

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States. See “Plan of Distribution”. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Crombie Real Estate Investment Trust at 610 East River Road, Suite 200, New Glasgow, Nova Scotia, B2H 3S2, telephone (902) 755-8100, and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

January 28, 2020



CROMBIE REAL ESTATE INVESTMENT TRUST

\$58,512,000

3,657,000 Units

This short form prospectus qualifies the distribution of 3,657,000 units (the “Units”) of Crombie Real Estate Investment Trust (“Crombie” or the “REIT”) at a price of \$16.00 per Unit. The distribution and offering of the Units pursuant to this short form prospectus is herein referred to as the “Offering”. The Units are being offered pursuant to an underwriting agreement dated January 28, 2020 (the “Underwriting Agreement”) between the REIT and CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Canaccord Genuity Corp., Raymond James Ltd. and Desjardins Securities Inc. (collectively, the “Underwriters” and each an “Underwriter”). The price for the Units offered under this short form prospectus was determined by negotiation between the REIT and the Underwriters.

The outstanding Units of the REIT are listed on the Toronto Stock Exchange (the “TSX”) under the symbol “CRR.UN”. On January 21, 2020 the last full trading day prior to the public announcement of the Offering, the closing price of the Units was \$16.57. The REIT has applied to list the Units issuable pursuant to the Offering on the TSX. Listing will be subject to the REIT fulfilling all of the listing requirements of the TSX.

An investment in the securities offered hereunder involves risk. The risk factors identified or referred to under the heading “Risk Factors” in this short form prospectus should be carefully reviewed and evaluated by prospective subscribers before purchasing the securities being offered hereunder.

Price: \$16.00 per Unit

	<u>Price to the Public</u>	<u>Underwriters' Fee</u>	<u>Net Proceeds to the REIT⁽¹⁾</u>
Per Unit.....	\$16.00	\$0.64	\$15.36
Total.....	\$58,512,000	\$2,340,480	\$56,171,520

Notes:

- (1) Before deducting certain expenses of the Offering and the Concurrent Private Placement (as defined below) estimated at \$475,000 which, together with the Underwriters' fee, will be paid from the proceeds of the Offering and the Concurrent Private Placement. See "Plan of Distribution".

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the REIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters on behalf of the REIT by Stewart McKelvey and on behalf of the Underwriters by Davies Ward Phillips & Vineberg LLP. In connection with the Offering, the Underwriters may, subject to applicable laws, over-allot or effect transactions intended to stabilize or maintain the market price of the Units at levels above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters propose to offer the Units initially at the offering price specified above. After a reasonable effort has been made to sell all of the Units at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will not affect the proceeds received by the REIT. See "Plan of Distribution".**

Concurrently with the closing of the Offering, the REIT's subsidiary, Crombie Limited Partnership ("**Crombie LP**"), will issue 2,593,750 Class B limited partnership units of Crombie LP ("**Class B LP Units**") to ECL Developments Limited ("**ECL**"), a wholly owned subsidiary of Empire Company Limited ("**Empire**"), on a private placement basis at a price of \$16.00 per Class B LP Unit (the "**Concurrent Private Placement**"). ECL has, in respect of the Offering, waived its pre-emptive right to maintain its interest in the REIT on a fully diluted basis as described below under the heading "Retained Interest". Each Class B LP Unit is exchangeable for one Unit and has attached one Special Voting Unit of the REIT. No commission or other fee will be paid to the Underwriters in connection with the sale of Class B LP Units and Special Voting Units pursuant to the Concurrent Private Placement. ECL currently holds 62,060,258 Class B LP Units and Special Voting Units and 909,090 Units, representing a 41.5% economic and voting interest in the REIT. Upon closing of the Concurrent Private Placement and the Offering, ECL will hold 64,654,008 Class B LP Units and Special Voting Units and 909,090 Units, representing a 41.5% economic and voting interest in the REIT. This short form prospectus does not qualify the distribution of the Class B LP Units and Special Voting Units issued pursuant to the Concurrent Private Placement. The Class B LP Units and Special Voting Units purchased pursuant to the Concurrent Private Placement will be subject to a statutory hold period.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The book-entry only certificate representing the Units in registered form held by CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee as registered global securities will be updated to reflect the issuance of the Units on the closing date, which is expected to occur on or about February 11, 2020 or such later date as the REIT and the Underwriters may agree, but in any event not later than 42 days after a receipt is obtained for the (final) short form prospectus qualifying the Offering. Unitholders will not be entitled to receive physical certificates representing their ownership. See "Description of Units and Declaration of Trust — Book-Based System".

Affiliates of each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial Inc. are lenders to the REIT under the REIT's secured floating rate revolving credit facility (the "**Revolving Credit Facility**"). An affiliate of Scotia Capital Inc. is the lender to the REIT under the REIT's unsecured floating rate revolving credit facility (the "**Bilateral Credit Facility**"). An affiliate of each of Scotia Capital Inc. and National Bank Financial Inc. have provided construction financing to one or more joint ventures partially owned by the REIT. An affiliate of each of TD Securities Inc., National Bank Financial Inc., CIBC World Markets Inc., RBC Dominion Securities Inc. and Desjardins Securities Inc. have provided the REIT with

conventional mortgages on certain of its income producing properties. Accordingly, the REIT may be considered to be a “connected issuer” of each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., RBC Dominion Securities Inc. and Desjardins Securities Inc. within the meaning of applicable Canadian securities legislation. See “Relationship Between the REIT and Certain Underwriters”.

The REIT is an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario. **The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation.**

Although the REIT intends to make distributions of a portion of its available cash to holders of the Units (the “Unitholders”), these cash distributions are not assured. A return on an investment in the REIT is not comparable to the return on an investment in a fixed-income security. The ability of the REIT to make cash distributions and the actual amount distributed will be dependent upon, among other things, the financial performance of the REIT, its debt covenants and obligations, its working capital requirements and its future capital requirements. The market value of the Units may decline if the REIT is unable to maintain current levels of cash distributions in the future, and that deterioration may be material. An investment in the Units is subject to a number of risks and investment considerations that should be considered by a prospective purchaser. See “Risk Factors”.

The Canadian income tax consequences to Unitholders who are resident in Canada for purposes of the *Income Tax Act* (Canada), as amended (the “**Tax Act**”) will depend, in part, on the composition for tax purposes of distributions paid by the REIT. Distributions can be made up of both a “return on” and a “return of” capital. That composition may change over time, thus affecting a Unitholder’s after-tax return. Subject to the application of the SIFT Legislation (as defined herein) discussed under the heading “Certain Canadian Federal Income Tax Considerations”, returns on capital are generally taxed as ordinary income or capital gains in the hands of a Unitholder while returns of capital are generally tax-deferred (and reduce the Unitholder’s cost base in the Unit for tax purposes). Distributions of income and returns of capital to a Unitholder who is not resident in Canada for purposes of the Tax Act, or is a partnership that is not a “Canadian partnership” for purposes of the Tax Act may be subject to Canadian withholding tax. Prospective Unitholders should consult their own tax advisors with respect to the Canadian income tax considerations applicable in their circumstances.

The principal, registered and head office of the REIT is located at 610 East River Road, Suite 200, New Glasgow, Nova Scotia, B2H 3S2.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Stewart McKelvey, counsel to the REIT, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, based on the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”), provided that the REIT qualifies at all times as a “mutual fund trust” (as defined in the Tax Act) or the Units are at all times listed on a “designated stock exchange” (as defined in the Tax Act), which currently includes the TSX, the Units will be a qualified investment for a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan (“**RESP**”), a registered disability savings plan (“**RDSP**”), a deferred profit sharing plan and a tax-free savings account (“**TFSA**”) (collectively, the “**Plans**”). Any subsidiary security received as a result of a redemption in specie of Units may not be qualified investments for Plans, and this could give rise to adverse consequences to such Plan or the annuitant, beneficiary, holder or subscriber thereof. Accordingly, prospective purchasers who intend to hold Units in a Plan should consult their personal tax advisors before deciding to exercise the redemption rights attached to the Units.

Notwithstanding the foregoing, a Unit that is held by a trust governed by a RRSP, RRIF, RESP, RDSP or TFSA (each, a “**Specified Plan**”) may nonetheless be a “prohibited investment” (as defined in section 207.01 of the Tax Act) for the Specified Plan, in which case, the holder, annuitant, or subscriber, as the case may be, of the Specified Plan may be subject to penalty taxes as set out in the Tax Act. A Unit will generally not be a prohibited investment for a Specified Plan if the holder, annuitant, or subscriber, as the case may be, of the Specified Plan deals at arm’s length with the REIT for purposes of the Tax Act and does not have a “significant interest” (within the meaning of subsection 207.01(4) of the Tax Act) in the REIT. In addition, a Unit that is “excluded property” (as defined in section 207.01 of the Tax Act) will not be a prohibited investment for a Specified Plan. Prospective purchasers who intend to hold Units in a Specified Plan should consult their personal tax advisors in regard to the application of these rules to their particular circumstances.

MEANING OF CERTAIN REFERENCES

In this short form prospectus, references to the “REIT” include its subsidiaries where the context requires. References to dollars or “\$” are to Canadian currency.

