



2019
FIRST QUARTER REPORT
Three Months Ended March 31

UNLOCKING
VALUE

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MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND FINANCIAL
CONDITIONS FOR THE QUARTER ENDED
MARCH 31, 2019

Dear Fellow Unitholders:

Crombie's focused strategy is evolving nicely. We are unlocking value from new acquisitions and state-of-the-art developments through our relationship with Sobeys. Our active developments remain on track and on budget. Our balance sheet shows ample liquidity and we are improving portfolio quality by recycling capital out of lower growth and/or non-core assets and into our mixed-use urban development pipeline.

Results and Fundamentals

For the quarter ended March 31, 2019, operating income attributable to Unitholders increased 89.5% to \$48.2 million, funds from operations (FFO)* per unit stayed consistent at \$0.30, while adjusted funds from operations (AFFO)* per unit remained at \$0.26. Operating income attributable to Unitholders growth was driven by net operating income growth, gains on disposal of investment properties and lower depreciation and amortization, offset in part by higher general and administrative expenses. FFO and AFFO were driven by same-asset cash net operating income growth and efficient financing cost control and were impacted by higher general and administrative expenses, dispositions and development spending.

Our core portfolio and underlying business fundamentals remain robust as is evident by our first quarter same-asset cash NOI growth of 3.4% (4.2% including the effects of IFRS 16 "Leases") and occupancy of 95.7%. Our team's entrepreneurial approach to leasing attracted new tenants in all markets.

Sobeys

The grocery industry continues to experience minimal effect from e-commerce (<1% market share) and with Sobeys as our largest tenant, Crombie can achieve long term sustainable net asset value (NAV) and cash flow growth that will stand the test of time. Our relationship with Sobeys gives us the ability to execute expansions, modernizations, and conversions to other formats, while unlocking major developments and land-use intensification projects. It is an important piece of our strategy for us to unlock and create significant value for our Unitholders.

Development

Crombie is acutely focused on driving NAV creation through our development program, one of the best uses of our capital. We have curated a 24-property development pipeline, representing \$3.0 to \$4.6 billion in potential mixed-use development over the next 10 to 15 years. With 24 acres in Vancouver and 13 acres in Toronto (46 acres in VECTOM, Canada's top six urban markets) of underutilized land, there is significant value embedded in our portfolio.

During the quarter we added to this pipeline with the acquisition of a \$32.4 million 20.25-acre site located in Pointe-Claire, Quebec to allow for the development of Empire Company Limited's ("Empire") new state-of-the-art Customer Fulfillment Centre ("CFC"). This 285,000 square foot CFC will be powered by Ocado Group plc's ("Ocado") world-leading online grocery platform, and will become Empire's e-commerce distribution hub for Quebec and the Ottawa area. Crombie will be the owner and developer of the CFC and will work collaboratively with Empire to develop the site. Empire will lease the location from Crombie and Crombie will build the site to Empire's specifications. Empire expects to launch their e-commerce service for Quebec and the Ottawa area in 2021.

At Davie Street, the construction of the two concrete residential towers is approximately 50% complete, signaling Crombie's first major mixed-use project is making an impact on the Vancouver skyline. Phase I of Belmont Market is officially income-producing, with tenant openings continuing throughout the first quarter. The Thrifty's grocery store opened last week and Phase II of development is well underway. At our Montreal project Le Duke, shoring work for the below grade structure is now complete, and excavation at Bronte in Oakville is nearing completion with cranes on site. Occupancy of Avalon Mall's Sears redevelopment is expected to begin in Q3 2019. Leasing activity has commenced including execution of a lease for a new and expanded Winners HomeSense which will be relocating from within the existing mall.

Once complete, these assets will contribute to diversifying our portfolio and income stream, increase our urban exposure and improve our overall portfolio quality.

Funding

Year to date, we have sold \$289 million worth of lower growth and/or non-core assets in aggregate at values in line with IFRS fair values. Our funding strategy is allowing us to redirect capital to higher value Sobeys expansions and mixed-use developments. In 2019 we continued our full or partial interest property disposition strategy highlighting the desirability, quality and value of our portfolio, and demonstrating our attractiveness as a strong managing partner.

Leadership Renewal

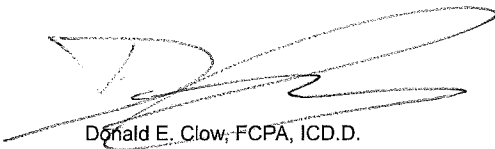
As part of our renewed senior leadership structure, we announced the addition of our new Chief Financial Officer and Secretary, Clinton Keay, earlier in the quarter, who will be joining us next week. Clinton knows our business well, has strong relationships with our strategic partner, Sobeys, possesses very strong leadership and collaboration skills and has a wealth of experience in finance and information technology.

With the successful implementation of our new company-wide Enterprise Risk Management information system, added analytical capacity, advanced systems, and stronger capital allocation skills, tools and talent, I am very confident, and excited about Crombie's future.

Closing

Our team values relationships and is committed to the long term sustainable growth of Crombie and our stakeholders. In 2019, we intend to drive growth through the operation and leasing our properties, maximizing our relationship with Sobeys, consistently executing our development projects, and innovatively securing capital. I have full confidence in our collective ability to continue to unlock value at Crombie for years to come.

Sincerely,



Donald E. Clow, FCPA, ICD.D.

President and Chief Executive Officer

*FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. As such, these non-GAAP financial measures should not be considered as an alternative to cash provided from operating activities or any other measure prescribed under IFRS. Please see the section entitled "FFO and AFFO" starting on page 26 of the attached Management's Discussion and Analysis of financial results for a discussion of these measures and how we calculate them.

INTRODUCTION

(In thousands of CAD dollars, except per unit amounts)

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Crombie Real Estate Investment Trust ("Crombie") for the three months ended March 31, 2019, with a comparison to the financial condition and results of operations for the comparable period in 2018.

This MD&A should be read in conjunction with Crombie's interim condensed consolidated financial statements and accompanying notes for the period ended March 31, 2019, prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. This MD&A should also be read in conjunction with Crombie's audited consolidated financial statements and accompanying notes for the year ended December 31, 2018, which were presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Information about Crombie can be found on SEDAR at www.sedar.com.

Date of MD&A

The information contained in the MD&A, including forward-looking statements, is based on information available to management as of May 8, 2019, except as otherwise noted.

Forward-Looking Information

This MD&A contains forward-looking statements about expected future events and the financial and operating performance of Crombie. These 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 following cautionary statements as well as all cautionary statements included in Crombie's December 31, 2018 MD&A which can be found on SEDAR. Forward-looking statements include:

- (i) 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;
- (ii) statements in the letter to Unitholders and under the heading "Property Development/Redevelopment" including the locations identified, timing, cost, development size and nature, impact on net asset value, cash flow growth, unitholder value or other financial measures, all of which may be impacted by real estate market cycles, future capitalization rates, the availability of financing opportunities and labour, actual development costs and general economic conditions and factors described under the "Property Development/Redevelopment" 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;
- (iii) 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;
- (iv) 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;
- (v) tax exempt status, which can be impacted by regulatory changes enacted by governmental authorities; and,
- (vi) anticipated distributions and payout ratios, which could be impacted by results of operations and capital resource allocation decisions.

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

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

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. These measures are property net operating income ("NOI"), same-asset property cash NOI, operating income attributable to Unitholders, funds from operations ("FFO"), adjusted funds from operations ("AFFO"), adjusted cash flow from operations ("ACFO"), debt to gross book value, earnings before interest, taxes, depreciation and amortization ("EBITDA"), interest service coverage, debt service coverage, debt to EBITDA, unencumbered assets, estimated yield on cost and net asset value ("NAV"). 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.

HIGHLIGHTS

FINANCIAL RESULTS

Crombie's key financial metrics for the three months ended March 31, 2019 are as follows:

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Three months ended March 31,			
	2019	2018	Change	Change (%)
Property revenue	\$ 105,240	\$ 105,705	\$ (465)	(0.4)%
Property operating expenses	32,366	32,904	538	1.6 %
Property NOI	\$ 72,874	\$ 72,801	\$ 73	0.1 %
NOI margin percentage	69.2%	68.9%	0.3 %	—
Increase (decrease) in net assets attributable to Unitholders	\$ 13,821	\$ (7,866)	\$ 21,687	275.7 %
Same-asset property cash NOI	\$ 64,819	\$ 62,236	\$ 2,583	4.2 %
FFO				
Basic	\$ 45,460	\$ 45,864	\$ (404)	(0.9)%
Per unit - Basic	\$ 0.30	\$ 0.30	\$ —	— %
Payout ratio (%)	74.2%	73.3%	(0.9)%	— %
AFFO				
Basic	\$ 38,660	\$ 38,664	\$ (4)	— %
Per unit - Basic	\$ 0.26	\$ 0.26	\$ —	— %
Payout ratio (%)	87.3%	86.9%	(0.4)%	— %

On August 31, 2018, Crombie exercised its right to redeem its 5.25% Series E Convertible Unsecured Subordinated Debentures originally scheduled to mature on March 31, 2021 in accordance with the terms of the supplemental trust indenture. Therefore, there is no dilution on a per unit basis.

Weighted average number of Units outstanding for per unit measures calculations:

	Three months ended March 31,	
	2019	2018
Basic number of Units for all measures	151,474,945	150,837,966
Diluted for operating income attributable to Unitholders purposes	151,606,362	150,969,383

OPERATING RESULTS

	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Number of income-producing properties	285	288	289	290	284
Gross leaseable area	18,604,000	18,896,000	18,759,000	18,778,000	18,858,000
Committed occupancy	95.7 %	96.0%	96.2%	96.1%	95.7%
Economic occupancy	95.0 %	95.3%	95.5%	95.2%	94.9%

	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Investment properties, fair value	\$ 4,755,000	\$ 4,776,000	\$ 4,786,000	\$ 4,862,000	\$ 4,943,000
Unencumbered investment properties ⁽¹⁾	\$ 1,012,707	\$ 998,523	\$ 1,032,113	\$ 1,092,650	\$ 1,008,057
Available liquidity ⁽²⁾	\$ 346,347	\$ 312,459	\$ 337,154	\$ 358,859	\$ 430,120
Debt to gross book value - fair value ⁽⁵⁾	50.3%	51.0%	50.5%	49.9%	49.6%
Weighted average interest rate ⁽³⁾	4.20%	4.20%	4.14%	4.18%	4.20%
Debt to trailing 12 months EBITDA ⁽⁴⁾	8.57x	8.67x	8.57x	8.50x	8.63x
Interest coverage ratio ⁽⁴⁾	2.92x	2.93x	2.97x	2.92x	2.88x

⁽¹⁾ Represents fair value of unencumbered properties.

⁽²⁾ Represents the undrawn portion on the credit facilities.

⁽³⁾ Weighted average interest rate is calculated based on interest rates for all outstanding fixed rate debt.

⁽⁴⁾ See Coverage Ratios section.

⁽⁵⁾ See Debt to Gross Book Value - Fair Value Basis section.

Available liquidity is the net amount available on Crombie's credit facilities, calculated as follows:

	As at				
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Revolving credit facility	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Amount drawn	(107,986)	(108,843)	(54,148)	(32,422)	(11,161)
Outstanding letters of credit	(5,667)	(8,698)	(8,698)	(8,719)	(8,719)
Available liquidity	286,347	282,459	337,154	358,859	380,120
Unsecured bilateral credit facility	100,000	100,000	100,000	100,000	100,000
Amount drawn	(40,000)	(70,000)	(100,000)	(100,000)	(50,000)
Available liquidity	60,000	30,000	—	—	50,000
Total available liquidity	\$ 346,347	\$ 312,459	\$ 337,154	\$ 358,859	\$ 430,120

Business Overview

Crombie is an unincorporated, "open-ended" real estate investment trust (REIT) established pursuant to the Declaration of Trust dated January 1, 2006, as amended and restated (the "Declaration of Trust") under, and governed by, the laws of the Province of Ontario. The REIT Units of Crombie trade on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

Crombie invests in income-producing retail, office and commercial mixed-use properties in Canada, with a growth strategy focused primarily on the acquisition and development of grocery- and drug store-anchored retail properties in Canada's top markets. At March 31, 2019, Crombie owned a portfolio of 285 income-producing properties in 10 provinces, comprising approximately 18.6 million square feet of gross leaseable area ("GLA"). Empire Company Limited ("Empire"), through a subsidiary, holds a 41.5% economic and voting interest in Crombie at March 31, 2019.

Business Objectives and Outlook

Crombie describes its business objectives and outlook in the MD&A for the year ended December 31, 2018.

Business Environment

Crombie describes its business environment in the MD&A for the year ended December 31, 2018.

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Acquisitions and Dispositions

Prices are in thousands of CAD dollars and are stated before transaction and closing costs.

Acquisitions

Date	Property	Location	Vendor	Strategy	Number of properties	Ownership		Price
						Interest	Sq. ft.	
2019 First Quarter								
March 25, 2019	Pointe-Claire, QC	Pointe-Claire, QC	Third Party	Development (PUD)	—	100%	—	\$ 32,439
Total acquisitions in 2019 to the date of the MD&A					—		—	\$ 32,439
2018 First Quarter								
There were no acquisitions during the three months ended March 31, 2018							—	\$ —
2018 Second Quarter								
Sobeys Portfolio								
April 6, 2018	Edson Sobeys	Edson, AB	Empire	Income-producing	1	100%	33,000	5,300
April 6, 2018	Strathmore NE Sobeys	Strathmore, AB	Empire	Income-producing	1	100%	35,000	10,200
April 6, 2018	Hollick Kenyon Sobeys	Edmonton, AB	Empire	Income-producing	1	100%	30,000	11,800
April 6, 2018	Thornbury Foodland	Thornbury, ON	Empire	Income-producing	1	100%	40,000	11,850
April 6, 2018	Gatineau IGA Extra	Gatineau, QC	Empire	Income-producing	1	100%	71,800	15,550
April 6, 2018	Rimouski IGA Extra	Rimouski, QC	Empire	Income-producing	1	100%	52,700	7,900
April 6, 2018	Baie St-Paul IGA	Baie St-Paul, QC	Empire	Income-producing	1	100%	64,600	8,300
April 6, 2018	Saint-Pie Tradition	Saint-Pie, QC	Empire	Income-producing	1	100%	13,800	2,600
April 6, 2018	Havre St-Pierre Tradition	Havre St-Pierre, QC	Empire	Income-producing	1	100%	26,400	5,000
April 6, 2018	Elmwood Alcool NB Liquor/Dollarama ⁽¹⁾	Moncton, NB	Empire	Income-producing	—	100%	20,800	5,170
April 6, 2018	Chateauguay Familiprix ⁽¹⁾	Chateauguay, QC	Empire	Income-producing	—	100%	32,900	4,440
April 6, 2018	Sobeys portfolio total				9		421,000	88,110
June 29, 2018	Victoria Trail	Edmonton, AB	Empire	Income-producing	1	100%	37,000	12,500
							458,000	100,610
2018 Third Quarter								
September 28, 2018	Hemlock Square ⁽¹⁾	Halifax, NS	Empire	Income-producing	—	100%	10,000	3,735
2018 Fourth Quarter								
December 5, 2018	Sorel	Sorel, QC	Third Party	Income-producing	1	100%	40,000	9,300
December 13, 2018	Elbow Drive ⁽²⁾	Calgary, AB	Third Party	Income-producing	—	100%	5,000	5,600
							45,000	14,900
Total acquisitions for the year ended December 31, 2018					11		513,000	\$119,245

⁽¹⁾ Relates to an acquisition of additional development on a pre-existing retail property

⁽²⁾ Acquisition of an add-on parcel to an existing property

Dispositions

Date	Property	Location	Number of properties	Ownership		
				Interest	Sq. ft.	Price
2019 First Quarter						
January 29, 2019	Upper James Square	Hamilton, ON	1	100%	114,000	\$ 35,180
(1) Seven Property Portfolio						
February 5, 2019	8118 & 8130 118 Avenue NW	Edmonton, AB	—	50%	22,000	
February 5, 2019	Forest Hills Parkway	Cole Harbour, NS	—	50%	22,000	
February 5, 2019	Russell Lake	Dartmouth, NS	—	50%	31,000	
February 5, 2019	409 Bayfield Street	Barrie, ON	—	50%	24,000	
February 5, 2019	1 Westminster Avenue North	Montreal, QC	—	50%	10,000	
February 5, 2019	2915 & 2931 13th Avenue	Regina, SK	—	50%	20,000	
February 5, 2019	University Park	Regina, SK	—	50%	19,000	
February 5, 2019	Seven property portfolio total		—		148,000	41,614
February 8, 2019	1110 Gateway Avenue	Canmore, AB	1	100%	50,000	19,925
February 14, 2019	1031 Avenue Victoria	St. Lambert, QC	1	100%	19,000	9,675
Total dispositions in 2019 to the date of the MD&A			3		331,000	\$ 106,394
(1) Represents disposition of 50% interest in a portfolio of seven retail properties. The square footage and price reflect the 50% amounts.						
2018 First Quarter						
February 5, 2018	Whitehorse Plaza	Simcoe, ON	1	100%	92,000	\$ 15,000
February 20, 2018	Perth Mews	Perth, ON	1	100%	103,000	20,627
March 6, 2018	Belmont Market land	Langford, BC	—	100%	—	5,725
					195,000	41,352
2018 Second Quarter						
April 19, 2018	Red Deer Cineplex	Red Deer, AB	1	100%	40,000	14,000
May 11, 2018	10 Alkenbrack St	Napanee, ON	1	100%	25,000	9,000
Northam portfolio ⁽²⁾						
May 11, 2018	16th Ave Safeway	Calgary, AB	—	50%	21,000	
May 11, 2018	Ancaster Sobeys	Ancaster, ON	—	50%	33,000	
May 11, 2018	Brampton Plaza	Brampton, ON	—	50%	38,000	
May 11, 2018	Danforth	Scarborough, ON	—	50%	3,000	
May 11, 2018	Marpole Safeway	Vancouver, BC	—	50%	24,000	
May 11, 2018	McKenzie Town Dr Shoppers	Calgary, AB	—	50%	9,000	
May 11, 2018	Millwoods Common	Edmonton, AB	—	50%	29,000	
May 11, 2018	Nottingham	Sherwood Park, AB	—	50%	23,000	
May 11, 2018	Southbrook	Edmonton, AB	—	50%	23,000	
May 11, 2018	Northam portfolio total		—		203,000	77,929
June 18, 2018	Park Lane	Halifax, NS	1	100%	273,000	51,250
					541,000	152,179
2018 Fourth Quarter						
December 18, 2018	Southdale	London, ON	1	100%	17,000	5,400
December 18, 2018	Eglinton Ave	Toronto, ON	1	100%	17,000	15,500
December 18, 2018	Montrose Road	Niagara Falls, ON	1	100%	17,000	5,700
					51,000	26,600
					787,000	220,131
2018 Third Quarter						
August 16, 2018	Bronte Village ⁽³⁾	Oakville, ON	1	100%	30,000	39,682
Total dispositions for the year ended December 31, 2018			9		817,000	\$ 259,813

⁽²⁾ Represents disposition of 50% interest in a portfolio of nine retail properties. The square footage and price reflect the 50% amounts.

