CROMBIE REAL ESTATE INVESTMENT TRUST
Interim Condensed Consolidated Financial Statements
March 31, 2017

Contents

CROMBIE REAL ESTATE INVESTMENT TRUST

Interim Condensed Consolidated Balance Sheets

(In thousands of CAD dollars)

(Unaudited)

	Note	March 31, 2017	December 31, 2016	March 31, 2016
Assets				
Non-current assets				
Investment properties	3	**$ 3,711,438**	$ 3,716,720	$ 3,196,560
Investment in joint ventures	4	**1,339**	815	—
Other assets	5	**197,786**	191,247	104,067
Long-term receivables	6	**6,081**	6,104	568
		3,916,644	3,914,886	3,301,195
Current assets				
Other assets	5	**21,790**	34,567	38,749
Long-term receivables	6	**13,857**	13,865	13,471
Investment properties held for sale		**—**	—	7,572
		35,647	48,432	59,792
Total Assets		**3,952,291**	3,963,318	3,360,987
Liabilities				
Non-current liabilities				
Investment property debt	7	**1,663,458**	1,765,824	1,407,191
Senior unsecured notes	8	**474,820**	398,588	398,207
Convertible debentures	9	**132,288**	132,134	131,672
Deferred taxes	10	**76,400**	75,400	76,200
Employee future benefits obligation		**8,177**	8,110	7,940
Trade and other payables	11	**8,008**	8,493	7,304
		2,363,151	2,388,549	2,028,514
Current liabilities				
Investment property debt	7	**115,364**	99,653	101,684
Employee future benefits obligation		**282**	282	246
Trade and other payables	11	**89,483**	84,688	63,926
		205,129	184,623	165,856
Total liabilities excluding net assets attributable to Unitholders		**2,568,280**	2,573,172	2,194,370
Net assets attributable to Unitholders		**$ 1,384,011**	$ 1,390,146	$ 1,166,617
Net assets attributable to Unitholders represented by:				
Crombie REIT Unitholders		**$ 830,483**	$ 834,203	$ 705,871
Special Voting Units and Class B Limited Partnership Unitholders		**553,528**	555,943	460,746
		$ 1,384,011	$ 1,390,146	$ 1,166,617
Commitments and contingencies	21			
Subsequent events	22			

See accompanying notes to the interim condensed consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

(In thousands of CAD dollars)

(Unaudited)

	Note	Three months ended March 31, 2017	2016
Property revenue	12	**$ 102,131**	$ 94,944
Property operating expenses		**31,395**	30,641
Net property income		**70,736**	64,303
Gain on disposal of investment properties		**—**	26,260
Depreciation of investment properties	3	**(17,771)**	(15,139)
Amortization of intangible assets	3	**(1,851)**	(1,160)
Amortization of deferred leasing costs	3	**(174)**	(151)
General and administrative expenses	14	**(4,996)**	(4,407)
Finance costs - operations	15	**(25,960)**	(24,365)
Operating income before taxes		**19,984**	45,341
Taxes - current	10	**—**	(23)
Taxes - deferred	10	**(1,000)**	(2,000)
Operating income attributable to Unitholders		**18,984**	43,318
Finance costs - other			
Distributions to Unitholders		**(33,115)**	(29,322)
Change in fair value of financial instruments	11	**101**	(34)
		(33,014)	(29,356)
Increase (decrease) in net assets attributable to Unitholders		**(14,030)**	13,962
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		**597**	618
Net change in derivatives designated as cash flow hedges		**(988)**	—
Other comprehensive income		**(391)**	618
Comprehensive income (loss)		**$ (14,421)**	$ 14,580

See accompanying notes to the interim condensed consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST

Interim Condensed Consolidated Statements of Changes in Net Assets Attributable to Unitholders

(In thousands of CAD dollars)

(Unaudited)

	REIT Units, Special Voting Units and Class B LP Units	Net Assets Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to Class B LP Units
	(Note 16)					
Balance, January 1, 2017	**$ 1,714,724**	**$ (316,003)**	**$ (8,575)**	**$ 1,390,146**	**$ 834,203**	**$ 555,943**
Adjustments related to EUPP	**16**	**10**	**—**	**26**	**26**	**—**
Statements of comprehensive income (loss)	**—**	**(14,030)**	**(391)**	**(14,421)**	**(8,577)**	**(5,844)**
Units issued under Distribution Reinvestment Plan ("DRIP")	**8,260**	**—**	**—**	**8,260**	**4,831**	**3,429**
Balance, March 31, 2017	**$ 1,723,000**	**$ (330,023)**	**$ (8,966)**	**$ 1,384,011**	**$ 830,483**	**$ 553,528**

	REIT Units, Special Voting Units and Class B LP Units	Net Assets Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to Class B LP Units
	(Note 16)					
Balance, January 1, 2016	$ 1,473,885	$ (315,750)	$ (10,905)	$ 1,147,230	$ 694,484	$ 452,746
Adjustments related to EUPP	17	13	—	30	30	—
Statements of comprehensive income (loss)	—	13,962	618	14,580	8,564	6,016
Units issued under DRIP	4,777	—	—	4,777	2,793	1,984
Balance, March 31, 2016	$ 1,478,679	$ (301,775)	$ (10,287)	$ 1,166,617	$ 705,871	$ 460,746