MARKETING MATERIALS

The Marketing Materials (as defined herein) are not part of this short form prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this short form prospectus. Any “template version” or “marketing materials” (each as defined in National Instrument 41-101 – General Prospectus Requirements) filed after the date of this short form prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated into this short form prospectus.

NON-IFRS FINANCIAL MEASURES

The REIT issues guidance on and reports on certain measures that do not have a standardized meaning under International Financial Reporting Standards (“IFRS”) as prescribed by the International Accounting Standards Board, including “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”)", that it uses to evaluate its performance. Management includes these measures because it believes they represent key performance indicators to management and because it believes certain investors use these measures as a means of assessing relative financial performance. Because non-IFRS measures do not have a standardized meaning and may differ from those used by other issuers, and accordingly may not be comparable to similar measures used by other issuers, securities regulations require that non-IFRS measures be clearly defined and qualified, reconciled with their nearest IFRS measure and given no more prominence than the closest IFRS measure. Such information is presented in the sections dealing with these financial measures herein and in the documents incorporated by reference herein.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This short form prospectus includes or incorporates by reference certain statements that are “forward-looking information” within the meaning of applicable securities legislation. All statements, other than statements of historical fact, in this short form prospectus that address activities, events, developments or financial performance that we or a third party expect or anticipate will or may occur in the future, including future growth, results of operations, distributions, performance and business prospects and opportunities, and the assumptions underlying any of the foregoing, are forward-looking statements and constitute forward-looking information. Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond our control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to: general and local economic and business conditions; the financial condition of tenants; our ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; our ability to source and complete accretive acquisitions; interest and currency rate fluctuations; and those that are described under the heading “Risk Factors” in this short form prospectus, under the heading “Risk Factors” in our annual information form dated March 29, 2019 and under the section “Risk Management” in our management discussion and analysis for the year ended December 31, 2018 and for the three and nine months ended September 30, 2019.

Although the forward-looking statements contained in this short form prospectus are based upon what we believe are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Our material assumptions made in preparing the forward-looking information contained in this short form prospectus include the assumptions that: the Canadian economy will remain stable; interest rates will remain stable; conditions in the real estate market, including competition for acquisitions, will be consistent with the current climate; and, capital markets will continue to provide us with ready access to equity and/or debt.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as a number of important factors could cause actual results to differ materially from any estimates or intentions expressed in such forward-looking statements. The REIT does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the REIT, except as required by Canadian securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT at 610 East River Road, Suite 200, New Glasgow, Nova Scotia, B2H 3S2 (Telephone (902) 755-8100), and are also available electronically at www.sedar.com.

The following documents, filed with the securities commissions or similar regulatory authorities in Canada, are specifically incorporated by reference in, and form an integral part of, this short form prospectus:

- (i) the annual information form of the REIT dated March 29, 2019 for the year ended December 31, 2018 (the “**AIF**”);
- (ii) the audited consolidated financial statements of the REIT for the years ended December 31, 2018 and December 31, 2017, together with the notes thereto and the auditor’s report thereon;
- (iii) the unaudited interim consolidated financial statements of the REIT as at September 30, 2019 and September 30, 2018, and for the nine months ended September 30, 2019 and September 30, 2018, together with the notes thereto;
- (iv) management’s discussion and analysis of the consolidated financial condition and results of operations of the REIT for the year ended December 31, 2018;
- (v) management’s discussion and analysis of the consolidated financial condition and results of operations of the REIT for the three and nine months ended September 30, 2019;
- (vi) the management information circular of the REIT dated March 29, 2019 prepared in connection with the REIT’s annual meeting of Unitholders held on May 9, 2019;
- (vii) the material change report of the REIT dated April 22, 2019;
- (viii) the material change report of the REIT dated June 6, 2019;
- (ix) the material change report of the REIT dated January 27, 2020; and
- (x) the term sheet dated January 22, 2020 relating to the Offering and filed on SEDAR (the “**Marketing Materials**”).

Any documents of the type referred to above and any annual or interim financial statements, management’s discussions and analyses, business acquisition reports, material change reports (other than confidential material change reports), annual information forms or information circulars filed by the REIT with the securities commissions or similar regulatory authorities in each of the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference into this short form prospectus. Any statement in this short form prospectus contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

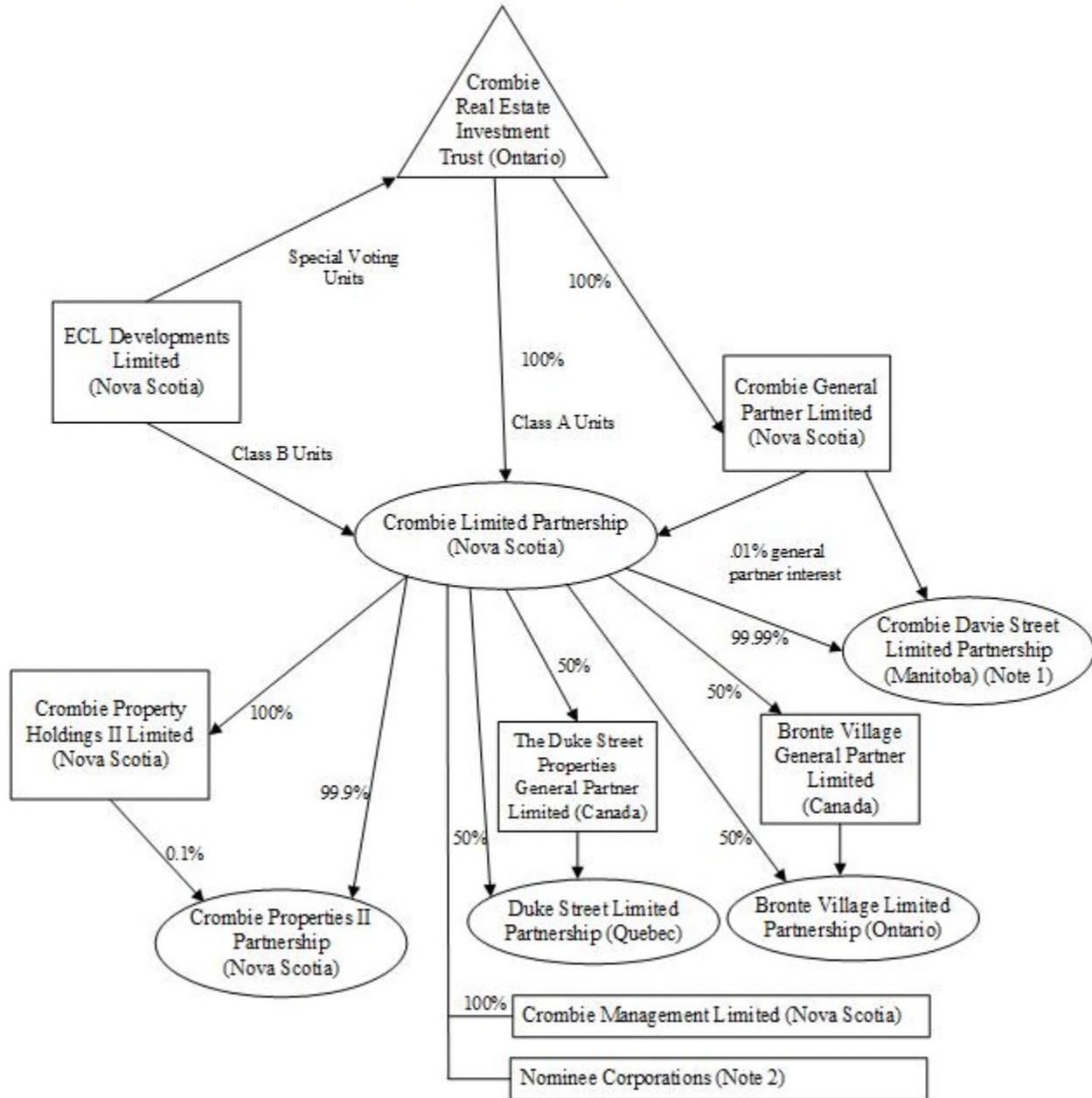
THE REIT

The REIT is an unincorporated open-ended real estate investment trust established pursuant to a declaration of trust dated as of January 1, 2006, as amended and restated from time to time (the “**Declaration of Trust**”), under, and governed by, the laws of the Province of Ontario.

The REIT was formed to invest primarily in income-producing retail, residential, office and mixed-use properties located in Canada. Crombie is one of the country’s leading national retail property landlords with a strategy to own, operate and develop a portfolio of high quality grocery- and drug store-anchored shopping centres, freestanding stores and mixed use developments primarily in Canada’s top urban and suburban markets.

The following chart shows the names of the principal subsidiaries of the REIT, their respective jurisdictions of incorporation, and the percentages of voting securities owned by the REIT as of December 31, 2019.

CROMBIE REIT - STRUCTURE CHART
December 31, 2019



Note 1: Crombie Davie Street Limited Partnership owns a 50% interest in 1600 Davie Limited Partnership.