⁽³⁾ Represents disposition of property to a joint venture in which Crombie holds an interest.

Overview of the Property Portfolio

At March 31, 2019, Crombie's property portfolio consisted of 285 income-producing properties that contain approximately 18.6 million square feet of GLA in all 10 provinces.

As at March 31, 2019, the portfolio distribution of the GLA by province was as follows:

Province	GLA (sq. ft.)				Number of Income- Producing Properties	% of GLA	% of Annual Minimum Rent
	January 1, 2019	Acquisitions (Dispositions)	Other	March 31, 2019			
AB	3,428,000	(72,000)	—	3,356,000	58	18.0%	20.7%
BC	1,829,000	—	19,000	1,848,000	42	9.9%	12.3%
MB	644,000	—	—	644,000	15	3.5%	4.3%
NB	1,570,000	—	—	1,570,000	20	8.4%	6.2%
NL	1,203,000	—	—	1,203,000	13	6.5%	9.4%
NS	5,006,000	(53,000)	5,000	4,958,000	41	26.7%	20.5%
ON	2,487,000	(138,000)	14,000	2,363,000	43	12.7%	13.5%
PE	124,000	—	—	124,000	2	0.7%	0.7%
QC	2,151,000	(29,000)	1,000	2,123,000	43	11.4%	10.2%
SK	454,000	(39,000)	—	415,000	8	2.2%	2.2%
Total	18,896,000	(331,000)	39,000	18,604,000	285	100.0%	100.0%

During the three months ended March 31, 2019, Crombie had a net decrease of 331,000 square feet of GLA from acquisition and disposition activity consisting of:

- Alberta - disposition of 50% interest in one retail property representing 22,000 square feet and 100% interest in one retail property totalling 50,000 square feet;
- Nova Scotia - disposition of 50% interest in two retail properties totalling 53,000 square feet;
- Ontario - disposition of 50% interest in one retail property representing 24,000 square feet and 100% interest in one retail property totalling 114,000 square feet;
- Quebec - disposition of 50% interest in one retail property representing 10,000 square feet and 100% interest in one retail property totalling 19,000 square feet; and,
- Saskatchewan - disposition of 50% interest in two retail properties totalling 39,000 square feet.

Changes in GLA included in Other in the above table include increases for additions to GLA on existing properties.

As at March 31, 2019, our allocation of Annual Minimum Rent consists of: Atlantic Canada 36.8%; Central Canada 23.7%; and Western Canada 39.5%. Crombie believes this diversification adds stability to the portfolio while reducing vulnerability to economic fluctuations that may affect any particular region.

Property Categorization

As at March 31, 2019:

	Crombie Owned Properties			Additional Properties in Joint Ventures ("JV")	Total
	Income- Producing Properties	Properties Under Development ("PUD")	Sub-total		
Same-asset	267	—	267	—	267
Non Same-Asset					
Acquisitions - 2019	—	1	1		1
Acquisitions - 2018	11	—	11		11
Other ⁽¹⁾	4	3	7	1	8
Active Major Development ⁽²⁾	3	—	3	2	5
Total Non Same-asset	18	4	22	3	25
Total	285	4	289	3	292

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

⁽²⁾ Active Major Development includes:
 Davie Street Retail
 Avalon Mall Retail
 Belmont Market Retail and Office
 JV - Davie Street Residential (not currently counted as a separate property)
 - Le Duke
 - Bronte Village

Davie Street is being developed as both a commercial (Crombie owned) and residential (JV owned) development. Currently, there is one title and, as such, this is counted as one property above within Crombie owned Active Major Development. Upon reaching a specific milestone in the development, this will be treated as two properties, one Crombie owned and a separate property within the JV.

During the first quarter:

- An increase in PUD Acquisition - 2019 due to the acquisition of a property designated for development in Pointe-Claire, Quebec.

Portfolio Occupancy and Lease Activity

The portfolio occupancy and committed activity for the three months ended March 31, 2019 were as follows:

Province	Occupied space (sq. ft.)					March 31, 2019	Economic Occupancy %	Committed Space (sq. ft.) ⁽³⁾	Total Leased Space (sq. ft.)	Leased March 31, 2019
	January 1, 2019	Acquisitions (Dispositions)	New Leases ⁽¹⁾	Lease Expiries	Other Changes ⁽²⁾					
AB	3,418,000	(72,000)	—	(1,000)	—	3,345,000	99.7%	—	3,345,000	99.7%
BC	1,805,000	—	12,000	—	—	1,817,000	98.3%	24,000	1,841,000	99.6%
MB	640,000	—	—	—	—	640,000	99.4%	—	640,000	99.4%
NB	1,401,000	—	3,000	(12,000)	—	1,392,000	88.7%	26,000	1,418,000	90.3%
NL	1,159,000	—	11,000	—	(17,000)	1,153,000	95.9%	24,000	1,177,000	97.9%
NS	4,532,000	(53,000)	6,000	(7,000)	(1,000)	4,477,000	90.3%	25,000	4,502,000	90.8%
ON	2,383,000	(138,000)	1,000	(8,000)	8,000	2,246,000	95.1%	24,000	2,270,000	96.1%
PE	124,000	—	—	—	—	124,000	100.0%	—	124,000	100.0%
QC	2,117,000	(29,000)	—	—	1,000	2,089,000	98.4%	—	2,089,000	98.4%
SK	438,000	(39,000)	—	—	(5,000)	394,000	95.0%	—	394,000	95.0%
Total	18,017,000	(331,000)	33,000	(28,000)	(14,000)	17,677,000	95.0%	123,000	17,800,000	95.7%

⁽¹⁾ New leases include new leases 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 potential pending overall vacant space. Committed space decreased to 123,000 square feet at March 31, 2019, from 124,000 square feet at December 31, 2018.

Overall leased space (occupied plus committed) decreased from 96.0% at December 31, 2018 to 95.7% at March 31, 2019. During 2019, Crombie had a decrease from dispositions of 331,000 square feet and had new leases outpace lease expiries by 5,000 square feet.

New leases increased occupancy by 33,000 square feet at March 31, 2019 at an average first year rate of \$24.21 per square foot. 123,000 square feet of space was committed at March 31, 2019 at an average first year rate of \$18.47 per square foot.

For 2019, renewal activity was as follows:

	YTD		
	Square Feet	Rate PSF	Growth %
2019 Renewals	145,000 \$	16.53	0.6 %
Future Year Renewals	38,000	19.73	(2.8)%
Total	183,000 \$	17.19	(0.2)%

Crombie's renewal activity included renewals on 183,000 square feet with a decrease of 0.2% over expiring rate. 2019 renewals were impacted by renewals on two commercial mixed-use leases at lower rent. Retail renewals of 53,000 square feet on the quarter reflected an increase of 5.6%.

Sector Information

While Crombie does not distinguish or group its operations on a geographical or other basis, the following sector information is provided as supplemental disclosure.

As at March 31, 2019, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Income-Producing Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Leased ⁽¹⁾
Retail and Commercial Mixed-use	280	17,604,000	94.6%	96.1%	96.1%
Office	5	1,000,000	5.4%	3.9%	87.6%
Total	285	18,604,000	100.0%	100.0%	95.7%

⁽¹⁾ For purposes of calculating leased percentage, Crombie considers GLA covered by head lease agreements as occupied.

As at March 31, 2018, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Income-Producing Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Leased ⁽¹⁾
Retail and Commercial Mixed-use	279	17,859,000	94.7%	96.3%	96.3%
Office	5	999,000	5.3%	3.7%	86.2%
Total	284	18,858,000	100.0%	100.0%	95.7%

⁽¹⁾ For purposes of calculating leased percentage, Crombie considers GLA covered by head lease agreements as occupied.

Retail and commercial mixed-use properties represent 94.6% of Crombie's GLA and 96.1% of annual minimum rent at March 31, 2019 compared to 94.7% of GLA and 96.3% of annual minimum rent at March 31, 2018.

Leased space in retail and commercial mixed-use properties of 96.1% at March 31, 2019, decreased from 96.3% at March 31, 2018. Leased space in office properties of 87.6% increased from 86.2% at March 31, 2018.

Lease Maturities

The following table sets out, as of March 31, 2019, the number of leases maturing during the periods indicated (assuming tenants do not holdover on a month-to-month basis or exercise renewal options or termination rights), 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	Renewal Area (sq. ft.)	% of Total GLA	Average Rent per sq. ft. at Expiry
2019	181	943,000	5.1%	\$ 15.72
2020	166	626,000	3.4%	19.52
2021	160	812,000	4.4%	17.39
2022	172	781,000	4.2%	19.36
2023	140	690,000	3.7%	18.99
Thereafter	687	13,948,000	74.9%	18.50
Total	1,506	17,800,000	95.7%	\$ 18.39

Largest Tenants

The following table illustrates the 20 largest tenants in Crombie's portfolio of income-producing properties as measured by their percentage contribution to total annual minimum rent as at March 31, 2019.

Tenant	% of Annual Minimum Rent	Average Remaining Lease Term	DBRS Credit Rating
1. Sobeys ⁽¹⁾	57.0%	13.4 years	BB (high)
2. Shoppers Drug Mart	4.2%	9.5 years	BBB
3. Province of Nova Scotia	1.4%	2.6 years	A (high)
4. Dollarama	1.2%	6.3 years	BBB
5. Government of Canada	1.1%	3.0 years	AAA
6. CIBC	1.1%	12.4 years	AA
7. Bank of Nova Scotia	1.1%	3.4 years	AA
8. GoodLife Fitness	1.0%	8.9 years	
9. Bank of Montreal	1.0%	8.4 years	AA
10. Canadian Tire Corporation	0.9%	4.2 years	BBB (high)
11. Cineplex	0.8%	9.4 years	
12. Restaurant Brands International	0.6%	6.1 years	
13. Bell Canada	0.6%	5.9 years	BBB (high)
14. Metro	0.6%	8.4 years	BBB
15. Royal Bank of Canada	0.5%	2.8 years	AA
16. SAQ/Province of Quebec	0.5%	5.1 years	A (high)
17. Leon's Furniture	0.5%	6.8 years	
18. Giant Tiger	0.4%	4.9 years	
19. Staples	0.4%	3.3 years	
20. Halifax Regional Municipality (HRM)	0.4%	2.1 years	
Total	75.3%		

⁽¹⁾ Includes all subsidiaries under Empire Company Limited.

Crombie's portfolio is leased to a wide variety of tenants. The above table is based on the tenant's percentage of annual minimum rent and, other than Sobeys which accounts for 57.0% of annual minimum rent and Shoppers Drug Mart which accounts for 4.2% of annual minimum rent, no other tenant accounts for more than 1.4% of Crombie's annual minimum rent.

For the three months ended March 31, 2019, Sobeys also represents 49.6% 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 10.4 years. This remaining lease term is influenced by the average Sobeys remaining lease term of 13.4 years.

Property Development/Redevelopment ("Development")

Property Development is a strategic priority for Crombie to improve net asset value ("NAV"), cash flow growth and Unitholder value. With urban intensification an important reality across the country, Crombie is focused on evaluating and undertaking major developments at certain properties, where incremental costs to develop are greater than \$50 million and where Development may include a combination of commercial and / or residential uses ("Major Developments").

Crombie believes in the potential to unlock significant value within its current pipeline of 24 Major Development properties (five Active Major Developments and 19 Potential Major Developments) over the next decade or longer. Crombie benefits from having solid income (FFO and AFFO) generated by these properties while working through the various approvals and advance preparations required before each Major Development can commence. In aggregate, Crombie currently achieves an in-place NOI yield of approximately 5.2% on existing asset cost for our development pipeline properties.

Crombie enjoys value from our strategic relationship with Sobeys. Many of our Major Development properties have Sobeys as an anchor tenant and we believe our strategic relationship can assist with the transition from existing property / store operations to construction / development of each of these sites on mutually agreeable terms.

Our Major Developments will be planned and executed either alone, or with partners, to complete development of mixed-use properties with a focus on grocery-anchored retail and primarily purpose built residential rental accommodations that provide both revenue diversification and

growth to Crombie. We view this approach as the optimal way to drive both NAV and AFFO growth. In certain cases, residential condominium uses will also be considered, as will certain other uses, to satisfy municipal and/or market requirements. 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.

Our range of options enables us, on a case by case basis, to make choices that optimize Unitholder value. In today's environment where NOI yield on cost for Major Development projects are projected to be in the 5% - 6% range and where exit cap rates in markets like Vancouver and Toronto (where Crombie has 12 Major Development properties) are in a current approximate range of 3% - 4% for comparable developments, NAV creation through development can be substantial.

In the sections that follow (Active Major Developments and Potential Major Developments), Crombie has identified 24 Major Development projects as at March 31, 2019, (December 31, 2018 - 23) with a total projected cost to develop these properties of \$3 to \$4.6 billion (December 31, 2018 - \$3 to \$4.5 billion). This range represents Crombie at closer to 100% ownership of the projected costs at the top end and lower ownership assumptions at the low end, calculated on a project by project basis.

Development	# of Projects	Total Projected Cost Range (in billions of CAD \$)	Commercial		Residential	
			GLA on Completion	Incremental GLA	Incremental GLA	# of Units
Active Major Development	5	\$ 0.5 - 0.5	452,000	255,000	976,000	1,200
Potential Major Development	19	2.5 - 4.1	1,462,000	825,000	7,500,000	9,000
Total Developments	24	\$ 3.0 - 4.6	1,914,000	1,080,000	8,476,000	10,200

Active Major Developments

The below table provides additional detail into Crombie's Active Major Developments by property type.

Property	Use	Commercial GLA on Completion	Residential GLA on Completion	Estimated Final Completion Date	At Crombie's Share (\$ in millions)				
					Estimated Annual NOI	Estimated Total Cost (1)	Estimated Yield on Cost (1)	Estimated Cost to Complete	
Income Properties - Major Development									
Davie Street(2)	Retail	53,000	—	Q2 2020	\$ 1.8-2.0	\$ 28.4	6.3%-6.9%	\$ 14.3	
Avalon Mall - Phase I	Retail	—	—	Q3 2019	—	54.5	—	17.3	
Avalon Mall - Phase II (3)	Retail	165,000	—	Q2 2020	5.8-7.5	57.8	10.0%-13.0%	41.6	
Subtotal IPP - Major Development		218,000	—		\$ 7.6-9.5	\$ 140.7	5.4%-6.7%	\$ 73.2	
Properties Under Development ("PUD")									
Belmont Market(4)	Retail, Office	160,000	—	Q4 2020 (5)	\$ 5.1-5.8	\$ 93.0	5.5%-6.3%	\$ 26.0	
Subtotal PUD		160,000	—		\$ 5.1-5.8	\$ 93.0	5.5%-6.3%	\$ 26.0	
Total Investment Properties		378,000	—		\$ 12.7-15.3	\$ 233.7	5.4%-6.5%	\$ 99.2	
Properties Held in Joint Ventures									
Davie Street(2)	Residential	—	253,000	Q2 2020	\$ 4.0-4.3	\$ 76.4	5.2%-5.7%	\$ 40.6	
Le Duke(6)	Retail, Residential	26,000	251,000	Q1 2021	3.1-3.7	61.8	5.0%-6.0%	47.4	
Bronte Village (6)	Retail, Residential	48,000	472,000	Q2 - Q3 2021	6.9-8.3	138.6	5.0%-6.0%	92.6	
Total Properties Held in Joint Venture		74,000	976,000		\$ 14.0-16.3	\$ 276.8	5.1%-5.9%	\$ 180.6	
Total Active Major Developments		452,000	976,000		\$ 26.7-31.6	\$ 510.5	5.2%-6.2%	\$ 279.8	

⁽¹⁾ Estimated Total Cost and Estimated Yield on Cost includes all costs associated with the development, including but not limited to, estimated value of air rights and/or land value, pre-development costs, construction costs, tenant costs and financing costs.

⁽²⁾ Crombie will own 100% of the retail with a total project cost of \$28 million. Sobeys will continue lease payments through the development period to retain the rights under their existing lease. Crombie has entered into a JV partnership agreement with Vancouver based Westbank Corp. and will own 50% of the residential with a total project cost of \$153 million.

⁽³⁾ Avalon Mall total GLA is expected to be 593,000 square feet when Phase II is complete. 165,000 square feet relates to the expected square footage of the redeveloped portion of the mall.

⁽⁴⁾ Costs related to completed phases have been transferred out of Properties under Development and into Income-Producing Properties in Q4 2018. Full project costs are shown in chart above.

⁽⁵⁾ Rents from certain leases in Phase I of Belmont Market development commenced in Q4 2018 and the remaining phases will be completed throughout 2019 and 2020 and will depend on pre-leasing activity.

⁽⁶⁾ The development agreement with Princedev Inc. was executed in April 2018. Under this agreement, Crombie has sold a 50% interest in the Bronte Village development in South Oakville and acquired a 50% interest in Le Duke. Title transfer closed in August 2018.