See accompanying notes to the interim condensed consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST

Interim Condensed Consolidated Statements of Cash Flows

(In thousands of CAD dollars)

(Unaudited)

	Note	Three months ended March 31, 2017	2016
Cash flows provided by (used in)			
Operating Activities			
Increase (decrease) in net assets attributable to Unitholders		**$ (14,030)**	$ 13,962
Items not affecting operating cash	17	**30,618**	(1,801)
Change in other non-cash operating items	17	**15,390**	(7,352)
Cash provided by (used in) operating activities		**31,978**	4,809
Financing Activities			
Issue of mortgages		**112,783**	17,170
Deferred financing charges - investment property debt		**(1,308)**	(403)
Repayment of mortgages		**(30,169)**	(28,325)
Advance (repayment) of floating rate credit facilities		**(168,608)**	(121,294)
Issue of senior unsecured notes		**76,413**	—
Deferred financing charges - senior unsecured notes		**(288)**	—
Repayment of EUPP loans receivable		**16**	—
Collection of (increase in) long-term receivables		**31**	(106)
Cash provided by (used in) financing activities		**(11,130)**	(132,958)
Investing Activities			
Acquisition of investment properties and intangible assets		**(8,334)**	(5,558)
Additions to investment properties		**(7,241)**	(6,936)
Proceeds on disposal of investment properties		**—**	141,650
Additions to fixtures and computer equipment		**(365)**	—
Additions to tenant incentives		**(4,676)**	(1,899)
Additions to deferred leasing costs		**(232)**	(165)
Cash provided by (used in) investing activities		**(20,848)**	127,092
Net change in cash and cash equivalents		**—**	(1,057)
Cash and cash equivalents, beginning of period		**—**	1,057
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, 2017 and March 31, 2016 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, 2017 interim condensed consolidated financial statements were authorized for issue by the Board of Trustees on May 10, 2017.

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, 2016.

(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 recognized in Increase (decrease) in net assets attributable to Unitholders ("FVTPL" classification) or designated as available for sale ("AFS") that have been measured at fair value.

(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, 2017. Subsidiaries are all entities over which Crombie has control. All subsidiaries have a reporting date of March 31, 2017.

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.

(In thousands of CAD dollars)

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) Significant accounting policies

The Company describes its significant accounting policies in its audited consolidated financial statements for the year ended December 31, 2016.

New standards adopted

Effective January 1, 2017, Crombie implemented the disclosure amendments to IAS 7 Statement of Cash Flows. The amendments provide disclosure of changes in liabilities arising from financing activities.

Future changes in accounting standards

Refer to Crombie’s annual consolidated financial statements for the year ended December 31, 2016, for future accounting pronouncement details.

3) INVESTMENT PROPERTIES

	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2017	$ 1,223,441	$ 2,820,193	$ 114,549	$ 7,800	$ 4,165,983
Acquisitions	—	7,859	475	—	8,334
Additions	514	5,307	—	359	6,180
Balance, March 31, 2017	1,223,955	2,833,359	115,024	8,159	4,180,497
Accumulated depreciation and amortization and impairment					
Opening balance, January 1, 2017	2,357	385,731	57,098	4,077	449,263
Depreciation and amortization	—	17,771	1,851	174	19,796
Balance, March 31, 2017	2,357	403,502	58,949	4,251	469,059
Net carrying value, March 31, 2017	$ 1,221,598	$ 2,429,857	$ 56,075	$ 3,908	$ 3,711,438

(In thousands of CAD dollars)

	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2016	$ 976,002	$ 2,500,700	$ 98,136	$ 6,780	$ 3,581,618
Acquisitions	259,796	312,684	18,285	—	590,765
Additions	1,310	30,849	—	1,185	33,344
Dispositions	(13,503)	(23,572)	(1,846)	(165)	(39,086)
Transfer to investment properties held for sale	(164)	(468)	(26)	—	(658)
Balance, December 31, 2016	1,223,441	2,820,193	114,549	7,800	4,165,983
Accumulated depreciation and amortization and impairment					
Opening balance, January 1, 2016	—	322,625	52,529	3,578	378,732
Depreciation and amortization	—	66,552	6,170	610	73,332
Dispositions	—	(7,020)	(1,591)	(111)	(8,722)
Impairment	2,357	3,643	—	—	6,000
Transfer to investment properties held for sale	—	(69)	(10)	—	(79)
Balance, December 31, 2016	2,357	385,731	57,098	4,077	449,263
Net carrying value, December 31, 2016	$ 1,221,084	$ 2,434,462	$ 57,451	$ 3,723	$ 3,716,720