Note 2: Nominee Corporations (100% interest):
 Crombie Property Holdings Limited (Canada)
 Penhorn Plaza Holdings Limited (Nova Scotia)
 Marché St-Augustin Properties Inc. (Canada)
 Marché St-Charles-de-Drummond Properties Inc. (Canada)
 Crombie Southdale Holdings Limited (Nova Scotia)
 Crombie Bedford South Limited (Nova Scotia)
 4427131 Canada Inc.
 Crombie 4250 Albert Street Regina Inc. (Nova Scotia)
 4541511 Canada Inc.
 Snowcat Property Holdings Limited (Nova Scotia)

Crombie Peakview Way Holdings Limited (Nova Scotia)
Snowcat Mission Developments Inc. (Nova Scotia)
Snowcat Bellline Developments Inc. (Nova Scotia)
Snowcat Kensington Developments Inc. (Nova Scotia)
Bronte Property Holdings Limited (Nova Scotia)
Crombie Burnaby Property Holdings Limited (Nova Scotia)
Crombie Penhorn Mall (2011) Limited (Nova Scotia)
Crombie Yonge Street Holdings Limited (Nova Scotia)
Crombie Danforth Property Holdings Limited (Nova Scotia)
Durham Leaseholds Limited (Canada)
Crombie Royal Oak Property Holdings Limited (Nova Scotia)
Jacklin Property Limited (Nova Scotia)
Crombie McCowan Road Holdings Limited (Nova Scotia)
Crombie Developments Limited (Canada)
1600 Davie Commercial Holdings Inc. (British Columbia)
2683348 Ontario Inc.

Nominee Corporations (less than 100% interest):

140 CPN Holdings Ltd. (Ontario – 50% interest) holds subject to a joint venture agreement
Crombie Northam Properties Limited (Nova Scotia – 50% interest)
Crombie OSR Property Holdings (I) Limited (Nova Scotia – 11% interest)
Crombie OSR Property Holdings (II) Limited (Nova Scotia – 11% interest)
Broadview Property Holdings Limited (Nova Scotia – 50% interest)
Crombie FC Properties Limited (Canada – 50% interest)
2526042 Ontario Inc. (50% interest)
1600 Davie Residential Holdings Inc. (British Columbia) – indirectly through Crombie Davie Street Limited Partnership

RECENT DEVELOPMENTS

On October 7, 2019, the REIT completed the sale of an 89% non-managing interest in a 15-property portfolio (the “**Partial Disposition**”) to an affiliate of Oak Street Real Estate Capital, LLC (“**Oak Street**”). This Partial Disposition, the second such transaction with Oak Street, has an aggregate purchase price of \$193.3 million, with net proceeds of \$103.8 million after assumed mortgages of \$81.0 million and transaction expenses. The REIT retained an 11% ownership interest and continues to manage and operate the properties. The REIT has provided guarantees of approximately \$71 million on these mortgages in excess of the REIT’s pro rata share of such mortgages based on its ownership interest in these properties.

In conjunction with this sale, the REIT and its co-owner entered into a credit agreement with a Canadian Chartered Bank for a \$16.5 million term loan facility and a \$15.5 million revolving credit facility. Both facilities are secured and have a term of five years maturing on October 7, 2024. Borrowings under both facilities can be by way of Bankers’ Acceptance or Prime Rate Advances and the floating interest rate is contingent on the type of advance plus the applicable spread or margin. Concurrent with entering into these facilities, the REIT and its co-owner entered into a fixed for floating interest rate swap effectively fixing the interest rate on both facilities at 3.27%. At year end December 31, 2019, the REIT’s portion of the term and revolving credit facilities was \$1.8 million and \$0.2 million, respectively.

Net proceeds from this transaction were used to reduce borrowing under the REIT’s Revolving Credit Facility or Bilateral Credit Facility.

On December 12, 2019, the REIT announced a special distribution of \$0.56 per Unit payable in units (\$0.46 per unit) and cash (\$0.10 per unit) to all Unitholders of record as at December 31, 2019. Immediately following the special distribution, the outstanding units of the REIT were consolidated such that each Unitholder held, after the consolidation, the same number of units as such Unitholder held before the special distribution.

On December 16, 2019, Crombie LP, through a nominee, acquired a 50% interest in the Sobeys Distribution Centre in Vaughan, Ontario from a nominee of Sobeys Capital Incorporated for \$95.9 million such that Crombie LP now owns, indirectly, 100% of the Sobeys Distribution Centre in Vaughan, Ontario.

On December 20, 2019, on a private placement basis, the REIT issued \$150 million aggregate principal amount of 3.917% Series G Notes due June 21, 2027 (Senior Unsecured) at a price of \$1,000 per \$1,000 principal amount of Series G Notes.

CONSOLIDATED CAPITALIZATION

There have not been any material changes in the consolidated capitalization or indebtedness of the REIT since September 30, 2019, the date of the REIT's most recently filed financial statements, other than (i) as described below, (ii) as described under "Recent Developments" and "Prior Sales", or (iii) as described in the documents incorporated herein by reference. The REIT continues to use its credit facilities and obtain mortgage financing in the ordinary course of its business.

The following table sets forth the pro forma capitalization of the REIT, as at September 30, 2019, as adjusted to give effect to transactions that have closed since September 30, 2019, this Offering and the Concurrent Private Placement:

	<u>As at September 30, 2019 before giving effect to transactions since September 30, 2019, this Offering and the Concurrent Private Placement</u>	<u>As at September 30, 2019 after giving effect to transactions since September 30, 2019, this Offering and the Concurrent Private Placement</u>
	(unaudited) (expressed in 000's)	(unaudited) (expressed in 000's)
Indebtedness⁽¹⁾		
Mortgages	\$1,474,996	\$1,147,506
Senior Unsecured Notes ⁽²⁾	\$775,739	\$925,739
Revolving Credit Facility ⁽³⁾	\$9,388	\$38,015
Bilateral Credit Facility ⁽³⁾	\$34,000	\$-
Joint Operation I Credit Facility	\$6,926	\$6,926
Joint Operation II Credit Facility	\$-	\$2,000
Lease Liabilities	\$29,336	\$29,336
Deferred Financing Charges	\$(9,920)	\$(10,420)
Total Indebtedness	\$2,320,465	\$2,139,102
Net Assets Attributable to Unitholders Represented By:		
<u>Crombie REIT Unitholders⁽⁴⁾</u>	\$871,509	\$927,681
Special Voting Units and Class B LP Unitholders ⁽¹⁾	\$584,343	\$625,843
TOTAL CAPITALIZATION	\$3,776,317	\$3,692,626

Notes:

⁽¹⁾ Capitalization Table excludes indebtedness held within the REIT's equity accounted joint ventures.

⁽²⁾ On December 20, 2019, on a private placement basis, Crombie issued \$150 million aggregate principal amount of 3.917% Series G Notes due June 21, 2027 (Senior Unsecured) at a price of \$1,000 per \$1,000 principal amount of Series G Notes.

⁽³⁾ On February 1, 2020, mortgages in the amount of \$153,265,000 will be paid out using the REIT's Revolving Credit Facility and Bilateral Credit Facility.

⁽⁴⁾ For financial statement purposes, the Units and Class B LP Units are classified as liabilities under International Financial Reporting Standards ("IFRS").

USE OF PROCEEDS

The net proceeds to the REIT from the Offering, after deducting the Underwriters' fee and certain other expenses of the Offering, are estimated to be \$55,891,520. The net proceeds to Crombie LP from the Concurrent Private Placement after deducting certain expenses of the Concurrent Private Placement are estimated to be approximately \$41,305,000. No commission or other fee will be paid to the Underwriters in connection with the sale of Class B LP Units and Special Voting Units pursuant to the Concurrent Private Placement.

Substantially all of the net proceeds from the Offering and the Concurrent Private Placement are expected to be used by the REIT to reduce outstanding borrowings under the REIT's Revolving Credit Facility and Bilateral Credit Facility and for general trust purposes, which may include funding its development pipeline. The Revolving Credit Facility and Bilateral Credit Facility are used by the REIT for working capital purposes and to provide temporary financing for acquisitions and development activity. The balances to be repaid from the net proceeds of the Offering result primarily from the acquisition of the remaining 50% of the Sobeys Distribution Centre in Vaughn, Ontario on December 16, 2019, the repayment of mortgages maturing on February 1, 2020 in the amount of \$153,265,000, and general trust activity.

DESCRIPTION OF UNITS AND DECLARATION OF TRUST

The following is a summary of the material attributes and characteristics of the Units. A more detailed summary of the attributes of the Units can be found in the REIT's AIF under the heading "Description of Capital Structure and Declaration of Trust".

General

The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such Act or any other legislation. A holder of a Unit of Crombie does not hold a share of a body corporate. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of Crombie equivalent to the *Business Corporations Act* (Ontario) or the *Canada Business Corporations Act* which sets out the rights and entitlements of shareholders of corporations in various circumstances. A number of these rights, for example, the right to bring "oppression" or "derivative" actions, have been added to the Declaration of Trust, however, these rights are not statutory in nature and the interpretation of these rights by courts may not be the same as those available under the applicable statutes. Furthermore, the REIT is not a trust company and accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

The REIT is authorized to issue an unlimited number of Units and an unlimited number of Special Voting Units (as defined herein). Issued and outstanding Units and Special Voting Units may be subdivided or consolidated from time to time by the trustees without the approval of the Unitholders.