1641 Davie Street, Vancouver, British Columbia

Davie Street is currently under active development, and is being developed in conjunction with our partner, Westbank Corp., as an approximate 306,000 square foot mixed-use property. Installation of foundations is complete and construction of tower concrete is approximately 50% complete signaling Crombie's first major mixed-use project which is making an impact on the Vancouver skyline. This development includes a new grocery store at approximately 44,000 square feet with almost 9,000 square feet of ancillary retail space and rental residential space totalling approximately 253,000 square feet (330 rental units) in two residential towers. Estimated total project cost is \$181 million, \$104.8 million at Crombie's share, and will be completed in Q2 2020. Crombie will own 100% of the commercial component and 50% of the rental residential component. The residential component is fully funded within the joint venture partnership with in-place mortgage financing and Crombie has in-place mortgage financing on the commercial component.

Avalon Mall - Phase I & II, St. John's, Newfoundland and Labrador

Avalon Mall is the largest enclosed shopping mall in St. John's, Newfoundland and Labrador. Crombie has initiated a three year capital investment program to enhance Avalon Mall's position as the dominant enclosed mall in the province. The investment program began in 2017 and Phase I includes construction of a four-level 875 space parking structure, redesign and phased renovation of the mall's interior common areas, and the redesign and realignment of the main mall vehicular access with a combined capital investment of \$54.5 million over three years. The parkade was completed in November 2018. The redesign and renovation of the common areas began in January 2018 and will continue in phases through 2019 and 2020. The redesign and realignment of the main mall vehicular access has been completed and is open.

Crombie obtained possession of the 129,000 square foot space formerly occupied by Sears effective February 2018, enabling the redevelopment of this section of the mall. This \$57.8 million Phase II redevelopment involves demolition of approximately 50,000 square feet of the Sears space, renovation of the remaining portion into new mall retail units, and an expansion of the existing mall toward Kenmount Road. The redevelopment provides an opportunity to replace the former Sears space with new and/or completely renovated modern tenant spaces, common areas, and mall exterior. This phase of the redevelopment commenced in March 2018 with the start of the Sears demolition, and occupancy of the new retail units is expected to begin in Q3 2019. Construction of the expansion area will continue throughout 2019 with occupancy expected in 2020. Leasing activity has commenced including execution of a lease for a new and expanded Winners HomeSense which will be relocating from another area of the mall. Advanced discussions with other potential national anchor and CRU tenants continue.

A Phase III development is also planned for an 8.6 acre property abutting Avalon Mall, on Kenmount Road, acquired in 2012. The redevelopment will replace two aging buildings with new retail space with modern design, additional parking, and integration of this property with Avalon Mall by significantly improving vehicular and pedestrian connectivity between the two properties.

Belmont Market, Langford (Victoria), British Columbia

Belmont Market is being developed as a grocery-anchored mixed-use centre in Langford (Victoria), BC. Crombie owns 100% of the 160,000 square foot retail component currently under active development. The retail development is expected to cost approximately \$93.0 million and will include a 53,000 square foot Thrifty Foods store and approximately 107,000 square feet of additional retail and office space on 13 acres of land. The development retains the flexibility to add density in the future on an additional 1.7 acres of land. Phase I of construction saw the completion of three retail buildings in Q4, 2018, with a number of CRU tenants opening in Q1 2019. The construction of the grocery store is now complete and open for business. Phase II of development is well underway comprising four buildings totalling approximately 33,000 square feet, and includes the Thrifty's head office. 116,000 square feet of the overall development has committed leases or is in advanced stages of negotiation, and 94% of Phase I and 88% of Phase II is currently leased. Phase III of the project is currently in active pre-leasing.

Crombie has an agreement to sell 5.55 acres of land to Ledcor Developments; over half of which closed in Q1 2018. Ledcor is planning the construction of 437 units of low rise residential rental and market condos on the site.

Le Duke, 297 Rue Duke, Montreal, Quebec

Le Duke is located near the new Bonaventure Greenway in Old Montreal. The development with partner Princedev Inc. has total project costs estimated at \$123.5 million, \$61.8 million at Crombie's share, and includes a 25 storey mixed-use tower with 251,000 square feet and 390 residential rental units, a 25,000 square foot grocery store, 1,000 square feet of retail space, and 200 underground parking stalls. Development of Le Duke began late in 2017 with demolition of the existing structure. Excavation and shoring work for the below grade structure is now complete and concrete work for the below grade parking structure is well underway. This development is expected to be complete in Q1 2021.

The partnership agreement with Princedev Inc. was executed in April 2018. Under this agreement, Crombie sold a 50% interest in the Bronte Village development in South Oakville and acquired a 50% interest in Le Duke. Title transfer closed in August 2018.

Bronte Village, 2441 Lakeshore Road West, Oakville, Ontario

Bronte Village is located in South Oakville at the intersection of Lakeshore and Bronte Roads. The 5.66 acre property is being redeveloped from a single storey, multi-tenant commercial retail mall, to a mixed-use residential property in conjunction with our partner, Princedev Inc. This development includes the existing 30,000 square foot grocery store while adding 18,000 square feet of retail and two luxury residential towers totalling 472,000 square feet of residential rental space in up to 480 units. The existing grocery store will remain operational during the development. Demolition of the existing mall was completed in June 2018. Site plan approval and building permits have been obtained for the development. Excavation of the new mixed-use components is nearing completion and cranes are now on site. Total project cost is estimated at \$277.2 million, \$138.6 million at Crombie's share. This development is expected to be completed in Q2 - Q3 2021.

The partnership agreement with Princedev Inc. was executed in April 2018. Under this agreement, Crombie sold a 50% interest in the Bronte Village development in South Oakville and acquired a 50% interest in Le Duke. Title transfer closed in August 2018.

Potential Major Developments

In addition to Active Major Developments in the previous section, Crombie's current Potential Major Developments have the potential to add up to 825,000 square feet (December 31, 2018 - 540,000 square feet) of commercial GLA and up 7,500,000 square feet (up to 9,000 units) (December 31, 2018 - 7,500,000 square feet and 9,000 units) of residential GLA (which may include a combination of rental or condominium units).

Based on Crombie's current estimates, total costs to develop these properties could reach \$2.5 - \$4.1 billion (\$3 to \$4.6 billion including Active Major Developments). Crombie may enter joint venture or other partnership arrangements for these properties to share cost, revenue, risks and development expertise depending upon the nature of each project. Each project remains subject to normal development approvals, achieving required economic hurdles including financial accretion analysis and Board of Trustees approval.

As at March 31, 2019, Crombie has identified the following 19 Potential Major Development locations as having potential to become Active Major Developments. Development of each property is subject to management completing full due diligence on the opportunity, including commercial and residential components, as well as seeking all necessary Board, municipal/provincial and tenant approvals prior to proceeding. The precise timing of each project is not determinable at present. The time horizon of these projects may change, project scope may change, and/or Crombie may choose to not proceed with development on some properties after further review and completion of financial projections.

	Existing Property	City, Province	Site Size (acres)	Existing Tenants	Potential Commercial Expansion	Potential Residential Expansion	Status
1.	Pointe-Claire, QC	Pointe-Claire, QC	20.25	Land	Yes	No	Development Planning
2.	1780 East Broadway (Broadway and Commercial)	Vancouver, BC	2.43	Safeway	Yes	Yes	Pre-planning
3.	1170 East 27 Street (Lynn Valley)	North Vancouver, BC	2.82	Safeway	Yes	Yes	Pre-planning
4.	5235 Kingsway (Royal Oak)	Burnaby, BC	2.76	Safeway	Yes	Yes	Pre-planning
5.	Penhorn Lands	Dartmouth, NS	26.12	Land	Yes	Yes	Pre-planning
6.	10355 King George Boulevard	Surrey, BC	5.07	Safeway	Yes	Yes	Pre-planning
7.	2733 West Broadway	Vancouver, BC	1.95	Safeway	Yes	Yes	TBD ⁽¹⁾
8.	524 Elbow Drive SW (Mission)	Calgary, AB	1.60	Safeway	Yes	Yes	TBD
9.	3410 Kingsway	Vancouver, BC	3.74	Safeway/Other tenants	Yes	Yes	TBD
10.	990 West 25 Avenue (King Edward)	Vancouver, BC	1.80	Safeway	Yes	Yes	TBD
11.	East Hastings	Burnaby, BC	3.30	Safeway/Other tenants	Yes	Yes	TBD
12.	813 11 Avenue SW	Calgary, AB	2.59	Safeway	Yes	Yes	TBD
13.	410 10 Street NW	Calgary, AB	1.73	Safeway	Yes	Yes	TBD
14.	10930 82 Avenue	Edmonton, AB	2.44	Safeway/Other tenants	Yes	Yes	TBD
15.	Brampton Mall	Brampton, ON	8.74	Retail	Yes	Yes	TBD
16.	Centennial Parkway	Hamilton, ON	2.75	Retail	Yes	Yes	TBD
17.	McCowan & Ellesmere	Toronto, ON	4.48	Sobeys/Other tenants	Yes	Yes	TBD
18.	Triangle Lands	Halifax, NS	0.68	Land	Yes	Yes	TBD
19.	Scotia Square	Halifax, NS	14.47	Office/Retail	Yes	Yes	TBD

⁽¹⁾ TBD: to be determined

Projects described as having a "development planning" status include projects where significant progress has been made in several areas of the pre-planning phase and Crombie is in the process of committing costs to undertake a Major Development.

Projects described as having a "pre-planning" status include projects that Crombie has undertaken potential development planning, which could include seeking municipal approvals for zoning, developing image renderings, seeking potential commercial and/or residential development partners, evaluation of financing options and other activities required to determine viability of the opportunity.

Properties in the Development Planning Phase

Pointe-Claire, Quebec

The property is a 20.25 acre industrial site situated in Pointe-Claire, three kilometers from Montreal's P. E. Trudeau International Airport. The property was acquired in the first quarter of 2019. Crombie has executed an agreement with Empire to develop a new 285,000 square foot state-of-the-art Customer Fulfillment Centre ("CFC"). The CFC will be powered by Ocado's world-leading online grocery platform, and will become Empire's e-commerce distribution hub for Quebec and the Ottawa area. Crombie will be the owner and developer of the CFC and will work collaboratively with Empire to develop the CFC. The site is currently zoned for its intended use. Empire will lease the location from Crombie and Crombie will build the site to Empire's specifications. Empire expects to launch their e-commerce service for Quebec and the Ottawa area in 2021.

Properties in the Pre-Planning Phase

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

1780 East Broadway is located at the intersection of Commercial Drive and East Broadway in Vancouver, British Columbia. The single storey 38,000 square foot Safeway grocery store is situated at one of the busiest transit nodes in Western Canada. Crombie is currently working through the rezoning process to capitalize on the recently adopted community plan which permits up to 24 storeys above the retail podium and a floor to space ratio of 5.7 times.

1170 East 27th Street, North Vancouver (Lynn Valley), British Columbia

Lynn Valley is located in the District of North Vancouver in the popular Lynn Valley Towne Centre. The 2.82 acre site currently has a 36,000 square foot Safeway as the major tenant. Crombie is currently developing plans to accommodate the targeted density and meet the guidelines of the Official Community Plan. Rezoning of this property is required prior to proceeding with any redevelopment.

5235 Kingsway (Royal Oak), Burnaby, British Columbia

The Royal Oak site is located in close proximity to Metrotown in Burnaby - an area experiencing significant redevelopment as a result of a recently adopted Metrotown Downtown Plan in 2017. The high profile, 2.76 acre site has the potential for redevelopment to occur in the near future. Initial planning has commenced and a comprehensive rezoning plan is being developed to facilitate discussions with the City of Burnaby.

10355 King George Boulevard, Surrey, British Columbia

King George is located in Surrey, BC, in a prime location within Surrey City Centre and immediately adjacent the King George SkyTrain stop. The approximate 5 acre site is within the City of Surrey Official Community Plan and the Surrey City Centre Plan, which both designate the site for high-density development of floor to space ratio of up to 7.5 times. Rezoning of the site is required in order to proceed with any future redevelopment, and preliminary development analysis is currently underway.

Penhorn Lands, Dartmouth (Halifax), Nova Scotia

The Penhorn Lands is a development site located at the intersection of Highway 111 and Portland Street in Dartmouth (Halifax), Nova Scotia that was purchased from Empire in 2016. Crombie has initiated pre-planning activity for future mixed residential development on 26 acres of this development site located adjacent to a Crombie owned grocery-anchored property, Penhorn Plaza.

FINANCIAL RESULTS

Comparison to Previous Year

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	As At		
	March 31, 2019	December 31, 2018	March 31, 2018
Total assets	\$ 4,047,712	\$ 4,071,074	\$ 4,049,629
Total investment property debt and unsecured debt	\$ 2,439,988	\$ 2,479,143	\$ 2,466,498
Debt to gross book value - fair value basis ⁽¹⁾	50.3%	51.0%	49.6%

⁽¹⁾ See "Debt to Gross Book Value – Fair Value Basis" for detailed calculation.

	Three months ended March 31,		
	2019	2018	Variance
Property revenue	\$ 105,240	\$ 105,705	\$ (465)
Property operating expenses	32,366	32,904	538
Property NOI	72,874	72,801	73
NOI margin percentage	69.2%	68.9%	0.3%
Other items:			
Gain on disposal of investment properties	26,629	11,841	14,788
Depreciation and amortization	(19,918)	(28,032)	8,114
General and administrative expenses	(5,784)	(4,491)	(1,293)
Finance costs – operations	(25,667)	(26,709)	1,042
Income from equity accounted investments	94	35	59
Operating income attributable to Unitholders	48,228	25,445	22,783
Finance costs – distributions to Unitholders	(33,736)	(33,606)	(130)
Finance income (costs) – change in fair value of financial instruments	(671)	295	(966)
Increase (decrease) in net assets attributable to Unitholders	\$ 13,821	\$ (7,866)	\$ 21,687
Operating income attributable to Unitholders per Unit, Basic	\$ 0.32	\$ 0.17	
Operating income attributable to Unitholders per Unit, Diluted	\$ 0.32	\$ 0.17	
Basic weighted average Units outstanding (in 000's)	151,475	150,838	
Diluted weighted average Units outstanding (in 000's)	151,606	150,969	
Distributions per Unit to Unitholders	\$ 0.22	\$ 0.22	

Operating Results

For the three months ended March 31, 2019, Operating income attributable to Unitholders of \$48,228 increased by \$22,783 or 89.5% compared to the three months ended March 31, 2018. The increase was primarily due to:

- gain on disposal of \$26,629 on three retail properties and a 50% interest in seven retail properties which was \$14,788 higher than the gain of \$11,841 on the disposition of two retail properties and residential lands adjacent to a development property in the first quarter of 2018; and,
- a decrease in depreciation and amortization of \$8,114 or 28.9% which is impacted by accelerated depreciation of \$8,444 in the first quarter of 2018 on the partial demolition on portions of two properties for new tenant redevelopment.

Pursuant to CSA Staff Notice 52-306 “(Revised) Non-GAAP Financial Measures”, non-GAAP measures should be reconciled to the most directly comparable GAAP measure, which, in the case of operating income attributable to Unitholders, is increase (decrease) in net assets attributable to Unitholders from the Statement of Comprehensive Income (Loss). The reconciliation is as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended March 31,			
	2019		2018	
Operating income attributable to Unitholders	\$	48,228	\$	25,445
Finance costs – distributions to Unitholders		(33,736)		(33,606)
Finance income (costs) – change in fair value of financial instruments		(671)		295
Increase (decrease) in net assets attributable to Unitholders	\$	13,821	\$	(7,866)

Property NOI

Same-asset properties are properties owned and operated by Crombie throughout the current and comparative reporting periods, excluding any property that is classified as held for sale or that was designated for redevelopment during either the current or comparative period.

Property NOI on a cash basis is as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended March 31,			
	2019		2018	
Property NOI	\$	72,874	\$	72,801
Non-cash straight-line rent		(2,533)		(2,886)
Non-cash tenant incentive amortization		3,615		3,622
Property cash NOI		73,956		73,537
Acquisitions, dispositions and development property cash NOI		9,137		11,301
Same-asset property cash NOI	\$	64,819	\$	62,236

Property NOI, on a cash basis, excludes non-cash straight-line rent recognition and amortization of tenant incentive amounts. The \$2,583 or 4.2% increase in same-asset cash NOI for the three months ended March 31, 2019 over the same period in 2018 is primarily the result of strong occupancy rates and revenues from land use intensifications at certain properties as well as the impact of the adoption of IFRS 16 “Leases” (IFRS 16) effective January 1, 2019 (\$475 increase in property cash NOI for the three months ended March 31, 2019 compared to the same period in 2018). (See note 2(f) to the Interim Condensed Consolidated Financial Statements for the three months ended March 31, 2019.)

Acquisitions, dispositions and development property cash NOI decreased \$2,164 for the three months ended March 31, 2019 over the same period in 2018 primarily due to dispositions in the first quarter of 2019 and in 2018, offset in part by acquisitions in the second quarter of 2018.

Management emphasizes property NOI on a cash basis as it reflects the cash generated by the properties period-over-period.

Same-asset property cash NOI is as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended March 31,			
	2019		2018	
Retail and Commercial Mixed-use	\$	61,837	\$	59,778
Office		2,982		2,458
Same-asset property cash NOI	\$	64,819	\$	62,236

Variances in same-asset property cash NOI for the three months ended March 31, 2019 compared to the same period in 2018 include:

- Retail and Commercial Mixed-use increased \$2,059 or 3.4% due to strong occupancy as well as the impact of the adoption of IFRS 16 (\$367 increase in property cash NOI for the three months ended March 31, 2019 compared to the same period in 2018).
- Office increased \$524 or 21.3% as tenants began occupying previously vacant space as well as the impact of the adoption of IFRS 16 (\$90 increase in property cash NOI for the three months ended March 31, 2019 compared to the same period in 2018).

Acquisitions, dispositions and development property cash NOI is as follows:

(In thousands of CAD dollars)	Three months ended March 31,		
	2019	2018	Variance
Acquisitions and dispositions property cash NOI	\$ 2,304	\$ 5,084	\$ (2,780)
Development property cash NOI	6,833	6,217	616
Total acquisitions, dispositions and development property cash NOI	\$ 9,137	\$ 11,301	\$ (2,164)

For the three months ended March 31, 2019, acquisitions and dispositions property cash NOI decreased \$2,780 compared to the same period in 2018 as a result of the acquisition and disposition activity discussed above.