	Land	Buildings	Intangibles	Deferred Leasing Costs	Total
Cost					
Opening balance, January 1, 2016	$ 976,002	$ 2,500,700	$ 98,136	$ 6,780	$ 3,581,618
Acquisitions	1,768	3,550	240	—	5,558
Additions	254	4,665	—	226	5,145
Transfer to investment properties held for sale	(164)	(468)	(26)	—	(658)
Balance, March 31, 2016	977,860	2,508,447	98,350	7,006	3,591,663
Accumulated depreciation and amortization and impairment					
Opening balance, January 1, 2016	—	322,625	52,529	3,578	378,732
Depreciation and amortization	—	15,139	1,160	151	16,450
Transfer to investment properties held for sale	—	(69)	(10)	—	(79)
Balance March 31, 2016	—	337,695	53,679	3,729	395,103
Net carrying value, March 31, 2016	$ 977,860	$ 2,170,752	$ 44,671	$ 3,277	$ 3,196,560

Crombie's total fair value of investment properties, including properties held for sale, exceeds carrying value by $858,141 at March 31, 2017 (March 31, 2016 -$790,169). 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, 2017	**$ 4,767,000**	**$ 3,908,859**
December 31, 2016	$ 4,752,000	$ 3,907,967
March 31, 2016	$ 4,109,000	$ 3,318,831

(In thousands of CAD dollars)

Carrying value consists of the net carrying value of:

	Note	March 31, 2017	December 31, 2016	March 31, 2016
Investment properties	3	**$ 3,711,438**	$ 3,716,720	$ 3,196,560
Accrued straight-line rent receivable	5	**62,619**	59,225	50,271
Tenant incentives	5	**134,802**	132,022	64,428
Investment properties held for sale		**—**	—	7,572
Total carrying value		**$ 3,908,859**	$ 3,907,967	$ 3,318,831

Crombie has utilized the following weighted average capitalization rates and 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, 2017	**5.88%**	**$ (191,000)**	**$ 209,000**
December 31, 2016	5.88%	$ (191,000)	$ 208,000
March 31, 2016	5.97%	$ (167,000)	$ 182,000

Investment 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.

2017

Transaction Date	Vendor/ Purchaser	Properties Acquired	Approximate Square Footage	Initial Acquisition Price	Assumed Mortgages
March 16, 2017	Empire	1	50,000	$ 8,320	$ —
			50,000	**$ 8,320**	**$ —**

The acquisition of a retail property on March 16, 2017 was transacted with Empire Company Limited or its subsidiaries ("Empire"), a related party.

2016

Transaction Date	Vendor/ Purchaser	Properties Acquired (Disposed)	Approximate Square Footage	Initial Acquisition (Disposition) Price	Assumed Mortgages
February 5, 2016	Third party	1	21,000	$ 5,500	$ —
March 10, 2016	Third party	(10)	(791,000)	(143,400)	—
			(770,000)	$ (137,900)	$ —

The acquisition of a retail property on February 5, 2016 was transacted with a third party. The disposition of 10 retail properties on March 10, 2016 was also transacted with a third party. The initial acquisition (disposition) prices stated above exclude closing and transaction costs.

(In thousands of CAD dollars)

The allocation of the total cost of the acquisitions (including closing and transaction costs) is as follows:

	Three months ended March 31,		Year ended
Investment property acquired, net:	**2017**	2016	December 31, 2016
Land	**$ —**	$ 1,768	$ 259,796
Buildings	**7,859**	3,550	312,684
Intangibles	**475**	240	18,285
Fair value debt adjustment on assumed mortgages	**—**	—	(1,072)
Net purchase price	**8,334**	5,558	589,693
Assumed mortgages	**—**	—	(39,902)
	$ 8,334	$ 5,558	$ 549,791

4) INVESTMENT IN JOINT VENTURES

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

	March 31, 2017	December 31, 2016	March 31, 2016
1600 Davie Limited Partnership	**50.0%**	**50.0%**	**50.0%**

The entity, which was created on January 19, 2016, is engaged in the development of a mixed use (retail and residential) property located at Davie Street, Vancouver, BC.

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

	March 31, 2017	December 31, 2016	March 31, 2016
Non-current assets	**$ 2,672**	$ 1,849	**$ —**
Current assets	**354**	573	**—**
Current liabilities	**348**	793	**—**
Net assets	**$ 2,678**	$ 1,629	**$ —**
Crombie's investment in joint ventures	**$ 1,339**	$ 815	**$ —**

The entity had no operating results during the reporting periods.

