On Course... Steady Growth

2010 FIRST QUARTER REPORT
Three Months Ended March 31

Crombie REIT

Quarterly Report to Unitholders

Crombie Real Estate Investment Trust ("Crombie") is an open-ended real estate investment trust established under, and governed by, the laws of the Province of Ontario. The trust invests in income-producing retail, office and mixed-use properties in Canada, with a future growth strategy focused primarily on the acquisition of retail properties. Crombie currently owns a portfolio of 118 commercial properties in seven provinces, comprising approximately 11.5 million square feet of rentable space.

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Copies of this report are available on the REIT's website www.crombiereit.com or by contacting the Investor Relations at (902) 755- 8100. A copy has also been filed on SEDAR.

The REIT provided additional details concerning its first quarter results on a conference call held Friday, May 7, 2010. Replay of the call is available on Crombie's website www.crombiereit.com for a period of approximately 90 days.

Forward-looking Statements

This quarterly report contains forward-looking statements that reflect the current expectations of management of Crombie about Crombie's future results, performance, achievements, prospects and opportunities. Wherever possible, words such as "may", "will", "estimate", "anticipate", "believe", "expect", "intend" and similar expressions have been used to identify these forward-looking statements. These statements reflect current beliefs and are based on information currently available to management of Crombie. Forward-looking statements necessarily involve known and unknown risks and uncertainties. A number of factors, including those discussed in the annual Management Discussion and Analysis under "Risk Management" in the 2009 Annual Report, could cause actual results, performance, achievements, prospects or opportunities to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and a reader should not place undue reliance on the forward-looking statements. There can be no assurance that the expectations of management of Crombie will prove to be correct.

Readers are cautioned that such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from these statements. Crombie can give no assurance that actual results will be consistent with these forward-looking statements.

Letter to Unitholders

Crombie Real Estate Investment Trust ("Crombie") (TSX: CRR.UN) is pleased to report its results for the first quarter ended March 31, 2010.

2010 First Quarter Highlights

- Crombie completed the refinancing for the office and retail portfolio known as Halifax Developments resulting in additional proceeds of $35.0 million on February 1, 2010.
- Crombie completed an offering of convertible unsecured subordinated debentures for gross proceeds of $45.0 million on February 8, 2010.
- Crombie completed the acquisition of eight retail properties, in two tranches, for a total purchase price of $59.3 million, excluding closing and transaction costs.
- Property revenue for the quarter ended March 31, 2010 of $53.2 million represented an increase of 0.4% compared to $53.0 million for the quarter ended March 31, 2009, and an increase of 1.6% compared to the quarter ended December 31, 2009.
- Same-asset NOI for the quarter ended March 31, 2010 of $31.5 million remained virtually unchanged compared to $31.6 million for the quarter ended March 31, 2009.
- Crombie completed leasing activity on approximately 268,000 square feet of gross leaseable area during the first quarter of 2010, which represents approximately 34.6% of its 2010 expiring leases.
- Average net rent per square foot from the leasing activity decreased slightly to $13.34 from the expiring rent per square foot of $13.44, a decrease of 0.7%. Excluding two new leases with anchor tenants in redevelopment properties, average net rent per square foot from leasing activity would have been $14.97, an increase of 11.4%.
- Occupancy for the properties increased to 95.0% at March 31, 2010 compared with 94.7% at December 31, 2009 and 94.2% at March 31, 2009.

Acquisitions

On February 22, 2010, Crombie completed the acquisition of five of the eight retail properties previously announced on November 5, 2009, from subsidiaries of Empire Company Limited. The cost of the portfolio was $31.5 million, excluding closing and transaction costs, and was partially financed by the assumption of $8.4 million of mortgages with a weighted average term of 8.6 years, a 25 year amortization period and a weighted average interest rate of 6.26%. The balance was financed with Crombie's existing credit facility. On March 24, 2010, Crombie completed the acquisition of the remaining three properties. The purchase price of the three properties was $27.7 million and was financed with Crombie's existing credit facility. Commitments for mortgage financing for the properties of approximately $19.0 million have been assigned to Crombie and are anticipated to close during the second quarter of 2010.