Development properties include properties earning cash NOI that are: currently being developed; with recently completed development; and, properties scheduled for development. Change in cash NOI from development properties period-over-period is impacted by the timing of commencement and completion of each development project. The nature and extent of development projects results in operations being impacted minimally in some instances and a significant disruption in others. Consequently, comparison of period-over-period development operating results may not be meaningful.

Crombie undertakes development of properties to position them for long-term sustainability and growth in cash NOI resulting in improvement in value.

Property NOI for the three months ended March 31, 2019 by province was as follows:

(In thousands of CAD dollars)	Three months ended March 31,		
	2019	2018	Variance
	Property NOI	Property NOI	
AB	\$ 16,195	\$ 16,323	\$ (128)
BC	10,137	9,275	862
MB	3,311	3,378	(67)
NB	3,599	3,205	394
NL	6,608	6,734	(126)
NS	13,924	14,159	(235)
ON	9,819	11,072	(1,253)
PE	425	420	5
QC	7,176	6,387	789
SK	1,680	1,848	(168)
Total	\$ 72,874	\$ 72,801	\$ 73

The significant variances in property NOI for the three months ended March 31, 2019 compared to the same period in 2018 were impacted by property acquisitions and dispositions as follows:

- Ontario - disposition of one retail property in Hamilton, ON and disposition of 50% interest in one retail property in Barrie, ON in the first quarter of 2019, and disposition of seven retail properties in 2018, two in the first quarter, one in the second quarter, one in the third quarter and three in the fourth quarter; and disposition of 50% interest in three retail properties in the second quarter of 2018, offset in part by one acquisition in the second quarter of 2018; and,
- Quebec - acquisition of six retail properties in 2018, one in the fourth quarter and five in the second quarter and additions to an existing retail property in the second quarter of 2018, offset in part by disposition of one retail property and 50% interest in one retail property in the first quarter of 2019.

In addition to the acquisition and disposition activity, the following also impacted comparative property NOI results:

- British Columbia - leasing activity, primarily in the Belmont Market development property; and,
- New Brunswick - leasing activity, including expansions of Sobeys stores in two properties in 2018.

FFO AND AFFO

FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. As such, these non-GAAP financial measures should not be considered as an alternative to cash provided from operating activities or any other measure prescribed under IFRS. Management uses FFO as a supplemental non-GAAP, industry-wide financial measure of a real estate organization's operating performance. AFFO is presented in this MD&A because management believes this non-GAAP earnings amount is a measure of Crombie's ability to generate cash from earnings. FFO and AFFO as computed by Crombie may differ from similar computations as reported by other REITs and, accordingly, may not be comparable to other such issuers.

Funds from Operations (FFO)

Crombie follows the recommendations of the Real Property Association of Canada ("REALPAC") (February 2019 white paper) in calculating FFO and defines FFO as increase (decrease) in net assets attributable to Unitholders (computed in accordance with IFRS), adjusted for the following applicable amounts:

- Gain or loss on disposal of investment properties and related income tax;
- Impairment charges and recoveries;
- Depreciation and amortization expense of investment properties, including amortization of tenant incentives charged against property revenue;
- Incremental internal leasing expenses;
- Adjustments for equity accounted entities;
- Operational expenses from right of use assets;
- 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. Crombie considers these costs comparable to other capital costs incurred to earn property revenue. Whereas the 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 ("TI"). Crombie's method of calculating FFO may differ from other issuers' methods and accordingly may not be directly comparable to FFO reported by other issuers.

The calculation of FFO for the three months ended March 31, 2019 and 2018 is as follows:

(In thousands of CAD dollars)	Three months ended March 31,		
	2019	2018	Variance
Increase (decrease) in net assets attributable to Unitholders	\$ 13,821	\$ (7,866)	\$ 21,687
Add (deduct):			
Amortization of tenant incentives	3,615	3,622	(7)
Loss (gain) on disposal of investment properties	(26,629)	(11,841)	(14,788)
Depreciation of investment properties	17,838	26,208	(8,370)
Amortization of intangible assets	1,603	1,627	(24)
Amortization of deferred leasing costs	202	187	15
Principal payments on right of use assets	(27)	—	(27)
Depreciation of investment properties included in Income from equity accounted investments	21	7	14
Internal leasing costs	609	609	—
Finance costs – distributions to Unitholders	33,736	33,606	130
Finance costs (income) – change in fair value of financial instruments	671	(295)	966
FFO as calculated based on REALPAC recommendations	\$ 45,460	\$ 45,864	\$ (404)

For the three months ended March 31, 2019, FFO decreased by \$404 or 0.9% compared to the three months ended March 31, 2018. The decrease is primarily due to the increase in general and administrative costs, the majority of which is related to the increase in unit price and its impact on unit-based compensation plans.

Adjusted Funds from Operations (AFFO)

Crombie follows the recommendations of REALPAC's February 2019 white paper in calculating AFFO and has applied these recommendations to the comparative AFFO amounts included in this MD&A. 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. 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.

The calculation of AFFO for the three months ended March 31, 2019 and 2018 is as follows:

(In thousands of CAD dollars)	Three months ended March 31,		
	2019	2018	Variance
FFO as calculated based on REALPAC recommendations	\$ 45,460	\$ 45,864	\$ (404)
Add (deduct):			
Amortization of effective swap agreements	551	575	(24)
Straight-line rent adjustment	(2,533)	(2,886)	353
Internal leasing costs	(609)	(609)	—
Maintenance expenditures on a square footage basis	(4,209)	(4,280)	71
AFFO as calculated based on REALPAC recommendations	\$ 38,660	\$ 38,664	\$ (4)

For the three months ended March 31, 2019, AFFO remained flat compared to the three months ended March 31, 2018.

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 property NOI by a minimum threshold, or otherwise enhance the property's overall value.

Crombie's policy is to charge AFFO and ACFO with maintenance expenditures based on a normalized rate per square foot as these expenditures are not generally incurred on a consistent basis during the year, or from year to year. 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 2019, Crombie has maintained the normalized rate of \$0.90 per square foot of GLA that was charged in 2018 based on the actual spend for 2018 and 2017 and estimated spend for 2019. Additionally, Crombie combines maintenance capital expenditures with maintenance 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

(In thousands of CAD dollars)	Three months ended Mar. 31, 2019	Year ended Dec. 31, 2018	Three months ended				Year ended Dec. 31, 2017
			Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	
Total additions to investment properties	\$ 17,219	\$ 91,211	\$ 29,716	\$ 21,616	\$ 16,877	\$ 23,002	\$ 46,800
Less: revenue enhancing expenditures	(15,339)	(82,647)	(26,488)	(19,982)	(15,316)	(20,861)	(34,317)
Maintenance capital expenditures	1,880	8,564	3,228	1,634	1,561	2,141	12,483
Total additions to TI and deferred leasing costs	3,608	17,488	3,099	3,629	2,779	7,981	19,660
Less: revenue enhancing expenditures	(2,081)	(10,936)	(2,295)	(940)	(1,267)	(6,434)	(15,160)
Maintenance TI and deferred leasing costs	1,527	6,552	804	2,689	1,512	1,547	4,500
Total maintenance expenditures - actual	\$ 3,407	\$ 15,116	\$ 4,032	\$ 4,323	\$ 3,073	\$ 3,688	\$ 16,983
Reserve amount charged against AFFO and ACFO	\$ 4,209	\$ 17,027	\$ 4,238				\$ 17,682

Maintenance capital expenditures for the three months ended March 31, 2019, are primarily payments for costs associated with building interior and exterior maintenance, roof repairs and ongoing parking deck and structural maintenance.

Obligations for expenditures for TIs 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 2019 and 2018.

Revenue enhancing expenditures are capitalized and depreciated or charged against revenue over their useful lives, but not deducted when calculating AFFO or ACFO. Revenue enhancing expenditures during the three months ended March 31, 2019 consisted primarily of development work and GLA expansions at: Avalon Mall, St. John's, NL; Belmont Market, Victoria, BC; 1234 Main Street, Moncton, NB; Kinlock Plaza, Stratford, PE; and, Penhorn lands, Halifax, NS.

Depreciation, Amortization and Impairment

(In thousands of CAD dollars)	Three months ended March 31,			Variance
	2019	2018		
Same-asset depreciation and amortization	\$ 17,328	\$ 16,852	\$	(476)
Acquisitions, dispositions and development depreciation/ amortization	2,590	11,180		8,590
Depreciation and amortization	\$ 19,918	\$ 28,032	\$	8,114

Same-asset depreciation and amortization increased by \$476 for the three months ended March 31, 2019 compared to the same period in 2018 primarily due to depreciation on right of use assets and increased depreciation on fixtures and computer equipment. Same-asset depreciation and amortization should remain stable quarter over quarter as certain components of investment property are amortized over the term of tenant leases and will increase as a result of capital additions and improvements to same-asset investment properties.

Acquisitions, dispositions and development depreciation and amortization decreased by \$8,590 for the three months ended March 31, 2019 primarily as a result of the partial demolitions of buildings at two redevelopment properties in the first quarter of 2018 and one property in the third quarter of 2018. Accelerated depreciation of \$8,444 in the first quarter of 2018 was recorded in relation to the partial demolitions.

Crombie's total fair value of investment properties, including properties held for sale, exceeds carrying value by \$807,855 at March 31, 2019 (March 31, 2018 - \$929,551). 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 fair value is less than carrying value.

General and Administrative Expenses

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

<i>(In thousands of CAD dollars)</i>	Three months ended March 31,		
	2019	2018	Variance
Salaries and benefits	\$ 4,073	\$ 2,994	\$ (1,079)
Professional fees	266	255	(11)
Public company costs	584	521	(63)
Rent and occupancy	142	183	41
Other	719	538	(181)
General and administrative expenses	\$ 5,784	\$ 4,491	\$ (1,293)
As a percentage of property revenue	5.5%	4.2%	(1.3)%

For the three months ended March 31, 2019, general and administrative expenses, as a percentage of property revenue, were 5.5%, an increase of 1.3% from the same period in 2018, with expenses increasing \$1,293 or 28.8% and property revenue decreasing 0.4%. The increase in expenses is primarily due to increased salaries and benefits costs, the majority of which is related to the increase in Crombie's unit price and its impact on unit-based compensation plans.

Finance Costs - Operations

<i>(In thousands of CAD dollars)</i>	Three months ended March 31,		
	2019	2018	Variance
Finance costs	\$ 24,204	\$ 25,018	\$ 814
Amortization of effective swaps and deferred financing charges	1,463	1,691	228
Finance costs – operations	\$ 25,667	\$ 26,709	\$ 1,042

Finance costs for the three months ended March 31, 2019 decreased by \$814 compared to the same period in 2018. The decrease relates to property dispositions and the related transfer of mortgages and mortgage payouts.

Finance Costs - Distributions

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:

<i>(In thousands of CAD dollars, except as otherwise noted)</i>	Three months ended March 31,	
	2019	2018
Distributions to Unitholders	\$ 19,941	\$ 19,864
Distributions to Special Voting Unitholders	13,795	13,742
Total distributions	\$ 33,736	\$ 33,606
FFO payout ratio	74.2%	73.3%
AFFO payout ratio	87.3%	86.9%
ACFO payout ratio	86.1%	88.0%

The increase in distributions relates to units issued under Crombie's distribution reinvestment plan (the "DRIP").

Income Taxes

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 2018 and continues to do so. 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.

Taxation of Distributions

Crombie, through its subsidiaries, has a large asset base that is depreciable for Canadian income tax purposes. Consequently, certain of the distributions from Crombie are treated as returns of capital and are not taxable to Canadian resident Unitholders for Canadian income tax purposes. The composition for tax purposes of distributions from Crombie may change from year to year, thus affecting the after-tax return to Unitholders.

The following table summarizes the last five years of the taxation of distributions from Crombie:

Taxation Year	Return of Capital	Investment Income	Dividend Income	Capital Gains
2018 per \$ of distribution	19.6%	62.8%	0.0%	17.6%
2017 per \$ of distribution	51.8%	48.0%	0.0%	0.2%
2016 per \$ of distribution	24.9%	54.5%	0.0%	20.6%
2015 per \$ of distribution	56.3%	28.8%	13.4%	1.5%
2014 per \$ of distribution	64.4%	18.1%	0.0%	17.5%

LIQUIDITY AND CAPITAL RESOURCES

The real estate industry is highly capital intensive.

Cash flow generated from operating the property portfolio represents the primary source of liquidity used to fund the finance costs on debt, general and administrative expenses, reinvestment in the portfolio through capital expenditures, as well as funding TI costs and distributions to Unitholders.

Crombie expects to refinance debt obligations as they mature and has the following sources of financing available:

- (i) secured short-term financing through an authorized revolving credit facility, maturing June 30, 2022, of up to \$400,000, subject to available borrowing base, of which \$107,986 (\$113,653 including outstanding letters of credit) was drawn at March 31, 2019;
- (ii) unsecured short-term financing through an authorized floating rate revolving credit facility, maturing May 16, 2020, of up to \$100,000, of which \$40,000 was drawn at March 31, 2019;
- (iii) recycling capital through the disposition of select investment properties;
- (iv) secured mortgage and term debt on unencumbered properties, Crombie currently has \$1,012,707 of fair value in unencumbered properties, which is defined as those properties that are free and clear of any encumbrances, including mortgages and pledging as security for floating rate revolving credit facility;
- (v) the issuance of additional senior unsecured notes;
- (vi) the issuance of additional unsecured convertible debentures; and,
- (vii) the issuance of new units.

In addition to the above, Crombie has a number of active major developments and potential major developments as discussed under the Property Development/Redevelopment ("Development") section of this MD&A. Financing for these Development projects is expected to include specific project/construction financing in place before significant incurrence of project expenditures as well as financing from the various above-noted sources.

Capital Structure

<i>(In thousands of CAD dollars)</i>	March 31, 2019		December 31, 2018	
Mortgages	\$ 1,564,849	40.2%	\$ 1,601,584	40.8%
Credit facilities	147,332	3.8%	178,843	4.6%
Senior unsecured notes	698,788	17.9%	698,716	17.8%
Crombie REIT Unitholders	870,667	22.3%	864,779	22.1%
Special Voting Units and Class B Limited Partnership Unitholders	582,654	15.0%	578,061	14.7%
Lease liabilities	29,689	0.8%	—	—%
	\$ 3,893,979	100.0%	\$ 3,921,983	100.0%

Liquidity and Financing Sources

Revolving credit facility

Crombie has in place an authorized floating rate revolving credit facility of up to \$400,000 (the "revolving credit facility"), with a maturity date of June 30, 2022, of which \$107,986 (\$113,653 including outstanding letters of credit) was drawn as at March 31, 2019. The revolving credit facility is secured by a pool of first and second mortgages on certain properties. Borrowings under the revolving credit facility can be by way of Bankers Acceptance or Prime Rate Advances 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. Funds available for drawdown pursuant to the revolving credit facility are determined with reference to the value of the Borrowing Base (as defined under "Borrowing Capacity and Debt Covenants") relative to certain financial covenants of Crombie. As at March 31, 2019, Crombie had sufficient Borrowing Base to permit \$400,000 of funds to be drawn pursuant to the revolving credit facility, subject to certain other financial covenants. See "Borrowing Capacity and Debt Covenants".

Unsecured Bilateral Credit Facility

The unsecured bilateral credit facility has a maximum principal amount of \$100,000, of which \$40,000 was drawn as at March 31, 2019, and matures May 16, 2020. 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 Advances 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.

Mortgage debt and credit facilities

Crombie had fixed rate mortgages outstanding consisting of:

	March 31, 2019	December 31, 2018	March 31, 2018
Fixed rate mortgages	\$ 1,571,113	\$ 1,608,749	\$ 1,716,194
Unamortized fair value debt adjustment	1,289	1,891	2,610
	1,572,402	1,610,640	1,718,804
Deferred financing charges	(8,207)	(9,056)	(11,034)
Total mortgage debt	\$ 1,564,195	\$ 1,601,584	\$ 1,707,770

The mortgages carry a weighted average interest rate of 4.30% (after giving effect to the interest rate subsidy from Empire under an omnibus subsidy agreement) and a weighted average term to maturity of 4.4 years.

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 "Risk Management"). Crombie currently has interest rate swap agreements in place on \$108,515 of floating rate mortgage debt.

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

<i>(In thousands of CAD dollars)</i>							
Maturing Debt Balances							
12 Months Ending	Mortgages	Credit Facilities	Total	% of Total	Payments of Principal	Total Required Payments	% of Total
Remainder of 2019	\$ 116,317	\$ —	\$ 116,317	8.1%	\$ 39,381	\$ 155,698	9.1%
December 31, 2020	225,241	40,000	265,241	18.6%	46,075	311,316	18.1%
December 31, 2021	88,974	—	88,974	6.2%	44,582	133,556	7.8%
December 31, 2022	170,371	107,986	278,357	19.5%	38,878	317,235	18.5%
December 31, 2023	250,491	—	250,491	17.5%	31,922	282,413	16.4%
Thereafter	430,220	—	430,220	30.1%	88,661	518,881	30.2%
Total ⁽¹⁾	\$ 1,281,614	\$ 147,986	\$ 1,429,600	100.0%	\$ 289,499	\$ 1,719,099	100.1%

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

Of the maturing debt balances, only 33.6% of mortgages and 32.8% of total maturing debt balances mature over the next three years.

Senior unsecured notes

	Maturity Date	Effective Interest Rate	March 31, 2019	December 31, 2018	March 31, 2018
Series A	October 31, 2018	3.986%	\$ —	\$ —	\$ 175,000
Series B	June 1, 2021	3.769%	250,000	250,000	175,000
Series C	February 10, 2020	2.775%	125,000	125,000	125,000
Series D	November 21, 2022	4.066%	150,000	150,000	150,000
Series E	January 31, 2025	4.802%	175,000	175,000	—
Unamortized Series B issue premium			960	1,068	1,228
Deferred financing charges			(2,172)	(2,352)	(1,920)
			<u>\$ 698,788</u>	<u>\$ 698,716</u>	<u>\$ 624,308</u>

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

Convertible debentures

	Conversion Price	Maturity Date	Interest Rate	March 31, 2019	December 31, 2018	March 31, 2018
Series E	\$ 17.15	August 31, 2018	5.25%	\$ —	\$ —	\$ 74,400
Deferred financing charges				—	—	(1,141)
				<u>\$ —</u>	<u>\$ —</u>	<u>\$ 73,259</u>

On August 31, 2018, Crombie exercised its right to redeem its 5.25% Series E Convertible Unsecured Subordinated Debentures originally scheduled to mature on March 31, 2021 (the “Debentures”) in accordance with the terms of the supplemental trust indenture. Upon redemption, Crombie paid the holders of Debentures \$1,022.01 per \$1,000 principal amount of Debentures, representing the principal amount plus accrued and unpaid interest.