5) OTHER ASSETS

	March 31, 2017			December 31, 2016			March 31, 2016		
	Current	**Non-current**	**Total**	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	**$ 8,705**	**$ —**	**$ 8,705**	$ 11,625	$ —	$ 11,625	$ 12,444	$ —	$ 12,444
Provision for doubtful accounts	**(152)**	**—**	**(152)**	(127)	—	(127)	(38)	—	(38)
Net trade receivables	**8,553**	**—**	**8,553**	11,498	—	11,498	12,406	—	12,406
Marketable securities	**2,428**	**—**	**2,428**	2,290	—	2,290	1,922	—	1,922
Prepaid expenses and deposits	**10,734**	**—**	**10,734**	12,104	—	12,104	8,288	—	8,288
Fixtures and computer equipment	**—**	**365**	**365**	—	—	—	—	—	—
Restricted cash	**75**	**—**	**75**	8,675	—	8,675	5,501	—	5,501
Accrued straight-line rent receivable	**—**	**62,619**	**62,619**	—	59,225	59,225	417	49,854	50,271
Tenant incentives	**—**	**134,802**	**134,802**	—	132,022	132,022	10,215	54,213	64,428
	$ 21,790	**$ 197,786**	**$ 219,576**	$ 34,567	$191,247	$225,814	$ 38,749	$104,067	$142,816

(In thousands of CAD dollars)

Tenant Incentives		**Cost**		**Accumulated Amortization**		**Net Carrying Value**
Balance, January 1, 2017	**$**	**187,162**	**$**	**55,140**	**$**	**132,022**
Additions		**6,322**		**—**		**6,322**
Amortization		**—**		**3,542**		**(3,542)**
Balance, March 31, 2017	**$**	**193,484**	**$**	**58,682**	**$**	**134,802**
Balance, January 1, 2016	$	107,122	$	45,455	$	61,667
Additions		5,216		—		5,216
Amortization		—		2,453		(2,453)
Transfer to investment properties held for sale		(3)		(1)		(2)
Balance, March 31, 2016	$	112,335	$	47,907	$	64,428

See Note 19(a) for fair value information.

6) LONG-TERM RECEIVABLES

	March 31, 2017			December 31, 2016			March 31, 2016		
	Current	**Non-current**	**Total**	Current	Non-current	Total	Current	Non-current	Total
Capital expenditure program	**$ —**	**$ 105**	**$ 105**	$ —	$ 105	$ 105	$ —	$ 105	$ 105
Interest rate subsidy	**95**	**369**	**464**	103	392	495	183	463	646
Amount receivable from related party	**13,762**	**—**	**13,762**	13,762	—	13,762	13,288	—	13,288
Amount receivable from third party	**—**	**5,607**	**5,607**	—	5,607	5,607	—	—	—
	$ 13,857	**$ 6,081**	**$ 19,938**	$ 13,865	$ 6,104	$ 19,969	$ 13,471	$ 568	$ 14,039

The amount receivable from a third party pertains to a development property which was acquired on July 8, 2016.

During March 2014, Crombie advanced $11,856 to a subsidiary of Empire to partially finance their acquisition of development lands. Subsequent to March 31, 2017, the loan was repaid.

See Note 19(a) for fair value information.

(In thousands of CAD dollars)

7) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity		March 31, 2017
Fixed rate mortgages	**2.35 - 6.90%**	**4.39%**	**5.8 years**	**$**	**1,738,431**
Floating rate revolving credit facility			**2.3 years**		**31,766**
Unsecured bilateral credit facility			**1.1 years**		**20,000**
Deferred financing charges					**(11,375)**
				$	**1,778,822**

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity		December 31, 2016
Fixed rate mortgages	2.35 - 6.90%	4.46%	5.9 years	$	1,655,817
Floating rate revolving credit facility			2.5 years		120,374
Unsecured bilateral credit facility			1.4 years		100,000
Deferred financing charges					(10,714)
				$	1,865,477

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity		March 31, 2016
Fixed rate mortgages	2.35 - 6.90%	4.59%	6.5 years	$	1,509,925
Floating rate revolving credit facility			2.3 years		8,706
Deferred financing charges					(9,756)
				$	1,508,875

As at March 31, 2017, debt retirements for the next five years are:

12 Months Ending		Fixed Rate Principal Payments		Fixed Rate Maturities		Floating Rate Maturities		Total
March 31, 2018	$	52,180	$	63,184	$	—	$	115,364
March 31, 2019		51,134		34,731		20,000		105,865
March 31, 2020		50,667		282,613		31,766		365,046
March 31, 2021		44,420		77,084		—		121,504
March 31, 2022		42,595		176,320		—		218,915
Thereafter		115,568		744,607		—		860,175
	$	356,564	$	1,378,539	$	51,766		1,786,869
Deferred financing charges								(11,375)
Unamortized fair value debt adjustment								3,328
							$	**1,778,822**

Specific investment properties with a carrying value of $3,083,476 as at March 31, 2017 (December 31, 2016 - $2,974,237) are currently pledged as security for mortgages or provided as security for the floating rate revolving credit facility. Carrying value includes investment properties, investment properties held for sale, 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 Rates	Weighted Average Terms in Years	Weighted Average Amortization Period in Years		Proceeds (Repayments)
March 31, 2017	New	5	3.40%	6.9	25.0	$	112,783
	Repayment	3	4.64%	—	—		(17,087)
						$	95,696

(In thousands of CAD dollars)

			Weighted Average			
For the three months ended:	Type	Number of Mortgages	Rates	Terms in Years	Amortization Period in Years	Proceeds (Repayments)
March 31, 2016	New	3	2.66%	6.1	24.3	$ 17,170
	Repayment	4	3.18%	—	—	(15,355)
						$ 1,815

Floating Rate Revolving Credit Facility

The floating rate revolving credit facility has a maximum principal amount of $400,000 (December 31, 2016 - $400,000; March 31, 2016 - $300,000) and matures June 30, 2019. 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, 2017 – borrowing base of $400,000). Borrowings under the revolving credit facility can be by way of Prime Rate Advance or Bankers Acceptance 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. Crombie's unsecured bond rating remained unchanged in the quarter although its rating trend moved to negative from stable, with no impact on credit facility pricing.