Units

Units do not have preference or priority over one another. No Unitholder has or is deemed to have any right of ownership of any of the assets of the REIT. Each Unit represents a Unitholder's proportionate undivided beneficial ownership interest in the REIT and confers the right to one vote at any meeting of Unitholders and to participate *pro rata* in any distributions by the REIT, whether of net income, net realized capital gains or other amounts and, in the event of termination of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Units are fully paid and non-assessable when issued (unless issued on an instalment receipt basis) and are transferable.

Special Voting Units

Special voting units of the REIT (the "**Special Voting Units**") have no economic entitlement in the REIT but entitle the holder to one vote per Special Voting Unit at any meeting of the Unitholders of the REIT. Special Voting Units may only be issued in connection with or in relation to Class B LP Units and Class C limited partnership units of Crombie LP ("**Class C LP Units**") for the purpose of providing voting rights with respect to the REIT to the holders of such securities. Special Voting Units are issued in conjunction with the Class B LP Units and Class C LP Units to which they relate, and are evidenced only by the certificates representing such Class B LP Units and Class C LP Units. Special Voting Units are not transferable separately from the Class B LP Units or Class C LP Units to which they are attached and are automatically transferred upon the transfer of such Class B LP Unit or Class C LP Unit. Each Special Voting Unit entitles the holder thereof to that number of votes at any meeting of Unitholders that is equal to the number of Units that may be obtained upon the exchange of the Class B LP Unit or Class C LP Unit to which such Special Voting Unit is attached. Upon the exchange or surrender of a Class B LP Unit or Class C LP Unit for a Unit, the Special Voting Unit attached to such Class B LP Unit or Class C LP Unit will automatically be redeemed and cancelled for no consideration without any further action of the trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto.

Redemption Right

Each Unitholder is entitled to require the REIT to redeem at any time or from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder at the prices determined and payable in accordance with the conditions and limitations provided in the Declaration of Trust.

Purchases of Units by the REIT

The REIT may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange and regulatory policies. Any such purchase will constitute an “issuer bid” under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid or issuer bid is made for Units within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror is entitled to acquire the Units held by Unitholders who do not accept the offer either, at the election of each Unitholder, on the terms offered by the offeror or at the fair value of such Unitholder’s Units determined in accordance with the procedures set out in the Declaration of Trust.

Issuance of Units

Subject to the approval rights of ECL set out in the Exchange Agreement (as defined below), the REIT may issue new Units from time to time, in such manner, for such consideration and to such person or persons as the trustees shall determine. Unitholders do not have any pre-emptive rights whereby additional Units proposed to be issued would be first offered to existing Unitholders, except that for so long as ECL continues to hold directly or indirectly at least 10% of the Special Voting Units, ECL will have the pre-emptive right to purchase additional Units issued by the REIT to maintain its pro rata voting interest in the REIT. If the trustees determine that the REIT does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units or notes having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the trustees to be available for the payment of such distribution.

Immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold, after the consolidation, the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts distributed represent income, non-resident holders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholders holding the same number of Units.

Such non-resident Unitholders will be required to surrender the certificates (if any) representing their original Units in exchange for a certificate representing post-consolidation Units.

The REIT may also issue new Units as consideration for the acquisition of new properties or assets by it, at a price or for the consideration determined by the trustees, or pursuant to any incentive or option plan established by the REIT from time to time.

Book-Based System

Except as otherwise provided below, the Units are represented in the form of one or more fully registered global unit certificates held by, or on behalf of, CDS, as depository of such global unit certificates for the participants of CDS, registered in the name of CDS or its nominee, and registration of ownership and transfers of the Units are effected only through the book-based system administered by CDS. On closing of any offering of the Units, CDS will credit

interests in the global unit certificates representing the Units to the accounts of its participants as directed by the underwriters, agents, dealer or the REIT, as the case may be.

Except as described below, no purchaser of a Unit is entitled to a certificate or other instrument from the REIT evidencing that purchaser's ownership thereof, and no holder of a beneficial interest in a Unit is shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of the beneficial owners. CDS is responsible for establishing and maintaining book-entry accounts for its participants having interests in the global unit certificates. Sales of interests in the global unit certificates can only be completed through participants in the depository services of CDS.

Units will be issued in fully registered form to holders or their nominees, other than CDS or its nominee, only if: (i) the REIT is required to do so by applicable law; (ii) the depository system of CDS ceases to exist; (iii) the REIT determines that CDS is no longer willing or able or qualified to discharge properly its responsibility as depository and the REIT is unable to locate a qualified successor; or (iv) the REIT at its option elects to terminate the book-entry system in respect of the Units through CDS.

Transfer and Exchange of Units

Transfers of beneficial ownership of Units represented by global unit certificates will be effected through records maintained by CDS or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the REIT elects, in its sole discretion, to prepare and deliver definitive certificates representing the Units, beneficial owners who are not participants in the book-entry system administered by CDS, but who desire to purchase, sell or otherwise transfer ownership of or other interest in global unit certificates, may do so only through participants in the book-entry system administered by CDS.

The ability of a beneficial owner of an interest in a Unit represented by a global unit certificate to pledge the Unit or otherwise take action with respect to such owner's interest in the Unit represented by a global unit certificate (other than through a participant) may be limited due to the lack of a physical certificate.

Registered holders of definitive certificates representing Units may transfer such Units upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Unit certificates to the registrar for the Units at its principal office in the City of Toronto, Ontario or such other city or cities as may from time to time be designated by the REIT, whereupon new Unit certificates will be issued in authorized denominations in the same aggregate principal amount as the Unit certificates so transferred, registered in the name of the transferees. Any request to transfer or exchange Units may not be honoured by the REIT and the transfer agent for the Units if such transfer or exchange is in contravention of United States federal and state securities laws or would require the REIT to register as an investment company under the United States Investment Company Act of 1940.

Limitation on Non-Resident Ownership

In order for the REIT to maintain its status as a "mutual fund trust" under the Tax Act, the REIT must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, at no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49% of the Units and the trustees has informed the transfer agent and registrar of this restriction. The trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the trustees become aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units then outstanding are, or may be, non-residents of Canada or that such a situation is imminent, the trustees may make a public announcement thereof and will not accept a subscription for Units from or issue Units to a person unless the person provides a declaration that the person is not a non-resident. If, notwithstanding the foregoing, the trustees determine that more than 49% of the Units are held by non-residents, the trustees may send a notice to non-resident holders of Units, chosen in inverse order to the date of acquisition or registration or in such manner as the trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the trustees with satisfactory evidence that they are not non-residents within such period, the trustees may, on behalf of such Unitholders sell such Units and, in the interim, must suspend the voting and distribution rights attached to such Units. Upon such sale the affected holders will cease to

be holders of Units and their rights will be limited to receiving the net proceeds of sale, subject to the right to receive payment of any distribution declared by the trustees which is unpaid and owing to such Unitholders. The trustees will have no liability for the amount received provided that they act in good faith. Class B LP Units, which are economically equivalent to Units, are not permitted to be transferred to non-resident entities.

Approval Rights

The Declaration of Trust provides that the REIT may not, without the approval of ECL so long as ECL or its affiliates hold or control at least 20% of the Units and the Special Voting Units collectively, issue any securities that, in the aggregate, would result in the dilution of ECL's voting interest to a level less than that required to be maintained pursuant to any agreements to which the REIT is a party.

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast at a meeting of Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of Unitholders called for such purpose.

The following amendments, among others, require the approval of two-thirds of the votes cast by all Unitholders at a meeting:

- (a) an exchange, reclassification or cancellation of all or part of the Units or Special Voting Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units or Special Voting Units;
- (c) the constraint of the issue, transfer or ownership of the Units or Special Voting Units or the change or removal of such constraint;
- (d) the sale or transfer of the assets of any of the REIT or its subsidiaries as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of any of the REIT or its subsidiaries approved by the trustees);
- (e) the termination of any of the REIT or its subsidiaries;
- (f) the combination, amalgamation or arrangement of any of the REIT or its subsidiaries with any other entity; and
- (g) except as described herein, the amendment of the investment guidelines and operating policies of the REIT set out in the Declaration of Trust.

Upon the recommendation of the Independent Trustees (as defined in the Declaration of Trust) of the REIT, the trustees may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over: (i) the trustees or the REIT; (ii) the status of the REIT as a "mutual fund trust" or "registered investment" under the Tax Act; or (iii) the distribution of Units;
- (b) which, in the opinion of the trustees, provide additional protection for the Unitholders;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the trustees, necessary or desirable and not prejudicial to the Unitholders;

- (d) which, in the opinion of the trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in this prospectus and the Declaration of Trust;
- (e) of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the trustees, are necessary or desirable and not prejudicial to the Unitholders;
- (f) which, in the opinion of the trustees, are necessary or desirable: (i) as a result of changes in taxation or other laws, or to ensure continuing compliance with IFRS for January 1, 2010 and thereafter; or (ii) to ensure the Units qualify as equity for purposes of IFRS for January 1, 2010 and thereafter;
- (g) which, in the opinion of the trustees, are necessary or desirable to enable the REIT to implement a Unit option or purchase plan or issue Units for which the purchase price is payable in instalments;
- (h) to create one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the REIT's property or income other than a return of capital; and
- (i) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the trustees, is not prejudicial to Unitholders and is necessary or desirable.