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

For the three months ended March 31, 2019, Crombie issued 32,274 REIT Units and 22,886 Class B LP Units under its DRIP. Until May 22, 2018, Units were issued under the DRIP at a three percent (3%) discount to market prices. Effective on that date, Crombie amended the DRIP to eliminate the discount such that future Units issued under the DRIP are issued at a price equal to 100% of the volume-weighted average trading price of the REIT Units on the TSX for the five trading days immediately preceding the relevant distribution payment date.

Total units outstanding at April 30, 2019, were as follows:

Units	89,636,388
Special Voting Units ⁽¹⁾	62,007,513

⁽¹⁾ Crombie Limited Partnership, a subsidiary of Crombie, has also issued 62,007,513 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.

Sources and Uses of Funds

	Three months ended March 31,		
(In thousands of CAD dollars)	2019	2018	Variance
Cash provided by (used in):			
Operating activities	\$ 21,050	\$ 25,812	\$ (4,762)
Financing activities	(38,491)	(36,233)	(2,258)
Investing activities	17,441	10,421	7,020
Net change during the period	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Operating Activities

(In thousands of CAD dollars)	Three months ended March 31,		
	2019	2018	Variance
Cash provided by (used in):			
Net assets attributable to Unitholders and non-cash items	\$ 10,210	\$ 15,318	\$ (5,108)
Non-cash operating items	10,840	10,494	346
Cash provided by operating activities	\$ 21,050	\$ 25,812	\$ (4,762)

For the three months ended March 31, 2019, cash from operating activities decreased by \$4,762 over the same period in 2018. During the quarter, distributions reinvested through the DRIP decreased \$4,237. The increase of \$346 in non-cash operating items primarily relates to the timing of payments on prepaid expenses and payables.

Financing Activities

(In thousands of CAD dollars)	Three months ended March 31,		
	2019	2018	Variance
Cash provided by (used in):			
Issuance of new mortgages	\$ 25,288	\$ —	\$ 25,288
Regular principal repayment of mortgages	(13,647)	(13,880)	233
Lump sum principal repayment of mortgages	(17,450)	(29,910)	12,460
Net issue (repayment) on credit facilities	(30,856)	7,993	(38,849)
Deferred financing charges - investment property debt	(27)	(135)	108
Deferred financing charges - senior unsecured notes	(19)	(118)	99
Disposition of fair value debt adjustment	(446)	—	(446)
Other items (net)	(1,334)	(183)	(1,151)
Cash used in financing activities	\$ (38,491)	\$ (36,233)	\$ (2,258)

Cash used in financing activities for the three months ended March 31, 2019 increased by \$2,258 from the same period in 2018. During the three months ended March 31, 2019, Crombie reduced floating rate credit facilities by \$30,856 (three months ended March 31, 2018 - increase of \$7,993) primarily related to proceeds received from property dispositions and repaid \$17,450 (three months ended March 31, 2018 - \$29,910) in maturing mortgages, offset in part by the issuance of \$25,288 of new mortgages related to joint operations.

Investing Activities

(In thousands of CAD dollars)	Three months ended March 31,		
	2019	2018	Variance
Cash provided by (used in):			
Acquisition of investment properties	\$ (32,439)	\$ —	\$ (32,439)
Additions to investment properties	(17,284)	(23,002)	5,718
Proceeds on disposal of investment properties	73,781	41,225	32,556
Proceeds on disposal of marketable securities	—	1,252	(1,252)
Additions to tenant incentives	(2,944)	(7,715)	4,771
Additions to deferred leasing costs	(664)	(266)	(398)
Additions to fixtures and computer equipment	(776)	(964)	188
Acquisition of interest in joint ventures	—	(109)	109
Additions to investment in joint ventures	(2,233)	—	(2,233)
Cash provided by investing activities	\$ 17,441	\$ 10,421	\$ 7,020

Cash provided by investing activities for the three months ended March 31, 2019 increased by \$7,020 over the same period in 2018. During the three months ended March 31, 2019, Crombie acquired one property for development for net cash of \$32,439 and completed the disposition of three retail properties and disposition of a 50% interest in seven retail properties for net proceeds of \$73,781. During the three months ended March 31, 2018, Crombie completed the disposition of two retail properties and vacant land adjacent to a mixed-use development property.

Adjusted Cash Flow from Operations (ACFO)

Crombie considers ACFO to be a useful measure in evaluating its ability to generate sustainable, economic cash flows from operating activities to fund distributions to unitholders. ACFO is not a measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. As such, this non-GAAP financial measure should not be considered as an alternative to cash provided from operating activities or any other measure prescribed under IFRS. ACFO as computed by Crombie may differ from similar computations as reported by other REITs and, accordingly, may not be comparable to other such issuers. Crombie follows the recommendations of REALPAC's February 2019 white paper in calculating ACFO and defines ACFO as cash flow from operations (computed in accordance with IFRS), adjusted for the following applicable amounts:

- Distributions to unitholders included in cash flow from operations;
- Non-cash DRIP amounts included in distributions;
- Change in working capital;
- Capital expenditures;
- Operational revenue and expenses from right of use assets; and,
- Deferred financing charges.

REALPAC provides for other adjustments in determining ACFO which are currently not applicable to Crombie, therefore not included in the above list. The calculation of ACFO for the three months ended March 31, 2019 and 2018 is as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended March 31,	
	2019	2018
Cash flow from operations	\$ 21,050	\$ 25,812
Add (deduct):		
Distributions to unitholders included in cash flow from operations	33,736	33,606
Non-cash DRIP amount included in above distributions	(747)	(4,984)
Change in non-cash working capital balances not indicative of sustainable cash flows	(9,693)	(10,851)
Reserve for maintenance expenditures	(4,209)	(4,280)
Principal payments on right of use assets	(27)	—
Amortization of deferred financing charges	(912)	(1,116)
ACFO as calculated based on REALPAC recommendations	39,198	38,187
Total distributions declared during the period	33,736	33,606
Excess of ACFO over total distributions	\$ 5,462	\$ 4,581
ACFO payout ratio	86.1%	88.0%

Borrowing Capacity and Debt Covenants

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 1.4 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,
- distributions to Unitholders are limited to 100% of distributable income as defined in the revolving credit facility.

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 March 31, 2019, the remaining amount available under the revolving credit facility was approximately \$288,000 (prior to reduction for standby letters of credit outstanding of \$5,667) and was not limited by the Aggregate Borrowing Base. At March 31, 2019, Crombie remained in compliance with all debt covenants.

Debt to Gross Book Value - Fair Value Basis

When calculating debt to gross book 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. Gross book value is, at any time, the book value of the assets of Crombie and its consolidated subsidiaries plus deferred financing charges, accumulated depreciation and amortization in respect of Crombie's properties and cost of any below-market component of properties less (i) the amount of any receivable reflecting interest rate subsidies on any debt assumed by Crombie and (ii) the amount of deferred tax liability arising out of the fair value adjustment in respect of the indirect acquisitions of certain properties. If approved by a majority of the independent trustees, the appraised value of the assets of Crombie and its consolidated subsidiaries may be used instead of book value.

Debt to gross book value on a fair value basis includes investment properties measured at fair value with all other components of gross book value measured at the carrying value included in Crombie's financial statements. Crombie's methodology for determining fair value includes capitalization of net operating income using quarterly capitalization rates from external property valuers. All income properties are also subject to external, independent appraisals on a rotational basis over a period of not more than four years. The valuation techniques are more fully described in Crombie's year end audited financial statements.

The debt to gross book value on a fair value basis was 50.3% at March 31, 2019 compared to 49.6% at March 31, 2018. This leverage ratio is below the maximum 60%, or 65% including convertible debentures, as permitted by Crombie's Declaration of Trust. On a long-term basis, Crombie intends to maintain reasonable overall indebtedness so as to maintain and strengthen its investment grade rating.

During the three months ended March 31, 2019, Crombie's weighted average cap rate used in the determination of the fair value of its investment properties increased 0.01% to 6.11%.

<i>(In thousands of CAD dollars, except as otherwise noted)</i>	As at				
	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
Fixed rate mortgages	\$ 1,572,402	\$ 1,610,640	\$ 1,618,489	\$ 1,631,707	\$ 1,718,804
Senior unsecured notes	700,000	700,000	700,000	625,000	625,000
Convertible debentures	—	—	—	74,400	74,400
Revolving credit facility	107,986	108,843	54,148	32,422	11,161
Bilateral credit facility	40,000	70,000	100,000	100,000	50,000
Lease liabilities	29,689	—	—	—	—
Total debt outstanding	2,450,077	2,489,483	2,472,637	2,463,529	2,479,365
Less: Applicable fair value debt adjustment	(746)	(818)	(891)	(965)	(1,040)
Debt	\$ 2,449,331	\$ 2,488,665	\$ 2,471,746	\$ 2,462,564	\$ 2,478,325
Investment properties, at fair value	\$ 4,755,000	\$ 4,776,000	\$ 4,786,000	\$ 4,862,000	\$ 4,943,000
Other assets, cost ⁽¹⁾	59,077	52,677	57,181	60,354	33,469
Cash and cash equivalents	—	—	—	—	—
Deferred financing charges	10,379	11,408	11,058	12,815	14,095
Investment in joint ventures	41,807	39,485	37,578	2,715	2,711
Interest rate subsidy	(746)	(818)	(891)	(965)	(1,040)
Gross book value - fair value basis	\$ 4,865,517	\$ 4,878,752	\$ 4,890,926	\$ 4,936,919	\$ 4,992,235
Debt to gross book value - fair value basis	50.3%	51.0%	50.5%	49.9%	49.6%

⁽¹⁾ Other assets exclude Tenant incentives and Accrued straight-line rent receivable.

Crombie's management believes that through the issuance of Notes, convertible debentures, mortgage financings, refinancings and bank debt, Crombie continues to maintain leverage at an appropriate level while staying conservatively within its maximum borrowing capacity.

Coverage Ratios

EBITDA is a non-GAAP measure and should not be considered an alternative to operating income attributable to Unitholders, cash provided by operating activities or any other measure of operations as prescribed by IFRS. Crombie believes EBITDA is an indicative measure of its ability to service debt requirements, fund capital projects and acquire properties. Crombie's measurement of EBITDA may not be comparable to that used by other entities.

	Three months ended							
	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017
Property revenue	\$ 105,240	\$ 104,296	\$ 100,505	\$ 104,143	\$ 105,705	\$ 105,667	\$ 102,424	\$ 101,591
Amortization of tenant incentives	3,615	3,451	3,334	2,468	3,622	3,507	2,759	2,960
Adjusted property revenue	108,855	107,747	103,839	106,611	109,327	109,174	105,183	104,551
Property operating expenses	(32,366)	(30,817)	(27,660)	(29,925)	(32,904)	(31,622)	(28,259)	(29,793)
General and administrative expenses	(5,784)	(5,184)	(4,925)	(4,626)	(4,491)	(4,246)	(4,675)	(5,160)
EBITDA (1)	\$ 70,705	\$ 71,746	\$ 71,254	\$ 72,060	\$ 71,932	\$ 73,306	\$ 72,249	\$ 69,598
Trailing 12 months EBITDA (4)	\$ 285,765	\$ 286,992	\$ 288,552	\$ 289,547	\$ 287,085			
Finance costs – operations	\$ 25,667	\$ 25,968	\$ 26,573	\$ 26,381	\$ 26,709	\$ 26,681	\$ 26,244	\$ 26,892
Amortization of deferred financing charges	(912)	(930)	(2,019)	(1,093)	(1,116)	(996)	(1,010)	(1,521)
Amortization of effective swap agreements	(551)	(557)	(563)	(568)	(575)	(580)	(586)	(591)
Adjusted interest expense (2)	\$ 24,204	\$ 24,481	\$ 23,991	\$ 24,720	\$ 25,018	\$ 25,105	\$ 24,648	\$ 24,780
Debt principal repayments (3)	\$ 13,647	\$ 13,108	\$ 13,033	\$ 13,124	\$ 13,880	\$ 13,661	\$ 13,078	\$ 13,056
Debt outstanding (see Debt to Gross Book Value) (5) ⁽¹⁾	\$ 2,449,331	\$ 2,488,665	\$ 2,471,746	\$ 2,462,564	\$ 2,478,325	\$ 2,514,266		
Interest service coverage ratio {(1)/(2)}	2.92x	2.93x	2.97x	2.92x	2.88x	2.92x	2.93x	2.81x
Debt service coverage ratio {(1)/((2)+(3))}	1.87x	1.91x	1.92x	1.90x	1.85x	1.89x	1.92x	1.84x
Debt to trailing 12 months EBITDA {(5)/(4)}	8.57x	8.67x	8.57x	8.50x	8.63x	8.84x		

⁽¹⁾ Outstanding debt previously calculated as part of the Debt to Gross Book Value - Fair Value Basis calculation.

ACCOUNTING

Related Party Transactions

As at March 31, 2019, 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 key management personnel and post-employment benefit plans.

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

Crombie's transactions with related parties are as follows:

<i>(In thousands of CAD dollars)</i>	Three months ended March 31,	
	2019	2018
Property revenue		
Property revenue	\$ 52,230	\$ 50,564
Head lease income	\$ 162	\$ 179
Lease termination income	\$ 420	\$ —
Property operating expenses	\$ (4)	\$ (5)
General and administrative expenses		
Property management services recovered	\$ 119	\$ 157
Other general and administrative expenses	\$ (53)	\$ (58)
Finance costs - operations		
Interest rate subsidy	\$ 72	\$ 76
Finance costs - distributions to Unitholders	\$ (13,997)	\$ (13,944)

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. In addition to the above:

- During the three months ended March 31, 2019, Crombie issued 22,886 (March 31, 2018 - 162,554) Class B LP Units to ECLD under the DRIP.

Additional details on Crombie's related party transactions are described in the MD&A for the year ended December 31, 2018.

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. Actual results could differ from these estimates.

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

Critical Accounting Estimates and Assumptions

Critical accounting estimates and assumptions are discussed under the section "Critical Accounting Estimates and Assumptions" in the 2018 Annual MD&A.

Critical Judgments

Critical judgments are discussed under the section "Critical Judgments" in the 2018 Annual MD&A.

Application of new IFRS

In January 2016, the IASB issued IFRS 16 "Leases" which replaces IAS 17 and its associated interpretative guidance. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. A lessee is required to recognize a right of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured on a present value basis. Lessor accounting remains largely unchanged with the distinction between operating and finance leases retained and no adjustments were required, except for where Crombie has sub-leases. Under IFRS 16, Crombie reassessed the classifications of sub-lease contracts previously classified as operating leases under IAS 17. Certain land sub-leases were reassessed as finance leases under IFRS 16 and accordingly, a finance lease receivable of \$8,801 was recognized on January 1, 2019, included in other assets.

Crombie adopted the standard on January 1, 2019 using the modified retrospective approach, and accordingly, has not restated comparatives for the 2018 reporting period. The reclassifications and the adjustments arising from the new standard are recognized in the opening consolidated balance sheet on January 1, 2019.

Crombie elected to retain the previous determination of whether a contract is a lease for existing contracts. On initial application, Crombie used the following practical expedients permitted by the standard:

- Reliance on previous assessments on whether leases are onerous;
- Accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- Exclusion of low-value asset leases;
- Exclusion of initial direct costs for the measurement of the right of use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend the lease.

On adoption of IFRS 16, Crombie recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, primarily ground leases on land and fleet vehicle leases. These liabilities were measured at the present value of the remaining lease payments, discounted using Crombie's incremental borrowing rate as of January 1, 2019.

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 three months ended March 31, 2019. During the year ended December 31, 2018, Crombie sold the marketable securities.

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
- Restricted cash
- Trade and other payables (excluding embedded derivatives).

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:

<i>(In thousands of CAD dollars)</i>	March 31, 2019		December 31, 2018	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Long-term receivables ⁽¹⁾	\$ 23,083	\$ 23,081	\$ 21,885	\$ 21,882
Financial liabilities				
Investment property debt	\$ 1,782,680	\$ 1,720,388	\$ 1,829,772	\$ 1,789,483
Senior unsecured notes	716,802	700,000	702,893	700,000
Total other financial liabilities	\$ 2,499,482	\$ 2,420,388	\$ 2,532,665	\$ 2,489,483

⁽¹⁾Long-term receivables include amounts in other assets for 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 measurements.

Commitments, Contingencies and Guarantees

There are various claims and litigation which Crombie is involved with 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 letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at March 31, 2019, Crombie has a total of \$5,667 in outstanding letters of credit related to:

<i>(In thousands of CAD dollars)</i>	March 31, 2019	March 31, 2018
Construction work being performed on investment properties	\$ 3,827	\$ 3,879
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	1,840	4,840
Total outstanding letters of credit	\$ 5,667	\$ 8,719

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

As at March 31, 2019, Crombie had signed construction contracts totalling \$156,990 of which \$100,131 has been paid.

Crombie has 100% guarantees on mortgages related to properties in which it has less than a 100% interest. The mortgages payable related to these guarantees are secured by specific charges against the properties. As at March 31, 2019, Crombie has provided guarantees of approximately \$37,941 (March 31, 2018 - \$NIL) 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 5.6 years.

RISK MANAGEMENT

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. These risks are discussed more fully under the section "Risk Management" in the 2018 Annual MD&A. There have been no significant change in Crombie's risk management since that time. Crombie is providing specific risk updates for March 31, 2019 for dollar amount changes during the current quarter:

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 is 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, Sobeys (including other subsidiaries of Empire), represents 57.0% of annual minimum rent; no other tenant accounts for more than 4.2% of Crombie's annual 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 \$52,230 respectively for the three months ended March 31, 2019 (three months ended March 31, 2018 - \$50,564) from Sobeys Inc. and other subsidiaries of Empire.

