of properties compete with Crombie in seeking tenants. Some of the properties located in the same markets as Crombie's properties may be newer, better located, less levered, or have stronger anchor tenants than Crombie's properties. Some property owners with properties located in the same markets as Crombie's properties may be better capitalized and may be stronger financially and hence better able to withstand an economic

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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downturn. Competitive pressures in such markets could have a negative effect on Crombie’s ability to lease space in its properties and on the rents charged or concessions granted.

Development Risk

Crombie owns a number of investment properties at varying stages of development as well as a significant pipeline of potential future development properties.

Development risk associated with development projects underway include construction delays and their impact on financing and related costs as well as commitments from tenants for occupancy; cost overruns which could impact the profitability and/or financial viability of a project; and the inability to meet revenue projections upon completion, which could be impacted by unmet leasing assumptions on timing of tenant occupancy or rent per square foot. Management strives to mitigate these risks by undertaking certain projects with partners (see Joint Arrangement Risk); entering into fixed cost construction contracts with reputable contractors; entering into long-term financing at the most appropriate stage possible; and entering into long-term leases with reputable commercial tenants prior to construction wherever possible.

Development risks associated with potential future development properties include all of the above as well as the risks associated with the ability to develop the property at all. This may include waiting for all current leases to expire or negotiating favourable terms with current tenants which could include costs associated with lease interruptions to permit development, and inability to receive various required municipal/provincial approvals for site plan, development, zoning, construction, etc.

Joint Arrangement Risk

Crombie has entered into joint arrangements or partnerships with other third party entities. Risks associated with these arrangements include 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. Crombie attempts to mitigate these risks by entering into arrangements with financially stable, reputable partners with a proven track record and by negotiating contractual rights in the event of a default.

Significant Relationship

As at December 31, 2021, Empire, through its wholly-owned subsidiary ECLD, holds a 41.5% indirect interest in Crombie. Crombie’s anchor tenants are concentrated in a relatively small number of retail operators. Specifically, 56.7% of the annual minimum rent and 51.3% 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.

Potential Conflicts of Interest

The trustees will, from time to time, in their individual capacities, deal with parties with whom Crombie may be dealing, or may be seeking investments similar to those desired by Crombie. The interests of these persons could conflict with those of Crombie. The Declaration of Trust and Code of Conduct contain conflict of interest provisions requiring the trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. In addition, certain decisions regarding matters that may give rise to a conflict of interest must be made by a majority of independent elected trustees only.

Conflicts may exist due to the fact that certain trustees, senior officers, and employees of Crombie are directors and/or senior officers of Empire and/or its affiliates or will provide management or other services to Empire and its affiliates. Empire and its affiliates are engaged in a wide variety of real estate and other business activities. Crombie may become involved in transactions that conflict with the interests of the foregoing. The interests of these persons could conflict with those of Crombie. To mitigate these potential conflicts, Crombie and Empire have entered into a number of agreements to outline how potential conflicts of interest will be dealt with, including a Non-Competition Agreement, Management Agreement, and Development Agreement. As well, the Declaration of Trust contains a number of provisions to manage potential conflicts of interest including setting limits to the number of Empire appointees to the Board, “conflict of interest” guidelines, as well as outlining which matters require the approval of a majority of the independent elected trustees such as any property acquisitions or dispositions between Crombie and Empire or another related party.

Reliance on Key Personnel

The management of Crombie depends on the services of certain key personnel. The loss of the services of any key personnel could have an adverse effect on Crombie and adversely impact Crombie’s financial condition. Crombie does not have key person insurance on any of its key employees.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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Retail and Geographic Concentration

Crombie's portfolio of properties is heavily weighted in retail properties. Consequently, changes in the retail environment and general consumer spending, including the growing trend in e-commerce, could adversely impact Crombie's financial condition. Crombie's portfolio of properties was historically heavily concentrated in Atlantic Canada. Through property acquisitions and dispositions over the last nine years, Crombie has reduced its geographic concentration in Atlantic Canada, and thereby reduced the adverse impact an economic downturn in any one specific geographic region in Canada could have on Crombie's financial condition.

Cyber Security Risk

A cyber security incident includes any material adverse event that threatens the confidentiality, integrity and/or availability of Crombie's information resources. Such events, intentional or unintentional, could include malicious software attacks, unauthorized access to confidential data or information systems, or security breaches and could lead to a disruption of operations or unauthorized access to, and release of, confidential information. The results could include reputational damage with tenants and suppliers, financial costs, or a disruption to Crombie's business. Cyber incidents are becoming more frequent and more sophisticated. Crombie has implemented processes, procedures and controls to help mitigate these risks, and has made it a priority to better educate and train all team members on cyber security. These measures, however, as well as Crombie's increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by the occurrence of any such event.

Environmental Matters

Environmental issues can cover a broad range of topics, including energy usage, water conservation, pollution, waste management, green buildings, or climate change, among many others. Each of these topics comes with their own specific risks including increased energy costs, the price of carbon, and pollution liability. To effectively manage environmental risk, it is critical to operate the business in a sustainable manner. Although we have embedded sustainability principles into the way we operate since inception, 2021 saw a more formalized approach to sustainable business operations. This includes measuring, managing, and reporting on our sustainability performance through the lens of ESG deliverables.

In 2021, Crombie identified persons responsible for driving ESG performance and we completed our first materiality assessment to identify the environmental, social, and governance topics which are most impactful to Crombie stakeholders. Crombie identified a sustainability software partner to help collect, measure, and report on energy, water, waste, and greenhouse gas performance. The adage of "you can't manage what you don't measure" is a true statement, so we need to have reliable means to collect and manage data. Crombie made its first submission to GRESB in 2021. GRESB is an investor grade, industry recognized peer benchmark assessment for sustainability performance in real estate. In 2021, Crombie published its first standalone Sustainability Report, which outlines the results of our materiality assessment and provides insight into our sustainability strategy, and ongoing projects and performance. With our baseline sustainability performance data and identification of our material topics, we can now set goals and chart a path to achieve them. With a more formal management approach to sustainability, we can better identify and manage the risks associated within this broad range of topics.

Environmental legislation and regulations have become increasingly important in recent years. As an owner of interests in real property in Canada, Crombie is subject to various Canadian federal, provincial, and municipal laws relating to environmental matters.

Such laws provide that Crombie could become liable for environmental harm, damage, or costs, including with respect to the release of hazardous, toxic, or other regulated substances into the environment, and the removal or other remediation of hazardous, toxic, or other regulated substances that may be present at or under its properties. The failure to remove or otherwise address such substances, if any, may adversely affect Crombie's ability to sell such property, realize the full value of such property or borrow using such property as collateral security and could potentially result in claims against Crombie by public or private parties by way of civil action.

Beyond regulatory compliance, assessing the environmental condition of a property helps Crombie to become a corporate steward of the environment. By identifying and understanding the environmental risk at a property, we can manage it appropriately for the benefit of Crombie, the community, and the environment. Crombie's operating policy is to obtain a Phase I environmental site assessment ("ESA"), conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have Phase II ESA work completed where recommended in a Phase I ESA. A Phase I ESA is an investigation completed on a site to identify current and historic activities that may have caused adverse impact to the soil and groundwater at the site. It is generally conducted as a desk-top study which includes a site visit to make observations and interview someone who is knowledgeable about the property. It is non-intrusive in nature and typically the first step of the process to identify areas of potential environmental concern. If such an area is identified in the Phase I ESA, then a Phase II ESA is completed. A Phase II ESA is intrusive in nature and completed to determine whether or not the potential concern identified in the Phase I ESA is an actual concern. This assessment includes the sampling and testing of soil, groundwater and/or soil vapour.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
---------------------	-----------------------	---------------------	-------------	-----------------------	--------------------	-------	----------------------	--------------------------------

Crombie is not aware of any material non-compliance with environmental laws at any of its properties, and is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties. Crombie has implemented policies and procedures to assess, manage and monitor environmental conditions at its properties to manage exposure to liability.

Climate Change Risk

Crombie has properties located in areas that are subject to natural disasters and severe weather conditions such as hurricanes, ice storms, floods, and fires, and the frequency of these natural disasters and severe weather conditions may increase due to climate change. The occurrence of natural disasters, severe weather conditions, and the effects of climate change can delay new development or redevelopment projects, increase investment costs to repair or replace damaged properties, increase operation costs, including the cost of energy at our properties, increase costs for future property insurance, negatively impact the tenant demand for lease space, and cause substantial damages or losses to our properties which could exceed any applicable insurance coverage. The incurrence of any of these losses, costs or business interruptions may adversely affect our financial condition, results of operations and cash flows. In addition, changes in government legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require us to spend more on our development or redevelopment projects without a corresponding increase in revenues, which may adversely affect our financial condition, results of operations and cash flows. Crombie is currently evaluating the Task Force on Climate-Related Financial Disclosures recommendations to help us identify, manage, and report on these risks in alignment with industry best practices.

Reliance on Empire, Sobeys, and Other Empire Affiliates

A significant portion of Crombie's rental income will be received from tenants that are affiliates of Empire. In addition, Empire has obligations to indemnify Crombie in respect to the cost of environmental remediation of certain properties acquired by Crombie from Empire to a maximum permitted amount under an omnibus environmental indemnity agreement entered into as part of the closing of the acquisition of certain properties. There is no certainty that Empire will be able to perform its obligations to Crombie in connection with these agreements. Empire and specific subsidiaries have not provided any security to guarantee these obligations. If Empire, Sobeys or such affiliates are unable or otherwise fail to fulfill their obligations to Crombie, such failure could adversely impact Crombie's financial condition.

Financial Risk Management

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

Credit Risk

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. In measuring tenant concentration, Crombie considers both the annual minimum rent and total property revenue of major tenants. • Crombie's largest tenant, Empire (including Sobeys and all other subsidiaries of Empire), represents 56.7% of annual minimum rent. No other tenant accounts for more than 2.6% of Crombie's total minimum rent; and • Total property revenue includes operating and realty tax cost recovery income and percentage rent. These amounts can vary by property type, specific tenant leases, and where tenants may directly incur and pay operating and realty tax costs. Crombie earned total property revenue of \$53,759 and \$209,684 respectively for the three months and year ended December 31, 2021 (three months and year ended December 31, 2020 - \$51,961 and \$191,362 respectively ⁽¹⁾) from Sobeys Inc. and other subsidiaries of Empire. Receivables are substantially comprised of current balances due from tenants and past due receivables. The balance of accounts receivable past due is usually not significant; however, historically low receivable balances have increased significantly over the past few years as a result of the impacts of the COVID-19 pandemic. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoicing, and in general, balances over 30 days are considered past due. Crombie determines the expected credit loss in accordance with IFRS 9's simplified approach for amounts receivable where its loss allowance is measured at initial recognition and throughout the life of the receivable. Trade receivables are written off when there is no reasonable expectation of recovery. Crombie assesses, on a forward-looking basis, the expected credit losses associated with its rent receivables. In determining the expected credit losses, Crombie takes into account, on a tenant-by-tenant basis, the payment history, future expectations, and knowledge gathered through discussions for rental concessions, applications for rental relief through government programs, and ongoing discussions with tenants. Due to the impacts of COVID-19, the degree of uncertainty in Crombie's assessment of expected credit losses remains elevated. During the three months and year ended December 31, 2021, Crombie has recorded a bad debt expense of \$54 and \$811 respectively. Our trade receivables and allowance for doubtful accounts balances at December 31, 2021 were \$27,472 and \$(3,031) respectively (December 31, 2020 - \$42,211 and \$(7,955) 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.

(1) Related party property revenue for the periods ended December 31, 2020 updated from previously reported figures.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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Liquidity Risk

Risk Description	Liquidity risk is the risk that Crombie may not have access to sufficient debt and equity capital to fund its growth program, refinance debt obligations as they mature, or meet its ongoing obligations as they arise.
Risk Management	Cash flow generated from operating the property portfolio represents the primary source of liquidity used to service the interest on debt, fund general and administrative expenses, reinvest in the portfolio through capital expenditures, as well as fund tenant incentive costs and make distributions to Unitholders. Debt repayment requirements are primarily funded from refinancing Crombie's maturing debt obligations. Property acquisition funding requirements are funded through a combination of accessing the debt and equity capital markets and recycling capital from property dispositions. There is a risk that the debt capital markets may not refinance maturing fixed rate and floating rate debt on terms and conditions acceptable to Crombie or at any terms at all. Crombie seeks to mitigate this risk by staggering its debt maturity dates. There is also a risk that the equity capital markets may not be receptive to a REIT Unit offering issuance from Crombie with financial terms acceptable to Crombie. Access to debt and equity capital markets may also be affected by national and international events, and economic conditions beyond Crombie's control. Crombie mitigates its exposure to liquidity risk utilizing a disciplined approach to capital management. There is a risk that credit ratings may change. No ratings agency has issued a credit rating with respect to the Units, and no credit rating of the Units will be sought or obtained by Crombie. As of December 31, 2021, Crombie's outstanding senior unsecured notes maintain a credit rating of "BBB(low)" with a "Negative" trend from DBRS. Credit ratings may not reflect all risks associated with an investment in Crombie's securities. Any credit ratings applied to the notes are an assessment of Crombie's ability to pay its obligations generally. Consequently, real or anticipated changes in the credit ratings will generally affect the market value of the notes. The credit ratings, however, may not reflect the potential impact on the value of the notes of risks related to structure, market or other factors discussed under the heading "Risk Factors" in Crombie's Annual Information Form dated March 29, 2021. Crombie is under no obligation to maintain any specified level of credit rating with credit rating agencies and there is no assurance that any credit rating assigned to the notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering, withdrawal or failure to maintain any credit ratings applied to the notes may have an adverse effect on the market price or value and the liquidity of the notes. Credit ratings are not recommendations to purchase, hold or sell the notes or other securities of Crombie. Any future lowering of Crombie's ratings likely would make it more difficult or more expensive for Crombie to obtain additional debt financing. Access to the \$400,000 revolving credit facility is limited by the amount utilized under the facility and the amount of any outstanding letters of credit and cannot exceed the borrowing base security provided by Crombie. Refer to the "Debt Maturities" section of this MD&A for a maturity analysis of our recognized financial liabilities and purchase obligations.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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Interest Rate Risk

Risk Description	Interest rate risk is the potential for financial loss arising from increases in interest rates.																				
Risk Management	Crombie mitigates this risk by utilizing staggered debt maturities and limiting the use of permanent floating rate debt and, on occasion, utilizing interest rate swap agreements. Crombie does not enter into interest rate swaps on a speculative basis. As at December 31, 2021: • Crombie's weighted average term to maturity of its fixed rate mortgages is 4.9 years; • Crombie's weighted average term to maturity of its unsecured notes is 5.4 years; • Crombie has a floating rate revolving credit facility available to a maximum of \$400,000, subject to available Borrowing Base, with a balance of \$9,220 outstanding; • Crombie has a floating rate bilateral credit facility available to a maximum of \$130,000 with a balance of \$10,000 outstanding; • Crombie has joint operation credit facilities available to a maximum of \$10,687 at Crombie's share with a balance of \$9,904; and • Crombie has interest rate swap agreements in place on \$109,535 of floating rate debt. A fluctuation in interest rates would have an impact on Crombie's operating income related to the use of floating rate debt. The following table looks at the impacts of selected interest rate moves on operating income: <table><tr><th></th><th colspan="2">Three months ended December 31, 2021</th><th colspan="2">Year ended December 31, 2021</th></tr><tr><th>Impact on operating income attributable to Unitholders of interest rate changes on the revolving credit facility</th><th>Decrease in rate</th><th>Increase in rate</th><th>Decrease in rate</th><th>Increase in rate</th></tr><tr><td>Impact of a 0.5% interest rate change</td><td>\$ 62</td><td>\$ (62)</td><td>\$ 398</td><td>\$ (398)</td></tr><tr><td>Impact of a 1.0% interest rate change</td><td>\$ 123</td><td>\$ (123)</td><td>\$ 795</td><td>\$ (795)</td></tr></table>		Three months ended December 31, 2021		Year ended December 31, 2021		Impact on operating income attributable to Unitholders of interest rate changes on the revolving credit facility	Decrease in rate	Increase in rate	Decrease in rate	Increase in rate	Impact of a 0.5% interest rate change	\$ 62	\$ (62)	\$ 398	\$ (398)	Impact of a 1.0% interest rate change	\$ 123	\$ (123)	\$ 795	\$ (795)
	Three months ended December 31, 2021		Year ended December 31, 2021																		
Impact on operating income attributable to Unitholders of interest rate changes on the revolving credit facility	Decrease in rate	Increase in rate	Decrease in rate	Increase in rate																	
Impact of a 0.5% interest rate change	\$ 62	\$ (62)	\$ 398	\$ (398)																	
Impact of a 1.0% interest rate change	\$ 123	\$ (123)	\$ 795	\$ (795)																	

Risk Factors Related to the Units

Cash Distributions Are Not Guaranteed

There can be no assurance regarding the amount of income to be generated by Crombie's properties. The ability of Crombie to make cash distributions and the actual amount distributed are entirely dependent on the operations and assets of Crombie and its subsidiaries, and are subject to various factors including financial performance, obligations under applicable credit facilities, the sustainability of income derived from anchor tenants, and capital expenditure requirements. Cash available to Crombie to fund distributions may be limited from time to time because of items such as principal repayments, tenant allowances, leasing commissions, capital expenditures, and redemptions of Units, if any. Crombie may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. The market value of the Units will deteriorate if Crombie is unable to maintain its distribution in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

Restrictions on Redemptions

It is anticipated that the redemption of Units will not be the primary mechanism for holders of Units to liquidate their investments. The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by Crombie in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; and (iii) the trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date for more than five trading days during the 10-day trading period commencing immediately after the redemption date.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
---------------------	-----------------------	---------------------	-------------	-----------------------	--------------------	-------	----------------------	--------------------------------

Potential Volatility of Unit Prices

One of the factors that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could adversely affect the market price of the Units. In addition, the market price of the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities, and numerous other factors beyond the control of Crombie.