Unsecured Bilateral Credit Facility

The unsecured bilateral credit facility has a maximum principal amount of $100,000 and matures May 16, 2018. 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 Prime Rate Advance or Bankers Acceptance 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. Crombie's unsecured bond rating remained unchanged in the quarter although its rating trend moved to negative from stable, with no impact on credit facility pricing.

See Note 19(a) for fair value information.

8) SENIOR UNSECURED NOTES

	Maturity Date	Interest Rate	**March 31, 2017**	December 31, 2016	March 31, 2016
Series A	October 31, 2018	3.986%	**$ 175,000**	$ 175,000	$ 175,000
Series B	June 1, 2021	3.962%	**175,000**	100,000	100,000
Series C	February 10, 2020	2.775%	**125,000**	125,000	125,000
Unamortized Series B issue premium			**1,614**	240	281
Deferred financing charges			**(1,794)**	(1,652)	(2,074)
			$ 474,820	$ 398,588	$ 398,207

On March 3, 2017, Crombie issued an additional $75,000 aggregate principal amount of 3.962% Series B Notes (senior unsecured) (the "Additional Notes") maturing June 1, 2021. The Additional Notes were priced with an effective yield to maturity of 3.48% and sold at a price of $1,018.84 per $1,000 principal amount plus accrued interest.

See Note 19(a) for fair value information.

9) CONVERTIBLE DEBENTURES

	Conversion Price	**Maturity Date**	**Interest Rate**	**March 31, 2017**	December 31, 2016	March 31, 2016
Series D (CRR.DB.D)	$ 20.10	September 30, 2019	5.00%	**$ 60,000**	$ 60,000	$ 60,000
Series E (CRR.DB.E)	$ 17.15	March 31, 2021	5.25%	**74,400**	74,400	74,400
Deferred financing charges				**(2,112)**	(2,266)	(2,728)
				$ 132,288	$ 132,134	$ 131,672

See Note 19(a) for fair value information.

(In thousands of CAD dollars)

10) INCOME TAXES

The deferred tax liability of the wholly-owned corporate subsidiaries which are subject to income taxes consist of the following:

	March 31, 2017	December 31, 2016	March 31, 2016
Tax liabilities relating to difference in tax and book value	**$ 82,724**	$ 82,486	$ 84,497
Tax asset relating to non-capital loss carry-forward	**(6,324)**	(7,086)	(8,297)
Deferred tax liability	**$ 76,400**	$ 75,400	$ 76,200

The tax recovery (expense) consists of the following:

	Three months ended March 31, 2017	2016
Taxes - current		
Taxes - operating income earned in corporate subsidiaries	**—**	(23)
Total current taxes	**$ —**	$ (23)
Taxes - deferred		
Provision for income taxes at the expected rate	**$ (6,067)**	$ (13,631)
Tax effect of income attribution to Crombie's Unitholders	**5,067**	11,631
	(1,000)	(2,000)
Total deferred taxes	**$ (1,000)**	$ (2,000)

There are no corporate tax implications to Crombie from any of the components of accumulated other comprehensive income.

11) TRADE AND OTHER PAYABLES

	March 31, 2017			December 31, 2016			March 31, 2016		
	Current	**Non-current**	**Total**	Current	Non-current	Total	Current	Non-current	Total
Tenant incentives and capital expenditures	**$ 29,402**	**$ —**	**$ 29,402**	$ 28,894	$ —	$ 28,894	$ 17,021	$ —	$ 17,021
Property operating costs	**28,382**	**—**	**28,382**	29,457	—	29,457	21,037	—	21,037
Prepaid rents	**6,715**	**—**	**6,715**	4,827	—	4,827	5,731	—	5,731
Finance costs on investment property debt, notes and debentures	**11,488**	**—**	**11,488**	10,385	—	10,385	10,188	—	10,188
Distributions payable	**11,054**	**—**	**11,054**	11,007	—	11,007	9,783	—	9,783
Unit based compensation plans	**1,212**	**3,378**	**4,590**	—	3,846	3,846	—	2,614	2,614
Fair value of interest rate swap agreements	**988**	**—**	**988**	—	—	—	—	—	—
Deferred revenue	**242**	**4,630**	**4,872**	118	4,647	4,765	166	4,690	4,856
	$ 89,483	**$ 8,008**	**$ 97,491**	$ 84,688	$ 8,493	$ 93,181	$ 63,926	$ 7,304	$ 71,230

Change in fair value of financial instruments:

	Three months ended March 31, 2017	Year ended December 31, 2016	Three months ended March 31, 2016
Deferred Unit ("DU") Plan	**$ (37)**	$ (13)	$ (50)
Marketable securities	**138**	325	16
Total change in fair value of financial instruments	**$ 101**	$ 312	$ (34)

(In thousands of CAD dollars)

12) PROPERTY REVENUE

	Three months ended March 31,	
	2017	2016
Rental revenue contractually due from tenants	**$ 101,586**	$ 93,950
Contingent rental revenue	**456**	723
Straight-line rent recognition	**3,394**	2,724
Tenant incentive amortization	**(3,542)**	(2,453)
Lease terminations	**237**	—
	$ 102,131	$ 94,944

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

	Three months ended March 31,			
	2017		2016	
	Revenue	**Percentage**	Revenue	Percentage
Sobeys Inc.	**$ 47,728**	**46.7%**	$ 36,450	38.4%

13) OPERATING LEASES

Crombie as a Lessor

Crombie's operations include leasing commercial real estate. Future minimum rental income under non-cancellable tenant leases as at March 31, 2017, is as follows:

	Remaining	Year Ending December 31,					
	2017	**2018**	**2019**	**2020**	**2021**	**Thereafter**	**Total**
Future minimum rental income	$ 207,052	$ 266,803	$ 256,342	$ 245,425	$ 233,978	$ 2,192,597	$ 3,402,197

Crombie as a Lessee

Operating lease payments primarily represent rentals payable by Crombie for all of its land leases. These land leases have varying terms ranging from eight to 73 years including renewal options:

	Remaining	Year Ending December 31,					
	2017	**2018**	**2019**	**2020**	**2021**	**Thereafter**	**Total**
Future minimum lease payments	$ 1,207	$ 1,548	$ 1,562	$ 1,576	$ 1,595	$ 136,811	$ 144,299

14) CORPORATE EXPENSES

(a) General and administrative expenses

	Three months ended March 31,	
	2017	2016
Salaries and benefits	**$ 2,707**	$ 2,896
Professional and public company costs	**1,425**	879
Occupancy and other	**864**	632
	$ 4,996	$ 4,407

(In thousands of CAD dollars)

(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,	
	2017	2016
Wages and salaries	**$ 8,494**	$ 8,465
Post-employment benefits	**206**	205
	$ 8,700	$ 8,670

15) FINANCE COSTS – OPERATIONS

	Three months ended March 31,	
	2017	2016
Fixed rate mortgages	**$ 19,392**	$ 18,187
Floating rate term, revolving and demand facilities	**829**	607
Senior unsecured notes	**3,873**	3,705
Convertible debentures	**1,866**	1,866
Finance costs - operations	**25,960**	24,365
Amortization of fair value debt adjustment and accretion income	**407**	276
Change in accrued finance costs	**(1,103)**	(25)
Amortization of effective swap agreements	**(597)**	(618)
Capitalized interest [1]	**296**	—
Amortization of issue premium on senior unsecured notes	**39**	13
Amortization of deferred financing charges	**(947)**	(828)
Finance costs - operations, paid	**$ 24,055**	$ 23,183

[1] Interest was capitalized to qualifying development projects based on a weighted average interest rate of 3.58% (March 31, 2016 - nil).

16) UNITS OUTSTANDING

	Crombie REIT Units		**Class B LP Units and attached Special Voting Units**		**Total**	
	Number of Units	**Amount**	**Number of Units**	**Amount**	**Number of Units**	**Amount**
Balance, January 1, 2017	**87,737,709**	**$ 1,016,285**	**60,669,944**	**$ 698,439**	**148,407,653**	**$ 1,714,724**
Net change in EUPP loans receivable	**—**	**16**	**—**	**—**	**—**	**16**
Units issued under DRIP	**368,977**	**4,831**	**261,679**	**3,429**	**630,656**	**8,260**
Balance, March 31, 2017	**88,106,686**	**$ 1,021,132**	**60,931,623**	**$ 701,868**	**149,038,309**	**$ 1,723,000**

	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, 2016	77,857,608	$ 877,581	53,658,302	$ 596,304	131,515,910	$ 1,473,885
Net change in EUPP loans receivable	—	17	—	—	—	17
Units issued under DRIP	222,201	2,793	157,573	1,984	379,774	4,777
Balance, March 31, 2016	78,079,809	$ 880,391	53,815,875	$ 598,288	131,895,684	$ 1,478,679

(In thousands of CAD dollars)

17) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three months ended March 31, 2017	2016
Items not affecting operating cash:		
Straight-line rent recognition	**$ (3,394)**	$ (2,724)
Amortization of tenant incentives	**3,542**	2,453
Loss (gain) on disposal of investment properties	**—**	(26,260)
Depreciation of investment properties	**17,771**	15,139
Amortization of intangible assets	**1,851**	1,160
Amortization of deferred leasing costs	**174**	151
Unit based compensation	**10**	13
Amortization of effective swap agreements	**597**	618
Amortization of deferred financing charges	**947**	828
Amortization of issue premium on senior unsecured notes	**(39)**	(13)
Non-cash distributions to Unitholders in the form of DRIP Units	**8,260**	4,777
Taxes - deferred	**1,000**	2,000
Income tax expense	**—**	23
Change in fair value of financial instruments	**(101)**	34
	$ 30,618	$ (1,801)

b) Change in other non-cash operating items

	Three months ended March 31, 2017	2016
Cash provided by (used in):		
Trade receivables	**$ 2,945**	$ (1,842)
Prepaid expenses and deposits and other assets	**10,092**	(3,166)
Payables and other liabilities	**2,353**	(2,344)
	$ 15,390	$ (7,352)

(In thousands of CAD dollars)

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

	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, beginning of period	$ 1,655,817	$ 9,859	$ 220,374	$ 855	$ 400,000	$ 240	$ 1,652	$ 134,400	$ 2,266
Issue of mortgages	112,783	—	—	—	—	—	—	—	—
Repayment of mortgages	(30,169)	—	—	—	—	—	—	—	—
Repayment of floating credit facilities	—	—	(168,608)	—	—	—	—	—	—
Issue of senior unsecured notes	—	—	—	—	75,000	1,413	—	—	—
Additions to deferred financing costs	—	1,281	—	27	—	—	288	—	—
Total financing cash flow activities	1,738,431	11,140	51,766	882	475,000	1,653	1,940	134,400	2,266
Amortization of issue premium	—	—	—	—	—	(39)	—	—	—
Amortization of deferred financing charges	—	(526)	—	(121)	—	—	(146)	—	(154)
Total financing non-cash activities	—	(526)	—	(121)	—	(39)	(146)	—	(154)
Balance, end of period	$ 1,738,431	$ 10,614	$ 51,766	$ 761	$ 475,000	$ 1,614	$ 1,794	$ 134,400	$ 2,112

18) RELATED PARTY TRANSACTIONS

As at March 31, 2017, Empire, through its wholly-owned subsidiary ECLD, holds a 41.5% (fully diluted 40.3%) 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,	
	2017	2016
Property revenue		
Property revenue	**$ 48,865**	$ 37,343
Head lease income	**$ 174**	$ 122
Lease termination income	**$ 29**	$ —
Property operating expenses	**$ (6)**	$ (7)
General and administrative expenses		
Property management services recovered	**$ 149**	$ 291
Other general and administrative expenses	**$ (65)**	$ (50)
Finance costs - operations		
Interest on convertible debentures	**$ (295)**	$ (299)
Interest rate subsidy	**$ 99**	$ 84
Interest income	**$ —**	$ 177
Finance costs - distributions to Unitholders	**$ (13,740)**	$ (12,166)

(In thousands of CAD dollars)

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 in general and administrative expenses.

In addition to the above:

- On March 16, 2017, Crombie acquired a retail property in Alberta and assumed the related land lease from Empire including approximately 50,000 square feet of gross leaseable area for $8,320 before closing and transaction costs.
- During the three months ended March 31, 2017, Crombie issued 261,679 (March 31, 2016 - 157,573) Class B LP Units to ECLD under the DRIP (Note 16).

19) FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

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

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

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

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

Level 3 - unobservable inputs for the asset or liability.

The following table provides information on financial assets and liabilities measured at fair value as at March 31, 2017:

Financial assets	Level	**March 31, 2017**	December 31, 2016	March 31, 2016
Marketable securities	**1**	**$ 2,428**	$ —	$ —
Marketable securities	**3**	**—**	2,290	1,922
Total financial assets measured at fair value		**$ 2,428**	$ 2,290	$ 1,922

During the first quarter of 2017, Crombie transferred marketable securities with a fair value of $2,290 from Level 3 into Level 1. The transfer related to reduced price volatility and increased trading volume of the marketable securities held. There were no other transfers during the three months ended March 31, 2017.

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, 2017		December 31, 2016		March 31, 2016	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets						
Long-term receivables	**$ 19,970**	**$ 19,938**	$ 19,999	$ 19,969	$ 14,076	$ 14,039
Total other financial assets	**$ 19,970**	**$ 19,938**	$ 19,999	$ 19,969	$ 14,076	$ 14,039
Financial liabilities						
Investment property debt	**$ 1,876,212**	**$ 1,790,197**	$ 1,959,091	$ 1,876,191	$ 1,656,442	$ 1,518,631
Senior unsecured notes	**480,563**	**475,000**	402,361	400,000	408,454	400,000
Convertible debentures	**140,820**	**134,400**	139,147	134,400	137,982	134,400
Total other financial liabilities	**$ 2,497,595**	**$ 2,399,597**	$ 2,500,599	$ 2,410,591	$ 2,202,878	$ 2,053,031

(In thousands of CAD dollars)

The fair value of convertible debentures is a Level 1 measurement and 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 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, 2017. 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, utilizing staggered lease maturities, 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, represents 53.1% of annual minimum rent; excluding Sobeys, no other tenant accounts for more than 5.1% 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, 2017, Sobeys represents 46.7% of total property revenue. Excluding Sobeys, no other tenant accounts for more than 4.9% of Crombie's total property revenue.
- Over the next five years, no more than 4.7% 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, 2016.