Over the next five years, leases representing no more than 5.1% of the gross leaseable area of Crombie will expire in any one year.

Receivables are substantially comprised of current balances due from tenants. The balance of accounts receivable past due is not significant. 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. None of the receivable balances are considered impaired.

At each balance sheet 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.

There have been no significant changes to Crombie's credit risk since December 31, 2018.

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 March 31, 2019:

- Crombie's weighted average term to maturity of its fixed rate mortgages is 4.4 years;
- Crombie has a floating rate revolving credit facility available to a maximum of \$400,000, subject to available Borrowing Base, with a balance of \$107,986 at March 31, 2019;
- Crombie has a floating rate bilateral credit facility available to a maximum of \$100,000 with a balance of \$40,000 at March 31, 2019; and,
- Crombie has interest rate swap agreements in place on \$108,515 of floating rate mortgage debt.

Crombie estimates that \$1,615 of accumulated other comprehensive income (loss) will be reclassified to finance costs during the remaining three quarters of 2019, based on all settled swap agreements as of March 31, 2019.

A fluctuation in interest rates would have had an impact on Crombie's operating income related to the use of floating rate debt. Based on the previous year's rate changes, a 0.5% interest rate change would reasonably be considered possible. The changes would have had the following impact:

<i>(In thousands of CAD dollars)</i>	Impact of a 0.5% interest rate change			
	Decrease in rate		Increase in rate	
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility				
Three months ended March 31, 2019	\$	171	\$	(171)
Three months ended March 31, 2018	\$	46	\$	(46)

There have been no significant changes to Crombie's interest rate risk since December 31, 2018.

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 issue from Crombie with financial terms acceptable to Crombie. Crombie mitigates its exposure to liquidity risk utilizing a conservative approach to capital management.

Access to the revolving credit facility is limited by the amount utilized under the facility and the amount of any outstanding letters of credit, and cannot exceed the borrowing base security provided by Crombie.

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

		Twelve months ending March 31,						
<i>(In thousands of CAD dollars)</i>	Contractual Cash Flows ⁽¹⁾	2020	2021	2022	2023	2024	Thereafter	
Fixed rate mortgages ⁽²⁾	\$ 1,821,841	\$ 388,312	\$ 180,233	\$ 246,020	\$ 206,152	\$ 458,574	\$ 342,550	
Senior unsecured notes	795,931	152,679	24,404	266,150	162,298	8,400	182,000	
Lease Liabilities	150,867	2,520	2,517	2,321	2,210	2,098	139,201	
	2,768,639	543,511	207,154	514,491	370,660	469,072	663,751	
Floating rate credit facilities	167,396	5,699	44,412	4,228	113,057	—	—	
Total	\$ 2,936,035	\$ 549,210	\$ 251,566	\$ 518,719	\$ 483,717	\$ 469,072	\$ 663,751	

⁽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.

There have been no significant changes to Crombie's liquidity risk since December 31, 2018.

SUBSEQUENT EVENTS

- On April 17, 2019, Crombie declared distributions of 7.417 cents per Unit for the period from April 1, 2019 to and including, April 30, 2019. The distributions will be paid on May 15, 2019, to Unitholders of record as of April 30, 2019.
- On April 25, 2019, Crombie disposed of an 89% interest in 26 retail properties totalling 883,200 square feet of gross leaseable area. Total proceeds, before closing adjustments and transaction costs, were approximately \$161,600.
- On April 29, 2019, Crombie also disposed of a 100% interest in a retail property totalling 39,000 square feet of gross leaseable area. Total proceeds, before closing adjustments and transaction costs, were approximately \$21,500.

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 and include controls and procedures 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 Executive Vice President, 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 March 31, 2019. 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, 2018, 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 quarter.

The appropriate changes to ICFR in relation to Crombie's migration to the new ERP system have been made in order to continue to maintain appropriate internal controls over financial reporting. Other than these changes, there were no changes to Crombie's ICFR that occurred during the three months ended March 31, 2019 that have materially affected or are reasonably likely to materially affect Crombie's ICFR.

QUARTERLY INFORMATION

The following table shows information for revenues, expenses, increase (decrease) in net assets attributable to Unitholders, AFFO, FFO, distributions and per unit amounts for the eight most recently completed quarters.

(In thousands of CAD dollars, except per unit amounts)	Three Months Ended							
	Mar. 31 2019	Dec. 31 2018	Sep.30 2018	Jun. 30 2018	Mar. 31 2018	Dec. 31 2017	Sep. 30 2017	Jun. 30 2017
Property revenue	\$ 105,240	\$ 104,296	\$ 100,505	\$ 104,143	\$ 105,705	\$ 105,667	\$ 102,424	\$ 101,591
Property operating expenses	32,366	30,817	27,660	29,925	32,904	31,622	28,259	29,793
Property net operating income	72,874	73,479	72,845	74,218	72,801	74,045	74,165	71,798
Gain on disposal	26,629	4,580	100	33,502	11,841	2,474	—	—
Expenses:								
General and administrative	(5,784)	(5,184)	(4,925)	(4,626)	(4,491)	(4,246)	(4,675)	(5,160)
Finance costs - operations	(25,667)	(25,968)	(26,573)	(26,381)	(26,709)	(26,681)	(26,244)	(26,892)
Income (loss) from equity accounted investments	94	111	69	39	35	(7)	41	27
Depreciation and amortization	(19,918)	(19,906)	(28,696)	(19,719)	(28,032)	(20,619)	(21,966)	(19,826)
Impairment	—	(7,000)	—	(8,000)	—	—	—	—
Operating income before taxes	48,228	20,112	12,820	49,033	25,445	24,966	21,321	19,947
Taxes - current	—	(1)	(2)	—	—	2,082	—	(4)
Taxes - deferred	—	—	—	—	—	—	—	76,400
Operating income	48,228	20,111	12,818	49,033	25,445	27,048	21,321	96,343
Finance costs - distributions to Unitholders	(33,736)	(33,724)	(33,711)	(33,688)	(33,606)	(33,511)	(33,385)	(33,248)
Finance income (costs) - change in fair value of financial instruments	(671)	197	(40)	(50)	295	18	25	1
Increase (decrease) in net assets attributable to Unitholders	\$ 13,821	\$ (13,416)	\$ (20,933)	\$ 15,295	\$ (7,866)	\$ (6,445)	\$ (12,039)	\$ 63,096
Operating income per unit - Basic	\$ 0.32	\$ 0.13	\$ 0.08	\$ 0.32	\$ 0.17	\$ 0.18	\$ 0.14	\$ 0.65
Operating income per unit - Diluted	\$ 0.32	\$ 0.13	\$ 0.08	\$ 0.32	\$ 0.17	\$ 0.18	\$ 0.14	\$ 0.63

(In thousands of CAD dollars, except per unit amounts)	Three Months Ended							
	Mar. 31, 2019	Dec. 31 2018	Sep. 30 2018	Jun. 30 2018	Mar. 31 2018	Dec. 31 2017	Sep. 30 2017	Jun. 30 2017
Distributions								
Distributions	\$ 33,736	\$ 33,724	\$ 33,711	\$ 33,688	\$ 33,606	\$ 33,511	\$ 33,385	\$ 33,248
Per unit	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22
AFFO								
Basic	\$ 38,660	\$ 39,771	\$ 37,867	\$ 39,492	\$ 38,664	\$ 39,481	\$ 38,713	\$ 35,532
Per unit - Basic	\$ 0.26	\$ 0.26	\$ 0.25	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.24
Payout ratio	87.3%	84.8%	89.0%	85.3%	86.9%	84.9%	86.2%	93.6%
FFO								
Basic	\$ 45,460	\$ 46,490	\$ 45,355	\$ 46,325	\$ 45,864	\$ 47,237	\$ 46,652	\$ 43,335
Per unit - Basic	\$ 0.30	\$ 0.31	\$ 0.30	\$ 0.31	\$ 0.30	\$ 0.31	\$ 0.31	\$ 0.29
Payout ratio	74.2%	72.5%	74.3%	72.7%	73.3%	70.9%	71.6%	76.7%

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

- Property acquisitions and dispositions (excluding closing and transaction costs) for each of the above three month periods were:

- March 31, 2019 - acquisition of one development property for a total purchase price of \$32,439, disposition of three retail properties for proceeds of \$64,780 and disposition of a 50% interest in seven retail properties for proceeds of \$41,614;
 - December 31, 2018 - acquisition of one retail property and an addition to an existing retail property for a total purchase price of \$14,900 and disposition of three retail properties for proceeds of \$26,600;
 - September 30, 2018 - acquisition of an addition to an existing retail property for a total purchase price of \$3,735 and disposition of one retail property for proceeds of \$39,682;
 - June 30, 2018 - acquisition of 10 retail properties and additions to two existing retail properties for a total purchase price of \$100,610, disposition of two retail properties and one mixed-use property for proceeds of \$74,250 and disposition of a 50% interest in nine retail properties for proceeds of \$77,929;
 - March 31, 2018 - disposition of two retail properties for proceeds of \$35,627 and the disposition of residential lands adjacent to a development property for proceeds of \$5,725;
 - December 31, 2017 - disposition of one retail property for proceeds of \$15,600; and,
 - September 30, 2017 - acquisition of six retail properties for a total purchase price of \$100,257, and acquisition of additional development on a pre-existing retail property for a total purchase price of \$7,671.
- 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.

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.

Dated: May 8, 2019

New Glasgow, Nova Scotia, Canada

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
THREE MONTHS ENDED
MARCH 31, 2019

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

	Note	March 31, 2019	December 31, 2018
Assets			
Non-current assets			
Investment properties	3	\$ 3,728,389	\$ 3,759,643
Investment in joint ventures	4	41,807	39,485
Other assets	5	260,166	248,818
		<u>4,030,362</u>	<u>4,047,946</u>
Current assets			
Other assets	5	17,350	23,128
		<u>17,350</u>	<u>23,128</u>
Total Assets		<u>4,047,712</u>	<u>4,071,074</u>
Liabilities			
Non-current liabilities			
Fixed rate mortgages	6	1,408,497	1,421,062
Credit facilities	6	147,986	178,843
Senior unsecured notes	7	573,788	698,716
Lease liabilities		29,019	—
Employee future benefits obligation		8,890	8,824
Trade and other payables	8	12,386	11,488
		<u>2,180,566</u>	<u>2,318,933</u>
Current liabilities			
Fixed rate mortgages	6	155,698	180,522
Senior unsecured notes	7	125,000	—
Employee future benefits obligation		296	296
Trade and other payables	8	132,831	128,483
		<u>413,825</u>	<u>309,301</u>
Total liabilities excluding net assets attributable to Unitholders		<u>2,594,391</u>	<u>2,628,234</u>
Net assets attributable to Unitholders		<u>\$ 1,453,321</u>	<u>\$ 1,442,840</u>
Net assets attributable to Unitholders represented by:			
Crombie REIT Unitholders		\$ 870,667	\$ 864,779
Special Voting Units and Class B Limited Partnership Unitholders		582,654	578,061
		<u>\$ 1,453,321</u>	<u>\$ 1,442,840</u>
Commitments, contingencies and guarantees	18		
Subsequent events	19		

See accompanying notes to the interim condensed consolidated financial statements.

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

	Note	Three months ended	
		March 31, 2019	March 31, 2018
Property revenue	9	\$ 105,240	\$ 105,705
Property operating expenses		32,366	32,904
Net property income		72,874	72,801
Gain on disposal of investment properties	3	26,629	11,841
Depreciation of investment properties	3	(17,838)	(26,208)
Amortization of intangible assets	3	(1,603)	(1,627)
Amortization of deferred leasing costs	3	(202)	(187)
Depreciation of other fixed assets	5	(275)	(10)
General and administrative expenses	11	(5,784)	(4,491)
Finance costs - operations	12	(25,667)	(26,709)
Income from equity accounted investments	4	94	35
Operating income attributable to Unitholders		48,228	25,445
Finance costs - other			
Distributions to Unitholders		(33,736)	(33,606)
Change in fair value of financial instruments	11	(671)	295
		(34,407)	(33,311)
Increase (decrease) in net assets attributable to Unitholders		13,821	(7,866)
Other comprehensive income			
Items that will be subsequently reclassified to Increase (decrease) in net assets attributable to Unitholders:			
Costs incurred on derivatives designated as cash flow hedges transferred to finance costs - operations		551	575
Net change in derivatives designated as cash flow hedges		(2,321)	624
Other comprehensive income		(1,770)	1,199
Comprehensive income (loss)		\$ 12,051	\$ (6,667)

See accompanying notes to the interim condensed consolidated financial statements.

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

	REIT Units, Special Voting Units and Class B LP Units	Net Assets (Liabilities) Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to	
					REIT Units	Class B LP Units
	(Note 13)					
Balance, January 1, 2019, as previously reported	\$ 1,756,458	\$ (312,287)	\$ (1,331)	\$ 1,442,840	\$ 864,779	\$ 578,061
Adjustments related to adoption of IFRS 16 ⁽¹⁾		(2,505)		(2,505)	(1,501)	(1,004)
Adjustments related to EUPP	183	5	—	188	188	—
Statements of comprehensive income (loss)	—	13,821	(1,770)	12,051	6,766	5,285
Units issued under Distribution Reinvestment Plan ("DRIP")	747	—	—	747	435	312
Balance, March 31, 2019	\$ 1,757,388	\$ (300,966)	\$ (3,101)	\$ 1,453,321	\$ 870,667	\$ 582,654

(1) See IFRS 16 transition note (note 2(f))

	REIT Units, Special Voting Units and Class B LP Units	Net Assets (Liabilities) Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to	
					REIT Units	Class B LP Units
	(Note 13)					
Balance, January 1, 2018	\$ 1,746,139	\$ (285,388)	\$ (3,496)	\$ 1,457,255	\$ 873,478	\$ 583,777
Adjustments related to EUPP	15	7	—	22	22	—
Statements of comprehensive income (loss)	—	(7,866)	1,199	(6,667)	(4,073)	(2,594)
Units issued under DRIP	4,984	—	—	4,984	2,914	2,070
Balance, March 31, 2018	\$ 1,751,138	\$ (293,247)	\$ (2,297)	\$ 1,455,594	\$ 872,341	\$ 583,253

See accompanying notes to the interim condensed consolidated financial statements.

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

		Three months ended	
	Note	March 31, 2019	March 31, 2018
Cash flows provided by (used in)			
Operating Activities			
Increase (decrease) in net assets attributable to Unitholders		\$ 13,821	\$ (7,866)
Items not affecting operating cash	14	(3,611)	23,184
Change in other non-cash operating items	14	10,840	10,494
Cash provided by operating activities		21,050	25,812
Financing Activities			
Issue of mortgages		25,288	—
Deferred financing charges - investment property debt		(27)	(135)
Repayment of mortgages - principal		(13,647)	(13,880)
Repayment of mortgages - maturity		(17,450)	(29,910)
Advance (repayment) of floating rate credit facilities		(30,856)	7,993
Deferred financing charges - senior unsecured notes		(19)	(118)
Amortization of fair value debt adjustment		(83)	(145)
Disposition of fair value debt adjustment		(446)	—
Recognition of interest rate subsidy		(72)	(76)
Repayment of EUPP loans receivable		183	15
Payments of lease liabilities		(163)	—
Collection of (advances on) long-term receivables		(1,199)	23
Cash used in financing activities		(38,491)	(36,233)
Investing Activities			
Acquisition of investment properties and intangible assets		(32,439)	—
Additions to investment properties		(17,284)	(23,002)
Proceeds on disposal of investment properties	3	73,781	41,225
Acquisition of interest in joint ventures		—	(109)
Contributions to Joint Ventures		(2,233)	—
Additions to other fixed assets		(776)	(964)
Proceeds on disposal of marketable securities		—	1,252
Additions to tenant incentives		(2,944)	(7,715)
Additions to deferred leasing costs		(664)	(266)
Cash provided by investing activities		17,441	10,421
Net change in cash and cash equivalents		—	—
Cash and cash equivalents, beginning of period		—	—
Cash and cash equivalents, end of period		\$ —	\$ —

See accompanying notes to the interim condensed consolidated financial statements.

1) GENERAL INFORMATION AND NATURE OF OPERATIONS

Crombie Real Estate Investment Trust ("Crombie") is an unincorporated "open-ended" real estate investment trust created pursuant to the Declaration of Trust dated January 1, 2006, as amended. The principal business of Crombie is investing in income-producing retail, office and mixed-use properties in Canada. Crombie is registered in Canada and the address of its registered office is 610 East River Road, Suite 200, New Glasgow, Nova Scotia, Canada, B2H 3S2. The interim condensed consolidated financial statements for the three months ended March 31, 2019 and March 31, 2018 include the accounts of Crombie and all of its subsidiary entities. The units of Crombie are traded on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

The three months ended March 31, 2019 interim condensed consolidated financial statements were authorized for issue by the Board of Trustees on May 8, 2019.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and do not contain all of the information required by IAS 1, Presentation of Financial Statements. Therefore, they should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018.

(b) Basis of presentation

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

(c) 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 as at March 31, 2019. Subsidiaries are all entities over which Crombie has control. All subsidiaries have a reporting date of March 31, 2019.

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 proportionate 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) Leases

Crombie adopted IFRS 16 "Leases" on January 1, 2019. Refer to note 2(f) for impact of the adoption.

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 vehicle leases. 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 is presented separately.

Prior to adoption of IFRS 16, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were recognized in income on a straight-line basis over the period of the lease.

(f) Application of new IFRS

(i) IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 "Leases" which replaces IAS 17 and its associated interpretative guidance. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. A lessee is required to recognize a right of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured on a present value basis. Lessor accounting remains largely unchanged with the distinction between operating and finance leases retained and no

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
(In thousands of CAD dollars)
March 31, 2019

adjustments were required, except for where Crombie has sub-leases. Under IFRS 16, Crombie reassessed the classifications of a sub-lease contract previously classified as operating leases under IAS 17. Certain land sub-leases were reassessed as finance leases under IFRS 16 and accordingly, a finance lease receivable of \$8,801 was recognized on January 1, 2019, included in other assets.