Tax-related Risk Factors

Crombie intends to make distributions not less than the amount necessary to eliminate Crombie's liability for tax under Part I of the Income Tax Act (Canada). Where the amount of net income and net realized capital gains of Crombie in a taxation year exceeds the cash distributions in the year, such excess net income and net realized capital gains will be distributed to Unitholders and such additional distributions may be in the form of cash and/or additional Units. Unitholders will generally be required to include an amount equal to the fair market value of any additional Units in their taxable income, notwithstanding that they do not directly receive a cash distribution.

Certain properties have been acquired by Crombie on a tax deferred basis, whereby the tax cost of these properties is less than their fair market value. Accordingly, if one or more of such properties are disposed of, the gain for tax purposes recognized by Crombie will be in excess of that which it would have been if it had acquired the properties at a tax cost equal to their fair market values.

Publicly traded income trusts, or specified investment flow-through entities ("SIFTs"), are subject to income taxation at corporate tax rates, subject to an exemption for real estate investment trusts ("REITs"). The exemption for REITs was provided to "recognize the unique history and role of collective real estate investment vehicles," which are well-established structures throughout the world. A trust that satisfies the criteria of a REIT throughout its taxation year will not be subject to income tax in respect of distributions to its Unitholders or be subject to the restrictions on its growth that would apply to SIFTs.

While REITs were exempted from the SIFT taxation, a number of technical tests apply to determine which entities would qualify as a REIT. These technical tests did not fully accommodate the business structures used by many Canadian REITs.

Crombie and its advisors underwent an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it meets the REIT technical tests contained in the Act through the 2021 fiscal year. The relevant tests apply throughout the taxation year of Crombie and, as such, the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

Notwithstanding that Crombie may meet the criteria for a REIT and thus be exempt from the distribution tax, there can be no assurance that the Department of Finance (Canada) or other governmental authority will not undertake initiatives which have an adverse impact on Crombie or its Unitholders.

Indirect Ownership of Units by Empire

Empire holds a 41.5% economic interest in Crombie through the ownership of REIT and Class B LP Units. Pursuant to the Exchange Agreement, each Class B LP Unit will be exchangeable at the option of the holder for one Unit of Crombie and will be attached to a Special Voting Unit of Crombie, providing for voting rights in Crombie. Furthermore, pursuant to the Declaration of Trust, Empire is entitled to appoint a certain number of Trustees based on the percentage of Units held by it. Thus, Empire is in a position to exercise a certain influence with respect to the affairs of Crombie. If Empire sells substantial amounts of its Class B LP Units or exchanges such Units for Units and sells these Units in the public market, the market price of the Units could fall. The perception among the public that these sales will occur could also produce such effect.

Ownership of Senior Unsecured Notes

There is no public market through which the notes may be sold. Crombie does not intend to list the notes on any securities exchange or include the notes in any automated quotation system.

Therefore, an active market for the notes may not develop or be maintained, which would adversely affect the market price and liquidity of the notes. In such case, the holders of the notes may not be able to sell their notes at a particular time or at a favourable price. If a public trading market were to develop, future trading prices of the notes may be volatile and will depend on many factors, including:

- the number of holders of notes;
- prevailing interest rates;

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
---------------------	-----------------------	---------------------	-------------	-----------------------	--------------------	-------	----------------------	--------------------------------

- Crombie’s operating performance and financial condition;
- Crombie's credit rating;
- the interest of securities dealers in making a market for them; and
- the market for similar securities.

Even if an active trading market for the notes does develop, there is no guarantee that it will continue. The notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, Crombie’s performance, and other factors.

10. OTHER DISCLOSURES

Related Party Transactions

As at December 31, 2021, Empire, through its wholly-owned subsidiary ECLD, holds a 41.5% indirect interest in Crombie. Related party transactions primarily include transactions with entities associated with Crombie through Empire's indirect interest. Related party transactions also include transactions with joint venture entities in which Crombie has a 50% interest, as well as transactions with key management personnel and post-employment benefit plans.

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

Crombie's transactions with related parties are as follows:

	Three months ended December 31,				Year ended December 31,			
	2021		2020		2021		2020	
Property revenue								
Property revenue	(a) \$	53,759	\$	51,961 ⁽¹⁾	\$	209,684	\$	191,362 ⁽¹⁾
Head lease income	\$	206	\$	456	\$	1,001	\$	1,162
Lease termination income	\$	34	\$	34	\$	136	\$	136
Property operating expenses	(b) \$	(34)	\$	(18)	\$	(96)	\$	(58)
General and administrative expenses								
Property management services recovered	(c) \$	193	\$	243	\$	483	\$	594
Other general and administrative expenses	\$	(65)	\$	(64)	\$	(265)	\$	(258)
Finance costs - operations								
Interest rate subsidy	\$	55	\$	62	\$	230	\$	256
Finance costs - distributions to Unitholders	\$	(15,194)	\$	(14,603)	\$	(59,952)	\$	(58,194)

(1) Related party property revenue for the periods ended December 31, 2020 updated from previously reported figures.

(a) Crombie earned property revenue from Empire (including Sobeys and all other subsidiaries of Empire).

(b) Certain executive management individuals and other employees of Crombie provide general management, financial, leasing, administrative, and other administration support services to certain subsidiaries of Empire on a cost sharing basis pursuant to a Management Agreement effective January 1, 2016.

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

Included in the above, during the year ended December 31, 2021, Crombie issued 213,577 (December 31, 2020 - 85,433) Class B LP Units to ECLD under the DRIP.

On May 19, 2021, ECLD purchased 2,500,000 Class B LP Units and the attached Special Voting Units at a price of \$16.60 per Class B LP Unit for proceeds of \$41,424 net of issue costs, on a private placement basis.

During the year ended December 31, 2021, Crombie purchased six properties from a subsidiary of Empire for a total purchase price of \$42,912 before transaction costs.

During the year ended December 31, 2021, Crombie invested \$34,119 (December 31, 2020 - \$40,554) in properties anchored by subsidiaries of Empire, which resulted in amended lease terms. These amounts have been included in tenant incentive additions or income property additions depending on the nature of the work completed. The costs are being amortized over the amended lease terms or the useful life of the projects, as applicable.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
---------------------	-----------------------	---------------------	-------------	-----------------------	--------------------	-------	----------------------	--------------------------------

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

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

Use of Estimates and Judgments

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

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

Critical Accounting Estimates and Assumptions

Fair Value Measurement

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

Investment Property Acquisitions

Upon acquisition, Crombie performs an assessment of the investment properties being acquired to determine whether the acquisition is to be accounted for as an asset acquisition or a business combination. A transaction is considered to be a business combination if the acquired property meets the definition of a business under IFRS 3 - "Business Combinations": being an integrated set of activities and assets that are capable of being managed for the purpose of providing a return to the Unitholders. Crombie performs an assessment of the fair value of the properties' related tangible and intangible assets and liabilities and allocates the purchase price to the acquired assets and liabilities. Crombie assesses and considers fair value based on cash flow projections that take into account relevant discount and capitalization rates and any other relevant sources of market information available. Estimates of future cash flow are based on factors that include historical operating results, if available, and anticipated trends, local markets and underlying economic conditions.

Crombie allocates the purchase price based on the following:

- Land - The amount allocated to land is based on an appraisal estimate of its fair value.
- Buildings - Buildings are recorded at the estimated fair value of the building and its components and significant parts.
- Intangible Assets - Intangible assets are recorded for tenant relationships, based on estimated costs avoided should the respective tenants renew their leases at the end of the initial lease term, adjusted for the estimated probability of renewal.
- Fair value of debt - Values ascribed to fair value of debt are determined based on the differential between contractual and market interest rates on long-term liabilities assumed at acquisition.

Investment Properties

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

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

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

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
---------------------	-----------------------	---------------------	-------------	-----------------------	--------------------	-------	----------------------	--------------------------------

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. On a periodic basis, Crombie obtains independent appraisals such that approximately 85% of our properties, by value, will be externally appraised over a four year period. The fair values, based on the measurement date, represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Internal quarterly valuations are performed using internally generated valuation models prepared by considering the aggregate trailing annual net property income recognized from leasing the property, that is stabilized for any major tenant movement. Biannual capitalization rates are obtained from an independent valuation company, which reflects the specific risks inherent in the net property income, to arrive at property valuations. As at December 31, 2021, management's determination of fair value was updated for current market assumptions, informed by property income, market capitalization rates, and recent appraisals provided by independent appraisal professionals.

Change in Useful Life of Investment Properties

The estimated useful lives of significant investment properties are reviewed whenever events or circumstances indicate a change in useful life. Estimated useful lives of significant investment properties are based on management's best estimate and the actual useful lives may be different. Revisions to the estimated useful lives of investment properties constitute a change in accounting estimate and are accounted for prospectively by amortizing the cumulative changes over the remaining estimated useful life of the related assets.

Revenue Recognition

Property revenue includes rents earned from tenants under lease agreements, percentage rent, realty tax and operating cost recoveries, and other incidental income. Certain leases have rental payments that change over their term due to changes in rates. Crombie records the rental revenue from leases on a straight-line basis over the term of the lease. Accordingly, an accrued rent receivable is recorded for the difference between the straight-line rent recorded as property revenue and the rent that is contractually due from the tenants. In addition, tenant incentives are amortized on a straight-line basis over the term of existing leases or the useful lives of the projects, as applicable, and the amortization is shown as a reduction in property revenue. Percentage rents are recognized when tenants are obligated to pay such rent under the terms of the related lease agreements. Realty tax and operating cost recoveries, and other incidental income, are recognized on an accrual basis.

Lease Modifications

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

Expected Credit Loss

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

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
---------------------	-----------------------	---------------------	-------------	-----------------------	--------------------	-------	----------------------	--------------------------------

Critical Judgments

Judgments made by management in the preparation of the consolidated financial statements that have significant effect and estimates with a significant risk of material adjustment to the carrying amount of assets and liabilities are as follows:

Impairment of Long-lived Tangible and Definite Life Intangible Assets

Long-lived tangible and definite life intangible assets are reviewed for impairment at each reporting period for events or changes in circumstances that indicate that the carrying value of the assets may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value in use. Where the asset does not generate cash flows that are independent from other assets, Crombie estimates the recoverable amount of the cash generating unit(s) to which the asset belongs. When the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to the recoverable amount. An impairment loss is recognized as an expense immediately in operating income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate, but is limited to the carrying amount that would have been determined if no impairment loss had been recognized in prior periods. A reversal of impairment loss is recognized immediately in operating income.

Defined Benefit Liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of Crombie's defined benefit liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account Crombie's specific anticipation of future salary increases. Discount factors are determined each reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of Crombie's defined benefit obligations.

Fair Value of Financial Instruments

The fair value of marketable financial instruments is the estimated amount for which an instrument could be exchanged, or a liability settled, by Crombie and a knowledgeable, willing party in an arm's length transaction.

The fair value of other financial instruments is based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks.

Controls and Procedures

Crombie maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by Crombie in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized, and reported within the time periods specified in the securities legislation. Controls and procedures are designed to ensure that information required to be disclosed by Crombie is accumulated and communicated to Crombie's management, including its President and Chief Executive Officer ("CEO") and Chief Financial Officer and Secretary ("CFO"), as appropriate, to allow timely decisions regarding disclosure. Our CEO and CFO have evaluated the design and effectiveness of our disclosure controls and procedures as of December 31, 2021. They have concluded that our current disclosure controls and procedures are effective.

In addition, our CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes as defined in National Instrument 52-109. The control framework management used to design and assess the effectiveness of ICFR is *Internal Control-Integrated Framework (2013)* issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). Further, our CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the design and operation of ICFR as at December 31, 2021, and have concluded that our current ICFR was effective based on that evaluation. There have been no material changes to Crombie's internal controls during the year.

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
---------------------	-----------------------	---------------------	-------------	-----------------------	--------------------	-------	----------------------	--------------------------------

Quarterly Information

	Three months ended							
	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020
Property revenue	\$ 103,832	\$ 101,517	\$ 100,006	\$ 103,537	\$ 97,060	\$ 92,920	\$ 96,501	\$ 102,252
Property operating expenses	32,430	30,216	29,814	33,401	29,245	27,503	37,887	35,237
Net property income	71,402	71,301	70,192	70,136	67,815	65,417	58,614	67,015
Operating income	78,730	23,851	19,605	33,215	17,157	19,734	9,393	21,324
Finance costs - distributions to Unitholders	(36,637)	(36,578)	(36,124)	(35,220)	(35,211)	(35,202)	(35,187)	(34,702)
Finance income (costs) - change in fair value of financial instruments	(1,018)	291	(1,219)	(1,026)	(725)	(187)	(212)	1,929
Increase (decrease) in net assets attributable to Unitholders	\$ 41,075	\$ (12,436)	\$ (17,738)	\$ (3,031)	\$ (18,779)	\$ (15,655)	\$ (26,006)	\$ (11,449)
Operating income per Unit - Basic	\$ 0.48	\$ 0.15	\$ 0.12	\$ 0.21	\$ 0.11	\$ 0.12	\$ 0.06	\$ 0.14
Distributions								
Distributions	\$ 36,637	\$ 36,578	\$ 36,124	\$ 35,220	\$ 35,211	\$ 35,202	\$ 35,187	\$ 34,702
Per Unit	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22
FFO ^(*)								
Basic	\$ 46,948	\$ 47,830	\$ 44,201	\$ 46,103	\$ 42,305	\$ 43,327	\$ 34,557	\$ 45,661
Per Unit - Basic	\$ 0.29	\$ 0.29	\$ 0.27	\$ 0.29	\$ 0.27	\$ 0.27	\$ 0.22	\$ 0.29
Payout ratio	78.0 %	76.5 %	81.7 %	76.4 %	83.2 %	81.2 %	101.8 %	76.0 %
AFFO ^(*)								
Basic	\$ 40,468	\$ 41,052	\$ 37,109	\$ 38,779	\$ 35,679	\$ 35,494	\$ 28,107	\$ 39,683
Per Unit - Basic	\$ 0.25	\$ 0.25	\$ 0.23	\$ 0.25	\$ 0.23	\$ 0.22	\$ 0.18	\$ 0.26
Payout ratio	90.5 %	89.1 %	97.3 %	90.8 %	98.7 %	99.2 %	125.2 %	87.4 %
Operating information								
Number of investment properties	284	287	287	287	284	286	286	285
Gross leasable area	17,861,000	18,232,000	18,235,000	18,229,000	18,000,000	17,684,000	17,614,000	17,583,000
Economic occupancy	95.6 %	95.8 %	95.6 %	95.5 %	94.0 %	94.7 %	95.1 %	95.5 %
Committed occupancy	96.2 %	96.5 %	96.2 %	96.3 %	96.4 %	95.3 %	95.6 %	96.2 %
Debt metrics								
Unencumbered investment properties ⁽¹⁾	\$1,752,927	\$1,461,775	\$1,445,423	\$1,388,141	\$1,366,258	\$1,460,152	\$1,461,970	\$1,479,211
Available liquidity	\$ 507,777	\$ 512,168	\$ 368,483	\$ 469,548	\$ 471,708	\$ 370,885	\$ 406,303	\$ 449,898
Debt to gross fair value ^(*)	42.9 %	45.5 %	46.0 %	48.9 %	49.4 %	49.8 %	49.2 %	50.0 %
Weighted average interest rate ⁽²⁾	3.8 %	3.8 %	3.9 %	3.9 %	3.9 %	4.1 %	4.1 %	4.1 %
Debt to trailing 12 months adjusted EBITDA ^(*)	8.25x	8.95x	9.12x	9.80x	9.73x	9.34x	9.12x	8.86x
Interest coverage ratio ^(*)	3.13x	3.13x	2.94x	3.04x	2.77x	3.03x	2.64x	3.18x

(1) Represents fair value of unencumbered properties.

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

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
---------------------	-----------------------	---------------------	-------------	-----------------------	--------------------	-------	----------------------	--------------------------------

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:
 - December 31, 2021 - disposition of three retail properties, disposition of portions of two retail properties, and disposition of a 50% interest in one retail-related industrial property for proceeds of \$152,218;
 - September 30, 2021 - acquisition of one retail property for a total purchase price of \$4,710 and disposition of one retail property for proceeds of \$15,000;
 - June 30, 2021 - acquisition of one development property for a total purchase price of \$11,885;
 - March 31, 2021 - acquisition of six retail properties and one development property for a total purchase price of \$46,292 and disposition of three retail properties for proceeds of \$41,970;
 - December 31, 2020 - acquisition of two retail properties and one development property for a total purchase price of \$31,400 and disposition of five retail properties for proceeds of \$37,010;
 - September 30, 2020 - acquisition of one development property for a total purchase price of \$4,575;
 - June 30, 2020 - acquisition of one retail property for a total purchase price of \$4,535; and
 - March 31, 2020 - acquisition of a parcel of land adjacent to an existing retail property for a total purchase price of \$280 and disposition of a parcel of land adjacent to an existing retail property for proceeds of \$1,000.
- 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 as prescribed by the IASB. Management includes these measures as they represent key performance indicators to management, and it believes certain investors use these measures as a means of assessing relative financial performance. These measures, as computed by Crombie, may differ from similar computations as reported by other entities and, accordingly, may not be comparable to other such entities. These measures are defined below and are cross referenced, as applicable, to a reconciliation elsewhere in this MD&A to the most comparable IFRS measure.