Other Performance Measures

Crombie's Funds From Operations ("FFO") and Adjusted Funds From Operations ("AFFO") had the following results during the first quarter ended March 31st:

	Quarter ended March 31,			
			Variance	
(In millions of dollars, except per unit amounts)	2010	2009	$	%
FFO	$17.056	$20.739	$(3.683)	(17.8)%
FFO Per Unit – basic	$0.28	$0.40	$(0.12)	(30.0)%
FFO Per Unit – diluted	$0.27	$0.39	$(0.12)	(30.8)%
FFO Payout ratio	79.5%	56.2%		(23.3)%
AFFO	$12.744	$11.698	$1.046	8.9%
AFFO Per Unit – basic	$0.21	$0.00	$(0.01)	(4.5)%
AFFO Per Unit – diluted	$0.20	$0.22	$(0.02)	(9.1)%
AFFO Payout ratio	106.5%	99.6%		(6.9)%

The decrease in FFO for the quarter ended March 31, 2010 to $17.1 million ($0.27 per unit - diluted) from $20.7 million ($0.39 per unit - diluted) in the first quarter of 2009 was primarily due to the impact of the increased interest expense and increased general and administrative expenses.

AFFO for the first quarter of 2010 was $12.7 million ($0.20 per unit – diluted) compared to $11.7 million ($0.22 per unit - diluted) for the first quarter of 2009. The improved AFFO result for the quarter ended March 31, 2010, compared to the same quarter of 2009, is the

primarily the result of the lack of settlement costs on effective interest rate swap agreements incurred in the first quarter of 2009, partially offset by the reduced FFO results and higher maintenance capital expenditures in 2010.

Financial Overview

Same-asset property revenue for the quarter ended March 31, 2010 of $50.3 million was 0.2% lower than the same period in 2009 due primarily to the reduction in below-market lease amortization as original lease terms expire, partially offset by increases in base rent and recoveries and improvements in occupancy rates. Same-asset property expenses of $18.8 million for the quarter ended March 31, 2010 were $0.01 million lower than the same period in 2009 due to reduced snow clearing costs and non-shareable expenses which were offset by increases in recoverable property taxes and other recoverable costs. As a result of the above, same-asset NOI for the quarter ended March 31, 2010 remained relatively stable as it decreased by 0.3% from the same quarter in 2009.

Closing Remarks

"The addition of the eight new property acquisitions in the quarter sets Crombie for continued growth in our operating results and high quality cash flow. The refinancing of the Halifax Developments portfolio, additional mortgage financing and debenture financing significantly improves the REIT's liquidity which will allow Crombie to withstand future economic shocks, should they occur, or enable strategic growth."

"Our grocery-anchored retail property portfolio remained resilient during the very difficult economic environment of 2009, and we are seeing improved occupancy results as the economy improves. We are pleased to see same-asset NOI, calculated on a cash basis, improve over the quarter."

Donald E. Clow, FCA
President & Chief Executive Officer

May 6, 2010

Management Discussion and Analysis

Management Discussion and Analysis

(In thousands of dollars, except per unit amounts)

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Crombie Real Estate Investment Trust ("Crombie") for the quarter ended March 31, 2010, with a comparison to the financial condition and results of operations for the comparable period in 2009.

This MD&A should be read in conjunction with Crombie's interim consolidated financial statements and accompanying notes for the period ended March 31, 2010, and the audited consolidated financial statements and accompanying notes for the year ended December 31, 2009 and the related MD&A. Information about Crombie can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that reflect the current expectations of management of Crombie about Crombie's future results, performance, achievements, prospects and opportunities. Wherever possible, words such as "may", "will", "estimate", "anticipate", "believe", "expect", "intend" and similar expressions have been used to identify these forward-looking statements. These statements reflect current beliefs and are based on information currently available to management of Crombie. Forward-looking statements necessarily involve known and unknown risks and uncertainties. A number of factors, including those discussed under "Risk Management" could cause actual results, performance, achievements, prospects or opportunities to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and a reader should not place undue reliance on the forward-looking statements. There can be no assurance that the expectations of management of Crombie will prove to be correct.

In particular, certain statements in this document discuss Crombie's anticipated outlook of future events. These statements include, but are not limited to:

(i) the development of new properties under a development agreement, which development activities are undertaken by a related party and thus are not under the direct control of Crombie and whose activities could be impacted by real estate market cycles, the availability of labour and general economic conditions;

(ii) the acquisition of accretive properties and the anticipated extent of the accretion of any acquisitions, which could be impacted by demand for properties and the effect that demand has on acquisition capitalization rates and changes in interest rates;

(iii) reinvesting to make improvements to existing properties, which could be impacted by the availability of labour and capital resource allocation decisions;

(iv) generating improved rental income and occupancy levels, which could be impacted by changes in demand for Crombie's properties, tenant bankruptcies, the effects of general economic conditions and supply of competitive locations in proximity to Crombie locations;

(v) the anticipated rate of general and administrative expenses as a percentage of property revenue, which could be impacted by changes in property revenue and/or changes in general and administrative expenses;

(vi) overall indebtedness levels, which could be impacted by the level of acquisition activity Crombie is able to achieve and future financing opportunities;