Crombie adopted the standard on January 1, 2019 using the modified retrospective approach, and accordingly, has not restated comparatives for the 2018 reporting period. The reclassifications and the adjustments arising from the new standard are recognized in the opening consolidated balance sheet on January 1, 2019.

Crombie elected to retain the previous determination of whether a contract is a lease for existing contracts. On initial application, Crombie used the following practical expedients permitted by the standard:

- Reliance on previous assessments on whether leases are onerous;
- Accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- Exclusion of low-value asset leases;
- Exclusion of initial direct costs for the measurement of the right of use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On adoption of IFRS 16, Crombie recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, consisting primarily of land and vehicle leases. These liabilities were measured at the present value of the remaining lease payments, discounted using Crombie's incremental borrowing rate as of January 1, 2019.

The following table presents the reconciliation of lease liabilities as of January 1, 2019:

Minimum lease payments under operating leases as of December 31, 2018	\$	150,550
Effect from discounting at the incremental borrowing rate as of January 1, 2019		(120,810)
Lease liabilities recognized at January 1, 2019	<u>\$</u>	<u>29,740</u>

The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6.28%.

The associated right of use assets were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial acquisition.

The recognized right of use assets relate to the following:

	March 31, 2019	January 1, 2019
Land	\$ 16,605	\$ 16,812
Office	207	232
Fleet	1,380	1,390
Total right of use assets	<u>\$ 18,192</u>	<u>\$ 18,434</u>

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
(In thousands of CAD dollars)
March 31, 2019

The change in accounting policy affected the following items on the consolidated balance sheet on January 1, 2019:

	December 31, 2018 as reported	Impact of IFRS 16 adoption	January 1, 2019
Investment properties	\$ 3,759,643	\$ 16,812	\$ 3,776,455
Other assets	\$ 271,946	\$ 10,422	\$ 282,368
Lease liabilities	\$ —	\$ 29,740	\$ 29,740
Net assets attributable to Unitholders represented by:			
Crombie REIT unitholders	\$ 864,779	\$ (1,501)	\$ 863,278
Special Voting Units and Class B Limited Partnership Unitholders	\$ 578,061	\$ (1,004)	\$ 577,057

3) INVESTMENT PROPERTIES

	March 31, 2019	December 31, 2018
Income properties	\$ 3,625,710	\$ 3,693,464
Properties under development	102,679	66,179
\$ 3,728,389	\$ 3,759,643	

Income properties

March 31, 2019	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2019	\$ 1,176,745	\$ 2,968,216	\$ 121,181	\$ 7,010	\$ 4,273,152
Impact of adoption of IFRS 16 (note 2(f))	16,812	—	—	—	16,812
Additions	1,297	10,895	—	485	12,677
Dispositions	(21,458)	(64,165)	(2,666)	(24)	(88,313)
Balance, March 31, 2019	1,173,396	2,914,946	118,515	7,471	4,214,328
Accumulated depreciation and amortization and impairment					
Opening balance, January 1, 2019	2,357	509,304	65,777	2,250	579,688
Depreciation and amortization	207	17,631	1,603	202	19,643
Dispositions	—	(9,223)	(1,482)	(8)	(10,713)
Balance, March 31, 2019	2,564	517,712	65,898	2,444	588,618
Net carrying value, March 31, 2019	\$ 1,170,832	\$ 2,397,234	\$ 52,617	\$ 5,027	\$ 3,625,710

Included in land are right of use assets of \$16,605 net of accumulated depreciation of \$207 for land held under lease.

CROMBIE REAL ESTATE INVESTMENT TRUST
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
(In thousands of CAD dollars)
March 31, 2019

March 31, 2018	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2018	\$ 1,208,424	\$ 2,942,538	\$ 120,650	\$ 8,821	\$ 4,280,433
Acquisitions	33,192	84,167	6,420	—	123,779
Additions	1,361	78,917	—	1,545	81,823
Dispositions	(82,191)	(132,704)	(5,681)	(681)	(221,257)
Write-off fully depreciated assets	—	(24,637)	(208)	(2,876)	(27,721)
Reclassification from properties under development	15,959	19,935	—	201	36,095
Balance, December 31, 2018	1,176,745	2,968,216	121,181	7,010	4,273,152
Accumulated depreciation and amortization and impairment					
Opening balance, January 1, 2018	2,357	458,973	63,056	4,785	529,171
Depreciation and amortization	—	88,818	6,701	792	96,311
Dispositions	—	(28,850)	(3,772)	(451)	(33,073)
Impairment	—	15,000	—	—	15,000
Write-off fully depreciated assets	—	(24,637)	(208)	(2,876)	(27,721)
Balance, December 31, 2018	2,357	509,304	65,777	2,250	579,688
Net carrying value, December 31, 2018	\$ 1,174,388	\$ 2,458,912	\$ 55,404	\$ 4,760	\$ 3,693,464

During the year ended December 31, 2018, Crombie recorded impairments totaling \$15,000 on three properties. The impairments were the result of the fair value impact of tenant lease expires and departures and slower than expected leasing activity.

Properties under development

	Land	Buildings	Deferred Leasing Costs	Total
Opening balance, January 1, 2019	\$ 49,967	\$ 16,095	\$ 117	\$ 66,179
Acquisitions	32,439	—	—	32,439
Additions	517	3,544	—	4,061
Balance, March 31, 2019	\$ 82,923	\$ 19,639	\$ 117	\$ 102,679

During the quarter ended March 31, 2019, Crombie acquired a 20.25 acre site located in Pointe-Claire, Quebec for total costs of \$32,439.

	Land	Buildings	Deferred Leasing Costs	Total
Opening balance, January 1, 2018	\$ 68,725	\$ 6,858	\$ 116	\$ 75,699
Additions	2,981	29,172	202	32,355
Dispositions	(5,780)	—	—	(5,780)
Reclassification to income producing properties	(15,959)	(19,935)	(201)	(36,095)
Balance, December 31, 2018	\$ 49,967	\$ 16,095	\$ 117	\$ 66,179

On March 6, 2018, Crombie disposed of 3.63 acres of residential lands adjacent to a commercial development project in Langford, British Columbia. The transaction was completed with a third party.

During the year ended December 31, 2018, Crombie reclassified completed phases of two development properties to income properties.

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Fair value

Crombie's total fair value of investment properties exceeds carrying value by \$807,855 at March 31, 2019 (December 31, 2018 - \$797,088). 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.

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

		Fair Value		Carrying Value
March 31, 2019	\$	4,755,000	\$	3,947,145
December 31, 2018	\$	4,776,000	\$	3,978,912

Carrying value consists of the net carrying value of:

	Note	March 31, 2019		December 31, 2018
Income properties	3	\$ 3,625,710	\$	3,693,464
Properties under development	3	102,679		66,179
Accrued straight-line rent receivable	5	83,023		81,689
Tenant incentives	5	135,733		137,580
Total carrying value		<u>\$ 3,947,145</u>	<u>\$</u>	<u>3,978,912</u>

As at March 31, 2019, all properties have been subjected to external, independent appraisal over the past four years.

Crombie has utilized the following weighted average capitalization rates 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 the comparative rates adjusted to reflect this change. Crombie has determined that an increase (decrease) in this applied capitalization rate of 0.25% would result in an increase (decrease) in the fair value of the investment properties as follows:

		Impact of a 0.25% Change in Capitalization Rate		
	Weighted Average Capitalization Rate		Increase in Rate	Decrease in Rate
March 31, 2019	6.11 %	\$	(183,000)	\$ 199,000
December 31, 2018	6.10%	\$	(186,000)	\$ 203,000

Income 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.

March 31, 2019

Transaction Date	Vendor/Purchaser	Properties Acquired (Disposed)	Approximate Square Footage	Initial Acquisition (Disposition) Price
January 29, 2019	Third Party	(1)	(114,000)	\$ (35,180)
February 5, 2019	Third Party	(7)	(148,000)	(41,614)
February 8, 2019	Third Party	(1)	(50,000)	(19,925)
February 14, 2019	Third Party	(1)	(19,000)	(9,675)
			<u>(331,000)</u>	<u>\$ (106,394)</u>

Dispositions in 2019 include the sale of a 50% interest in seven retail properties to a third party.

The properties disposed of during the period had a total fair value of \$105,582 at the end of the quarter preceding the date of disposition resulting in a fair value gain of \$812 before closing and transaction costs. The gain on disposal relative to cost was \$26,629.

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March 31, 2018

Transaction Date	Vendor/Purchaser	Properties Acquired (Disposed)	Approximate Square Footage	Initial Acquisition (Disposition) Price
February 5, 2018	Third party	(1)	(92,000) \$	(15,000)
February 20, 2018	Third party	(1)	(103,000)	(20,627)
March 6, 2018	Third party	—	—	(5,725)
			(195,000) \$	(41,352)

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

	Three months ended March 31,	
	2019	2018
Investment property disposed:		
Gross proceeds	\$ 107,215	\$ 41,352
Selling costs	(1,161)	(127)
	106,054	41,225
Carrying values derecognized		
Land	(21,458)	(13,017)
Buildings	(54,942)	(15,213)
Intangibles	(1,184)	(99)
Deferred leasing costs	(16)	(15)
Tenant Incentives	(504)	(616)
Accrued straight-line rent	(1,199)	(381)
Development costs	—	(43)
Provisions	(122)	—
Gain on disposal	\$ 26,629	\$ 11,841

	Three months ended March 31,	
	2019	2018
Proceeds per above	\$ 106,054	\$ 41,225
Mortgages assumed	(32,273)	—
Cash proceeds	\$ 73,781	\$ 41,225

4) INVESTMENT IN JOINT VENTURES

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

	March 31, 2019	December 31, 2018
1600 Davie Limited Partnership	50.0%	50.0%
140 CPN Limited	50.0%	50.0%
Bronte Village Limited Partnership	50.0%	50.0%
The Duke Limited Partnership	50.0%	50.0%

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

	March 31, 2019	December 31, 2018
Non-current assets	\$ 171,107	\$ 112,581
Current assets	31,940	30,043
Non-current liabilities	(122,555)	(68,166)
Current liabilities	(12,424)	(10,125)
Net assets	\$ 68,068	\$ 64,333
Crombie's investment in joint ventures	\$ 41,807	\$ 39,485

	Three months ended March 31,		2018
	2019		2018
Revenue	\$ 343	\$	142
Property operating expenses	(100)		(66)
General and administrative expenses	(2)		12
Depreciation of investment properties	(41)		(14)
Finance costs - operations	(12)		(4)
Net income	\$ 188	\$	70
Crombie's income from equity accounted investments	\$ 94	\$	35

5) OTHER ASSETS

	March 31, 2019			December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	\$ 7,507	\$ —	\$ 7,507	\$ 8,682	\$ —	\$ 8,682
Provision for doubtful accounts	(279)	—	(279)	(345)	—	(345)
Net trade receivables	7,228	—	7,228	8,337	—	8,337
Prepaid expenses and deposits	9,193	—	9,193	11,857	—	11,857
Fair value of interest rate swap agreements	519	—	519	2,840	—	2,840
Fixtures and computer equipment ^{(1) (2)}	—	9,938	9,938	—	7,761	7,761
Finance lease receivable	316	8,485	8,801	—	—	—
Accrued straight-line rent receivable	—	83,023	83,023	—	81,689	81,689
Tenant incentives	—	135,733	135,733	—	137,580	137,580
Capital expenditure program	—	105	105	—	105	105
Interest rate subsidy	94	180	274	94	203	297
Amounts receivable from related parties	—	22,702	22,702	—	21,480	21,480
	\$ 17,350	\$ 260,166	\$ 277,516	\$ 23,128	\$ 248,818	\$ 271,946

⁽¹⁾ For the three months ended March 31, 2019, depreciation of fixed assets was \$275 (December 31, 2018 - \$42).

⁽²⁾ Fixtures and computer equipment includes right of use assets of \$1,732 net of accumulated depreciation of \$142 relating to office and vehicle leases.

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Amounts due from related parties include \$15,545 in 6% Subordinated Notes Receivable due from Bronte Village Limited Partnership and The Duke Limited Partnership.

Tenant Incentives	Cost	Accumulated Amortization	Net Carrying Value
Balance, January 1, 2019	\$ 204,250	\$ 66,670	\$ 137,580
Additions	2,272	—	2,272
Amortization	—	3,615	(3,615)
Disposition	(846)	(342)	(504)
Balance, March 31, 2019	\$ 205,676	\$ 69,943	\$ 135,733
Balance, January 1, 2018	\$ 211,394	\$ 67,902	\$ 143,492
Additions	14,723	—	14,723
Amortization	—	12,875	(12,875)
Disposition	(12,739)	(4,979)	(7,760)
Write-off fully depreciated assets	(9,128)	(9,128)	—
Balance, December 31, 2018	\$ 204,250	\$ 66,670	\$ 137,580

See Note 16(a) for fair value information.

6) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	March 31, 2019	December 31, 2018
Fixed rate mortgages	2.35 - 6.90%	4.30%	4.4 years	\$ 1,572,402	\$ 1,610,640
Floating rate revolving credit facility			3.3 years	107,986	108,843
Unsecured bilateral credit facility			1.1 years	40,000	70,000
Deferred financing charges				(8,207)	(9,056)
				\$ 1,712,181	\$ 1,780,427
Mortgages					
Non-current				\$ 1,408,497	\$ 1,421,062
Current				155,698	180,522
Credit facilities					
Non-current				147,986	178,843
Current				—	—
				\$ 1,712,181	\$ 1,780,427

As at March 31, 2019, mortgage retirements on a calendar year basis are:

12 Months Ending	Weighted average interest rates on maturing mortgages	Maturities	Principal payments	Total
Remainder of 2019	4.46%	\$ 116,317	\$ 39,381	\$ 155,698
December 31, 2020	4.96%	225,241	46,075	271,316
December 31, 2021	3.91%	88,974	44,582	133,556
December 31, 2022	3.89%	170,371	38,878	209,249
December 31, 2023	4.17%	250,491	31,922	282,413
Thereafter	4.25%	430,220	88,661	518,881
		\$ 1,281,614	\$ 289,499	1,571,113
Deferred financing charges				(8,207)
Unamortized fair value debt adjustment				1,289
				\$ 1,564,195

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Specific investment properties with a carrying value of \$2,942,198 as at March 31, 2019 (December 31, 2018 - \$3,002,822) are currently pledged as security for mortgages or provided as security for the floating rate 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 three months ended:	Type	Number of Mortgages	Weighted Average			Amortization Period in Years	Proceeds (Repayments)
			Rates	Terms in Years			
March 31, 2019	New	6	3.61%	5.0		25.0	\$ 25,288
	Repaid	7	4.43%	—		—	(46,750)
	Disposition ⁽¹⁾	1	4.41%	—		—	(2,973)
							<u>\$ (24,435)</u>

⁽¹⁾ Represents disposition of 50% interest in mortgages related to partial disposition of a portfolio of properties.

For the three months ended:	Type	Number of Mortgages	Weighted Average			Amortization Period in Years	Proceeds (Repayments)
			Rates	Terms in Years			
March 31, 2018	Repaid	6	5.38%	—		—	\$ (29,910)
							<u>\$ (29,910)</u>

Floating Rate Revolving Credit Facility

The floating rate revolving credit facility has a maximum principal amount of \$400,000 (December 31, 2018 - \$400,000) and matures June 30, 2022. 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 and second mortgages on certain properties and the maximum principal amount is subject to available borrowing base (March 31, 2019 - 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 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 \$100,000 and matures May 16, 2020. 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.

See Note 16(a) for fair value information.

7) SENIOR UNSECURED NOTES

	Maturity Date	Interest Rate	March 31, 2019	December 31, 2018
Series B	June 1, 2021	3.962% \$	250,000	\$ 250,000
Series C	February 10, 2020	2.775%	125,000	125,000
Series D	November 21, 2022	4.066%	150,000	150,000
Series E	January 31, 2025	4.800%	175,000	175,000
Unamortized Series B issue premium			960	1,068
Deferred financing charges			(2,172)	(2,352)
			<u>\$ 698,788</u>	<u>\$ 698,716</u>

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12 Months Ending	Series B	Series C	Series D	Series E	Total
March 31, 2020	\$ —	\$ 125,000	\$ —	\$ —	125,000
March 31, 2021	—	—	—	—	—
March 31, 2022	250,000	—	—	—	250,000
March 31, 2023	—	—	150,000	—	150,000
March 31, 2024	—	—	—	—	—
Thereafter	—	—	—	175,000	175,000
	<u>\$ 250,000</u>	<u>\$ 125,000</u>	<u>\$ 150,000</u>	<u>\$ 175,000</u>	<u>700,000</u>
Unamortized Series B issue premium					960
Deferred financing charges					(2,172)
				<u>\$</u>	<u>698,788</u>

See Note 16(a) for fair value information.

8) TRADE AND OTHER PAYABLES

	March 31, 2019			December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
Tenant incentives and capital expenditures	\$ 57,085	\$ —	\$ 57,085	\$ 60,549	\$ —	\$ 60,549
Property operating costs	36,174	—	36,174	30,872	—	30,872
Prepaid rents	6,346	—	6,346	8,555	—	8,555
Finance costs on investment property debt, notes and debentures	12,388	—	12,388	9,561	—	9,561
Amounts payable to related party	6,217	—	6,217	6,217	—	6,217
Distributions payable	11,247	—	11,247	11,243	—	11,243
Unit-based compensation plans	3,301	7,383	10,684	1,355	7,056	8,411
Deferred revenue	73	5,003	5,076	131	4,432	4,563
	<u>\$ 132,831</u>	<u>\$ 12,386</u>	<u>\$ 145,217</u>	<u>\$ 128,483</u>	<u>\$ 11,488</u>	<u>\$ 139,971</u>

9) PROPERTY REVENUE

	Three months ended March 31,	
	2019	2018
Operating lease revenue		
Rental revenue contractually due from tenants ⁽¹⁾	\$ 89,317	\$ 91,364
Contingent rental revenue	456	452
Straight-line rent recognition	2,533	2,886
Tenant incentive amortization	(3,615)	(3,622)
Lease termination income	665	175
Revenue from Contracts with Customers		
Common area cost recoveries	14,529	12,982
Parking revenue	1,355	1,468
	<u>\$ 105,240</u>	<u>\$ 105,705</u>

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

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

	Three months ended March 31,			
	2019		2018	
	Revenue	Percentage	Revenue	Percentage
Sobeys Inc. (including all subsidiaries of Empire)	\$ 52,230	49.6%	\$ 50,564	47.8%

10) OPERATING LEASES

Crombie as a Lessor

Crombie's operations include leasing commercial real estate. Future minimum rental income under non-cancellable tenant leases as at March 31, 2019, is as follows:

	Remaining	Year Ending December 31,						
	2019	2020	2021	2022	2023	Thereafter	Total	
Future minimum rental income	\$ 217,608	\$ 281,442	\$ 269,893	\$ 258,298	\$ 246,818	\$ 1,919,524	\$ 3,193,583	

11) CORPORATE EXPENSES AND CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) General and administrative expenses

	Three months ended March 31,	
	2019	2018
Salaries and benefits	\$ 4,073	\$ 2,994
Professional and public company costs	850	776
Occupancy and other	861	721
	\$ 5,784	\$ 4,491

(b) Employee benefit expense

Crombie's payroll expenses are included in property operating expenses and in general and administrative expenses.