Non-GAAP Measure	Description and Purpose	Reconciliation
Property NOI on a cash basis	- Property NOI on a cash basis, which excludes non-cash straight-line rent recognition and non-cash tenant incentive amortization. - Management believes that Property NOI on a cash basis is an important measure of operating performance as it reflects the cash generated by the properties period-over-period.	"Net Property Income" starting on page 34
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 of a portion of its GLA, 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 267 as at December 31, 2021.	"Net Property Income" starting on page 34
Funds from operations ("FFO")	- Crombie follows the recommendations of the Real Property Association of Canada ("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), adjusted for the following applicable amounts: - Gain or loss on disposal of investment properties and related income tax; - Impairment charges and recoveries; - Depreciation and amortization expense of investment properties, including amortization of tenant incentives charged against property revenue; - Adjustments for equity accounted entities; - Operational expenses from right of use assets; - Incremental internal leasing expenses; - Finance costs - distributions on Crombie's REIT and Class B LP Units classified as financial liabilities; and - Change in fair value of financial instruments. - REALPAC provides for other adjustments in determining FFO which are currently not applicable to Crombie, therefore not included in the above list. Crombie's expenditures on tenant incentives are capital in nature and Crombie considers these costs comparable to other capital costs incurred to earn property revenue. As a result, where depreciation and amortization of other capital costs is added back in the calculation of FFO as recommended by REALPAC, Crombie also adds back the amortization of tenant incentives. - 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.	"Funds from Operations (FFO) ^(*) " starting on page 36

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
---------------------	-----------------------	---------------------	-------------	-----------------------	--------------------	-------	----------------------	--------------------------------

Non-GAAP Measure	Description and Purpose	Reconciliation
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 36
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, amortization of effective swap agreements, maintenance capital expenditures, maintenance tenant incentives and leasing costs, and any settlement of effective interest rate swap agreements. - 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 37
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 37
Debt to gross fair value	Used to evaluate Crombie's flexibility to incur additional financial leverage.	"Debt Metrics" starting on page 53
Adjusted debt	- Represents debt excluding transaction costs, which Crombie feels is a more relevant presentation of indebtedness. - Adjusted debt is used in the calculation of our debt to gross fair value.	"Debt Metrics" starting on page 53
Investment in joint ventures, fair value	- Represents investment in joint ventures adjusted to reflect investment properties measured at fair value rather than cost as under the equity accounting method. - Investment in joint ventures, fair value is used in the calculation of our debt to gross fair value.	"Debt Metrics" starting on page 53
Earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA")	- Represents earnings before interest, taxes, depreciation, and amortization adjusted for certain items such as amortization of tenant incentives, impairment of investment properties, and gain (loss) on disposal of investment properties. - Adjusted EBITDA is used as an input in several of our debt metrics, providing information with respect to certain financial ratios that we use in measuring our debt profile and assessing our ability to satisfy obligations, including servicing our debt. - Crombie believes adjusted EBITDA is an indicative measure of its ability to service debt requirements, fund capital projects and acquire properties.	"Debt Metrics" starting on page 53
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 53
Interest service coverage	These ratios are useful in determining the Crombie's ability to service the interest requirements of its outstanding debt.	"Debt Metrics" starting on page 53
Debt service coverage		

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
------------------	--------------------	------------------	-------------	--------------------	-----------------	-------	-------------------	-----------------------------

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

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

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

Maintenance Expenditures - Actual

	Year ended	Three months ended				Year ended	Three months ended			
	Dec. 31, 2021	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020
Total additions to investment properties	\$ 76,771	\$ 31,735	\$ 29,919	\$ 6,736	\$ 8,381	\$ 109,668	\$ 49,797	\$ 30,913	\$ 14,819	\$ 14,139
Less: revenue enhancing expenditures	(69,051)	(29,005)	(26,173)	(6,641)	(7,232)	(103,982)	(47,692)	(29,887)	(13,890)	(12,513)
Maintenance capital expenditures	7,720	2,730	3,746	95	1,149	5,686	2,105	1,026	929	1,626
Total additions to TI and deferred leasing costs	73,514	10,058	7,283	26,122	30,051	64,971	12,716	3,682	23,944	24,629
Less: revenue enhancing expenditures	(65,086)	(6,778)	(7,168)	(23,875)	(27,265)	(51,464)	(9,557)	(1,585)	(18,947)	(21,375)
Maintenance TI and deferred leasing costs	8,428	3,280	115	2,247	2,786	13,507	3,159	2,097	4,997	3,254
Total maintenance expenditures - actual	\$ 16,148	\$ 6,010	\$ 3,861	\$ 2,342	\$ 3,935	\$ 19,193	\$ 5,264	\$ 3,123	\$ 5,926	\$ 4,880
Reserve amount charged against AFFO ^(*)	\$ 16,043	\$ 4,006	\$ 4,023	\$ 4,024	\$ 3,990	\$ 15,869	\$ 3,986	\$ 3,963	\$ 3,967	\$ 3,953

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

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

Revenue enhancing expenditures are capitalized and depreciated or charged against revenue over their useful lives, but not deducted when calculating AFFO^(*). Revenue enhancing expenditures during the year ended December 31, 2021 consisted primarily of development work, modernization investments, and land use intensification.

Crombie uses a normalized rate of \$0.90 per square foot of weighted average GLA for the reserve amount charged against AFFO^(*). GLA related to new developments is excluded for the purpose of this charge for a period of 12 months as little to no maintenance expense is incurred in the first year of operation.

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

- (i) annual investment with Empire on investments in the modernization, acquisition, expansion, and conversion of their grocery stores, 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 ("recycling capital"), 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) statements under the heading "Development" including the locations identified, timing, cost, development size and nature, and anticipated impact on portfolio quality and diversification, estimated yield on cost, cash flow growth, Unitholder value, or other financial measures, all of which may be impacted by real estate market cycles, future capitalization rates, the availability of financing opportunities and labour, actual development costs, ability to achieve lease-up stabilization at current market rents, and general economic conditions and factors described under the "Development" section and which assumes obtaining required municipal zoning and development approvals and successful agreements with existing tenants, and where applicable, successful execution of development activities undertaken by related parties not under the direct control of Crombie;
- (v) fair value of investment properties, which is based on assumptions regarding the short and potential long-term impacts of COVID-19, cash flow projections, and estimates of future cash flows and anticipated trends and economic conditions;
- (vi) 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;
- (vii) estimated GLA, estimated completion dates, estimated total costs, and estimated yields for Near-Term Major Developments, which are subject to changes in site plans, cost tendering processes, and continuing tenant negotiations, as well as access to job sites, supplies and labour availability, ability to attract tenants, tenant mix, building sizes, and availability and cost of construction financing;
- (viii) 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;
- (ix) 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;
- (x) estimated payments on derivative and non-derivative financial liabilities, which could be impacted by interest rate subsidy payments, interest rates on floating rate debt, and fluctuations in the settlement value and settlement timing of any derivative financial liabilities;
- (xi) pending acquisitions or dispositions, which remain subject to satisfaction of customary closing conditions;
- (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) 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

PORTFOLIO REVIEW	OPERATIONAL REVIEW	FINANCIAL REVIEW	DEVELOPMENT	CAPITAL MANAGEMENT	RISK MANAGEMENT	OTHER	NON-GAAP MEASURES	FORWARD-LOOKING INFORMATION
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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
Consolidated Financial Statements
December 31, 2021

Management's Statement of Responsibility for Financial Reporting

The management of Crombie Real Estate Investment Trust ("Crombie") is responsible for the preparation and fair presentation of the accompanying annual consolidated financial statements and Management's Discussion and Analysis ("MD&A"). The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The annual consolidated financial statements and information in the MD&A include amounts based on best estimates and judgments by management of the expected effects of current events and transactions. In preparing this financial information, we make determinations about the relevancy of information to be included, and estimates and assumptions that affect the reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may vary materially from our present assessment of this information as future events and circumstances may not occur as expected.

In meeting our responsibility for the fair presentation of the annual consolidated financial statements and MD&A and for the accounting systems from which they are derived, management has established internal controls designed to ensure that our financial records are reliable for preparing consolidated financial statements and other financial information, transactions are properly authorized and recorded, and assets are safeguarded against unauthorized use or disposition.

As at December 31, 2021, our Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their direct supervision, the design and operation of our internal controls over financial reporting and, based on that assessment, determined that our internal controls over financial reporting were appropriately designed and operating effectively.

The Board of Trustees oversees management's responsibility for financial reporting through an Audit Committee. This committee reviews Crombie's annual consolidated financial statements and MD&A with both management and the independent auditor before such statements are approved by the Board of Trustees. The Audit Committee also recommends the appointment of independent external auditors to the Unitholders. The Audit Committee meets regularly with senior management and the independent auditor to discuss internal controls, audit activities and financial reporting results. The independent auditor has full and free access to, and meets regularly with, the Audit Committee to discuss their audits and related matters.

signed [Donald E. Clow]

Donald E. Clow, FCPA, FCA
President and
Chief Executive Officer
February 23, 2022

signed [Clinton D. Keay]

Clinton D. Keay, CPA, CA
Chief Financial Officer and
Secretary
February 23, 2022



Independent auditor's report

To the Board of Trustees of Crombie Real Estate Investment Trust

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Crombie Real Estate Investment Trust and its subsidiaries (together, the Trust) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Trust's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2021 and 2020;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in net assets attributable to Unitholders for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Fair value of investment properties <i>Refer to note 2 – Summary of significant accounting policies and note 3 – Investment properties to the consolidated financial statements.</i> The Trust's total investment properties as at December 31, 2021 were \$3.875 billion. The investment properties are carried at cost less accumulated depreciation, with their fair value disclosed at each reporting period. The Trust disclosed a total fair value of \$5.026 billion on December 31, 2021. In determining the fair value of investment properties to be disclosed, management used an internally generated capitalized net operating income method (the method) by applying capitalization rates to trailing stabilized net operating income (NOI) of each investment property. To determine the capitalization rate, management receives bi-annual capitalization rate reports from external, knowledgeable property valuers that provide a range of rates for various geographic regions and for various types and qualities of properties within each region. Management selected the appropriate capitalization rate for each property from the range provided. The method requires certain key assumptions and estimates, which include the capitalization rates for each specific property and stabilized NOI. Significant judgments were made by management in respect of these key assumptions and estimates. We considered this a key audit matter due to the significant judgments made by management when determining the fair values of the investment properties for disclosure purposes and the high degree of complexity in assessing audit evidence related to the key assumptions and estimates made	Our approach to addressing the matter included the following procedures, among others: • For a sample of investment properties, tested how management determined the fair value, which included the following: – Evaluated the appropriateness of the method. – Tested the underlying data used in the method. – Professionals with specialized skill and knowledge in the field of real estate valuations assisted us in assessing the capitalization rates by (i) comparing them to externally available market data and (ii) evaluating whether the allocation of capitalization rates to investment properties is reasonable based on location, current leases in place and the type of investment property. – Agreed NOI used in the method to accounting records and evaluated as applicable whether stabilization is reasonable considering (i) the current and past leasing activity of the investment properties; (ii) the comparability with external market and industry data; (iii) potential bad debts or lost income resulting from COVID-19; and (iv) whether these assumptions were aligned with evidence obtained in other areas of the audit.



Key audit matter

How our audit addressed the key audit matter

by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Donald M. Flinn.

(signed) *"PricewaterhouseCoopers LLP"*

Chartered Professional Accountants

Halifax, Nova Scotia
February 23, 2022

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Balance Sheets
(in thousands of CAD dollars)

	Note	December 31, 2021	December 31, 2020
Assets			
Non-current assets			
Investment properties	3	\$ 3,546,752	\$ 3,583,939
Investment in joint ventures	4	44,210	51,043
Other assets	5	362,801	307,724
		3,953,763	3,942,706
Current assets			
Cash and cash equivalents	17	3,915	63,293
Other assets	5	65,998	69,540
Investment properties held for sale	6	—	29,899
		69,913	162,732
Total Assets		4,023,676	4,105,438
Liabilities			
Non-current liabilities			
Fixed rate mortgages	7	893,364	1,139,798
Credit facilities	7	29,124	27,256
Senior unsecured notes	8	971,267	971,398
Employee future benefits obligation	9	8,130	8,378
Trade and other payables	10	23,838	15,975
Lease liabilities	21	34,420	29,242
		1,960,143	2,192,047
Current liabilities			
Fixed rate mortgages	7	174,495	127,246
Credit facilities	7	—	35,000
Senior unsecured notes	8	150,000	150,000
Employee future benefits obligation	9	284	279
Trade and other payables	10	140,330	121,888
Lease liabilities	21	932	672
		466,041	435,085
Total liabilities excluding net assets attributable to Unitholders		2,426,184	2,627,132
Net assets attributable to Unitholders		\$ 1,597,492	\$ 1,478,306
Net assets attributable to Unitholders represented by:			
Crombie REIT Unitholders		\$ 950,271	\$ 881,511
Special Voting Units and Class B Limited Partnership Unitholders		647,221	596,795
		\$ 1,597,492	\$ 1,478,306
Commitments, contingencies and guarantees	22		
Subsequent events	23		

Approved on behalf of the Board of Trustees

signed (Michael Knowlton)

Michael Knowlton

Chair

signed (Paul Beesley)

Paul Beesley

Audit Committee Chair

See accompanying notes to the consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Comprehensive Income (Loss)
(in thousands of CAD dollars)

	Note	Year ended December 31,	
		2021	2020
Property revenue	11	\$ 408,892	\$ 388,733
Property operating expenses	12	125,861	129,872
Net property income		283,031	258,861
Gain on disposal of investment properties	3	56,525	3,335
Gain from equity accounted investments	4	15,525	—
Impairment of investment properties	3	(2,539)	(6,600)
Depreciation and amortization	3,5	(75,763)	(75,567)
General and administrative expenses	14	(25,484)	(20,534)
Finance costs - operations	15	(92,788)	(91,808)
Loss from equity accounted investments	4	(2,941)	(72)
Operating income before taxes		155,566	67,615
Taxes - current		(165)	(7)
Operating income attributable to Unitholders		155,401	67,608
Finance costs - other			
Distributions to Unitholders		(144,559)	(140,302)
Change in fair value of financial instruments	14	(2,972)	805
		(147,531)	(139,497)
Increase (decrease) in net assets attributable to Unitholders		7,870	(71,889)
Other comprehensive income (loss)			
Items that will be subsequently reclassified to (decrease) increase in net assets attributable to Unitholders:			
Costs incurred on derivatives designated as cash flow hedges transferred to finance costs - operations		—	510
Net change in derivatives designated as cash flow hedges		4,628	(6,210)
Items that will not be subsequently reclassified to Increase (decrease) in net assets attributable to Unitholders:			
Unamortized actuarial gains (losses) in employee future benefits obligation		444	(61)
Other comprehensive income (loss)		5,072	(5,761)
Comprehensive income (loss)		\$ 12,942	\$ (77,650)

See accompanying notes to the consolidated financial statements.