(vii) tax exempt status, which can be impacted by regulatory changes enacted by governmental authorities;

(viii) anticipated subsidy payments from ECL Developments Limited ("ECLD"), which are dependent on tenant leasing and construction activity;

(ix) anticipated distributions and payout ratios, which could be impacted by seasonality of capital expenditures, results of operations and capital resource allocation decisions;

(x) the effect that any contingencies would have on Crombie's financial statements;

(xi) the continued investment in training and resources throughout the International Financial Reporting Standards ("IFRS") transition and the effect the adoption of IFRS may have on Crombie's future financial statements;

(xii) the assumed estimated impact per unit upon future settlement of the interest rate swap agreements which may be impacted by changes in Canadian bond yields and swap spreads, as well as the timing and type of financing available and the related amortization period thereon; and

(xiii) anticipated replacement of expiring tenancies, which could be impacted by the effects of general economic conditions and the supply of competitive locations.

Readers are cautioned that such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from these statements. Crombie can give no assurance that actual results will be consistent with these forward-looking statements.

NON-GAAP FINANCIAL MEASURES

There are financial measures included in this MD&A that do not have a standardized meaning under Canadian generally accepted accounting principles ("GAAP") as prescribed by the Canadian Institute of Chartered Accountants. These measures are property net operating income ("NOI"), adjusted funds from operations ("AFFO"), debt to gross book value, funds from operations ("FFO") and earnings before interest, taxes, depreciation and amortization ("EBITDA"). Management includes these measures because it believes certain investors use these measures as a means of assessing relative financial performance.

INTRODUCTION

Date of MD&A

The information contained in the MD&A, including forward-looking statements, is based on information available to management as of May 6, 2010.

Financial and Operational Summary

Comparative AFFO information has been restated to reflect the retrospective application of the settlement of effective interest rate swap agreements.

(in thousands of dollars, except per unit amounts and as otherwise noted)	Quarter Ended March 31, 2010	Quarter Ended March 31, 2009 (as restated)
Property revenue	$53,221	$52,992
Net income	$3,615	$4,192
Basic and diluted net income per unit	$0.11	$0.15
FFO	$17,056	$20,739
FFO per unit – basic	$0.28	$0.40
FFO per unit – diluted(1)	$0.27	$0.39
FFO payout ratio (%)	79.5%	56.2%
AFFO	$12,744	$11,698
AFFO per unit- basic	$0.21	$0.22
AFFO per unit-diluted(1)	$0.20	$0.22
AFFO payout ratio (%)	106.5%	99.6%

(1) The diluted weighted average number of total Units and Special Voting Units includes the conversion of all series of convertible debentures outstanding during the period, excluding any series that is anti-dilutive. For March 31, 2010, the Series A Debentures and the Series C Debentures are anti-dilutive for AFFO per unit calculations. For March 31, 2009, the Series A Debentures are anti-dilutive for AFFO per unit calculations.

Overview of the Business and Recent Developments

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

Crombie invests in income-producing retail, office and mixed-use properties in Canada, with a future growth strategy focused primarily on the acquisition of retail properties. At March 31, 2010, Crombie owned a portfolio of 118 commercial properties in seven provinces, comprising approximately 11.5 million square feet of gross leaseable area ("GLA"). Empire Company Limited ("Empire"), through ECLD, holds a 47.4% economic and voting interest in Crombie at March 31, 2010.

Significant developments during 2009 include:

- The closing of a public offering of 4,725,000 Units, including the underwriter's over-allotment option, at a price of $7.80 per Unit for gross proceeds of $36,855 on June 25, 2009;

- Concurrent with the above public offering, in satisfaction of its pre-emptive right, the purchase by ECLD of 3,846,154 of Class B LP Units and the attached Special Voting Units, on a private-placement basis, at the $7.80 offering price for gross proceeds of $30,000;
- The closing of an $85,000 unsecured convertible debenture offering (the "Series B Debentures") on September 30, 2009. The Series B Debentures have an interest rate of 6.25%, a conversion price of $11.00 per unit and a maturity date of June 30, 2015; and
- The entering of an agreement on November 5, 2009 to acquire eight retail properties representing approximately 333,000 square feet of GLA from subsidiaries of Empire for a purchase price of approximately $59,500, excluding closing and transaction costs and subject to normal closing adjustments.