DRIP

The REIT has implemented a Distribution Reinvestment Plan (“**DRIP**”) to enable Canadian resident Unitholders to automatically reinvest cash distributions paid on their Units in additional Units. Units to be issued under the DRIP will be issued directly from treasury of the REIT at a price equal to 100% of the volume-weighted average trading price of the Units on the TSX for the five trading days immediately preceding the relevant distribution payment date, which is typically on or about the 15th day of the month following the declaration. The DRIP also permits owners of the outstanding Class B LP units of Crombie LP to reinvest distributions in additional Class B LP units on substantially the same terms. The REIT has reserved for issuance with the TSX four million additional Units to accommodate the purchase of Units under the DRIP, of which 550,364 additional Units remain available for issuance under the DRIP.

Distributions

Pursuant to the Declaration of Trust, cash distributions are to be determined by the trustees in their discretion. The REIT intends to make distributions to Unitholders at least equal to the amount of net income, net realized capital gains and net recapture income of the REIT in any given calendar year as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income. Any increase or reductions in the percentage of income to be distributed to Unitholders will result in a corresponding increase or decrease in distributions on Class B LP Units.

Distributions are made to Unitholders of record as at the close of business on the last business day of the month preceding a distribution date. Distributions may be adjusted for amounts paid in prior periods if the actual distribution for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT's cash is not sufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional Units.

Crombie LP is the primary source of cash flow to fund distributions to Unitholders. The fourth amended and restated Crombie LP limited partnership agreement dated June 30, 2017 between the REIT, ECL and Crombie GP (the “**Crombie LP Agreement**”) requires Crombie LP to make monthly cash distributions to the REIT and to holders of Class B LP Units equal to the distribution payout ratio set by the REIT from time to time. Crombie LP retains the discretion to make unequal distributions to account for expenses incurred or income earned by the REIT so that

distributions to be made to Class B LP Units are economically equivalent, to the greatest extent possible, to the distributions that the holder of Class B LP Units would have received if they were holding Units instead of Class B LP Units.

The REIT has paid monthly cash distributions of \$0.07417 per Unit since May 2008. The REIT paid a special distribution of \$0.56 per Unit payable in units (\$0.46 per unit) and cash (\$0.10 per unit) to all Unitholders of record as at December 31, 2019. Immediately following the special distribution, the outstanding units of the REIT were consolidated such that each Unitholder held, after the consolidation, the same number of units as such Unitholder held before the special distribution.

Month	2017 \$/Unit	2018 \$/Unit	2019 \$/Unit	2020 \$/Unit
January	\$0.07417	\$0.07417	\$0.07417	\$0.07417
February	\$0.07417	\$0.07417	\$0.07417	
March	\$0.07417	\$0.07417	\$0.07417	
April	\$0.07417	\$0.07417	\$0.07417	
May	\$0.07417	\$0.07417	\$0.07417	
June	\$0.07417	\$0.07417	\$0.07417	
July	\$0.07417	\$0.07417	\$0.07417	
August	\$0.07417	\$0.07417	\$0.07417	
September	\$0.07417	\$0.07417	\$0.07417	
October	\$0.07417	\$0.07417	\$0.07417	
November	\$0.07417	\$0.07417	\$0.07417	
December	\$0.07417	\$0.07417	\$0.17417	
TOTAL	\$0.89004	\$0.89004	\$0.99004	\$0.07417

RETAINED INTEREST

Pursuant to the amended and restated class B exchange agreement dated June 30, 2017 (the “**Exchange Agreement**”) between the REIT, Crombie LP, Crombie General Partner Limited, a company incorporated under the laws of Nova Scotia (“**Crombie GP**”), and ECL, ECL was granted certain rights in respect of the REIT, which include a pre-emptive right, for so long as ECL and its affiliates continue to hold at least 10% of the Units (including Units issuable upon the exchange of the Class B LP Units of Crombie LP), to purchase Units in the REIT to maintain its pro rata ownership interest in the REIT. ECL holds its interest in the REIT directly.

As of the date hereof, ECL holds 41.5% of the economic and voting interest in the REIT through its ownership of 62,060,258 Class B LP Units and Special Voting Units and 909,090 Units. Each Class B LP Unit entitles the holder to cash distributions from Crombie LP equal to the distributions paid to holders of Units by the REIT. Each Class B LP Unit is accompanied by one Special Voting Unit of the REIT which provides the Class B LP Unit holder with the same voting rights in the REIT as one Unit provides to a Unitholder. Each Class B LP Unit is exchangeable into one Unit (subject to customary anti-dilution adjustments).

In connection with the Offering, the REIT was notified that instead of exercising the pre-emptive rights of ECL under the Exchange Agreement to acquire Units of the REIT, ECL would prefer to subscribe for a number of Class B LP Units and Special Voting Units not to exceed the maximum number of Units to which ECL would be entitled under the pre-emptive right, to be consistent with its prior investments in the REIT. The members of the Board of Trustees of the REIT who are considered to be independent of both the REIT and Empire approved the terms of the Concurrent Private Placement based on the fact that the Class B LP Units and Special Voting Units issuable under the Concurrent Private Placement are the economic equivalent of the Units that ECL would be entitled to receive under its pre-emptive right in respect of the Offering, and the form of investment by ECL is consistent with its prior investments in the REIT. Consequently, concurrently with the closing of the Offering, pursuant to the Concurrent Private Placement, ECL will subscribe for, and Crombie LP and the REIT will issue to ECL, 2,593,750 Class B LP Units and the associated Special Voting Units, at a price per Class B LP Unit equal to the price per Unit under the Offering. The Concurrent Private Placement will be completed by way of an exemption from the prospectus requirements under the applicable securities laws.

Following closing of the Concurrent Private Placement and the Offering, ECL will hold a 41.5% economic and voting interest in the REIT through its ownership of 64,654,008 Class B LP Units and Special Voting Units and 909,090 Units.

PLAN OF DISTRIBUTION

Under the Underwriting Agreement, the REIT has agreed to sell and the Underwriters have agreed to purchase on or about February 11, 2020, or on such later date as the REIT and the Underwriters may agree, 3,657,000 Units at a price of \$16.00 per Unit, for total gross proceeds to the REIT of \$58,512,000. The obligations of the Underwriters under the Underwriting Agreement may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Units are several (and not joint or joint and several). The terms of the Offering and the price of the Units have been determined by negotiation between the REIT and the Underwriters.

Under the Underwriting Agreement, the REIT has agreed to pay the Underwriters a fee of \$0.64 per Unit, for an aggregate fee payable by the REIT of \$2,340,480, subject to the following paragraph, in consideration for their services in connection with the Offering. The Underwriters' fee in respect of the Units is payable on the closing of the Offering.

ECL has waived its pre-emptive right under the Exchange Agreement in connection with the Offering. See "Retained Interest". Instead, concurrently with the closing of the Offering, Crombie LP will issue 2,593,750 Class B LP Units to ECL on a private placement basis at a price of \$16.00 per Class B LP Unit pursuant to the Concurrent Private Placement for total gross proceeds of approximately \$41.5 million. The obligation of the Underwriters to purchase the Units is subject to the condition, for the exclusive benefit of the Underwriters, that the Concurrent Private Placement shall have occurred on or before the closing of the Offering. This condition may be waived by the Underwriters in their sole discretion. Each Class B LP Unit is exchangeable for one Unit and has attached one Special Voting Unit of the REIT. No commission or other fee will be paid to the Underwriters in connection with the sale of Class B LP Units and Special Voting Units pursuant to the Concurrent Private Placement. ECL currently holds 62,060,258 Class B LP Units and Special Voting Units and 909,090 Units, representing a 41.5% economic and voting interest in the REIT. As a result, the Concurrent Private Placement constitutes a "related party transaction" under MI 61-101. MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. The REIT has obtained exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, would permit it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of the REIT's market capitalization if ECL's indirect economic and voting interest in the REIT was included in the calculation of the REIT's market capitalization. As a result, the 25% threshold referred to above would be approximately \$1,450 million as of January 24, 2020, which is more than the amount of the Concurrent Private Placement. Consequently the Concurrent Private Placement will not be subject to the valuation and minority approval requirements of MI 61-101. Upon closing of the Concurrent Private Placement and the Offering, ECL will hold 64,654,008 Class B LP Units and Special Voting Units and 909,090 Units, representing a 41.5% economic and voting interest in the REIT. This short form prospectus does not qualify the distribution of the Class B LP Units and Special Voting Units issued pursuant to the Concurrent Private Placement. The Class B LP Units and Special Voting Units issued pursuant to the Concurrent Private Placement, and all Units issuable upon exchange of the Class B LP Units issued pursuant to the Concurrent Private Placement, will be subject to a minimum statutory hold period of four months from the closing of the Offering. The members of the Board of Trustees of the REIT who are considered to be independent of both the REIT and Empire approved the terms of the Concurrent Private Placement based on the fact that the Class B LP Units and Special Voting Units issuable under the Concurrent Private Placement are the economic and voting equivalent of the Units that ECL would be entitled to receive under its pre-emptive right in respect of the Offering, and the form of investment by ECL is consistent with its prior investments in the REIT.

Other than the Class B LP Units and Special Voting Units to be issued to ECL in connection with the Concurrent Private Placement and certain other exceptions, the REIT has agreed not to offer or issue, or enter into an agreement to offer or issue, Units or any securities convertible or exchangeable for Units for a period of 90 days subsequent to the closing of the Offering without the consent of the Underwriters, which consent may not be unreasonably withheld.