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

	REIT Units, Special Voting Units and Class B LP Units	Net Liabilities Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to	
	(Note 16)				REIT Units	Class B LP Units
Balance, January 1, 2021	\$ 1,860,237	\$ (376,301)	\$ (5,630)	\$ 1,478,306	\$ 881,511	\$ 596,795
Adjustments related to Employee Unit Purchase Plan ("EUPP")	35	—	—	35	35	—
Comprehensive income	—	7,870	5,072	12,942	7,637	5,305
Units issued under Distribution Reinvestment Plan ("DRIP")	8,914	—	—	8,914	5,217	3,697
Units issued under Unit-based compensation plan	70	—	—	70	70	—
Unit issue proceeds, net of costs	97,225	—	—	97,225	55,801	41,424
Balance, December 31, 2021	\$ 1,966,481	\$ (368,431)	\$ (558)	\$ 1,597,492	\$ 950,271	\$ 647,221

	REIT Units, Special Voting Units and Class B LP Units	Net Liabilities Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to	
	(Note 16)				REIT Units	Class B LP Units
Balance, January 1, 2020	\$ 1,759,324	\$ (304,412)	\$ 131	\$ 1,455,043	\$ 870,792	\$ 584,251
Adjustments related to EUPP	39	—	—	39	39	—
Comprehensive loss	—	(71,889)	(5,761)	(77,650)	(47,584)	(30,066)
Units issued under DRIP	2,856	—	—	2,856	1,671	1,185
Units Issued under Unit-based compensation plan	745	—	—	745	745	—
Unit issue proceeds, net of costs	97,273	—	—	97,273	55,848	41,425
Balance, December 31, 2020	\$ 1,860,237	\$ (376,301)	\$ (5,630)	\$ 1,478,306	\$ 881,511	\$ 596,795

See accompanying notes to the consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Cash Flows
(In thousands of CAD dollars)

		Year ended December 31,	
	Note	2021	2020 ⁽¹⁾
Cash flows provided by (used in)			
Operating Activities			
Decrease in net assets attributable to Unitholders		\$ 7,870	\$ (71,889)
Additions to tenant incentives		(72,542)	(63,536)
Items not affecting operating cash	17	21,892	86,431
Change in other non-cash operating items	17	30,442	(15,900)
Income taxes paid		(165)	(7)
Finance costs - operations	15	92,788	91,808
Distributions to Unitholders		144,559	140,302
Cash provided by operating activities		224,844	167,209
Financing Activities			
Issuance of mortgages	7	25,550	218,000
Financing - other		(2,731)	(3,419)
Repayment of mortgages - principal		(44,424)	(42,686)
Repayment of mortgages - maturity	7	(118,990)	(214,912)
Finance costs - operations	15	(92,788)	(91,808)
Advance (repayment) of floating rate credit facilities		(33,493)	7,373
Advance of joint operation credit facilities	7	361	575
Issuance of senior unsecured notes	8	150,000	300,000
Redemption of senior unsecured notes	8	(150,000)	(100,000)
Distributions to Unitholders		(144,559)	(140,302)
Special cash distribution		—	(14,857)
REIT Units and Class B LP Units issued	16	100,015	100,012
REIT Units and Class B LP Units issue costs	16	(2,790)	(2,739)
Payments of lease liabilities		(844)	(735)
Items not affecting financing cash	17	11,981	5,862
Cash (used in) provided by financing activities		(302,712)	20,364
Investing Activities			
Acquisition of investment properties and intangible assets		(64,304)	(42,687)
Additions to investment properties		(76,771)	(109,668)
Proceeds on disposal of investment properties	3,7	144,014	37,832
Contributions to joint ventures	4	(5,653)	(6,061)
Distributions from joint ventures	4	25,070	69
Additions to fixtures and computer equipment		(194)	(1,399)
Additions to deferred leasing costs		(972)	(1,435)
Advances on long-term receivables	5	(2,700)	(931)
Cash provided by (used in) investing activities		18,490	(124,280)
Net change in cash and cash equivalents		(59,378)	63,293
Cash and cash equivalents, beginning of period		63,293	—
Cash and cash equivalents, end of period		\$ 3,915	\$ 63,293

⁽¹⁾ See Note 2(y) for changes in accounting policy.

See accompanying notes to the 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 consolidated financial statements for the years ended December 31, 2021 and December 31, 2020 include the accounts of Crombie and all of its subsidiary entities. The Units of Crombie are traded on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

The consolidated financial statements were authorized for issue by the Board of Trustees on February 23, 2022.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

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

(c) Presentation of financial statements

When Crombie: (i) applies an accounting policy retrospectively; (ii) makes a retrospective restatement of items in its financial statements; or (iii) reclassifies items on the balance sheet, it will present an additional balance sheet as at the beginning of the earliest comparative period.

(d) Basis of consolidation

(i) Subsidiaries

Crombie's financial statements consolidate those of Crombie and all of its subsidiary entities at December 31, 2021. Subsidiaries are all entities over which Crombie has control. All subsidiaries have a reporting date of December 31, 2021.

All intercompany transactions, balances, income, and expenses are eliminated in preparing the consolidated financial statements. Where unrealized losses on intercompany asset sales are reversed on consolidation, the underlying asset is also tested for impairment from an entity perspective.

Operating income (loss) and other comprehensive income (loss) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

(ii) Joint arrangements

Joint arrangements are business arrangements whereby two or more parties have joint control. Joint control is based on the contractual sharing of control over the decisions related to the relevant activities. Joint arrangements are classified as either joint operations or joint ventures depending on the contractual arrangements related to the rights and obligations of the parties to the arrangement.

Joint operations

A joint operation is an arrangement wherein the parties to the arrangement have rights to the assets and obligations for the liabilities related to the arrangement. For joint operations, Crombie recognizes its share of the assets, liabilities, revenues, and expenses of the joint operation in the relevant categories of Crombie's financial statements.

Joint ventures

A joint venture is an entity 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. Joint control exists where there is a contractual agreement for shared control and wherein decisions about the significant relevant activities of the arrangement require unanimous consent of the parties sharing control.

Investment in joint ventures is accounted for using the equity method. Under the equity method, the investment is initially recorded at cost with subsequent adjustments for Crombie's share of the results of operations and any change in net assets. Crombie's joint venture entities have the same reporting period as Crombie and adjustments, if any, are made to bring the accounting policies of joint venture entities in line with the policies of Crombie.

(e) Investment properties

Investment properties are properties which are held to earn rental income. Investment properties include land, buildings, and intangible assets. Investment properties are carried at cost less accumulated depreciation and are reviewed for impairment as described in Note 2(u).

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

Amortization of intangible assets is calculated using the straight-line method over the term of the tenant lease.

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

Upon acquisition, Crombie performs an assessment of investment properties being acquired to determine whether the acquisition is to be accounted for as an asset acquisition or a business combination. A transaction is considered to be a business combination if the acquired property meets the definition of a business under IFRS 3 - "Business Combinations"; being an integrated set of activities and assets that are capable of being managed for the purpose of providing a return to the Unitholders.

For asset acquisitions, the total cost is allocated to the identifiable assets and liabilities on the basis of their relative fair values on the acquisition date. Asset acquisitions do not give rise to goodwill. Fair value of such assets and liabilities is determined based on the following:

Land - the amount allocated to land is based on an appraisal estimate of its fair value.

Buildings - are recorded at the estimated fair value of the building and its components and significant parts.

Intangible assets - are recorded for tenant relationships, based on estimated costs avoided should the respective tenants renew their leases at the end of the initial lease term, adjusted for the estimated probability of renewal.

Fair value of debt - values ascribed are determined based on the differential between contractual and market interest rates on long-term liabilities assumed at acquisition.

For business combinations, the acquisition method is used wherein the components of the business combination (assets acquired, liabilities assumed, consideration transferred and any goodwill or bargain purchase) are recognized and measured. The assets acquired and liabilities assumed from the acquiree are measured at their fair value on the acquisition date.

Change in useful life of investment properties

The estimated useful lives of significant investment properties are reviewed whenever events or circumstances indicate a change in useful life. Estimated useful lives of significant investment properties are based on management's best estimate and the actual useful lives may be different. Revisions to the estimated useful lives of investment properties constitute a change in accounting estimate and are accounted for prospectively by amortizing the cumulative changes over the remaining estimated useful life of the related assets.

(f) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, restricted cash, cash in bank, and guaranteed investments with a maturity less than 90 days at date of acquisition.

(g) Assets held for sale and discontinued operations

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. A property is classified as held for sale at the point in time when it is available for immediate sale, management has committed to a plan to sell the property and is actively locating a purchaser for the property at a sales price that is reasonable in relation to the current estimated fair value of the property, and the sale is expected to be completed within a one year period. Properties held for sale are carried at the lower of their carrying values and estimated fair value less costs to sell. In addition, assets classified as held for sale are not depreciated and amortized. A property that is subsequently reclassified as held and in use is measured at the lower of its carrying value amount before it was classified as held for sale, adjusted for any depreciation and amortization expense that would have been recognized had it been continuously classified as held and in use, and its estimated fair value at the date of the subsequent decision not to sell.

Assets that are classified as held for sale and that constitute a component of Crombie are presented as discontinued operations and their operating results are presented separately in the Consolidated Statements of Comprehensive Income (Loss). A component of Crombie includes a property type or geographic area of operations.

(h) Employee future benefits obligation

The cost of Crombie's pension benefits for defined contribution plans is expensed for employees in respect of the period in which they render services. The cost of defined benefit pension plans and other benefit plans is accrued based on estimates, using actuarial techniques, of the amount of benefits employees have earned in return for their services in the current and prior periods. The present value of the defined benefit obligation and current service cost is determined by discounting the estimated benefits using the projected unit credit method to determine the fair value of the plan assets and total actuarial gains and losses and the proportion thereof which will be recognized. Other factors considered for other benefit plans include assumptions regarding salary escalation, retirement ages and expected growth rate of health care costs. The fair value of any plan assets is based on current market values. The present value of the defined benefit obligation is based on the discount rate determined by reference to the yield of high quality corporate bonds of similar currency, having terms of maturity which align closely with the period of maturity of the obligation. The defined benefit plan and post-employment benefit plan are unfunded.

The impact of changes in plan provisions will be recognized in benefit costs on a straight-line basis over a period not exceeding the average period until the benefit becomes vested. To the extent that the benefits are already vested the past service cost will be recognized immediately.

In measuring its defined benefit liability, Crombie recognizes actuarial gains and losses directly to other comprehensive income (loss).

(i) Unit based compensation plans

(i) Deferred Unit Plan ("DU Plan")

Crombie provides a voluntary DU Plan whereby eligible trustees, officers, and employees (the "Participants") may elect to receive all or a portion of their eligible compensation in deferred units ("DUs"). The Board (or its designated Committee) may determine that special compensation will be provided in the form of DUs. Unless otherwise determined by the Board (or its

designated Committee), DUs are fully vested at the time they are allocated, with the value of the award recorded as a liability and expensed as general and administrative expenses. DUs are not Crombie REIT Units and do not entitle a Participant to any Unitholder rights, including voting rights, distribution entitlements (other than those noted below) or rights on liquidation. During the time that a Participant has outstanding DUs, whenever cash distributions are paid on REIT Units, additional DUs will be credited to the Participant's DU account, determined by multiplying the number of DUs in the Participant's DU account on the REIT distribution record date by the distribution paid per REIT Unit, and dividing the result by the market value of a Unit as determined in accordance with the DU Plan. Additional DUs issued as a result of distributions vest on the same basis as noted above and the value of the additional DUs credited is expensed to general and administrative expenses on allocation. A Participant may redeem their vested DUs in whole or in part by filing a written notice of redemption; redemption will also occur as the result of specific events such as the retirement of a Participant. Upon redemption, a Participant will receive the net value of the vested DUs being redeemed, with the net value determined by multiplying the number of DUs redeemed by the REIT Unit's market price on redemption date, less applicable withholding taxes. The Participant may elect to receive this net amount as a cash payment or instead receive Crombie REIT Units for redeemed DU's after deducting applicable withholding taxes. For fair value measurement purposes, each DU is measured based on the market value of a REIT Unit.

(ii) Restricted Unit Plan ("RU Plan")

Crombie has a RU Plan for certain eligible executives and employees ("RU Participants"), whereby the RU Participants will receive all or a portion of their annual long-term incentive plan awards in restricted units ("RUs"). The RUs are accounted for under IAS 19 "Employee benefits" and the liability and expense are recognized over the service period which ends on the vesting date. The RUs are subject to vesting conditions including being actively employed. The number of RUs which fully vest is determined by: (a) the dollar amount of the award divided by the market value of a REIT Unit on the award grant date, plus (b) deemed distributions on RUs during the vesting period at a rate equivalent to the number of REIT Units that would have been issued had the vested RUs been treated as a REIT Unit. The value of these additional RUs from deemed distributions are expensed to general and administrative expenses at the time of allocation. On the vesting date, each participant shall be entitled to receive a cash amount (net of any applicable withholding taxes) equal to the number of vested RUs held by the RU Participant multiplied by the market value on the vesting date, as determined by the market value of a REIT Unit. Alternatively, a RU Participant who is an eligible employee on the vesting date may elect to convert their vested RUs to DUs under Crombie's DU Plan. No REIT Units or other securities of Crombie will be issued from treasury as settlement of any obligation under the RU Plan.

(iii) Performance Unit Plan ("PU Plan")

Crombie has a PU Plan for certain eligible executives and employees ("PU Participants"), whereby the PU Participants may elect each year to participate in the PU Plan and receive all or a portion of their eligible remuneration in the form of an allocation of performance units ("PUs"). The PUs are accounted for under IAS 19 "Employee benefits" and the liability and expense are recognized over the service period which ends on the vesting date. The PUs are subject to vesting conditions including being actively employed. The number of PUs which vest for each participant shall be determined by: (a) multiplying the number of PUs granted under the award by an adjustment factor applicable to the performance level achieved, and (b) adding the number of PUs or fractions thereof that would be credited to such participant upon the payment of distributions by Crombie on the REIT Units, based on the number of additional REIT Units a participant would have received had the vested PUs been treated as REIT Units under a distribution reinvestment plan during the PU term. Alternatively, a PU Participant who is an eligible employee on the vesting date may elect to convert their vested PUs to DUs under Crombie's DU Plan. A PU is not considered to be a REIT Unit or entitle any participant to exercise voting rights or any other rights or entitlements associated with a REIT Unit. No REIT Units or other securities of Crombie will be issued from treasury as settlement of any obligation under the PU Plan.

(j) Distribution reinvestment plan ("DRIP")

Crombie has a DRIP which is described in Note 16.

(k) Revenue recognition

(i) Lease revenue

Revenue earned from tenants under lease agreements includes base rent, realty tax recoveries, percentage rent, and other incidental income. Certain leases have rental payments that change over their term due to changes in rates. Crombie records the rental revenue from leases on a straight-line basis over the term of the lease. Accordingly, an accrued rent receivable is recorded for the difference between the straight-line rent recorded as property revenue and the rent that is contractually due from the tenants. In addition, 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. Percentage rents are recognized when tenants are obligated to pay such rent under the terms of the related lease agreements. Realty tax recoveries, and other incidental income, are recognized on an accrual basis as they become due.

(ii) Revenue from contracts with customers

Crombie recognizes revenue in accordance with IFRS 15 “Revenue from Contracts with Customers”. Crombie recognizes revenue from customers that reflects the consideration to which it expects to be exchanged for. This involves identifying the contract with its customers, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognizing revenue when the entity satisfies its performance obligations.

Where a contract contains elements of variable consideration, Crombie estimates the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise from discounts, refunds, credits, and price concessions. This consideration is allocated to all performance obligations in a contract based on their relative standalone selling prices.

(l) Leases

Crombie as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Crombie has determined that all of its leases with its tenants are operating leases. Revenue is recorded in accordance with Crombie’s revenue recognition policy.

Crombie as lessee

Crombie leases include land, office, equipment, and vehicles. Crombie assesses whether a contract is or contains a lease at the inception of the contract.

Leases are recognized as a right of use asset with a corresponding liability at the date at which the leased asset is available for use by Crombie, except for short-term leases of 12 months or less or low value leases which are expensed in the consolidated income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease; or if not determinable, the lessee’s incremental borrowing rate, specific to the term of the lease. Lease payments can include fixed payments; variable payments based on an index or a rate known at the commencement date; and extension option payments or purchase options, if Crombie is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related right of use asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

At inception of the lease, the right of use asset is measured at cost, comprising initial lease liability, initial direct costs, and any future restoration or refurbishment costs, less any incentives granted by the lessors. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term of the underlying asset on a straight-line basis. The right of use asset is subject to testing for impairment if there is an indicator for impairment.

Right of use assets are included in Investment Property and Other Assets and the lease liability are presented separately.

(m) Finance costs - operations

Finance costs - operations primarily comprise interest on Crombie's borrowings. Finance costs directly attributable to the acquisition, redevelopment, construction, or production of a qualifying asset are capitalized as a component of the cost of the asset to which it is related. All other finance costs - operations are expensed in the period in which they are incurred using the effective interest rate method.

(n) Finance costs - distributions to Unitholders

The determination to declare and make payable distributions from Crombie is at the discretion of the Board of Trustees and, until declared payable by the trustees, Crombie has no contractual obligation to pay cash distributions to Unitholders.

(o) Income taxes

Crombie is taxed as a "mutual fund trust" for income tax purposes. It is the intention of Crombie, subject to approval of the trustees, to make distributions not less than the amount necessary to ensure that Crombie will not be liable to pay income tax, except for the amounts incurred in its incorporated subsidiaries.

(p) Hedges

Crombie may use cash flow hedges to manage exposures to increases in variable interest rates. Cash flow hedges are recognized on the balance sheet at fair value with the effective portion of the hedging relationship recognized in other comprehensive income (loss). Any ineffective portion of the cash flow hedge is recognized in operating income. Amounts recognized in accumulated other comprehensive income (loss) are reclassified to operating income in the same periods in which the hedged item is recognized in operating income. Fair value hedges and the related hedged items are recognized on the balance sheet at fair value with any changes in fair value recognized in operating income. To the extent the fair value hedge is effective, the changes in the fair value of the hedge and the hedged item will offset each other.

Crombie assesses on an ongoing basis whether any existing derivative financial instrument continues to be effective in offsetting changes in interest rates on the hedged items. Crombie currently hedges six variable mortgages and both joint credit facilities.

(q) Comprehensive income (loss)

Comprehensive income (loss) is the change in net assets attributable to Unitholders during a period from transactions and other events and circumstances from non-Unitholder sources. Crombie reports a consolidated statement of comprehensive income (loss), comprising changes in net assets attributable to Unitholders and other comprehensive income (loss) for the year. Accumulated other comprehensive income (loss), has been included in the Consolidated Statements of Changes in Net Assets Attributable to Unitholders.

(r) Provisions

Provisions are recognized when: Crombie has a present obligation (legal or constructive) as a result of a past event; it is probable that Crombie will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, where the time value of money is material. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Provisions reflect Crombie's best estimate at the reporting date.