Significant developments during the first quarter of 2010 include:

- On February 1, 2010, Crombie completed the refinancing for the office and retail portfolio known as Halifax Developments. The principal amount of the maturing Halifax Developments mortgages was approximately $106,079 with a weighted average fixed interest rate of 5.43%. The new Halifax Developments mortgages are for a total of $141,000, with a ten year term, a 25 year amortization and a weighted average fixed interest rate of 6.48%.
- On February 8, 2010, Crombie issued $45,000 of convertible unsecured subordinated debentures (the "Series C Debentures"). The Series C Debentures have an interest rate of 5.75%, a conversion price of $15.30 per unit and a maturity date of June 30, 2017.
- On February 26, 2010, Crombie completed $33,850 of mortgage financing on five properties. The mortgages have an eight year term, a fixed interest rate of 5.70% and a weighted average amortization period of 21.6 years.
- On February 22, 2010, Crombie completed the acquisition of five of the eight retail properties previously announced on November 5, 2009, from subsidiaries of Empire. The cost of the portfolio was $31,530, excluding closing and transaction costs, and was partially financed by the assumption of $8,358 of mortgages with a weighted average term of 8.6 years, a 25 year amortization period and a weighted average interest rate of 6.26%. The balance was financed with Crombie's existing credit facility.
- On March 24, 2010, Crombie completed the acquisition of the remaining three properties of the eight retail properties previously announced on November 5, 2009 from subsidiaries of Empire. The purchase price of the three properties was $27,746 and was financed with Crombie's existing credit facility. Commitments for mortgage financing for the properties of approximately $19,000 have been assigned to Crombie and are anticipated to close during the second quarter of 2010.

Business 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 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, will 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 retail properties. Crombie pursues two sources of acquisitions which are third party acquisitions and the relationship with ECLD. The relationship with ECLD 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 many of their leases.

Crombie will seek to identify future property acquisitions using investment criteria that focus on the strength of anchor tenancies, market demographics, terms of tenancies, proportion of revenue from national tenants, opportunities for expansion, security of cash flow, potential for capital appreciation and potential for increasing value through more efficient management of the assets being acquired, including expansion and repositioning.

Crombie continues to work closely with ECLD to identify development opportunities that further Crombie's external growth strategy. The relationship is governed by a development agreement described in the Material Contracts section of Crombie's Annual Information Form. Through this relationship, Crombie expects to have the benefits associated with development 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. The development agreement also enables Crombie to avoid the uncertainties associated with property development, including paying the carrying costs of land, securing construction financing, obtaining development approvals, managing construction projects, marketing in advance of and during construction and earning no return during the construction period.

The development agreement provides Crombie with a preferential right to acquire retail properties developed by ECLD, subject to approval by the independent trustees. This relationship between Crombie and ECLD continues to provide promising opportunities for growth through future developments on both new and existing sites in Crombie's portfolio.

In the first quarter of 2010, Crombie acquired an eight property portfolio from subsidiaries of Empire. Five of these properties were new locations, while three of the acquisitions (Future Shop at Highland Square Mall in Nova Scotia, Mountain Equipment Co-op at Greenfield Park in Quebec and Societe des Alcools du Quebec and Dormez-Vous Centre du Sommeil in Saint Romuald Plaza, Quebec) were additions to existing properties.

The following table outlines the acquisitions completed since the initial public offering ("IPO") which highlight the growth opportunities provided through the Empire / ECLD relationship.

Property	Date Acquired	Property Type	GLA (sq. ft.)	Acquisition Cost[1]	Vendor
Brampton Plaza, Brampton, Ontario	Oct. 2, 2006	Retail - Plaza	66,000	$13,160	Empire Subsidiaries
Taunton & Wilson Plaza, Oshawa, Ontario	Oct. 2, 2006	Retail - Plaza	83,000	$18,725	Empire Subsidiaries
Burlington Plaza, Burlington, Ontario	Dec. 20, 2006	Retail - Plaza	56,000	$14,200	3rd party
The Mews of Carleton Place, Carleton Place, Ontario	Jan. 17, 2007	Retail - Plaza	80,000	$11,800	3rd party
Perth Mews Shopping Mall, Perth, Ontario	Mar. 7, 2007	Retail - Plaza	103,000	$17,900	3rd party
International Gateway Centre, Fort Erie, Ontario	Jul. 26, 2007	Retail - Plaza	93,000	$19,200	ROFR
Brossard-Longueuil, Brossard, Quebec	Aug. 24, 2007	Retail - Freestanding	39,000	$7,300	ROFR
Town Centre, LaSalle, Ontario	Oct. 15, 2007	Retail - Plaza	88,000	$12,700	3rd party
61 property portfolio (the "Portfolio Acquisition")	Apr. 22, 2008	Retail – Freestanding	1,589,000	$428,500	Empire Subsidiaries
		Retail – Plaza	1,571,000		
		Retail – Enclosed	128,000		
River City Centre, Saskatoon, Saskatchewan	Jun. 12, 2008	Retail – Plaza	160,000	$27,200	3rd party
5 property portfolio	Feb. 22, 2010	Retail - Plaza	186,000	$31,530	Empire Subsidiaries
3 property portfolio	Mar. 24, 2010	Retail - Plaza	101,000	$27,746	Empire Subsidiaries
		Retail - Freestanding	46,000		
Total			4,389,000	$629,961	

(1) Excluding closing and transaction costs.