The REIT has applied to list the Units issuable pursuant to the Offering on the TSX. Listing will be subject to the REIT fulfilling all listing requirements of the TSX. Closing of the Offering is conditional on the Units issuable pursuant to the Offering being approved for listing on the TSX subject to the satisfaction of customary post-closing conditions.

The Underwriters propose to offer the Units to the public initially at the offering price specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Units at the offering price specified on the cover page, the offering price for the Units may be decreased and may be further changed from time to time to amounts not greater than those set forth in the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Units is less than the amount paid by the Underwriters to the REIT.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of the Units. These exceptions include: (i) a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution. Such transactions, if commenced, may be discontinued at any time.

In connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Units offered hereby at levels other than those which otherwise might prevail on the open market. Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Units while the Offering is in progress. As a result of these activities, the price of the Units offered hereby may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the TSX, in the over-the-counter market or otherwise.

The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**1933 Act**”), or applicable state securities laws, and may not be offered, sold or delivered, directly or indirectly, within the United States, except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable United States federal and state securities laws, it will not offer or sell any of the Units within the United States. The Underwriting Agreement permits the Underwriters to offer and resell the Units purchased by them outside the United States in compliance with Regulation S under the 1933 Act. The Underwriting Agreement also permits the Underwriters to offer and resell the Units that it has acquired pursuant to the Underwriting Agreement in the United States to persons who are “qualified institutional buyers”, as such term is defined in Rule 144A under the 1933 Act, where such offers and resales are made in compliance with Rule 144A under the 1933 Act and applicable state securities laws. Units offered or resold in the United States will be “restricted securities” within the meaning of Rule 144(a)(3) promulgated under the 1933 Act.

This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Units in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units offered hereby within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act unless such offer or offer is made pursuant to an exemption from registration under the 1933 Act.

Terms used and not defined in the preceding two paragraphs shall have the meanings ascribed thereto by Regulation S under the 1933 Act.

Under the Underwriting Agreement, the REIT has agreed to indemnify and hold harmless the Underwriters and their respective officers, directors, employees, shareholders, partners, advisors and agents against certain liabilities.

RELATIONSHIP BETWEEN THE REIT AND CERTAIN UNDERWRITERS

Affiliates of each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial Inc. are lenders to the REIT under the Revolving Credit Facility. An affiliate of Scotia Capital Inc. is the lender to the REIT under the Bilateral Credit Facility. An affiliate of each of Scotia Capital Inc. and National Bank Financial Inc. have provided construction financing to one or more joint ventures partially owned by the REIT. An affiliate of each of TD Securities Inc., National Bank Financial Inc., CIBC World Markets Inc., RBC Dominion Securities Inc. and Desjardins Securities Inc. have provided the REIT with conventional mortgages on certain of its income producing properties (the “**Mortgages**”). Accordingly, the REIT may be considered to be a “connected issuer” of each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., RBC Dominion Securities Inc. and Desjardins Securities Inc. within the meaning of applicable Canadian securities legislation.

The Revolving Credit Facility and Bilateral Credit Facility are used by the REIT for working capital purposes and to provide temporary financing for acquisitions and development activity. Substantially all of the net proceeds of the Offering will be used by the REIT to reduce the outstanding balance under the Revolving Credit Facility. The balances to be repaid from the net proceeds of the Offering result primarily from the acquisition of the remaining 50% of the Sobeys Distribution Centre in Vaughn, Ontario on December 16, 2019, the repayment of mortgages maturing on February 1, 2020 in the amount of \$153,265,000, and general trust activity. As at January 24, 2020, approximately \$39 million was outstanding under the Revolving Credit Facility, \$30 million was outstanding under the Bilateral Credit Facility and \$530 million was outstanding under the Mortgages. As at that date, the REIT was in compliance in all material respects with the terms and conditions of the Revolving Credit Facility, the Bilateral Credit Facility and the Mortgages and no breach thereunder has been waived by the lenders under such agreements since their execution. The Revolving Credit Facility is currently secured by first charges on nine properties and related personal property held by the REIT, and a security interest in all of the personal property of the REIT subject to certain exceptions relating to site specific financing. The Bilateral Credit Facility is unsecured. The Mortgages are secured by first charges on the corresponding properties. There has been no material change in the financial position of the REIT since the execution of the agreements governing the Revolving Credit Facility, the Bilateral Credit Facility and the Mortgages, except as described elsewhere in this short form prospectus and in the documents incorporated by reference herein.

The decision to purchase Units by the Underwriters was made independently of their being affiliated lenders as described above, and those lenders had no influence as to the determination of the terms of the distribution of the Units. The offering price of the Units and the other terms and conditions of the Offering were established through negotiations with the REIT and the Underwriters, without involvement of their affiliate lenders described above. None of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Desjardins Securities Inc., nor their affiliate lenders will receive any benefit from the Offering, other than these Underwriters’ respective portion of the Underwriters’ fee payable by the REIT as described above and the lenders’ receipt of their pro rata share of any repayments under the Revolving Credit Facility or Bilateral Credit Facility.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stewart McKelvey, counsel to the REIT, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Units by an investor who acquires such Units pursuant to this short form prospectus. This summary is applicable to an investor who at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada, deals at arm’s length with and is not affiliated with the REIT or the Underwriters and holds the Units as capital property (in this section, a “**Unitholder**”). Generally, the Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Units, and any other “Canadian security” (as defined in the Tax Act) owned in the taxation year in which the election is made and in subsequent taxation years, deemed to be capital property. Unitholders who do not hold their Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Unitholder: (i) that is a “financial institution” for purposes of the mark-to-market rules; (ii) that is a “specified financial institution”; (iii) that has elected to determine its Canadian tax results in a foreign currency pursuant to the “function currency” reporting rules in the Tax Act; (iv) an interest in which is a “tax shelter investment”; or (v) that has entered into or will enter into a “derivative forward agreement” with respect to the Units, as each such term is defined in the Tax Act. Such holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire Units under this Offering.

This summary is based upon the provisions of the Tax Act and the Regulations, a certificate as to certain factual matters from an officer of the REIT, and counsel’s understanding, based on publicly available published materials, of the administrative policies and assessing practices of the Canada Revenue Agency (“CRA”), all in effect as of the date of this short form prospectus. This summary takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this short form prospectus (the “**Tax Proposals**”). Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in CRA’s administrative policies and assessing practices, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. This summary assumes that the Tax Proposals will be enacted as currently proposed, but no assurances can be given that this will be the case. There can be no assurances that the CRA will not change its administrative policies and assessing practices.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the Unitholder’s particular circumstances. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective investor of Units. Consequently, a prospective investor should consult the investor’s own tax advisor for advice with respect to the tax consequences of an investment in Units based on the prospective investor’s particular circumstances.

For the purposes of this summary and the opinion given under the heading “Eligibility for Investment”, a reference to the REIT is a reference to Crombie Real Estate Investment Trust only and is not a reference to any of its subsidiaries or predecessors.

Status of the REIT

Qualification as a “Mutual Fund Trust”

Based on representations as to certain factual matters from an officer of the REIT, the REIT has at all times qualified, and is expected to continue to qualify, at all times as a “mutual fund trust” within the meaning of the Tax Act. This summary assumes this to be the case.

If the REIT were not to qualify as a mutual fund trust at any particular time, the income tax considerations described below would, in some respects, be materially and adversely different.

Qualification as a “Real Estate Investment Trust”

SIFT Legislation

The provisions of the Tax Act that apply (“**SIFT Legislation**”) to a specified investment flow-through trust or partnership (“**SIFT**”) effectively taxes certain income of a publicly-traded trust or partnership that is distributed to its investors on the same basis as would have been applied had the income been earned through a taxable corporation and distributed by way of dividend to its shareholders. These rules apply only to “SIFT trusts”, “SIFT partnerships” (each as defined in the Tax Act) and their investors. The summary is also based on the assumption that the REIT will at no time be a “SIFT trust” as defined in the SIFT Legislation.

A trust resident in Canada will generally be a SIFT trust for a particular taxation year for purposes of the Tax Act if, at any time during the taxation year, investments in the trust are listed or traded on a stock exchange or other public market and the trust holds one or more “non-portfolio properties” (as defined in the Tax Act). Non-portfolio properties generally include certain investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections to Canada. However, a trust will not be considered a SIFT trust for a taxation year if it qualifies as a “real estate investment trust” (as defined in the Tax Act) for that year (the “**REIT Exception**”) (discussed below).

Where the SIFT Legislation applies, distributions of a SIFT trust’s “non-portfolio earnings” are not deductible in computing the SIFT trust’s net income. Non-portfolio earnings are generally defined as income attributable to a business carried on by the SIFT trust in Canada or to income (other than certain dividends) from, and taxable capital gains from the disposition of, non-portfolio properties. The SIFT trust is itself liable to pay income tax on an amount equal to the amount of such non-deductible distributions at a rate that is substantially equivalent to the combined federal and provincial general tax rate applicable to taxable Canadian corporations. Such non-deductible distributions paid to a holder of units of the SIFT trust are generally deemed to be taxable dividends received by such holder from a taxable Canadian corporation. Such deemed dividends will qualify as “eligible dividends” for purposes of the enhanced gross-up and dividend tax credit available under the Tax Act to individuals resident in Canada. Distributions that are paid as returns of capital will generally not attract the tax under the SIFT Legislation.