Environmental liabilities are recognized when Crombie has an obligation relating to site closure or rehabilitation. The extent of the work required and the associated costs are dependent on the requirements of the relevant authorities and Crombie's environmental policies. Provisions for the cost of each closure and rehabilitation program are recognized at the time of occurrence and when Crombie has a reliable estimate of the obligation. Changes in the provision are recognized in the period of the change.

(s) Financial instruments

Crombie classifies financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purpose of ongoing measurement. Classification choices for financial assets include: a) Amortized cost - recorded at amortized cost with gains and losses recognized in increase (decrease) in net assets attributable to Unitholders in the period that the asset is derecognized or impaired; b) Fair value, with two options; (i) FVTOCI - measured at fair value with changes in fair value recognized in other comprehensive income (loss) for the current period until realized through disposal or impairment; and (ii) FVTPL - measured at fair value with changes in fair value recognized in increase (decrease) in net assets attributable to Unitholders for the period. Classification choices for financial liabilities include: a) Amortized cost - recorded at amortized cost with gains and losses recognized in increase (decrease) in net assets attributable to Unitholders in the period that the asset is derecognized or impaired; and b) FVTPL - measured at fair value with changes in fair value recognized in increase (decrease) in net assets attributable to Unitholders for the period. Subsequent measurement for these assets and liabilities is based on either fair value or amortized cost using the effective interest method, depending upon their classification.

Crombie's financial assets and liabilities are generally classified and measured as follows:

Financial Asset/Liability	Category	Measurement
Cash and cash equivalents	Assets at amortized cost	Amortized cost
Trade receivables	Assets at amortized cost	Amortized cost
Restricted cash	Assets at amortized cost	Amortized cost
Long-term receivables	Assets at amortized cost	Amortized cost
Marketable securities	FVTPL	Fair value
Derivative financial assets and liabilities	FVTPL	Fair value
Accounts payable and other liabilities (excluding interest rate swaps)	Financial liabilities at amortized cost	Amortized cost
Investment property debt	Financial liabilities at amortized cost	Amortized cost
Senior unsecured notes	Financial liabilities at amortized cost	Amortized cost

Other balance sheet accounts, including, but not limited to, prepaid expenses, accrued straight-line rent receivable, tenant incentives, investment properties, and employee future benefits obligation are not financial instruments.

Transaction costs, other than those related to financial instruments classified as FVTPL that are expensed as incurred, are added to the fair value of the financial asset or financial liability on initial recognition and amortized using the effective interest method. Financing costs incurred to establish revolving credit facilities are deferred and amortized on a straight-line basis over the term of the facilities. In the event any debt is extinguished, the associated unamortized financing costs are expensed immediately.

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

Crombie determines the expected credit loss in accordance with IFRS 9's simplified approach for amounts receivable where its loss allowance is measured at initial recognition and throughout the life of the receivable. Trade receivables are written off when there is no reasonable expectation of recovery.

(t) Fair value measurement

The fair value of financial instruments 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by Crombie.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Crombie uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The fair value of any interest rate swap is estimated by discounting net cash flows of the swaps using forward interest rates for swaps of the same remaining maturities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When determining the highest and best use of non-financial assets Crombie takes into account the following:

- use of the asset that is physically possible - Crombie assesses the physical characteristics of the asset that market participants would take into account when pricing the asset;
- use that is legally permissible - Crombie assesses any legal restrictions on the use of the asset that market participants would take into account when pricing the asset; and
- use that is financially feasible - Crombie assesses whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows to produce an investment return that market participants would require from an investment in that asset put to that use.

(u) Impairment of long-lived tangible and definite life intangible assets

Long-lived tangible and definite life intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. When such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value in use. Where the asset does not generate cash flows that are independent from other assets, Crombie estimates the recoverable amount of the cash generating unit(s) to which the asset belongs. When the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to the recoverable amount. An impairment loss is recognized as an expense immediately in operating income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating units) is increased to the revised estimate, but is limited to the carrying amount that would have been determined if no impairment loss had been recognized in prior periods. A reversal of impairment loss is recognized immediately in operating income.

(v) Net assets attributable to Unitholders

(i) Balance Sheet presentation

In accordance with International Accounting Standard ("IAS") 32 Financial Instruments: Presentation, puttable instruments are generally classified as financial liabilities. Crombie's REIT Units and Class B LP Units with attached Special Voting Units ("SVU") are both puttable instruments, meeting the definition of financial liabilities in IAS 32. There are exception tests within IAS 32 which could result in classification as equity; however, Crombie's units do not meet the exception requirements. Therefore, Crombie has no instrument qualifying for equity classification on its Balance Sheet pursuant to IFRS. The classification of all units as financial liabilities with presentation as net assets attributable to Unitholders does not alter the underlying economic interest of the Unitholders in the net assets and net operating results attributable to Unitholders.

(ii) Balance Sheet measurement

REIT Units and Class B LP Units with attached SVUs are carried on the Balance Sheet at net asset value. Although puttable instruments classified as financial liabilities are generally required to be remeasured to fair value at each reporting period, the alternative presentation as net assets attributable to Unitholders reflects that, in total, the interests of the Unitholders is limited to the net assets of Crombie.

(iii) Statement of Comprehensive Income (Loss) presentation

As a result of the classification of all units as financial liabilities, the Statement of Comprehensive Income (Loss) recognizes distributions to Unitholders as a finance cost. In addition, terminology such as net income has been replaced by Increase (decrease) in net assets attributable to Unitholders to reflect the absence of an equity component on the Balance Sheet.

(iv) Presentation of per unit measures

As a result of the classification of all units as financial liabilities, Crombie has no equity instrument; therefore, in accordance with IAS 33 Earnings per Share, there is no denominator for purposes of calculation of per unit measures.

(v) Allocation of comprehensive income (loss)

The components of comprehensive income (loss) are allocated between REIT Units and Class B LP Units as follows:

- Operating income - based on the weighted average number of units outstanding during the reporting period.
- Distributions to Unitholders - based on the actual distributions paid to each separate unit class.
- Accumulated other comprehensive income (loss) - increases are allocated based on the weighted average number of units outstanding during the reporting period, decreases in previously accumulated amounts are drawn down based on the average accumulation allocation rate.

(w) Critical judgments in applying accounting policies

The following are the critical judgments that have been made in applying Crombie's accounting policies and that have the most significant effect on the consolidated financial statements:

(i) Investment properties

Crombie's accounting policies relating to investment properties are described in Note 2(e). In applying these policies, judgment is applied in determining whether certain costs are additions to the carrying amount of an investment property and whether

properties acquired are considered to be asset acquisitions or business combinations. Crombie has determined that all properties acquired to date are asset acquisitions.

(ii) Investment in joint ventures

Crombie makes judgments in determining the appropriate accounting for investments in other entities. Such judgments include: determining the significant relevant activities and assessing the level of influence Crombie has over such activities through agreements and contractual arrangements.

(iii) Classifications of Units as liabilities

Crombie's accounting policies relating to the classification of Units as liabilities are described in Note 2(v). The critical judgments inherent in this policy relate to applying the criteria set out in IAS 32, "Financial Instruments: Presentation", relating to the puttable instrument exception.

(iv) Investment in joint arrangements

Crombie makes judgments in determining the appropriate accounting for investments in other entities. Such judgments include: determining the significant relevant activities and assessing the level of control or influence Crombie has over such activities through agreements and contractual arrangements; and determining whether Crombie's rights and obligations are directly related to the assets and liabilities of the arrangement or to the net assets of the joint arrangement.

(x) Critical accounting estimates and assumptions

The preparation of the 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Critical estimates and judgments disclosed in the annual financial statements also apply to these financial statements. As of December 31, 2021, there continues to be measurement uncertainty due to the outbreak of the novel strain of coronavirus ("COVID-19"). The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

(i) Fair value measurement

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

(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) Impairment of long-lived tangible and definite life intangible assets

Long-lived tangible and definite life intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. When such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value in use. Where the asset does not generate cash flows that are independent from other assets, Crombie estimates the recoverable amount of the cash generating unit(s) to which the asset belongs. When the recoverable amount of an asset (or cash generating units) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating units) is reduced to the recoverable amount. An impairment loss is recognized as an expense immediately in operating income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating units) is increased to the revised estimate, but is limited to the carrying amount that would have been determined if

no impairment loss had been recognized in prior periods. A reversal of impairment loss is recognized immediately in operating income.

(iv) Investment property valuation

External, independent valuation companies, having appropriate recognized professional qualifications and recent experience in the location and category of properties being valued, value substantially all of Crombie's investment property portfolio on a rotating basis over a maximum period of four years. The fair values, based on the measurement date, represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Internal quarterly valuations are performed using internally generated valuation models prepared by considering the aggregate trailing annual net property income recognized from leasing the property, that is stabilized for any major tenant movement. Biannual capitalization rates/yields are obtained from an independent valuation company, which reflects the specific risks inherent in the net property income, to arrive at property valuations. As at December 31, 2021, management's determination of fair value was updated for current market assumptions, informed by property income, market capitalization rates, and recent appraisals provided by independent appraisal professionals.

(v) Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of Crombie's defined benefit liability is based on standard rates of inflation, medical cost trends, and mortality. It also takes into account Crombie's specific anticipation of future salary increases. Discount factors are determined each reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of Crombie's defined benefit obligations.

(vi) Purchase price allocation

Investment properties are properties which are held to earn rental income. Investment properties include land, buildings, and intangible assets. Upon acquisition, management allocates the purchase price of the acquisition as described in Note 2(e). This allocation contains a number of estimates and underlying assumptions including, but not limited to, highest and best use and fair value of the properties, estimated cash flows, discount rates, lease-up rates, inflation rates, renewal rates, tenant incentive allowances, cost recoveries, and leasing costs and termination costs.

(vii) Lease modifications

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

(viii) Risk management

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

(ix) Expected credit loss

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

(y) Changes in accounting policies

Crombie has amended its accounting policy for the presentation of finance costs on debt and distributions to Unitholders in the consolidated statements of cash flows. Effective January 1, 2021, Crombie has elected to present these items as cash flows arising from financing activities, where they were previously included in cash flows from operating activities. Crombie has made this change in order to better reflect cash flows related to debt transactions. As a result of this change in presentation, cash flows provided by (used in) operating activities for the year ended December 31, 2021 have increased by \$225,366 (December 31, 2020 - \$241,105) with a corresponding reduction to cash flows provided by (used in) financing activities.

(z) Future changes in accounting standards

The IASB has issued a number of standards and interpretations with an effective date after the date of these financial statements. Set out below are only those standards that may have a material impact on the consolidated financial statements in future periods. Management is currently evaluating the impact of these future policies on its consolidated financial statements.

(i) IAS 1 - Presentation of Financial Statements

The IASB has issued amendments to IAS 1, "Presentation of Financial Statements" ("IAS 1"). The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2023.

(ii) IAS 37 - Provisions, contingent liabilities and contingent assets

The IASB has issued amendments to IAS 37, "Provisions, contingent liabilities and contingent assets" ("IAS 37") to clarify (i) the meaning of "costs to fulfil a contract", and (ii) that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss has occurred on assets used in fulfilling the contract, rather than on assets dedicated to the contract. The amendments to IAS 37 applies to annual reporting periods beginning on or after January 1, 2022.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

3) INVESTMENT PROPERTIES

	December 31, 2021		December 31, 2020
Income properties	\$ 3,436,965	\$	3,520,562
Properties under development	109,787		63,377
	\$ 3,546,752	\$	3,583,939

Income properties

	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2021	\$ 1,147,608	\$ 2,921,305	\$ 73,318	\$ 10,078	\$ 4,152,309
Acquisitions	12,364	30,831	2,621	—	45,816
Additions	1,089	39,729	—	978	41,796
Dispositions	(21,127)	(38,786)	(377)	(13)	(60,303)
Write-off of fully depreciated assets	—	(5,646)	(2,992)	(695)	(9,333)
Transfer to investment properties held for sale (Note 6)	(10,289)	(37,737)	(812)	(19)	(48,857)
Reclassification from properties under development	—	2,372	—	—	2,372
Balance, December 31, 2021	1,129,645	2,912,068	71,758	10,329	4,123,800
Accumulated depreciation, amortization, and impairment					
Opening balance, January 1, 2021	6,290	590,366	31,211	3,880	631,747
Depreciation and amortization	316	68,128	4,774	1,141	74,359
Dispositions	—	(3,134)	(171)	(9)	(3,314)
Impairment	1,599	940	—	—	2,539
Write-off of fully depreciated assets	—	(5,646)	(2,992)	(695)	(9,333)
Transfer to investment properties held for sale (Note 6)	(299)	(8,343)	(515)	(6)	(9,163)
Balance, December 31, 2021	7,906	642,311	32,307	4,311	686,835
Net carrying value, December 31, 2021	\$ 1,121,739	\$ 2,269,757	\$ 39,451	\$ 6,018	\$ 3,436,965

Included in land are right of use assets of \$15,772 net of accumulated depreciation of \$949 for land held under lease.

During the year ended December 31, 2021, Crombie recorded impairments totalling \$2,539 on two properties, one for \$1,239 in the third quarter as a result of a partial disposition which closed on December 14, 2021. The fourth quarter impairment of \$1,300 was due to continuing high vacancy rates and the departure of a major tenant during the year. Impairment was measured on a per property basis and was determined as the amount by which the carrying value, using the cost method, exceeded the recoverable amount for that property. The recoverable amount was determined to be the higher of the economic benefit of the continued use of the asset or the selling price less costs to sell. To calculate the benefit of the continued use of the asset, Crombie utilized the present value of the estimated future cash flows, discounted using a discount rate based on the risk associated with the property.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2020	\$ 1,117,701	\$ 2,825,447	\$ 112,313	\$ 8,853	\$ 4,064,314
Acquisitions	12,115	20,520	2,360	—	34,995
Additions	1,054	49,888	—	1,462	52,404
Dispositions	(7,618)	(23,111)	(440)	—	(31,169)
Write-off of fully depreciated assets	—	(2,890)	(39,982)	(237)	(43,109)
Transfer to investment properties held for sale (Note 6)	(16,219)	(24,135)	(933)	—	(41,287)
Reclassification from properties under development	40,575	75,586	—	—	116,161
Balance, December 31, 2020	1,147,608	2,921,305	73,318	10,078	4,152,309
Accumulated depreciation, amortization, and impairment					
Opening balance, January 1, 2020	2,673	530,576	66,657	3,049	602,955
Depreciation and amortization	317	67,565	5,366	1,068	74,316
Dispositions	—	(4,078)	(203)	—	(4,281)
Impairment	3,300	3,300	—	—	6,600
Write-off of fully depreciated assets	—	(2,890)	(39,982)	(237)	(43,109)
Transfer to investment properties held for sale (Note 6)	—	(4,107)	(627)	—	(4,734)
Balance, December 31, 2020	6,290	590,366	31,211	3,880	631,747
Net carrying value, December 31, 2020	\$ 1,141,318	\$ 2,330,939	\$ 42,107	\$ 6,198	\$ 3,520,562

Included in land are right of use assets of \$16,809 net of accumulated depreciation of \$633 for land held under lease.

During the year ended December 31, 2020, Crombie recorded impairments totalling \$6,600 on six properties. The impairments were the result of the fair value impact of tenant lease expiries, slower-than-expected leasing activity, and the ongoing impacts of COVID-19. Impairment was measured on a per property basis and was determined as the amount by which the carrying value, using the cost method, exceeded the recoverable amount for that property. The recoverable amount was determined to be the higher of the economic benefit of the continued use of the asset or the selling price less costs to sell. To calculate the benefit of the continued use of the asset, Crombie utilized the present value of the estimated future cash flows, discounted using a discount rate based on the risk associated with the property.

Properties under development

	Land	Buildings	Total
Opening balance, January 1, 2021	\$ 46,225	\$ 17,152	\$ 63,377
Acquisitions	18,622	—	18,622
Additions	2,216	39,325	41,541
Reclassification to income-producing properties ⁽¹⁾	—	(13,753)	(13,753)
Balance, December 31, 2021	\$ 67,063	\$ 42,724	\$ 109,787

⁽¹⁾ During the year ended December 31, 2021, \$11,381 was moved out of properties under development and into tenant incentives. Refer to Note 5 of the financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

	Land	Buildings	Total
Opening balance, January 1, 2020	\$ 76,104	\$ 20,109	\$ 96,213
Acquisitions	7,692	—	7,692
Additions	3,004	72,629	75,633
Reclassification to income-producing properties	(40,575)	(75,586)	(116,161)
Balance, December 31, 2020	\$ 46,225	\$ 17,152	\$ 63,377

Fair value

Crombie's total fair value of investment properties exceeds carrying value by \$1,150,558 at December 31, 2021 (December 31, 2020 - \$921,974). Crombie uses the cost method for accounting for investment properties and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment is recognized at the time of impairment. As of December 31, 2021, there continues to be increased measurement uncertainty around valuation regarding COVID-19. Crombie has disclosed increased sensitivity around capitalization rates and continues to monitor the ongoing potential impacts on valuation.

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

	Fair Value	Carrying Value
December 31, 2021	\$ 5,026,000	\$ 3,875,442
December 31, 2020	4,815,000	3,893,026

Carrying value consists of the net carrying value of:

	Note	December 31, 2021	December 31, 2020
Income properties	3	\$ 3,436,965	\$ 3,520,562
Properties under development	3	109,787	63,377
Accrued straight-line rent receivable	5	94,896	88,299
Tenant incentives	5	233,794	190,889
Investment properties held for sale	6	—	29,899
Total carrying value		\$ 3,875,442	\$ 3,893,026

The fair value of investment 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 December 31, 2021 and 2020, respectively, based on each property's current use as a revenue generating investment property.