There is approximately 1.7 million square feet in 20 development properties that can be offered to Crombie on a preferential right through the Empire/ECLD relationship when the properties are sufficiently developed to meet Crombie's acquisition criteria. The properties are primarily retail plazas and approximately 70% of the GLA of the 20 properties is located outside of Atlantic Canada. These properties are anticipated to be made available to Crombie over the next five years.

Business Environment

During the latter half of 2009 and the first quarter of 2010, the Canadian economy continued to display strengthening results in a number of key economic areas, which indicate that the recession may be ending. However, concerns still exist as to the sustainability of the recovery as debt levels of both governments and consumers continue to rise and unemployment levels remain high. Also during this period, the credit and equity markets experienced a dramatic improvement in their liquidity which occurred almost as quickly as the contraction in late 2008. This liquidity expansion has helped reduce credit spreads to more historical normal levels and resulted in attractive overall financing costs which many Canadian real estate investment trusts ("REITs") and real estate companies, including Crombie, have taken advantage of to strengthen their financial position and improve their liquidity.

In light of the improving economic conditions and improved access to capital, capitalization rates began to contract slightly after their expansion during the recession. This capitalization rate contraction has resulted in a positive impact to the unit prices of many REITs and the recent improvement in both the credit and equity markets have improved Crombie's cost of capital to the level where accretive acquisitions could be considered. As a result, Crombie was able to complete the acquisition of eight retail properties from subsidiaries of Empire during the first quarter of 2010. Crombie will only pursue acquisitions that provide an acceptable return, including any acquisitions that may result from the relationship between Crombie and ECLD.

In terms of occupancy rates, both the retail and office markets in Atlantic Canada where Crombie has a prominent presence remain relatively stable. The overall business environment outlook is cautiously optimistic, influenced by the early recovery noted in the Canadian economy. However, there remains a lack of clarity as to the sustainability of the recovery. One offsetting factor is that many of Crombie's retail locations are anchored by food stores, which typically are less affected by swings in consumer spending.

2010 FIRST QUARTER HIGHLIGHTS

- Crombie completed the acquisition of an eight property portfolio from subsidiaries of Empire.
- Crombie completed the refinancing of the office and retail portfolio known as Halifax Developments, providing additional funds of $35,000.
- Crombie issued $45,000 of Series C Debentures.
- Crombie completed leasing activity on 268,000 square feet of GLA during the first quarter of 2010, which represents approximately 34.6% of its 2010 expiring leases.
- Average net rent per square foot from the leasing activity decreased to $13.34 from the expiring rent per square foot of $13.44, a decrease of 0.7%.
- Occupancy for the properties was 95.0% at March 31, 2010 compared with 94.7% at December 31, 2009.
- Property revenue for the quarter ended March 31, 2010 of $53,221 increased by $229, or 0.4% over the $52,992 for the same quarter in the previous year.
- Same-asset NOI for the quarter ended March 31, 2010 of $31,510 decreased slightly by $81, or 0.3%, compared to $31,591 for the quarter ended March 31, 2009.
- The FFO payout ratio for the quarter ended March 31, 2010 was 79.5% compared to the payout ratio of 56.2% for the same period in 2009.
- The AFFO payout ratio for the quarter ended March 31, 2010 was 106.5% which was unfavourable to the target annual AFFO payout ratio of 95% and was unfavourable to the payout ratio of 99.6% for the same period in 2009.
- Debt to gross book value was 54.8% at March 31, 2010 compared to 52.4% at December 31, 2009 and 54.8% at March 31, 2009.
- Crombie's interest service coverage for the quarter ended March 31, 2010 was 2.44 times EBITDA and debt service coverage was 1.73 times EBITDA, compared to 2.99 times EBITDA and 2.11 times EBITDA, respectively, for the same period in 2009.

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Profile

At March 31, 2010 the property portfolio consisted of 118 commercial properties that contain approximately 11.5 million square feet of GLA. The properties are located in seven provinces: (Nova Scotia, New Brunswick, Ontario, Newfoundland and Labrador, Quebec, Prince Edward Island and Saskatchewan).