REIT Exception

A trust that satisfies the REIT Exception for a taxation year is excluded from the definition of a SIFT trust in the Tax Act and is therefore not subject to the SIFT Legislation for that year.

The following five criteria must be met in order for a trust to qualify for the REIT Exception:

- (a) at each time in the taxation year, the total fair market value at that time of all “non-portfolio properties” that are “qualified REIT properties” held by the trust must be at least 90% of the total fair market value at that time of all non-portfolio properties held by the trust;
- (b) not less than 90% of the trust’s “gross REIT revenue” for the taxation year must be from one or more of the following: “rent from real or immovable properties”, interest, dispositions of “real or immovable properties” that are capital properties, dividends, royalties and dispositions of “eligible relate properties”;
- (c) not less than 75% of the trust’s gross REIT revenue for the taxation year must be from one or more of the following: “rent from real or immovable properties”, interest from mortgages, or hypothecs, on “real or immovable properties”, and dispositions of “real or immovable properties” that are capital properties;
- (d) at each time in the taxation year an amount that is equal to 75% or more of the equity value of the trust at that time, is the amount that is the total fair market value of all properties held by the trust each of which is a real or immovable property that is a capital property, an eligible resale property, cash, a deposit (within the meaning of the *Canada Deposit Insurance Corporation Act* or with a branch in Canada of a bank or a credit union), indebtedness of a Canadian corporation represented by a banker’s acceptance, and debt issued or guaranteed by the Canadian government or issued by a province, municipal government or certain other qualifying public institutions; and
- (e) investments in the trust must be, at any time in the taxation year, listed or traded on a stock exchange or other public market.

The SIFT Legislation contains specific rules under which a trust could qualify for the REIT Exception where it holds its real properties indirectly through intermediate entities, provided that, other than with respect to the listing or trading requirement, each such entity, assuming it were a trust, would satisfy the REIT Exception.

The REIT Exception in the SIFT Legislation contains a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made at the end of that taxation year. Based on representations as to certain factual matters from an officer of the REIT, the REIT has at all times qualified, and is expected to continue to qualify, throughout 2020 and all subsequent taxation years for the REIT Exception. The REIT also expects that each direct or indirect subsidiary of the REIT has at all times qualified and will continue to qualify as an “excluded subsidiary entity” as defined in the Tax Act throughout 2020 and subsequent taxation years. The balance of this summary assumes this to be the case. If the REIT does not so qualify or ceases to qualify as a real estate investment trust under the REIT Exception, or each direct or indirect subsidiary of the REIT were not to qualify as an excluded subsidiary entity, the income tax considerations described below would, in some respects, be materially and adversely different.

Taxation of the REIT

The taxation year of the REIT is the calendar year. In each taxation year, the REIT will generally be subject to tax under Part I of the Tax Act on its income for the year, including net taxable capital gains for that year and its allocated share of the income from Crombie LP for the fiscal period of Crombie LP ending in, or coinciding with the year-end of the REIT, less the portion thereof that it deducts in respect of the amounts paid or payable, or deemed to be paid or payable, to Unitholders in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the REIT or if the Unitholder is entitled in that year to enforce payment of the amount.

Generally, distributions to the REIT in excess of its allocated share of the income of Crombie LP for a fiscal period will result in a reduction of the adjusted cost base of the REIT’s units in Crombie LP, by the amount of such excess. If, as a result, the REIT’s adjusted cost base of its units in Crombie LP at the end of a fiscal year of Crombie LP would otherwise be a negative amount, the REIT will be deemed to realize a capital gain in such amount in the taxation year in which Crombie LP’s fiscal period ends, and the REIT’s adjusted cost base at the beginning of the next taxation year of its units in Crombie LP will then be nil.

In computing its income for purposes of the Tax Act, the REIT may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income. The REIT may also deduct from its income for the year a portion of any reasonable expenses incurred by the REIT to issue Units. The portion of such issue expenses deductible by the REIT in a taxation year is 20% of such issue expenses, pro-rated where the REIT’s taxation year is less than 365 days.

Having regard to the present intention of the REIT’s trustees, the REIT will make distributions in each year to Unitholders in an amount sufficient to ensure that the REIT will generally not be liable for tax under Part I of the Tax Act in any year (after taking into account any applicable tax refunds to the REIT). Where income of the REIT in a taxation year exceeds the total cash distributions for that year, such excess income may be distributed to Unitholders in the form of additional Units. Income of the REIT payable to Unitholders, whether in cash, additional Units or otherwise, will generally be deductible by the REIT in computing its taxable income.

An *in specie* redemption of any Units and the transfer by the REIT of securities of Crombie LP to redeeming Unitholders will each be treated as a disposition by the REIT of such securities of Crombie LP for proceeds of disposition equal to the fair market value thereof. The REIT will realize a capital gain (or a capital loss) to the extent that the proceeds from these dispositions exceed (or are less than) the adjusted cost base of the securities of Crombie LP, as the case may be, and any reasonable costs of disposition.

Losses incurred by the REIT cannot be allocated to Unitholders, but can be deducted by the REIT in future years in computing its taxable income, in accordance with the Tax Act. In the event the REIT would otherwise be liable for tax on its net taxable capital gains realized by the REIT for a taxation year, it will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for such tax by an amount determined under the Tax Act based on the redemption of Units during the year (the “**capital gains refund**”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the REIT’s tax liability for the taxation year arising in connection with the transfer of property *in specie* to redeeming Unitholders on the redemption of Units and the related *in specie* redemption by the REIT of any securities of Crombie LP. The Declaration of Trust provides that all or a portion of any capital gain or income realized by the REIT in connection with such redemptions may, at the discretion of the Board of Trustees, be treated as capital gains or income paid to, and

designated as capital gains or income of, the redeeming Unitholder. Such income or the taxable portion of any capital gain so designated must be included in the income of the redeeming Unitholders (as income or taxable capital gains) and will be deductible by the REIT in computing its income. However, certain Tax Proposals would generally prohibit the REIT from deducting, commencing in the REIT's taxation year beginning on January 1, 2020, in the computation of the REIT's income, the portion of any amount paid to a redeeming Unitholder of the REIT that is considered to be paid out of the income of the REIT, and limit the ability of the REIT to deduct capital gains so allocated to redeeming Unitholders. If such Tax Proposals are enacted in their current form, any such income (including any taxable capital gains) may be made payable to non-redeeming Unitholders so that the REIT will not be liable for non-refundable income tax thereon, in which case the amounts and/or taxable component of distributions to non-redeeming Unitholders of the REIT may be greater than would have been the case in the absence of such amendments.

Taxation of Crombie LP

The fiscal period of Crombie LP is the calendar year. Crombie LP is expected to qualify as an "excluded subsidiary entity" at all relevant times and, as a result, will not be subject to tax under the Tax Act. Generally, each partner of Crombie LP, including the REIT, is required to include in computing the partner's income the partner's share of the income (or loss) of Crombie LP, for Crombie LP's fiscal year ending in, or coinciding with, the partner's taxation year end, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income (or loss) of Crombie LP will be computed for each fiscal period as if it were a separate person resident in Canada.

In computing the income or loss of Crombie LP, deductions may generally be claimed in respect of its administrative costs and other reasonable expenses incurred by it for the purpose of earning income, including available capital cost allowances.

The income or loss of Crombie LP for a fiscal period will be allocated to its partners on the basis of their respective share of such income or loss as provided in the limited partnership agreement of Crombie LP, subject to the detailed rules in the Tax Act. Generally, distributions to partners in excess of the income of Crombie LP for a fiscal period will result in a reduction of the adjusted cost base of the partner's units in Crombie LP by the amount of such excess, as described above.

Taxation of Unitholders

Distributions on Units

A Unitholder is generally required to include in computing income for a particular taxation year the portion of the net income of the REIT for the taxation year of the REIT ending on or before the particular taxation year end of the Unitholder, including net taxable capital gains (determined for the purposes of the Tax Act), that is paid or payable, or deemed to be paid or payable, to the Unitholder in the particular taxation year, whether or not those amounts are received in cash, additional Units or otherwise.

The non-taxable portion of any net capital gains of the REIT that is paid or payable, or deemed to be paid or payable, to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income and net taxable capital gains of the REIT that is paid or payable, or deemed to be paid or payable, by the REIT to a Unitholder in a taxation year, will not generally be included in the Unitholder's income for the year. A Unitholder will be required to reduce the adjusted cost base of its Units by the portion of any amount (other than proceeds of disposition in respect of the redemption of Units and the non-taxable portion of net capital gains) paid or payable to such Unitholder that was not included in computing the Unitholder's income and will realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise be a negative amount.

Provided that appropriate designations are made by the REIT, such portions of the net taxable capital gains as are paid or payable, or deemed to be paid or payable, by the REIT to the Unitholders will effectively retain their character and be treated and taxed as such in the hands of the Unitholders for purposes of the Tax Act. To the extent that amounts are designated as having been paid to Unitholders out of the net taxable capital gains of the REIT, such designated amounts will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital

gain and will be subject to the general rules relating to the taxation of capital gains described below. A Unitholder that is a Canadian-controlled private corporation (as defined in the Tax Act) throughout its taxation year may also be liable to pay an additional refundable tax on certain investment income, including taxable capital gains. Unitholders should consult their own tax advisors for advice with respect to the potential application of these provisions.