The fair value of properties under development is assumed to equal cost until the property is substantially completed, and at that point in time, the property is moved to income producing and valued according to Crombie's policies described below.

The valuation techniques and significant unobservable inputs used in determining the fair value of investment properties are set out below:

- (i) The capitalized net operating income method - Under this method, capitalization rates are applied to trailing stabilized net operating income (property revenue less property operating expenses). The key assumption are the capitalization rates for each specific property and stabilized net income. Crombie receives biannual capitalization rate reports from external, knowledgeable property valuers. 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 appropriate rate for each property from the range provided. Crombie employs this method to determine fair value.
- (ii) The discounted cash flow method - Under this method, discount rates are applied to the forecasted cash flows reflecting the

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

initial terms of the lease or leases for that specific property and assumptions as to renewal and new leasing activity. The key assumptions are the discount rate applied over the initial term of the lease, as well as lease renewals and new leasing activity. Crombie employs this method when the capitalized net operating income method indicates a risk of impairment or when a property is, or will be, undergoing redevelopment.

(iii) External appraisals - Crombie has external, independent appraisals performed on all significant properties on a rotational basis over a maximum period of four years.

On a periodic bases, Crombie obtains independent appraisals such that approximately 85% of its properties, by value, will be externally appraised over a four year period.

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

	December 31, 2021	December 31, 2020
Weighted average capitalization rate	5.65 %	5.86 %

Crombie has determined that an increase (decrease) in this applied capitalization rate at December 31, 2021 would result in an increase (decrease) in the fair value of the investment properties as follows:

Capitalization Rate Sensitivity		Increase In Rate	Decrease in Rate
December 31, 2021			
	0.25 %	\$ (215,000)	\$ 229,000
	0.50 %	\$ (408,000)	\$ 487,000
	0.75 %	\$ (585,000)	\$ 775,000

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

Property Acquisitions and Dispositions

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

2021

Transaction Date	Vendor/Purchaser	Properties Acquired (Disposed)	Approximate Square Footage	Initial Acquisition (Disposition) Price
January 29, 2021	Third Party	(2)	(30,000) \$	(17,570)
February 10, 2021	Related Party	1	26,000	3,242
February 26, 2021	Third Party	—	—	6,400
March 18, 2021	Related Party	2	57,000	14,100
March 25, 2021	Related Party	1	50,000	5,260
March 26, 2021	Related Party	1	55,000	15,600
March 29, 2021	Third Party	1	16,000	1,690
March 31, 2021	Third Party	(1)	(33,000)	(24,400)
June 10, 2021	Third Party	—	—	11,885
July 6, 2021	Related Party	1	24,000	4,710
July 9, 2021	Third Party	(1)	(28,000)	(15,000)
October 15, 2021	Third Party	(1)	(29,000)	(16,910)
November 19, 2021 ⁽¹⁾	Third Party	—	(33,000)	(5,750)
December 9, 2021	Third Party	(1)	(60,000)	(22,500)
December 9, 2021 ⁽²⁾	Third Party	—	(155,000)	(98,183)
December 14, 2021 ⁽¹⁾	Third Party	—	(73,000)	(575)
December 15, 2021	Third Party	(1)	(22,000)	(8,300)

⁽¹⁾ Disposal of a partial interest in one retail property to a third party.

⁽²⁾ Disposal of a 50% interest in one retail-related industrial property to a third party.

2020

Transaction Date	Vendor/Purchaser	Properties Acquired (Disposed)	Approximate Square Footage	Initial Acquisition (Disposition) Price
January 9, 2020 ⁽¹⁾	Third Party	—	— \$	280
February 4, 2020 ⁽²⁾	Third Party	—	—	(1,000)
May 28, 2020	Related Party	1	30,000	4,535
July 7, 2020	Third Party	1	—	4,575
October 5, 2020	Third Party	1	41,000	11,000
October 26, 2020	Third Party	(1)	(18,000)	(7,510)
November 4, 2020	Third Party	1	—	3,300
December 8, 2020	Third Party	(1)	(15,000)	(7,414)
December 9, 2020	Third Party	(1)	(20,000)	(7,112)
December 15, 2020	Related Party	1	54,000	17,100
December 22, 2020	Third Party	(2)	(41,000)	(14,974)

⁽¹⁾ Acquisition of a parcel of land adjacent to an existing retail property.

⁽²⁾ Disposal of a parcel of land adjacent of an existing retail property.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

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

	Year ended December 31,	
	2021	2020
Investment property disposals		
Gross proceeds	\$ 209,188	\$ 38,010
Selling costs	(3,682)	(178)
	205,506	37,832
Carrying values derecognized		
Land	(46,264)	(8,690)
Buildings	(79,585)	(24,521)
Intangibles	(716)	(330)
Deferred leasing costs	(17)	—
Tenant Incentives	(18,369)	—
Accrued straight-line rent	(2,889)	(1,081)
Provisions	(1,141)	125
Gain on disposal	\$ 56,525	\$ 3,335

	Year ended December 31,	
	2021	2020
Proceeds	\$ 205,506	\$ 37,832
Mortgages assumed by buyer	(61,492)	—
Cash proceeds	\$ 144,014	\$ 37,832

Co-owned properties

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

	Year ended			
	December 31, 2021		December 31, 2020	
	Number of co-owned properties	Ownership	Number of co-owned properties	Ownership
Retail	58	11 % - 50 %	58	11 % - 50 %
Industrial	2	50 %	1	50 %
Total co-owned properties	60		59	

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

4) INVESTMENT IN JOINT VENTURES

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

	December 31, 2021	December 31, 2020
1600 Davie Limited Partnership	50.0 %	50.0 %
Bronte Village Limited Partnership	50.0 %	50.0 %
The Duke Limited Partnership	50.0 %	50.0 %
Penhorn Residential Holdings Limited Partnership	50.0 %	50.0 %
140 CPN Limited	50.0 %	50.0 %
1700 East Broadway Limited Partnership	50.0 %	—
King George Development (I) Limited Partnership	50.0 %	—

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

	December 31, 2021			December 31, 2020		
	Davie LP	Other	Total	Davie LP	Other	Total
Non-current assets	\$ 185,530	\$ 416,544	\$ 602,074	\$ 187,100	\$ 288,680	\$ 475,780
Current assets	18,720	2,455	21,175	7,187	800	7,987
Non-current liabilities	(206,141)	(30,077)	(236,218)	(141,362)	(3,479)	(144,841)
Current liabilities	(5,142)	(314,049)	(319,191)	(18,057)	(219,433)	(237,490)
Net Assets	(7,033)	74,873	67,840	34,868	66,568	101,436
Crombie's share at 50%	(3,516)	37,436	33,920	17,434	33,284	50,718
Reconciling items:						
Deferred gain	(7,441)	—	(7,441)	(7,441)	—	(7,441)
Partnership loans	(4,500)	6,706	2,206	—	7,766	7,766
Gain	15,525	—	15,525	—	—	—
Crombie's investment in joint ventures	\$ 68	\$ 44,142	\$ 44,210	\$ 9,993	\$ 41,050	\$ 51,043

	December 31, 2021			December 31, 2020		
	Davie LP	Other	Total	Davie LP	Other	Total
Revenue	\$ 6,624	\$ 3,549	\$ 10,173	\$ 40	\$ 1,790	\$ 1,830
Property Operating expenses	(1,939)	(2,268)	(4,207)	(66)	(429)	(495)
General and administrative expenses	(511)	(57)	(568)	(305)	(5)	(310)
Depreciation and amortization	(2,801)	(1,877)	(4,678)	(169)	(182)	(351)
Finance costs - operations	(4,275)	(2,327)	(6,602)	(620)	(198)	(818)
Net (loss) income	\$ (2,902)	\$ (2,980)	\$ (5,882)	\$ (1,120)	\$ 976	\$ (144)
Crombie's (loss) income from equity accounted investments	\$ (1,451)	\$ (1,490)	\$ (2,941)	\$ (560)	\$ 488	\$ (72)

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

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

	December 31, 2021		December 31, 2020
Opening balance	\$ 51,043	\$	45,123
Contributions	5,653		6,061
Distributions	(25,070)		(69)
Gain	15,525		—
Share of (loss) income	(2,941)		(72)
Closing balance	\$ 44,210	\$	51,043

During the year ended December 31, 2021, Crombie received a distribution of \$25,000 from 1600 Davie Limited Partnership. As a result of this distribution exceeding Crombie's investment in the joint venture, \$15,525 was treated as a gain from equity accounted investments.

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
December 31, 2021	\$ 774,000	\$	576,228
December 31, 2020	450,253	\$	450,253

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 December 31, 2021 and December 31, 2020, respectively, based on each property's current use as a revenue generating property or property under development. The fair value of properties under development is assumed to equal cost until the property is substantially completed. As at December 31, 2021, 1600 Davie Limited Partnership, The Duke Limited Partnership, and 140 CPN Limited are substantially complete.

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

	December 31, 2021	December 31, 2020
Weighted average capitalization rate	3.30 %	— %

5) OTHER ASSETS

	December 31, 2021			December 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	\$ 27,472	\$ —	\$ 27,472	\$ 42,211	\$ —	\$ 42,211
Provision for doubtful accounts	(3,031)	—	(3,031)	(7,955)	—	(7,955)
Net trade receivables	24,441	—	24,441	34,256	—	34,256
Prepaid expenses and deposits	23,827	—	23,827	19,271	—	19,271
Other fixed assets ^{(1) (2)}	—	10,974	10,974	—	11,373	11,373
Finance lease receivable	571	12,545	13,116	391	7,734	8,125
Accrued straight-line rent receivable	—	94,896	94,896	—	88,299	88,299
Tenant incentives	—	233,794	233,794	—	190,889	190,889
Other	21	105	126	89	127	216
Amounts receivable from related parties	17,138	10,487	27,625	15,533	9,302	24,835
	\$ 65,998	\$ 362,801	\$ 428,799	\$ 69,540	\$ 307,724	\$ 377,264

⁽¹⁾ For the year ended December 31, 2021, depreciation of other fixed assets was \$1,404 (December 31, 2020 - \$1,251).

⁽²⁾ Other fixed assets include right of use assets of \$2,334 (December 31, 2020 - \$2,136) net of accumulated depreciation of \$1,106 (December 31, 2020 - \$818) relating to office and vehicle leases.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

Tenant Incentives

	Cost	Accumulated Amortization	Net Carrying Value
Balance, January 1, 2021	\$ 275,194	\$ 84,305	\$ 190,889
Additions	69,704	—	69,704
Amortization	—	19,811	(19,811)
Disposition	(17,752)	(659)	(17,093)
Write-off fully depreciated assets	(10,178)	(10,178)	—
Transfer to investment properties held for sale	(2,293)	(1,017)	(1,276)
Transfer from properties under development	11,381	—	11,381
Balance, December 31, 2021	\$ 326,056	\$ 92,262	\$ 233,794

	Cost	Accumulated Amortization	Net Carrying Value
Tenant incentives			
Balance, January 1, 2020	\$ 236,071	\$ 77,585	\$ 158,486
Additions	50,252	—	50,252
Amortization	—	17,849	(17,849)
Write-off fully depreciated assets	(11,129)	(11,129)	—
Balance, December 31, 2020	\$ 275,194	\$ 84,305	\$ 190,889

6) INVESTMENT PROPERTIES HELD FOR SALE

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

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

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

7) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	December 31, 2021	December 31, 2020
Fixed rate mortgages	2.70 - 6.44 %	4.00 %	4.9 years	\$ 1,073,895	\$ 1,274,304
Revolving credit facility			3.5 years	9,220	17,712
Joint operation credit facility I			2.3 years	7,167	7,188
Joint operation credit facility II			2.8 years	2,737	2,356
Unsecured bilateral credit facility			1.5 years	10,000	35,000
Deferred financing charges on fixed rate mortgages				(6,036)	(7,260)
				<u>\$ 1,096,983</u>	<u>\$ 1,329,300</u>
Mortgages					
Non-current				\$ 893,364	\$ 1,139,798
Current				174,495	127,246
Credit facilities					
Non-current				29,124	27,256
Current				—	35,000
				<u>\$ 1,096,983</u>	<u>\$ 1,329,300</u>

Specific investment properties with a carrying value of \$2,459,912 as at December 31, 2021 (December 31, 2020 - \$2,743,270) are currently pledged as security for mortgages or provided as security for the revolving credit facility. Carrying value includes investment properties, as well as accrued straight-line rent receivable and tenant incentives which are included in other assets.

Mortgage Activity

For the year ended:	Type	Number of Mortgages	Weighted Average			Proceeds (Repayments)
			Rates	Terms in Years	Amortization Period in Years	
December 31, 2021	Addition	—	2.87 %			\$ 25,000
	New	1	2.70 %	5.0	25.0	550
	Repaid	14	4.02 %			(119,755)
	Disposition	1	2.87 %			(61,492)
						<u>\$ (155,697)</u>

The repayment of \$61,492 is due to a disposition of an interest in a mortgage related to a partial disposition of a retail-related industrial property.

In 2020, Crombie closed on a construction mortgage in which the proceeds were placed in escrow and drawn down as conditions were satisfied. As of December 31 2021, Crombie had received \$96,085 of the total \$100,000 commitment. Given that Crombie controls the total proceeds, the remaining proceeds of \$3,915 have been reflected as cash at December 31, 2021 (December 31, 2020 - \$63,247).

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

For the year ended:	Type	Number of Mortgages	Rates	Terms in Years	Amortization Period in Years	Proceeds (Repayments)
December 31, 2020	Addition	—	3.22 %			\$ 5,125
	New	2	3.42 %	15.9	30	218,000
	Repaid	12	5.02 %			(214,912)
						<u>\$ 8,213</u>

During the year ended December 31, 2020, Crombie recognized an addition to a mortgage payable of \$5,125 in settlement of an amount payable to 1600 Davie Limited Partnership. The mortgage relates to the commercial component of the Davie Street development, 100% of which is included in Crombie's financial statements.

During the year ended December 31, 2020, Crombie successfully closed on two mortgages totalling \$218,000 at retail-related industrial properties. The proceeds of one of the mortgages were placed in escrow and drawn down as conditions were satisfied.

Joint Operation Credit Facilities

In conjunction with the 89% sale of a portfolio of assets in the second quarter of 2019, Crombie and its co-ownership partner entered into a credit agreement with a Canadian chartered bank for a \$62,250 term loan facility and a \$5,800 revolving credit facility. In the second quarter of 2021, Crombie's co-ownership partner sold its share of the portfolio to a third party. The revolving credit facility was amended in the second quarter of 2021. The amendment reduced the maximum principal amount of \$5,800 to \$2,908 and maturity remains unchanged at April 25, 2024. Borrowings under the joint operation credit facility can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into the facility, Crombie and its co-ownership partner entered into a fixed for floating interest rate swap, effectively fixing the interest rate at 3.58%. At December 31, 2021, Crombie's portion of the term and revolving credit facilities was \$6,847 and \$320 respectively.

In conjunction with the 89% sale of a portfolio of assets in the fourth quarter of 2019, Crombie and its co-ownership partner entered into a credit agreement with a Canadian chartered bank for a \$16,500 term loan facility and a \$15,500 revolving credit facility. Both facilities are secured by first and second mortgages on select properties and have a term of five years of maturing on October 7, 2024. Borrowings under both facilities can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into the facility, Crombie and its co-ownership partner entered into a fixed for floating interest rate swap, effectively fixing interest rate on both facilities at 3.27%. At December 31, 2021, Crombie's portion of the term and revolving credit facilities was \$1,815 and \$922 respectively.

Revolving Credit Facility

The revolving credit facility agreement was extended in the second quarter of 2021. The revolving credit facility has a maximum principal amount of \$400,000 and matures June 30, 2025. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. It is secured by a pool of first mortgages on certain properties and the maximum principal amount is subject to an available borrowing base (December 31, 2021- borrowing base of \$400,000). Borrowings under the revolving credit facility can be by way of Bankers' Acceptance or prime rate advance, and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. The respective spread or margin may change depending on Crombie's unsecured bond rating with DBRS Morningstar and whether the facility remains secured or migrates to an unsecured status.

Unsecured Bilateral Credit Facility

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

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

8) SENIOR UNSECURED NOTES

	Maturity Date ⁽¹⁾	Contractual Interest Rate	December 31, 2021	December 31, 2020
Series B	June 1, 2021	3.962 %	\$ —	\$ 150,000
Series D	November 21, 2022	4.066 %	150,000	150,000
Series E	January 31, 2025	4.800 %	175,000	175,000
Series F	August 26, 2026	3.677 %	200,000	200,000
Series G	June 21, 2027	3.917 %	150,000	150,000
Series H	March 31, 2028	2.686 %	150,000	150,000
Series I	October 9, 2030	3.211 %	150,000	150,000
Series J	August 12, 2031	3.133 %	150,000	—
Unamortized Series B issue premium			—	110
Deferred financing charges			(3,733)	(3,712)
			\$ 1,121,267	\$ 1,121,398

⁽¹⁾ The weighted average term to maturity for the year ended December 31, 2021 was 5.4 years (December 31, 2020 - 5.1 years).