As at March 31, 2010, the portfolio distribution of the GLA by province was as follows:

Province	Number of Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Occupancy[1]
Nova Scotia	41	5,068,000	43.9%	40.0%	95.0%
New Brunswick	23	1,784,000	15.5%	13.1%	91.0%
Ontario	23	1,731,000	15.0%	16.8%	95.7%
Newfoundland and Labrador	13	1,497,000	13.0%	17.1%	96.7%
Quebec	14	908,000	7.9%	8.5%	98.6%
Prince Edward Island	3	385,000	3.3%	3.0%	94.3%
Saskatchewan	1	160,000	1.4%	1.5%	97.8%
Total	118	11,533,000	100.0%	100.0%	95.0%

(1) For purposes of calculating occupancy percentage, Crombie considers GLA covered by the head lease agreement in favour of ECLD as occupied as there is head lease revenue being earned on the GLA.

During the first quarter of 2010 there was an increase in GLA due to the eight property portfolio acquisition with properties located in Ontario, New Brunswick, Nova Scotia and Quebec, along with the redevelopment of properties in New Brunswick, Nova Scotia and Newfoundland and Labrador.

Overall occupancy has increased to 95.0% at March 31, 2010 from 94.7% at December 31, 2009 primarily due to the commencement of occupancy of 90,000 square feet of committed renewals and 38,000 square feet of new leasing activity in the quarter, combined with the 100% occupancy at the eight properties acquired during the first quarter of 2010.

Crombie looks to diversify its geographic composition through growth opportunities, as indicated by eight acquisitions in Ontario, two acquisitions in Quebec, one acquisition in Saskatchewan and the Portfolio Acquisition since Crombie's IPO. As well, the properties are located in rural and urban locations, which Crombie believes adds stability to the portfolio while reducing vulnerability to economic fluctuations that may affect any particular region.

From time to time, Crombie will commence redevelopment work on a property to enhance the economic viability of a location when the environment in which it operates warrants. Crombie currently has two properties that are under redevelopment. Fairvale Plaza in New Brunswick is being converted to a retail freestanding property through the demolition of existing commercial retail unit space and expansion of an existing Sobeys store and additional customer parking. Aberdeen Business Centre in New Glasgow, Nova Scotia is being expanded to accommodate the needs of Pictou County Health Authority.

During the first quarter of 2010, Crombie completed the conversion of Fort Edward Mall in Windsor, Nova Scotia from a retail enclosed property to a retail plaza. The property was reconfigured to replace the previous SAAN location and several small tenants with new Hart and Dollarama locations. In addition, Valley Mall in Corner Brook, Newfoundland and Labrador completed the reconfiguration to replace an existing food court with a new Hart store. Finally, Charlotte Mall in St. Stephen, New Brunswick was converted from an enclosed mall to a retail plaza. As a result of these redevelopments, both Fort Edward and Charlotte have been reclassified from retail – enclosed properties to retail – plaza properties. Costs for properties under redevelopment are classified as productive capacity enhancements to the extent that Crombie determines they increase a property's NOI and appraised value by a minimum threshold (see "Tenant Improvements and Capital Expenditures").

The following table outlines properties under redevelopment:

Province	Property	Current GLA	Redevelopment	Estimated Cost	Incurred To Date	Estimated Completion
Nova Scotia	Aberdeen Centre	392,000	Expansion for Pictou County Health	$4,300	$1,293	July 2010
New Brunswick	Fairvale Plaza	52,000	Expand Sobeys and add additional parking	$800	$340	May 2010

Largest Tenants

The following table illustrates the ten largest tenants in Crombie's portfolio of income-producing properties as measured by their percentage contribution to total annual minimum base rent as at March 31, 2010.

Tenant	% of Annual Minimum Rent	Average Remaining Lease Term
Sobeys (1)	32.6%	15.9 years
Shoppers Drug Mart	2.2%	7.8 years
Empire Theatres Limited	2.1%	8.2 years
Zellers	2.1%	7.7 years
Nova Scotia Power Inc	1.8%	1.0 years
CIBC	1.5%	17.0 years
Province of Nova Scotia	1.4%	5.7 years
Bell (Aliant)	1.3%	8.5 years
Bank of Nova Scotia	1.3%	2.2 years
Good Life Fitness	1.3%	7.6 years
Total	47.6%	

(1) Excludes Lawtons and Fast Fuel locations.