Dispositions of Units

On the disposition or deemed disposition of a Unit by a Unitholder, whether on redemption or otherwise, the Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the Unitholder's adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the REIT that is otherwise required to be included in the Unitholder's income (such as an amount designated as payable by the REIT to a redeeming Unitholder out of capital gains or income of the REIT as described above).

For the purpose of determining the adjusted cost base to a Unitholder, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before that acquisition. The adjusted cost base of a Unit to a Unitholder will include all amounts paid by the Unitholder for the Unit, with certain adjustments. The cost to a Unitholder of Units received in lieu of a cash distribution of income of the REIT will be equal to the amount of such distribution that is satisfied by the issuance of such Units. The cost of Units acquired on the reinvestment of distributions under the DRIP will be the amount of such reinvestment.

Where the redemption price for Units is paid and satisfied by way of a distribution in specie to the Unitholders of securities of Crombie LP, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the property so distributed less any income or capital gain realized by the REIT as a result of the redemption of those Units to the extent such income or capital gain is designated by the REIT to the redeeming Unitholder. Where income or capital gain realized by the REIT as a result of the redemption of Units has been so designated by the REIT, the Unitholder will be required to include in computing its income for tax purposes, the income and the taxable portion of the capital gain so designated. The cost of any securities of Crombie LP distributed by the REIT to a Unitholder upon a redemption of Units will generally be equal to the fair market value of such securities of Crombie LP at the time of distribution.

Taxation of Capital Gains

One-half of any capital gain (a "**taxable capital gain**") realized by a Unitholder and the amount of any net taxable capital gain designated by the REIT in respect of a Unitholder will be included in the holder's income as a taxable capital gain. One-half of any capital loss (an "**allowable capital loss**") realized by a Unitholder on a disposition, or deemed disposition of a Unit, generally must be deducted against the Unitholder's taxable capital gains for the year. Allowable capital losses in excess of taxable capital gains realized by the Unitholder in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted against net taxable capital gains in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

Alternative Minimum Tax

In general terms, net income of the REIT, paid or payable, or deemed to be paid or payable, to a Unitholder who is an individual or trust (other than certain specified trusts), and that is designated as net taxable capital gains, and capital gains realized on the disposition of Units, may increase the holder's liability for alternative minimum tax.

PRIOR SALES

On July 19, 2019, Crombie issued 7,334 Units to Brian Johnson, a former trustee of the REIT, to settle his 10,428 accumulated deferred units, net of applicable tax withholding.

On August 26, 2019, on a private placement basis, Crombie issued \$200 million aggregate principal amount of 3.677% Series F Notes due August 26, 2026 (Senior Unsecured) at a price of \$1,000 per \$1,000 principal amount of Series F Notes.

On August 27, 2019 Crombie redeemed the outstanding \$125 million aggregate principal amount of 2.775% Series C Notes due February 10, 2020 (Senior Unsecured) at a price of \$1,003.88 for each \$1,000 principal amount of Series C Notes.

On December 20, 2019, on a private placement basis, Crombie issued \$150 million aggregate principal amount of 3.917% Series G Notes due June 21, 2027 (Senior Unsecured) at a price of \$1,000 per \$1,000 principal amount of Series G Notes.

No further Units, or any securities convertible into or exchangeable for Units, have been issued by the REIT within the last 12 months, other than the following Units issued pursuant to the REIT's DRIP.

<u>Date</u>	<u>Number of Units</u>	<u>Type of Transaction</u>
January 1, 2019	11,246	DRIP
February 1, 2019	10,772	DRIP
March 1, 2019	10,256	DRIP
April 1, 2019	6,510	DRIP
May 1, 2019	6,262	DRIP
June 1, 2019	6,175	DRIP
July 1, 2019	5,970	DRIP
August 1, 2019	6,091	DRIP
September 1, 2019	6,111	DRIP
October 1, 2019	5,921	DRIP
November 1, 2019	8,768	DRIP
December 1, 2019	8,603	DRIP
January 1, 2020	8,724	DRIP
January 1, 2020	11,763	DRIP (Special)

TRADING PRICE AND VOLUME

Units

The Units are listed and posted for trading on the TSX under the symbol "CRR.UN". The following table sets forth information relating to the trading of the Units on the TSX for the months indicated.

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
January 2019	\$13.76	\$12.40	3,219,475
February 2019	\$13.99	\$13.32	2,833,778
March 2019	\$14.42	\$13.82	3,974,328
April 2019	\$14.63	\$14.00	4,762,431
May 2019	\$15.50	\$14.27	3,949,503
June 2019	\$16.01	\$14.62	4,774,097
July 2019	\$15.79	\$15.10	3,215,799
August 2019	\$15.88	\$15.30	2,691,233
September 2019	\$16.17	\$15.53	3,544,071
October 2019	\$16.33	\$15.58	3,412,933
November 2019	\$16.05	\$15.52	2,302,049
December 2019	\$16.27	\$15.55	3,334,003
January 2020 (1 st to 27 th)	\$16.71	\$15.38	3,341,245

RISK FACTORS

An investment in securities of the REIT involves risk. Any prospective investor should carefully consider the risk factors set forth in the information incorporated by reference herein (including those discussed in the Risk Management section of the REIT's management's discussion and analysis of the consolidated financial condition of the results and operations of the REIT for the year ended December 31, 2018, and the REIT's management's discussion analysis for the three and nine months ended September 30, 2019 and in the "Risk Factors" section of the REIT's AIF), and all of the other information contained in this short form prospectus (including, without limitation, the documents incorporated by reference), before purchasing the Units distributed under this short form prospectus. The risks described herein are not the only risks facing the REIT. Additional risks and uncertainties not currently known to the REIT, or that the REIT currently deems immaterial, may also materially and adversely affect its business.

Dilution

While the net proceeds to the REIT of this Offering are expected to be applied towards the uses specified in "Use of Proceeds", to the extent that any of the net proceeds of this Offering remain uninvested pending their use, or are used to pay down indebtedness with a low interest rate, this Offering may result in dilution, on a per Unit basis, to the REIT's net income and other measures used by the REIT.

MATERIAL CONTRACTS

The Underwriting Agreement is the only material contract entered into or to be entered into by the REIT and/or its affiliates in connection with the Offering.

A waiver and subscription agreement dated January 22, 2020 between ECL, Crombie LP, Crombie General Partner Limited and the REIT was entered into in connection with the subscription for the Class B LP Units and Special Voting Units pursuant to the Concurrent Private Placement.

A copy of the foregoing agreements may be obtained on request without charge from the Secretary of the REIT, via the REIT's website at: www.crombie.ca, or on SEDAR at www.sedar.com.

LEGAL MATTERS

Certain legal matters relating to the Offering will be passed upon by Stewart McKelvey, on behalf of the REIT, and by Davies Ward Phillips & Vineberg LLP, on behalf of the Underwriters.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the REIT is PricewaterhouseCoopers LLP, 1601 Lower Water Street, Suite 400, Halifax, Nova Scotia, B3J 3P6, Canada.

The transfer agent and registrar for the Units is AST Trust Company, at its principal offices in Halifax, Nova Scotia and Toronto, Ontario.

INTEREST OF EXPERTS

As at the date hereof, the partners and associates of each of Stewart McKelvey and Davies Ward Phillips & Vineberg LLP beneficially own, directly or indirectly, less than 1% of the securities of the REIT and its associates and affiliates. PricewaterhouseCoopers LLP has advised the REIT that it is independent within the meaning of the Chartered Professional Accountants of Nova Scotia CPA Code of Professional Conduct.

PURCHASERS' STATUTORY RIGHTS

The following is a description of a purchaser's statutory rights. Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a short form prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in

some jurisdictions, revisions of the price or damages if the short form prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE REIT

Dated: January 28, 2020

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

(Signed) “Donald E. Clow”
DONALD E. CLOW
Chief Executive Officer

(Signed) “Clinton Keay”
CLINTON KEAY
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) “Jason P. Shannon”
JASON P. SHANNON
Trustee

(Signed) “Paul Beesley”
PAUL BEESLEY
Trustee

CERTIFICATE OF THE UNDERWRITERS

Dated: January 28, 2020

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

CIBC WORLD MARKETS INC.

By: (Signed) "*Mark G. Johnson*"

BMO NESBITT BURNS INC.

By: (Signed) "*Michael Brodie*"

SCOTIA CAPITAL INC.

By: (Signed) "*Justin Bosa*"

TD SECURITIES INC.

By: (Signed) "*Derek Dermott*"

NATIONAL BANK FINANCIAL INC.

By: (Signed) "*Andrew Wallace*"

RBC DOMINION SECURITIES INC.

By: (Signed) "*David Switzer*"

CANACCORD GENUITY CORP.

By: (Signed) "*Dan Sheremeto*"

RAYMOND JAMES LTD.

By: (Signed) "*Lucas Atkins*"

DESIJARDINS SECURITIES INC.

By: (Signed) "*Mark Edwards*"



Crombie
REIT