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

	December 31, 2021	December 31, 2020
Non-current	\$ 971,267	\$ 971,398
Current	150,000	150,000
Total	\$ 1,121,267	\$ 1,121,398

A continuity of Crombie's senior unsecured notes is as follows:

	Senior Unsecured Notes
Opening balance at January 1, 2021	\$ 1,125,000
New borrowing or issuances	150,000
Redemption	(150,000)
Closing balance at December 31, 2021	\$ 1,125,000

On August 12, 2021, Crombie issued on a private placement basis, \$150,000 of Series J notes (senior unsecured) maturing August 12, 2031. The net proceeds of the offering were used to repay existing debt. The notes were priced with a contractual interest rate of 3.133% and sold at a price of \$1,000.00 per \$1,000.00 principal amount. Interest is payable in equal semi-annual installments on February 12 and August 12.

	Senior Unsecured Notes
Opening balance at January 1, 2020	\$ 925,000
New borrowings or issuances	300,000
Early redemption	(100,000)
Closing balance at December 31, 2020	\$ 1,125,000

On October 9, 2020, Crombie offered on a private placement bases, \$150,000 Series H notes (senior unsecured) maturing March 31, 2028. The net proceeds of the offering were used to repay existing debt; this included partial redemption of Series B unsecured notes, which Crombie called for early redemption in conjunction with this offering, and repayment of outstanding credit facilities. The notes were priced with an effective yield to maturity of 2.686% and sold at a price of \$1,000.00 per \$1,000.00 principal amount. Interest is payable in equal semi-annual installments on March 31 and September 30.

On October 9, 2020, Crombie offered on a private placement bases, \$150,000 Series I notes (senior unsecured) maturing October 9, 2030. The net proceeds of the offering were used to repay existing debt; this included partial redemption of Series B unsecured notes, which Crombie called for early redemption in conjunction with this offering, and repayment of outstanding credit facilities. The notes were priced with an effective yield to maturity of 3.211% and sold at a price of \$1,000.00 per \$1,000.00 principal amount. Interest is payable in equal semi-annual installments on April 9 and October 9.

9) EMPLOYEE FUTURE BENEFITS

Crombie has a number of defined benefit and defined contribution plans providing pension and other retirement benefits to most of its employees.

Defined contribution pension plans

The contributions required by the employee and the employer are specified. The employee's pension depends on what level of retirement income (for example, annuity purchase) can be achieved with the combined total of employee and employer contributions and investment returns over the period of plan membership, and the annuity purchase rates at the time of the employee's retirement.

Defined benefit plans

The retirement benefit provides pension benefits to members designated in writing by the Board of Trustees based on a formula recognizing length of service and final average earnings. The annual pension payable at age 65 is equal to 2% of the final average base earnings multiplied by years of credited service (to a maximum of 30 years), offset by the deemed retirement income provided under the defined contribution pension plan and deferred profit sharing plan. For the purpose of calculating the deemed retirement income provided under the defined contribution pension plan and deferred profit sharing plan, the assumptions stipulated in the SERP plan text are used, including an assumed annuity conversion discount rate of 7.0%. The final average earnings are 12 times the average of the 60 highest months of eligible earnings. Employee contributions, if required, pay for part of the cost of the benefit, and the employer contributions fund the balance. The employer contributions are not specified or defined within the plan text; they are based on the result of actuarial valuations which determine the level of funding required to meet the total obligation as estimated at the time of the valuation. Crombie's defined benefit plans are unfunded.

Once participants attain age 55 and 5 years of continuous service, they can retire. The total pension payable is reduced by 5/12% for each month by which the early retirement precedes age 60 (62 for a member who was designated as a member on or after June 25, 2009). The normal form of pension payment is a 60% joint and survivor pension.

The post-employment benefits program offered to Crombie employees and retirees in Canada is an open plan that provides life and medical benefits for grandfathered employees and employees retired prior to May 1, 2011 as well as critical illness coverage for other employees. Full-time employees must be over age 55 to be eligible for the post-employment benefits program.

The total defined benefit cost related to pension plans and post-employment benefit plans for the year ended December 31, 2021 was \$480 (year ended December 31, 2020 - \$473).

The plan typically exposes Crombie to actuarial risks such as: interest rate risk, mortality risk, and salary risk.

(i) Interest rate risk - The present value of the defined benefit liability is calculated using discount rates that reflect the average yield, as at the measurement date, on high quality corporate bonds of similar duration to the plans' liabilities. A decrease in the market yield on high quality corporate bonds will increase Crombie's defined benefit liability.

(ii) Mortality risk - The present value of the defined benefit plan is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(iii) Salary risk - The present value of the defined benefit plan liability is calculated by reference to the anticipated future salary of the plan participants. As such, an increase in the salary of plan participants over that anticipated will increase the plan's liability.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

	Most recent valuation date	Next required valuation date
Senior Management Pension Plan	December 31, 2021	December 31, 2022
Post-Employment Benefit Plans	January 1, 2019	January 1, 2022

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations and pension costs are as follows:

	December 31, 2021		December 31, 2020	
	Senior Management Pension Plan	Post-Employment Benefit Plans	Senior Management Pension Plan	Post-Employment Benefit Plans
Discount rate - accrued benefit obligation	2.90 %	2.90 %	2.50 %	2.40 %
Rate of compensation increase	3.00 %	N/A	3.00 %	N/A

For measurement purposes, a 4.50% (2020 - 4.75%) annual rate increase in the per capita cost of covered health care benefits was assumed.

These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to year-end by reference to market yields of high quality corporate bonds that have a maturity approximating the terms of the related pension obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The projected Unit credit method is used to determine the present value of the defined benefit obligation and the related current service cost for all active members.

Crombie uses December 31 as a measurement date for accounting purposes for its defined benefit pension plans.

Information about Crombie's defined benefit plans are as follows:

	December 31, 2021			December 31, 2020		
	Senior Management Pension Plan	Post-Employment Benefit Plans	Total	Senior Management Pension Plan	Post-Employment Benefit Plans	Total
Accrued benefit obligation						
Balance, beginning of year	\$ 6,097	\$ 2,560	\$ 8,657	\$ 5,646	\$ 2,765	\$ 8,411
Current service cost	244	19	263	200	19	219
Interest cost	156	61	217	172	82	254
Actuarial losses (gains)	(276)	(168)	(444)	279	(218)	61
Benefits paid	(200)	(79)	(279)	(200)	(88)	(288)
Balance, end of year	6,021	2,393	8,414	6,097	2,560	8,657
Plan assets						
Fair value, beginning of year	—	—	—	—	—	—
Employer contributions	200	79	279	200	88	288
Benefits paid	(200)	(79)	(279)	(200)	(88)	(288)
Fair value, end of year	—	—	—	—	—	—
Funded status - deficit	6,021	2,393	8,414	6,097	2,560	8,657
Current portion	200	84	284	200	79	279
Non-current portion	5,821	2,309	8,130	5,897	2,481	8,378
Accrued benefit obligation recorded as a liability	\$ 6,021	\$ 2,393	\$ 8,414	\$ 6,097	\$ 2,560	\$ 8,657
Net expense						
Current service cost	\$ 244	\$ 19	\$ 263	\$ 200	\$ 19	\$ 219
Interest cost	156	61	217	172	82	254
Net expense	\$ 400	\$ 80	\$ 480	\$ 372	\$ 101	\$ 473

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

The table below outlines the sensitivity of the fiscal 2021 key economic assumptions used in measuring the accrued benefit plan obligations and related expenses of Crombie's pension and other benefit plans. The sensitivity of each key assumption has been calculated independently. Changes to more than one assumption simultaneously may amplify or reduce the impact on the accrued benefit obligation or benefit plan expenses. There was no change to the method and assumptions used in preparing the sensitivity analysis from prior years.

Senior Management Pension Plan			Post-Employment Benefit Plans	
	Benefit Obligations	Benefit Cost ⁽¹⁾	Benefit Obligations	Benefit Cost ⁽¹⁾
Discount Rate	2.90 %	2.90 %	2.90 %	2.90 %
Impact of:				
1% increase	(670)	7	(302)	9
1% decrease	813	(11)	358	(14)
Growth rate of health costs			4.50 %	4.50 %
Impact of:				
1% increase			175	5
1% decrease			(150)	(4)

⁽¹⁾ Reflects the impact of the current service costs, the interest cost, and the expected return on assets.

For the year ended December 31, 2021, the net defined contribution pension plans expense was \$1,067 (year ended December 31, 2020 - \$983).

10) TRADE AND OTHER PAYABLES

	December 31, 2021			December 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Tenant incentives and capital expenditures	\$ 57,161	\$ —	\$ 57,161	\$ 51,960	\$ —	\$ 51,960
Property operating costs	34,160	—	34,160	19,548	—	19,548
Prepaid rents	16,983	—	16,983	15,938	—	15,938
Finance costs on investment property debt and notes	14,251	—	14,251	13,010	—	13,010
Amounts payable to related party	71	—	71	1,008	—	1,008
Fair value of interest rate swap agreements	635	—	635	5,263	—	5,263
Distributions payable	12,223	—	12,223	11,738	—	11,738
Unit-based compensation plans	4,588	19,631	24,219	3,165	11,575	14,740
Deferred revenue	258	4,207	4,465	258	4,400	4,658
	\$ 140,330	\$ 23,838	\$ 164,168	\$ 121,888	\$ 15,975	\$ 137,863

Deferred Revenue

During 2014, Crombie completed a sale-leaseback of the land component of an investment property. The proceeds received in excess of fair value of the land have been deferred and is being recognized as a reduction in property operating expenses over the term of the land lease. In addition, Crombie received a prepayment, from a related party, of their future obligation under a land sub-lease. This prepayment has also been deferred and is being recognized as a reduction in property operating expenses over the term of the land lease.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

11) PROPERTY REVENUE

	Year ended	
	December 31, 2021	December 31, 2020
Operating lease revenue		
Rental revenue contractually due from tenants ⁽¹⁾	\$ 359,322	\$ 343,113
Contingent rental revenue	2,332	1,048
Straight-line rent recognition	9,486	9,112
Tenant incentive amortization	(19,811)	(17,849)
Lease termination income	3,751	405
Revenue from contracts with customers		
Common area cost recoveries	50,942	50,021
Parking revenue	2,870	2,883
	\$ 408,892	\$ 388,733

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

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

	Year ended			
	December 31, 2021	December 31, 2020		
Sobeys Inc. (including all subsidiaries of Empire)	\$ 209,684	51.3 %	\$ 191,362	49.2 %

⁽¹⁾ Related party property revenue for the year ended December 31, 2020 updated from previously reported figure.

12) PROPERTY OPERATING EXPENSES

	Year ended	
	December 31, 2021	December 31, 2020
Recoverable property taxes	\$ 67,785	\$ 64,087
Recoverable operating expenses	52,776	51,218
Other operating costs	5,300	14,567
	\$ 125,861	\$ 129,872

Bad debt expense recognized in other operating expenses for the year ended December 31, 2021 was \$811 (December 31, 2020 - \$10,894).

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 December 31, 2021, is as follows:

	Year ending December 31,						Total
	2022	2023	2024	2025	2026	Thereafter	
Future minimum rental income	\$ 275,110	\$ 262,251	\$ 251,029	\$ 234,868	\$ 221,145	\$ 1,546,288	\$ 2,790,691

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.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

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

(a) General and administrative expenses

	Year ended	
	December 31, 2021	December 31, 2020
Salaries and benefits	\$ 19,178	\$ 14,774
Professional and public company costs	3,582	3,292
Occupancy and other	2,724	2,468
	\$ 25,484	\$ 20,534

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

	Year ended	
	December 31, 2021	December 31, 2020
Deferred Unit ("DU") Plan	\$ (2,972)	\$ 805

15) FINANCE COSTS - OPERATIONS

	Year ended	
	December 31, 2021	December 31, 2020
Fixed rate mortgages	\$ 50,969	\$ 50,540
Floating rate term, revolving, and demand facilities	2,347	3,791
Capitalized interest	(3,593)	(5,331)
Senior unsecured notes	41,557	41,333
Interest income on finance lease receivable	(548)	(387)
Interest on lease liability	2,056	1,862
Finance costs - operations, expense	92,788	91,808
Amortization of fair value debt adjustment and accretion income	294	312
Change in accrued finance costs	(1,241)	(1,097)
Amortization of effective swap agreements	—	(510)
Capitalized interest ⁽¹⁾	3,593	5,331
Amortization of issue premium on senior unsecured notes	110	517
Amortization of deferred financing charges	(3,067)	(3,006)
Finance costs - operations, paid	\$ 92,477	\$ 93,355

⁽¹⁾ As at December 31, 2021, interest was capitalized to qualifying development projects based on a weighted average interest rate of 3.36% (December 31, 2020 - 3.47%).

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

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, 2021	93,533,246	\$ 1,100,999	64,724,915	\$ 759,238	158,258,161	\$ 1,860,237
Net change in EUPP loans receivable	—	35	—	—	—	35
Units issued under DRIP	301,418	5,217	213,577	3,697	514,995	8,914
Units issued under Unit-based compensation plan	4,817	70	—	—	4,817	70
Units issued (proceeds are net of issue costs)	3,525,000	55,801	2,500,000	41,424	6,025,000	97,225
Balance, December 31, 2021	97,364,481	\$ 1,162,122	67,438,492	\$ 804,359	164,802,973	\$ 1,966,481

	Crombie REIT Units		Class B LP Units and attached Special Voting Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2020	89,697,623	\$ 1,042,696	62,045,732	\$ 716,628	151,743,355	\$ 1,759,324
Net change in EUPP loans receivable	—	39	—	—	—	39
Units issued under DRIP	120,533	1,671	85,433	1,185	205,966	2,856
Units issued under Unit-based compensation plan	58,090	745	—	—	58,090	745
Units issued (proceeds are net of issue costs)	3,657,000	55,848	2,593,750	41,425	6,250,750	97,273
Balance, December 31, 2020	93,533,246	\$ 1,100,999	64,724,915	\$ 759,238	158,258,161	\$ 1,860,237

Crombie REIT Units

Crombie is authorized to issue an unlimited number of REIT Units and an unlimited number of SVU and Class B LP Units. Issued and outstanding REIT Units may be subdivided or consolidated from time to time by the Trustees without the approval of the Unitholders. REIT Units are redeemable at any time on demand by the holders at a price per REIT Unit equal to the lesser of: (i) 90% of the weighted average price per Crombie REIT Unit during the period of the last ten days during which Crombie's REIT Units traded; and (ii) an amount equal to the price of Crombie's REIT Units on the date of redemption, as defined in the Declaration of Trust.

The aggregate redemption price payable by Crombie in respect of any REIT Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment in Canadian dollars within 30 days after the end of the calendar month in which the REIT Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their REIT Units is subject to the limitation that:

- (i) the total amount payable by Crombie in respect of such REIT Units and all other REIT Units tendered for redemption, in the same calendar month must not exceed \$50 (provided that such limitation may be waived at the discretion of the Trustees);
- (ii) at the time such REIT Units are tendered for redemption, the outstanding REIT Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the REIT Units; and
- (iii) the normal trading of REIT Units is not suspended or halted on any stock exchange on which the REIT Units are listed (or if not listed on a stock exchange, in any market where the REIT Units are quoted for trading) on the redemption date or for more than five trading days during the 10 day trading period commencing immediately after the redemption date.

On May 19, 2021, Crombie closed a public offering, on a bought deal basis, of 3,525,000 Units, at a price of \$16.60 per Unit for proceeds of \$55,801 net of issue costs.

On February 11, 2020, Crombie closed on a public offering, on a bought deal basis, of 3,657,000 Units, at a price of \$16.00 per Unit for proceeds of \$55,848 net of issue costs.

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

The Declaration of Trust and the Exchange Agreement provide for the issuance of SVUs to the holders of Class B LP Units used solely for providing voting rights proportionate to the votes of Crombie's REIT Units. The SVUs are not transferable separately from the Class B LP Units to which they are attached and will be automatically transferred upon the transfer of such Class B LP Unit. If the Class B LP Units are exchanged in accordance with the Exchange Agreement, a like number of SVUs will be redeemed and cancelled for no consideration by Crombie.

The Class B LP Units issued by a subsidiary of Crombie to ECL Developments Limited ("ECLD") are indirectly exchangeable on a one-for-one basis for Crombie's REIT Units at the option of the holder, under the terms of the Exchange Agreement.

Each Class B LP Unit entitles the holder to receive distributions from Crombie, pro rata with distributions made by Crombie on REIT Units.

On May 19, 2021, concurrent with the issue of the REIT Units, in satisfaction of its pre-emptive right, ECL Developments purchased 2,500,000 Class B LP Units and the attached SVUs at a price of \$16.60 per Class B LP Unit for proceeds of \$41,424 net of issue costs, on a private placement basis.

On February 11, 2020, concurrent with the issue of the REIT Units, in satisfaction of its pre-emptive right, ECL Developments purchased 2,593,750 Class B LP Units and the attached SVUs at a price of \$16.00 per Class B LP for proceeds of \$41,425 net of issue costs, on a private placement basis.

Employee Unit Purchase Plan ("EUPP")

Crombie previously provided for REIT Unit purchase entitlements under the EUPP for certain senior executives. As at December 31, 2014, the EUPP was replaced with an RU Plan with a specific vesting period and no employee loans.