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	**Decrease in rate**	**Increase in rate**
Three months ended March 31, 2017	**$ 107**	**$ (107)**
Three months ended March 31, 2016	$ 122	$ (122)

There have been no significant changes to Crombie’s interest rate risk since December 31, 2016.

(In thousands of CAD dollars)

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.

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]	**2018**	**2019**	**2020**	**2021**	**2022**	**Thereafter**
Fixed rate mortgages[2]	$ 2,111,313	$ 188,425	$ 153,249	$ 395,541	$ 169,019	$ 261,914	$ 943,165
Senior unsecured notes	524,859	17,379	189,472	134,920	6,934	176,154	—
Convertible debentures	157,524	6,906	6,906	65,406	78,306	—	—
	2,793,696	212,710	349,627	595,867	254,259	438,068	943,165
Floating rate debt	54,889	1,728	21,133	32,028	—	—	—
Total	$ 2,848,585	$ 214,438	$ 370,760	$ 627,895	$ 254,259	$ 438,068	$ 943,165

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

There have been no significant changes to Crombie's liquidity risk since December 31, 2016.

20) 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, 2017	December 31, 2016	March 31, 2016
Investment property debt	**$ 1,778,822**	$ 1,865,477	$ 1,508,875
Senior unsecured notes	**474,820**	398,588	398,207
Convertible debentures	**132,288**	132,134	131,672
Crombie REIT Unitholders	**830,483**	834,203	705,871
SVU and Class B LP Unitholders	**553,528**	555,943	460,746
	$ 3,769,941	$ 3,786,345	$ 3,205,371

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).

(In thousands of CAD dollars)

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, 2017	December 31, 2016	March 31, 2016
Fixed rate mortgages	**$ 1,738,431**	$ 1,655,817	$ 1,509,925
Senior unsecured notes	**475,000**	400,000	400,000
Convertible debentures	**134,400**	134,400	134,400
Revolving credit facility	**31,766**	120,374	8,706
Bilateral credit facility	**20,000**	100,000	—
Total debt outstanding	**2,399,597**	2,410,591	2,053,031
Less: Applicable fair value debt adjustment	**(1,352)**	(1,452)	(1,636)
Debt	**$ 2,398,245**	$ 2,409,139	$ 2,051,395
Investment properties, cost	**$ 4,180,497**	$ 4,165,983	$ 3,591,663
Below-market lease component, cost (1)	**85,950**	85,946	71,174
Long-term receivables	**19,938**	19,969	14,039
Other assets, cost (see below)	**278,258**	280,954	190,723
Deferred financing charges	**15,281**	14,631	14,558
Investment in joint ventures	**1,339**	815	—
Investment properties held for sale, cost	**—**	—	8,516
Interest rate subsidy	**(1,352)**	(1,452)	(1,636)
Fair value adjustment to deferred taxes	**(34,120)**	(34,120)	(34,299)
Gross book value	**$ 4,545,791**	$ 4,532,726	$ 3,854,738
Debt to gross book value	**52.8%**	53.1%	53.2%

(1) Below-market lease component is included in the carrying value of investment properties and assets held for sale.

Other assets are calculated as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Other assets per Note 5	**$ 219,576**	$ 225,814	$ 142,816
Add:			
Tenant incentive accumulated amortization	**58,682**	55,140	47,907
Other assets, cost	**$ 278,258**	$ 280,954	$ 190,723

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, 2017, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

(In thousands of CAD dollars)

21) COMMITMENTS AND CONTINGENCIES

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 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, 2017, Crombie has a total of $5,027 in outstanding letters of credit related to:

	March 31,	
	2017	2016
Construction work being performed on investment properties	**$ 2,027**	$ 1,611
Mortgage lenders primarily to satisfy mortgage financings on redevelopment properties	**3,000**	—
Total outstanding letters of credit	**$ 5,027**	$ 1,611

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

Land leases have varying terms ranging from eight to 73 years including renewal options. For the three months ended March 31, 2017, Crombie paid $302 in land lease payments to third party landlords (three months ended March 31, 2016 - $355). Crombie's commitments under the land leases are disclosed in Note 13.

As at March 31, 2017, Crombie had signed construction contracts totalling $31,133 of which $22,068 has been paid.

22) SUBSEQUENT EVENTS

(a) On April 19, 2017, Crombie declared distributions of 7.417 cents per Unit for the period from April 1, 2017 to and including, April 30, 2017. The distributions will be paid on May 15, 2017, to Unitholders of record as of April 28, 2017.

(b) On May 4, 2017, Crombie received payment of the long-term receivable previously advanced to a subsidiary of Empire and acquired the related development property for a total purchase price of $31,136 before closing and transaction costs.

(c) In April, 2017, Crombie completed mortgage financing on eight properties for $80,000 with a weighted average term of 10 years and a weighted average interest rate of 3.47%.

23) 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.