Crombie's portfolio is leased to a wide variety of tenants. Other than Sobeys, that accounts for 32.6% of the annual minimum rent, no other tenant accounts for more than 2.2% of Crombie's minimum rent. Nova Scotia Power Inc. ("NSPI") occupies 184,500 square feet in Barrington Tower, Halifax, Nova Scotia, under a lease that expires April 2011. NSPI has indicated that they will not be renewing their lease, which at the end of the term has rent per square foot of $13.00. Of this space, approximately 56,800 square feet are already under sub-lease by NSPI to other tenants. Crombie has begun negotiations and signing the existing sub-leased tenants to their own lease agreements in addition to negotiating with potential new tenants for the remaining space. While Crombie anticipates periods of vacancy once NSPI vacates, Crombie is confident of being able to replace NSPI with new tenancies. Bank of Nova Scotia occupies 110,598 square feet in 13 properties, one of which is a 44,476 square foot location at Scotia Square Mall in Halifax, Nova Scotia which expires in November 2012. Crombie anticipates being able to renew the Bank of Nova Scotia space upon maturity at market rates.

Lease Maturities

The following table sets out as of March 31, 2010 the number of leases relating to the properties subject to lease maturities during the periods indicated (assuming tenants do not holdover on a month-to-month basis or exercise renewal options or termination rights), the renewal area, the percentage of the total GLA of the properties represented by such maturities and the estimated average net rent per square foot at the time of expiry. The weighted average remaining term of all leases is approximately 10.1 years.

Year	Number of Leases	Renewal Area (sq. ft.)	% of Total GLA	Average Net Rent per Sq. Ft. at Expiry ($)
2010	212	624,000	5.4%	$13.92
2011	223	1,036,000	9.0%	$14.39
2012	177	912,000	7.9%	$12.00
2013	159	864,000	7.5%	$11.79
2014	164	518,000	4.5%	$17.54
Thereafter	409	7,003,000	60.7%	$12.90
Total	1,344	10,957,000	95.0%	$13.16

2010 Portfolio Lease Expiries and Leasing Activity

As at March 31, 2010, portfolio lease expiries and leasing activity for the year ending December 31, 2010 were as follows:

	Retail - Freestanding	Retail - Plazas	Retail - Enclosed	Office	Mixed-use	Total
Expiries (sq. ft.)	--	295,000	196,000	89,000	194,000	774,000
Average net rent per sq. ft.	$--	$13.73	$15.77	$12.18	$11.21	$13.44
Committed renewals (sq. ft.)	--	60,000	52,000	17,000	15,000	144,000
Average net rent per sq. ft.	$--	$14.61	$12.55	$21.28	$17.52	$14.96
New leasing (sq. ft.)	--	48,000	55,000	5,000	16,000	124,000
Average net rent per sq. ft.	$--	$12.32	$10.27	$12.00	$12.68	$11.44
Total renewals/new leasing (sq. ft.)	--	108,000	107,000	22,000	31,000	268,000
Total average net rent per sq. ft.	$--	$13.60	$11.38	$19.17	$15.02	$13.34

During the quarter ended March 31, 2010, Crombie had renewals or entered into new leases in respect of approximately 268,000 square feet at an average net rent of $13.34 per square foot, compared with expiries for 2010 of approximately 774,000 square feet at an average net rent of $13.44 per square foot. Of the 774,000 square feet of expiries, approximately 155,000 square feet involve tenants that are still paying property revenues on a holdover basis. Completed leasing activity to March 31, 2010 has been impacted by the following:

- New leasing activity in the retail plazas is below the average expiring net rent per square foot due primarily to one anchor tenant lease on the Fort Edward redevelopment.
- Retail enclosed committed renewal rates are below expiring rates due primarily to three smaller tenants renewing at two of Crombie's rural retail enclosed properties.
- Retail enclosed new leasing average net rent is below expiring rates due to one anchor tenant lease in the Valley Mall redevelopment.
- Office committed renewal average net rent is above the total 2010 expiring net rent rate due to one gross rent renewal in Duke Tower in Halifax, Nova Scotia.
- Mixed use committed renewal rates are above the expiry rate due to renewals on kiosk and food court locations in properties located in Halifax, Nova Scotia.

Excluding the two new anchor tenant leases in the Fort Edward and Valley Mall redevelopments, total average net rent per square foot would have been $14.97 for renewals and new leasing for the quarter ended March 31, 2010. This would represent an increase of 11.4% over the 2010 expiring average net rent per square foot.

Sector Information

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

In the first quarter of 2010, Crombie reclassified Saint Romuald in Quebec from Retail-Freestanding to Retail-Plaza due to the additional tenant acquisition, in addition to reclassifying Fort Edward in Nova Scotia and Charlotte Mall in New Brunswick from a retail enclosed facility to a retail plaza due to redevelopment.