	Three months ended March 31,	
	2019	2018
Wages and salaries	\$ 10,269	\$ 8,725
Post-employment benefits	242	232
	\$ 10,511	\$ 8,957

(c) Change in fair value of financial instruments

	Three months ended March 31,	
	2019	2018
Deferred Unit ("DU") Plan	\$ (671)	\$ 295

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12) FINANCE COSTS – OPERATIONS

	Three months ended March 31,	
	2019	2018
Fixed rate mortgages	\$ 17,925	\$ 19,933
Floating rate term, revolving and demand facilities	1,345	735
Capitalized interest	(1,017)	(904)
Senior unsecured notes	6,950	5,880
Convertible debentures	—	1,065
Interest on lease liability	464	—
Finance costs - operations, expense	25,667	26,709
Amortization of fair value debt adjustment and accretion income	160	229
Change in accrued finance costs	4,425	(4,947)
Amortization of effective swap agreements	(551)	(575)
Capitalized interest ⁽¹⁾	1,017	904
Amortization of issue premium on senior unsecured notes	109	95
Amortization of deferred financing charges	(912)	(1,116)
Finance costs - operations, paid	\$ 29,915	\$ 21,299

⁽¹⁾ For the three months ended March 31, 2019, interest was capitalized to qualifying development projects based on a weighted average interest rate of 3.63% (March 31, 2018 - 3.45%).

13) 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, 2019	89,597,604	\$ 1,040,804	61,980,011	\$ 715,654	151,577,615	\$ 1,756,458
Net change in EUPP loans receivable	—	183	—	—	—	183
Units issued under DRIP	32,274	435	22,886	312	55,160	747
Balance, March 31, 2019	89,629,878	\$ 1,041,422	62,002,897	\$ 715,966	151,632,775	\$ 1,757,388

	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, 2018	89,115,328	\$ 1,034,683	61,646,953	\$ 711,456	150,762,281	\$ 1,746,139
Net change in EUPP loans receivable	—	15	—	—	—	15
Units issued under DRIP	229,207	2,914	162,554	2,070	391,761	4,984
Balance, March 31, 2018	89,344,535	\$ 1,037,612	61,809,507	\$ 713,526	151,154,042	\$ 1,751,138

14) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three months ended March 31,	
	2019	2018
Items not affecting operating cash:		
Straight-line rent recognition	\$ (2,533) \$	(2,886)
Amortization of tenant incentives	3,615	3,622
Gain on disposal of investment properties	(26,629)	(11,841)
Depreciation of investment properties	17,838	26,208
Amortization of intangible assets	1,603	1,627
Amortization of deferred leasing costs	202	187
Depreciation of other fixed assets	275	10
Unit-based compensation	5	7
Amortization of effective swap agreements	551	575
Amortization of deferred financing charges	912	1,116
Amortization of issue premium on senior unsecured notes	(109)	(95)
Income from equity accounted investments	(94)	(35)
Non-cash distributions to Unitholders in the form of DRIP Units	747	4,984
Non-cash lease termination income	(665)	—
Change in fair value of financial instruments	671	(295)
	<u>\$ (3,611) \$</u>	<u>23,184</u>

b) Change in other non-cash operating items

	Three months ended March 31,	
	2019	2018
Cash provided by (used in):		
Trade receivables	\$ 1,109 \$	(226)
Prepaid expenses and deposits and other assets	2,584	8,107
Payables and other liabilities	7,147	2,613
	<u>\$ 10,840 \$</u>	<u>10,494</u>

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c) Reconciliation between the opening and closing balances for liabilities from financing activities

As at March 31, 2019	Mortgages		Floating rate credit facilities		Senior unsecured notes			Lease Liabilities
	Face value	Deferred financing costs	Face value	Deferred financing costs	Face value	Premium on debt issue	Deferred financing costs	Face value
Balance, January 1, 2019	\$ 1,610,640	\$ 8,271	\$ 178,843	\$ 785	\$ 700,000	\$ 1,068	\$ 2,352	\$ 29,740
Issue of mortgages	25,288	—	—	—	—	—	—	—
Repayment of mortgages	(30,652)	—	—	—	—	—	—	—
Issue of floating credit facilities	—	—	(30,857)	—	—	—	—	—
Repayment of lease liabilities	—	—	—	—	—	—	—	(209)
Issue of senior unsecured notes	—	—	—	—	—	—	—	—
Redemption of senior unsecured notes	—	—	—	—	—	—	—	—
Redemption of convertible debentures	—	—	—	—	—	—	—	—
Additions to deferred financing costs	—	27	—	—	—	—	20	—
Total financing cash flow activities	1,605,276	8,298	147,986	785	700,000	1,068	2,372	29,531
Assumed mortgages	—	—	—	—	—	—	—	—
Assumed by joint operation partner	(32,272)	—	—	—	—	—	—	—
Amortization of issue premium	—	—	—	—	—	(108)	—	—
Amortization of deferred financing charges	—	(580)	—	(131)	—	—	(200)	—
Write-off deferred financing charges	—	(165)	—	—	—	—	—	—
Amortization of fair value debt adjustment	(83)	—	—	—	—	—	—	—
Write-off of fair value debt adjustment	(447)	—	—	—	—	—	—	—
Increase in lease liabilities	—	—	—	—	—	—	—	158
Recognition of interest rate subsidy	(72)	—	—	—	—	—	—	—
Total financing non-cash activities	(32,874)	(745)	—	(131)	—	(108)	(200)	158
Balance, March 31, 2019	\$ 1,572,402	\$ 7,553	\$ 147,986	\$ 654	\$ 700,000	\$ 960	\$ 2,172	\$ 29,689

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As at March 31, 2018	Mortgages		Floating rate credit facilities		Senior unsecured notes			Convertible debentures	
	Face value	Deferred financing costs	Face value	Deferred financing costs	Face value	Premium on debt issue	Deferred financing costs	Face value	Deferred financing costs
Balance, January 1, 2018	\$1,762,815	\$ 10,288	\$ 53,168	\$ 1,431	\$ 625,000	\$ 1,323	\$ 2,003	\$ 74,400	\$ 1,236
Repayment of mortgages	(43,790)	—	—	—	—	—	—	—	—
Issue of floating credit facilities	—	—	7,993	—	—	—	—	—	—
Additions to deferred financing costs	—	135	—	—	—	—	118	—	—
Total financing cash flow activities	1,719,025	10,423	61,161	1,431	625,000	1,323	2,121	74,400	1,236
Amortization of issue premium	—	—	—	—	—	(95)	—	—	—
Amortization of deferred financing charges	—	(678)	—	(142)	—	—	(201)	—	(95)
Amortization of fair value debt adjustment	(145)	—	—	—	—	—	—	—	—
Recognition of interest rate subsidy	(76)	—	—	—	—	—	—	—	—
Total financing non-cash activities	(221)	(678)	—	(142)	—	(95)	(201)	—	(95)
Balance, March 31, 2018	<u>\$1,718,804</u>	<u>\$ 9,745</u>	<u>\$ 61,161</u>	<u>\$ 1,289</u>	<u>\$ 625,000</u>	<u>\$ 1,228</u>	<u>\$ 1,920</u>	<u>\$ 74,400</u>	<u>\$ 1,141</u>

15) RELATED PARTY TRANSACTIONS

As at March 31, 2019, 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 key management personnel and post-employment benefit plans.

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

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

	Three months ended March 31,	
	2019	2018
Property revenue		
Property revenue	\$ 52,230	\$ 50,564
Head lease income	\$ 162	\$ 179
Lease termination income	\$ 420	\$ —
Property operating expenses	\$ (4)	\$ (5)
General and administrative expenses		
Property management services recovered	\$ 119	\$ 157
Other general and administrative expenses	\$ (53)	\$ (58)
Finance costs - operations		
Interest rate subsidy	\$ 72	\$ 76
Finance costs - distributions to Unitholders	\$ (13,997)	\$ (13,944)

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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 effective January 1, 2016. Revenue generated from the Management Agreement is being recognized as a reduction of General and administrative expenses. This Agreement replaces the previous cost sharing arrangement covered by a Management Cost Sharing Agreement.

In addition to the above:

During the three months ended March 31, 2019, Crombie issued 22,886 (March 31, 2018 - 162,554) Class B LP Units to ECLD under the DRIP (Note 13).

16) FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

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

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy during the period ended March 31, 2019. During the year ended December 31, 2018, Crombie sold the marketable securities.

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:

	March 31, 2019		December 31, 2018	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Long-term receivables ⁽¹⁾	\$ 23,083	\$ 23,081	\$ 21,885	\$ 21,882
Financial liabilities				
Investment property debt	\$ 1,782,680	\$ 1,720,388	\$ 1,829,772	\$ 1,789,483
Senior unsecured notes	716,802	700,000	702,893	700,000
Total other financial liabilities	\$ 2,499,482	\$ 2,420,388	\$ 2,532,665	\$ 2,489,483

⁽¹⁾Long-term receivables include amounts in other assets for capital expenditure program, interest rate subsidy and receivable from related parties.

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

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

- Cash and cash equivalents
- Trade receivables
- Restricted cash
- 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. There has been no significant change in Crombie's risk management during the three months ended March 31, 2019. The more 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 is taken for all anticipated collectability risks (Note 5).

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, Sobeys (including other subsidiaries of Empire), represents 57.0% of annual minimum rent; excluding Sobeys, no other tenant accounts for more than 4.2% 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 three months ended March 31, 2019, Sobeys represents 49.6% of total property revenue. Excluding Sobeys, no other tenant accounts for more than 4.1% of Crombie's total property revenue.
- Over the next five years, leases on no more than 5.1% of the gross leaseable area of Crombie will expire in any one year.

There have been no significant changes to Crombie's credit risk since December 31, 2018.

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.

A fluctuation in interest rates would have had an impact on Crombie's operating income related to the use of floating rate debt. Based on recent years' rate changes, a 0.5% interest rate change would reasonably be considered possible. The changes would have had the following impact:

Impact of a 0.5% interest rate change			
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility and unsecured bilateral credit facility	Decrease in rate		Increase in rate
Three months ended March 31, 2019	\$	171	\$ (171)
Three months ended March 31, 2018	\$	107	\$ (107)

There have been no significant changes to Crombie's interest rate risk since December 31, 2018.

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.

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

Twelve months ending March 31,							
	Contractual Cash Flows⁽¹⁾	2020	2021	2022	2023	2024	Thereafter
Fixed rate mortgages ⁽²⁾	\$ 1,821,841	\$ 388,312	\$ 180,233	\$ 246,020	\$ 206,152	\$ 458,574	\$ 342,550
Senior unsecured notes	795,931	152,679	24,404	266,150	162,298	8,400	182,000
Lease Liabilities	150,867	2,520	2,517	2,321	2,210	2,098	139,201
	<u>2,768,639</u>	<u>543,511</u>	<u>207,154</u>	<u>514,491</u>	<u>370,660</u>	<u>469,072</u>	<u>663,751</u>
Floating rate credit facilities	167,396	5,699	44,412	4,228	113,057	—	—
Total	<u><u>\$ 2,936,035</u></u>	<u><u>\$ 549,210</u></u>	<u><u>\$ 251,566</u></u>	<u><u>\$ 518,719</u></u>	<u><u>\$ 483,717</u></u>	<u><u>\$ 469,072</u></u>	<u><u>\$ 663,751</u></u>

⁽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.

There have been no significant changes to Crombie's liquidity risk since December 31, 2018.

17) CAPITAL MANAGEMENT

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

Crombie's capital structure consists of the following:

	March 31, 2019	December 31, 2018
Fixed rate mortgages	\$ 1,564,195	\$ 1,601,584
Credit facilities	147,986	178,843
Senior unsecured notes	698,788	698,716
Crombie REIT Unitholders	870,667	864,779
SVU and Class B LP Unitholders	582,654	578,061
Lease liabilities	29,689	—
	<u><u>\$ 3,893,979</u></u>	<u><u>\$ 3,921,983</u></u>

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

- A restriction that Crombie shall not incur indebtedness (other than by the assumption of existing indebtedness) where the indebtedness would exceed 75% of the market value of an individual property; and,
- A restriction that Crombie shall not incur indebtedness of more than 60% of gross book value (65% including any convertible debentures).

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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:

	March 31, 2019	December 31, 2018
Fixed rate mortgages	\$ 1,572,402	\$ 1,610,640
Senior unsecured notes	700,000	700,000
Revolving credit facility	107,986	108,843
Bilateral credit facility	40,000	70,000
Lease liabilities	29,689	—
Total debt outstanding	2,450,077	2,489,483
Less: Applicable fair value debt adjustment	(746)	(818)
Debt	\$ 2,449,331	\$ 2,488,665
Income properties, cost	\$ 4,214,328	\$ 4,273,152
Properties under development, cost	102,679	66,179
Below-market lease component, cost ⁽¹⁾	65,221	66,319
Investment in joint ventures	41,807	39,485
Other assets, cost (see below)	347,776	338,616
Cash and cash equivalents	—	—
Deferred financing charges	10,379	11,408
Interest rate subsidy	(746)	(818)
Gross book value	\$ 4,781,444	\$ 4,794,341
Debt to gross book value - cost basis	51.2%	51.9%

⁽¹⁾ Below-market lease component is included in the carrying value of investment properties.

Other assets are calculated as follows:

	March 31, 2019	December 31, 2018
Other assets per Note 5	\$ 277,516	\$ 271,946
Add:		
Tenant incentive accumulated amortization	69,943	66,670
Other fixed assets accumulated depreciation	317	—
Other assets, cost	\$ 347,776	\$ 338,616

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

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

As at March 31, 2019, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

18) COMMITMENTS, CONTINGENCIES, and GUARANTEES

There are various claims and litigation which Crombie is involved with 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 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 letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at March 31, 2019, Crombie has a total of \$5,667 in outstanding letters of credit related to:

	March 31, 2019	December 31, 2018
Construction work being performed on investment properties	\$ 3,827	\$ 3,858
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	1,840	4,840
Total outstanding letters of credit	<u>\$ 5,667</u>	<u>\$ 8,698</u>

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

As at March 31, 2019, Crombie had signed construction contracts totalling \$156,990 of which \$100,131 has been paid.

Crombie has 100% guarantees on mortgages related to properties in which it has less than a 100% interest. The mortgages payable related to these guarantees are secured by specific charges against the properties. As at March 31, 2019, Crombie has provided guarantees of approximately \$37,941 (March 31, 2018 - \$NIL) 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 5.6 years.

19) SUBSEQUENT EVENTS

- (a) On April 17, 2019, Crombie declared distributions of 7.417 cents per Unit for the period from April 1, 2019 to and including, April 30, 2019. The distributions will be paid on May 15, 2019, to Unitholders of record as of April 30, 2019.
- (b) On April 25, 2019, Crombie disposed of an 89% interest in 26 retail properties totalling 883,200 square feet of gross leaseable area. Total proceeds, before closing adjustments and transaction costs, were approximately \$161,600.
- (c) On April 29, 2019, Crombie also disposed of a 100% interest in a retail property totalling 39,000 square feet of gross leaseable area. Total proceeds, before closing adjustments and transaction costs, were approximately \$21,500.

20) SEGMENT DISCLOSURE

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

UNITHOLDERS' INFORMATION

BOARD OF TRUSTEES

Frank C. Sobey
Trustee and Chairman

John Eby
Independent Trustee and Lead Trustee

Donald E. Clow
Trustee, President and Chief Executive Officer

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Independent Trustee

Brian A. Johnson
Independent Trustee

J. Michael Knowlton
Independent Trustee

Barbara Palk
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Independent Trustee

Paul D. Sobey
Trustee

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Chairman

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Executive Vice President, Chief Financial Officer and Secretary

Cheryl Fraser
Chief Talent Officer and Vice President Communications

Trevor Lee
Senior Vice President Western Canada

John Barnoski
Senior Vice President Corporate Development

Arie Bitton
Senior Vice President Leasing and Operations

Fred Santini
General Counsel

CROMBIE REIT

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UNIT SYMBOL

REIT Trust Units – CRR.UN

STOCK EXCHANGE LISTING

Toronto Stock Exchange

COUNSEL

Stewart McKelvey
Halifax, Nova Scotia

AUDITORS

PricewaterhouseCoopers, LLP
Halifax, Nova Scotia

INVESTOR RELATIONS AND INQUIRIES

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

Glenn R. Hynes, FCPA, FCA
Executive Vice President, Chief Financial Officer and Secretary
Email: investing@crombie.ca

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

TRANSFER AGENT

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WHY CROMBIE?

High-quality, everyday-needs oriented portfolio with steady net operating income and cash flow growth

Materially accretive development pipeline focused on Canada's top urban markets with the expectation to create \$1-2 of NAV/unit over the next one to two years

Experienced management team with strong expertise in real estate portfolio management, ownership and development

Strong capital structure with moderate leverage and ample liquidity

Total return on investment superior to S&P/TSX Capped REIT Index and S&P/TSX Composite Index since March 2006 IPO



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