As at December 31, 2021, there are loans receivable from executives of \$1,172 under Crombie's EUPP, representing 78,697 REIT Units, which are classified as a reduction to net assets attributable to Unitholders. The loans are being repaid through the application of the after-tax amounts of all distributions received on the REIT Units, as payments on interest and principal. The loans are required to be repaid by December 31, 2022. Loan repayments will result in a corresponding increase to net assets attributable to Unitholders. Market value of the REIT Units held as collateral at December 31, 2021 was \$1,465.

Distribution Reinvestment Plan ("DRIP")

Crombie has a DRIP whereby Canadian resident REIT Unitholders may elect to automatically have their distributions reinvested in additional REIT units. Units issued under the DRIP will be issued directly from the treasury of Crombie REIT at a price equal to 97% of the volume-weighted average trading price of the REIT units on the TSX for the five trading days immediately preceding the relevant distribution payment date, which is typically on or about the 15th day of the month following the declaration. Crombie recognizes the net proceeds in Net assets attributable to Unitholders.

17) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Year ended	
	December 31, 2021	December 31, 2020
Items not affecting operating cash:		
Straight-line rent recognition	\$ (9,486)	\$ (9,112)
Amortization of tenant incentives	19,811	17,849
Gain on disposal of investment properties	(56,525)	(3,335)
Gain from equity accounted investments	(15,525)	—
Impairment of investment properties	2,539	6,600
Depreciation and amortization	75,763	75,567
Amortization of effective swap agreements and issue premium	(110)	(7)
Loss from equity accounted investments	2,941	72
Income tax expense	165	7
Non-cash lease termination income	(653)	(405)
Change in fair value of financial instruments	2,972	(805)
	\$ 21,892	\$ 86,431

b) Change in other non-cash operating items

	Year ended	
	December 31, 2021	December 31, 2020
Cash provided by (used in):		
Trade receivables	\$ 9,815	\$ (13,579)
Prepaid expenses and deposits and other assets	(3,063)	(3,514)
Payables and other liabilities	23,690	1,193
	\$ 30,442	\$ (15,900)

c) Items not affecting financing cash

	Year ended	
	December 31, 2021	December 31, 2020
Amortization of financing charges	\$ 3,067	\$ 3,006
Non-cash distributions to Unitholders in the form of DRIP Units	8,914	2,856
	\$ 11,981	\$ 5,862

d) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Restricted cash ⁽¹⁾	\$ 3,915	\$ 63,293

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

18) RELATED PARTY TRANSACTIONS

As at December 31, 2021, Empire, through its wholly-owned subsidiary ECLD, holds a 41.5% indirect interest in Crombie. Related party transactions primarily include transactions with entities associated with Crombie through Empire's indirect interest. Related party transactions also include transactions with joint venture entities in which Crombie has a 50% interest, as well as transactions with key management personnel and post-employment benefit plans.

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

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

	Year ended	
	December 31, 2021	December 31, 2020
Property revenue		
Property revenue	\$ 209,684	\$ 191,362 ⁽¹⁾
Head lease income	\$ 1,001	\$ 1,162
Lease termination income	\$ 136	\$ 136
Property operating expenses	\$ (96)	\$ (58)
General and administrative expenses		
Property management services recovered	\$ 483	\$ 594
Other general and administrative expenses	\$ (265)	\$ (258)
Finance costs - operations		
Interest rate subsidy	\$ 230	\$ 256
Finance costs - distributions to Unitholders	\$ (59,952)	\$ (58,194)

⁽¹⁾ Related party property revenue for the year ended December 31, 2020 updated from previously reported figure.

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

During the year ended December 31, 2021, Crombie issued 213,577 (December 31, 2020 - 85,433) Class B LP Units to ECLD under the DRIP (Note 16).

During the year ended December 31, 2021, Crombie purchased six properties from a subsidiary of Empire for a total purchase price of \$42,912 before transaction costs.

During the year ended December 31, 2021, Crombie invested \$34,119 (December 31, 2020 - \$40,554) in properties anchored by subsidiaries of Empire, which resulted in amended lease terms. These amounts have been included in tenant incentive additions or income property additions depending on the nature of the work completed. The costs are being amortized over the amended lease terms or the useful life of the projects, as applicable.

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

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

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Crombie. The following are considered to be Crombie's key management personnel: the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and the two other highest compensated executives.

The remuneration of members of key management during the year was approximately as follows:

	Year ended	
	December 31, 2021	December 31, 2020
Salary, bonus, and other short-term employee benefits	\$ 6,651	\$ 6,145
Total compensation paid to Trustees	963	865
Other long-term benefits	128	122
	\$ 7,742	\$ 7,132

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 year ended December 31, 2021.

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

	December 31, 2021		December 31, 2020	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Accounts receivable ⁽¹⁾	\$ 27,737	\$ 27,751	\$ 25,042	\$ 25,051
Financial liabilities				
Investment property debt	\$ 1,177,814	\$ 1,103,019	\$ 1,427,367	\$ 1,336,560
Senior unsecured notes	1,157,820	1,125,000	1,206,285	1,125,000
Total other financial liabilities	\$ 2,335,634	\$ 2,228,019	\$ 2,633,652	\$ 2,461,560

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

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

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

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

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

b) Risk Management

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. 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 NOI adjustments are taken for all anticipated collectability risks.

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

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

- Crombie's largest tenant, Empire (including Sobeys and all other subsidiaries of Empire), represents 56.7% of annual minimum rent; no other tenant accounts for more than 2.6% of Crombie's minimum rent.
- Total property revenue includes operating and realty tax cost recovery income and percentage rent. These amounts can vary by property type, specific tenant leases and where tenants may directly incur and pay operating and realty tax costs. For the year ended December 31, 2021, Empire (including Sobeys and all other subsidiaries of Empire) represents 51.3% of total property revenue. Excluding these tenants, no other tenant accounts for more than 3.2% of Crombie's total property revenue.
- Over the next five years, leases on no more than 7.1% 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; however, historically low receivable balances have increased significantly over the past few years as a result of the impacts of the COVID-19 pandemic. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoiced, and in general, balances over 30 days are considered past due. The total provision for doubtful accounts is reviewed at each balance sheet date and current and long-term accounts receivable are reviewed on a regular basis.

	Year ended	
	December 31, 2021	December 31, 2020
Provision for doubtful accounts, beginning of year	\$ 7,955	\$ 340
Additional provision	3,622	8,751
Recoveries	(3,498)	(749)
Write-offs	(5,048)	(387)
Provision for doubtful accounts, end of year	\$ 3,031	\$ 7,955

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

Due to the impacts of COVID-19 the degree of uncertainty in Crombie's assessment of expected credit losses remains elevated. During the year ended December 31, 2021, Crombie has recorded a bad debt expense of \$811.

Interest Rate Risk

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

As at December 31, 2021

- Crombie's weighted average term to maturity of its fixed rate mortgages was 4.9 years.
- Crombie's weighted average term to maturity of its unsecured notes was 5.4 years.
- Crombie has a floating rate revolving credit facility available to a maximum of \$400,000 subject to available borrowing base, with a balance of \$9,220 at December 31, 2021; and
- Crombie has an unsecured bilateral credit facility available to a maximum of \$130,000 with a balance of \$10,000 at December 31, 2021.

Crombie has interest rate swap agreements in place on \$109,535 of floating rate mortgage debt.

A fluctuation in interest rates would have had an impact on Crombie's operating income related to the use of floating rate debt. The following table looks at the impacts of selected interest rate moves on operating income:

	Year ended December 31, 2021	
	Decrease in rate	Increase in rate
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility		
Impact of a 0.5% interest rate change	\$ 398	\$ (398)
Impact of a 1.0% interest rate change	\$ 795	\$ (795)

Liquidity Risk

The real estate industry is highly capital intensive. Liquidity risk is the risk that Crombie may not have access to sufficient debt and equity capital to fund its growth program, refinance debt obligations as they mature, or meet its ongoing obligations as they arise. Cash flow generated from operating the property portfolio represents the primary source of liquidity used to service the interest on debt, fund general and administrative expenses, reinvest in the portfolio through capital expenditures, as well as fund tenant incentive costs and make distributions to Unitholders. Debt repayment requirements are primarily funded from refinancing Crombie's maturing debt obligations. Property acquisition funding requirements are funded through a combination of accessing the debt and equity capital markets and recycling capital from property dispositions.

There is a risk that the debt capital markets may not refinance maturing fixed rate and floating rate debt on terms and conditions acceptable to Crombie or at any terms at all. Crombie seeks to mitigate this risk by staggering its debt maturity dates. There is also a risk that the equity capital markets may not be receptive to a REIT Unit offering issuance from Crombie with financial terms acceptable to Crombie. Subsequent to December 31, 2021, Crombie closed on a public offering for proceeds of \$200,000 (see Note 23(g)). Crombie mitigates its exposure to liquidity risk utilizing a conservative approach to capital management (see Note 20). Access to the \$400,000 revolving credit facility is limited by the amount utilized under the facility and the amount of any outstanding letters of credit, and cannot exceed the borrowing base security provided by Crombie. As of December 31, 2021, \$387,777 was available on this facility.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

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

Twelve months ending December 31,							
	Contractual Cash Flows ⁽¹⁾	2022	2023	2024	2025	2026	Thereafter
Fixed rate mortgages ⁽²⁾	\$ 1,244,565	\$ 213,880	\$ 290,512	\$ 265,655	\$ 61,102	\$ 39,096	\$ 374,320
Senior unsecured notes	1,335,356	190,599	35,176	35,176	202,476	224,220	647,709
Trade and other payables	147,096	123,258	4,451	2,988	1,609	1,609	13,181
Lease liabilities	154,240	3,007	2,937	2,807	2,758	2,639	140,092
	2,881,257	530,744	333,076	306,626	267,945	267,564	1,175,302
Credit facilities	31,050	836	10,679	10,227	9,308	—	—
Total	\$ 2,912,307	\$ 531,580	\$ 343,755	\$ 316,853	\$ 277,253	\$ 267,564	\$ 1,175,302

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

⁽²⁾ Reduced by the interest rate subsidy payments to be received from Empire.

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:

	December 31, 2021	December 31, 2020
Fixed rate mortgages	\$ 1,067,859	\$ 1,267,044
Credit facilities	29,124	62,256
Senior unsecured notes	1,121,267	1,121,398
Crombie REIT Unitholders	950,271	881,511
SVU and Class B LP Unitholders ⁽¹⁾	647,221	596,795
Lease liabilities	35,352	29,914
	\$ 3,851,094	\$ 3,958,918

⁽¹⁾ Crombie REIT Special Voting Units ("SVU") and Class B LP Units

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

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

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

	December 31, 2021	December 31, 2020
Fixed rate mortgages	\$ 1,073,895	\$ 1,274,304
Senior unsecured notes	1,125,000	1,125,000
Revolving credit facility	9,220	17,712
Joint operation credit facilities	9,904	9,544
Bilateral credit facility	10,000	35,000
Lease liabilities	35,352	29,914
Total debt outstanding	2,263,371	2,491,474
Less: Applicable fair value debt adjustment	(53)	(283)
Debt	\$ 2,263,318	\$ 2,491,191
Income properties, cost ⁽¹⁾	\$ 4,116,843	\$ 4,146,652
Properties under development, cost	109,787	63,377
Below-market lease component, cost ⁽²⁾	63,753	64,873
Investment in joint ventures	44,210	51,043
Other assets, cost ⁽³⁾	524,270	463,699
Cash and cash equivalents	3,915	63,293
Deferred financing charges	9,769	10,972
Investment properties held for sale, cost	—	33,263
Interest rate subsidy	(53)	(283)
Gross book value	\$ 4,872,494	\$ 4,896,889
Debt to gross book value - cost basis	46.5 %	50.9 %

⁽¹⁾ Includes impairments on land of \$6,957 (December 31, 2020 - \$5,657).

⁽²⁾ Below-market lease component is included in the carrying value of investment properties.

⁽³⁾ Excludes accumulated amortization of tenant incentives and other fixed assets.

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 December 31, 2021, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Consolidated Financial Statements
(In thousands of CAD dollars)
December 31, 2021

21) LEASE LIABILITIES

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

	Twelve months ending December 31,						
	Total	2022	2023	2024	2025	2026	Thereafter
Future minimum lease payments	\$ 154,240	\$ 3,007	\$ 2,937	\$ 2,807	\$ 2,758	\$ 2,639	\$ 140,092
Finance charges	(118,888)	(2,075)	(2,049)	(2,027)	(2,008)	(1,991)	(108,738)
Present value of lease payments	<u>\$ 35,352</u>	<u>\$ 932</u>	<u>\$ 888</u>	<u>\$ 780</u>	<u>\$ 750</u>	<u>\$ 648</u>	<u>\$ 31,354</u>

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

	December 31, 2021	December 31, 2020
Non-current	\$ 34,420	\$ 29,242
Current	932	672
Total	<u>\$ 35,352</u>	<u>\$ 29,914</u>

Some of Crombie's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the consolidated statements of comprehensive income as required when contingent criteria are met. The lease agreements contain renewal options and purchase options. For the year ended December 31, 2021, minimum lease payments of \$2,901 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 letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at December 31, 2021, Crombie has a total of \$3,003 in outstanding letters of credit related to:

	December 31, 2021	December 31, 2020
Construction work being performed on investment properties	\$ 3,003	\$ 3,740
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	—	1,840
Total outstanding letters of credit	<u>\$ 3,003</u>	<u>\$ 5,580</u>

As at December 31, 2021, Crombie had signed construction contracts totalling \$359,285 of which \$264,927 has been paid. This includes contracts signed within joint ventures at Crombie's ownership percentage.

Crombie has 100% guarantees on mortgages related to properties in which it has less than a 100% interest. The mortgages payable related to these guarantees are secured by specific charges against the properties. As at December 31, 2021, Crombie has provided guarantees of approximately \$128,973 (December 31, 2020 - \$140,577) on mortgages in excess of their ownership interest in the properties. Responsibility for ongoing payments of principal and interest on these mortgages remains with the joint owners of the properties. The mortgages have a weighted average term to maturity of 3.0 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.

As at December 31, 2021, Crombie has committed to contributing \$2,120 to 1700 East Broadway Limited Partnership as part of the ongoing predevelopment work in the joint venture.

23) SUBSEQUENT EVENTS

- (a) On January 6, 2022, Crombie acquired a 100% interest in a retail property from a subsidiary of Empire totalling 31,000 square feet for \$3,300, excluding closing and transaction costs.
- (b) On January 7, 2022, Crombie acquired a 100% interest in a retail property from a subsidiary of Empire totalling 44,000 square feet for \$2,567, excluding closing and transaction costs.
- (c) On January 14, 2022, Crombie declared distributions of 7.417 cents per Unit for the period from January 1, 2022 to and including January 31, 2022. The distributions were paid on February 15, 2022, to Unitholders of record as of January 31, 2022.
- (d) On January 25, 2022, Crombie acquired the remaining 50% interest in a retail-related industrial property from a subsidiary of Empire totalling 235,000 square feet for \$38,050, excluding closing and transaction costs.
- (e) On January 27, 2022, Crombie acquired a 100% interest in five retail properties from a subsidiary of Empire totalling 184,000 square feet for \$34,035, excluding closing and transaction costs.
- (f) On January 28, 2022, Crombie acquired a 100% interest in one retail property totalling 31,000 square feet for \$2,000, excluding closing and transaction costs.
- (g) On January 31, 2022, Crombie closed on an offering, on a bought deal basis, of \$117,000 of Units at a price of \$17.45 per Unit to a syndicate of underwriters co-led by Scotiabank and BMO Capital Markets. In addition, a subsidiary of Empire purchased, on a private placement basis, \$83,000 of Class B LP Units of a subsidiary of Crombie, together with the attached Special Voting Units of Crombie, at a price per Class B Unit. After the closing of the public offering and the private placement, Empire continues to hold a 41.5% economic and voting interest in Crombie.
- (h) On February 15, 2022, Crombie declared distributions of 7.417 cents per Unit for the period from February 1, 2022 to and including February 28, 2022. The distributions will be paid on March 15, 2022, to Unitholders of record as of February 28, 2022.

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.

25) INDEMNITIES

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.

UNITHOLDERS' INFORMATION

BOARD OF TRUSTEES

J. Michael Knowlton
Independent Trustee and Chair

John Eby
Independent Trustee

Donald E. Clow
Trustee, President and Chief Executive Officer

Paul V. Beesley
Independent Trustee

Jane Craighead
Independent Trustee

James M. Dickson
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Michael Vels
Independent Trustee

Karen Weaver
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J. Michael Knowlton
Chair

Donald E. Clow
President and Chief Executive Officer

Clinton D. Keay
Chief Financial Officer and Secretary

Glenn R. Hynes
Executive Vice President and Chief Operating Officer

Cheryl Fraser
Chief Talent Officer and Vice President Communications

John Barnoski
Executive Vice President Corporate Development

Trevor Lee
Senior Vice President Construction and Development

Arie Bitton
Senior Vice President Leasing and Operations

Fred Santini
General Counsel

CROMBIE REIT

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INVESTOR RELATIONS AND INQUIRIES

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

Clinton D. Keay, CPA, CA
Chief Financial Officer and Secretary
Email: investing@crombie.ca

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

UNIT SYMBOL

REIT Trust Units – CRR.UN

STOCK EXCHANGE LISTING

Toronto Stock Exchange

TRANSFER AGENT

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PricewaterhouseCoopers, LLP
Halifax, Nova Scotia

MULTIPLE MAILINGS

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