



Crombie REIT Strategy and Outlook

The objectives of Crombie are threefold:

1. Generate reliable and growing cash distributions;
2. Enhance the value of Crombie's assets and maximize long-term unit value through active management; and
3. Expand the asset base of Crombie and increase its cash available for distribution through accretive acquisitions.

Generate reliable and growing cash distributions: Management focuses both on improving the same-asset results while expanding the asset base with accretive acquisitions to grow the cash distributions to unitholders. Crombie's focus on grocery-anchored and drugstore-anchored retail properties, a stable and defensive oriented asset class, assists in enhancing the reliability of cash distributions.

Enhance value of Crombie's assets: Crombie anticipates reinvesting approximately 3% to 5% of its property revenue each year into its properties to maintain their productive capacity and thus overall value.

Crombie's internal growth strategy focuses on generating greater rental income from its existing properties. Crombie plans to achieve this by strengthening its asset base through judicious expansion and improvement of existing properties, leasing vacant space at competitive market rates with the lowest possible transaction costs, and maintaining good relations with tenants. Management will continue to conduct regular reviews of properties and, based on its experience and market knowledge, assess ongoing opportunities within the portfolio.

Expand asset base with accretive acquisitions: Crombie's external growth strategy focuses primarily on acquisitions of income-producing, grocery-anchored and drugstore-anchored retail properties in Canada's top 36 markets. Crombie pursues two primary sources of acquisitions which are third party acquisitions and the relationship with ECL Developments Limited ("ECLD") and Sobeys Development Limited Partnership and its partners ("SDLP"). The relationship with ECLD and SDLP includes currently owned and future development properties, as well as opportunities through the rights of first refusal ("ROFR") that one of Empire's subsidiaries has negotiated in certain of their third party leases. Crombie will seek to identify future property acquisitions using investment criteria that focuses on the strength of anchor tenancies, market demographics, age of properties, terms of tenancies, proportion of revenue from national and regional tenants, opportunities for expansion, security of cash flow, potential for capital appreciation and potential for increasing value through more efficient management of assets being acquired, including expansion and repositioning.

Crombie continues to work closely with ECLD and SDLP to identify opportunities that further Crombie's growth strategy. The relationship with ECLD is governed by an agreement described in the Material Contracts section of Crombie's Annual Information Form, while the relationship with SDLP has confirmed that certain properties now held by SDLP that it acquired from ECLD continue to be governed by that agreement. In addition, Crombie has a right of first offer agreement with Sobeys to acquire both existing income producing commercial properties from Sobeys as well as properties from SDLP's development pipeline, subject to certain exceptions. Through these relationships, Crombie expects to have many of the benefits associated with property development, including access to growth opportunities, while limiting its exposure to the inherent risks of development, such as real estate market cycles, cost overruns, labour disputes, construction delays and unpredictable general economic conditions. However, Crombie may undertake limited investment in certain development projects where permitted under its governing and applicable tax rules when such acquisition opportunities arise at the development stage of a project. Such investments may provide Crombie with cost-effective access to projects that may not otherwise come available for sale once fully developed.

The agreements provide Crombie with a preferential right to acquire retail properties from ECLD and/or SDLP, subject to approval by Crombie's elected trustees. These relationships between Crombie and ECLD and SDLP continue to provide promising opportunities for growth in Crombie's portfolio through future developments on both new and existing sites.