As at March 31, 2010, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Occupancy[1]
Retail – Freestanding	42	1,685,000	14.6%	14.6%	100.0%
Retail – Plazas	51	4,558,000	39.5%	40.4%	96.2%
Retail – Enclosed	12	2,555,000	22.2%	23.5%	92.8%
Office	5	1,049,000	9.1%	8.7%	87.4%
Mixed-Use	8	1,686,000	14.6%	12.8%	94.7%
Total	118	11,533,000	100.0%	100.0%	95.0%

(1) For purposes of calculating occupancy percentage, Crombie considers GLA covered by the head lease agreement in favour of ECLD as occupied

As at March 31, 2009, the portfolio distribution of the GLA by asset type was as follows (restated per the 2010 reclassifications):

Asset Type	Number of Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Occupancy[1]
Retail – Freestanding	41	1,635,000	14.6%	15.2%	100.0%
Retail – Plazas	47	4,297,000	38.4%	39.1%	95.3%
Retail – Enclosed	12	2,504,000	22.4%	23.3%	90.5%
Office	5	1,049,000	9.4%	8.8%	87.6%
Mixed-Use	8	1,706,000	15.2%	13.6%	95.4%
Total	113	11,191,000	100.0%	100.0%	94.2%

(1) For purposes of calculating occupancy percentage, Crombie considers GLA covered by the head lease agreement in favour of ECLD as occupied

The following table sets out as of March 31, 2010, the square feet under lease subject to lease maturities during the periods indicated.

Year	Retail – Freestanding		Retail – Plazas		Retail – Enclosed	
	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
2010	--	--%	230,000	5.0%	138,000	5.4%
2011	1,000	0.1%	293,000	6.4%	161,000	6.3%
2012	5,000	0.3%	306,000	6.7%	142,000	5.6%
2013	--	--%	401,000	8.8%	200,000	7.8%
2014	--	--%	246,000	5.4%	149,000	5.8%
Thereafter	1,679,000	99.6%	2,910,000	63.9%	1,582,000	61.9%
Total	1,685,000	100.0%	4,386,000	96.2%	2,372,000	92.8%

Year	Office		Mixed – Use		Total	
	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
2010	83,000	7.9%	173,000	10.3%	624,000	5.4%
2011	362,000	34.5%	219,000	13.0%	1,036,000	9.0%
2012	122,000	11.7%	337,000	20.0%	912,000	7.9%
2013	107,000	10.2%	156,000	9.2%	864,000	7.5%
2014	89,000	8.5%	34,000	2.0%	518,000	4.5%
Thereafter	153,000	14.6%	679,000	40.2%	7,003,000	60.7%
Total	916,000	87.4%	1,598,000	94.7%	10,957,000	95.0%

The following table sets out the average net rent per square foot expiring during the periods indicated.

Year	Retail - Freestanding	Retail - Plazas	Retail - Enclosed	Office	Mixed – Use
2010	$--	$14.27	$17.98	$12.48	$10.92
2011	$37.50	$14.53	$18.81	$14.24	$11.05
2012	$25.00	$13.15	$19.64	$9.79	$8.33
2013	$--	$9.43	$15.04	$13.79	$12.50
2014	$--	$14.50	$25.06	$12.62	$19.46
Thereafter	$13.26	$13.62	$11.30	$11.56	$12.12
Total	$13.32	$13.34	$13.92	$12.83	$11.24
March 2009 Total	$13.35	$13.13	$13.79	$12.63	$10.99

FINANCIAL RESULTS

Comparison to Previous Years

	As At		
	March 31, 2010	December 31, 2009	March 31, 2009
Total assets	$1,512,676	$1,457,166	$1,466,045
Total commercial property debt and convertible debentures	$875,856	$817,227	$841,371
Debt to gross book value[1]	54.8%	52.4%	54.8%

(1) See "Debt to Gross Book Value" for detailed calculation

	Quarter Ended March 31,		
(In thousands of dollars, except where otherwise noted)	2010	2009	Variance
Property revenue	$53,221	$52,992	$229
Property expenses	20,008	19,971	(37)
Property NOI	33,213	33,021	192
NOI margin percentage	62.4%	62.3%	0.1%
Expenses:			
General and administrative	2,523	1,644	(879)
Interest	13,634	10,730	(2,904)
Depreciation and amortization	11,279	12,491	1,212
	27,436	24,865	(2,571)
Income before other items, income taxes and non-controlling interest	5,777	8,156	(2,379)
Other income	--	92	(92)
Income from before income taxes and non-controlling interest	5,777	8,248	(2,471)
Income taxes expense (recovery) – Future	(1,100)	200	1,300
Income before non-controlling interest	6,877	8,048	(1,171)
Non-controlling interest	3,262	3,856	594
Net income	$3,615	$4,192	$577
Net Income per Unit, Basic and Diluted	$0.11	$0.15	$(0.04)
Basic weighted average Units outstanding (in 000's)	31,881	27,147	
Diluted weighted average Units outstanding (in 000's)	32,048	27,272	
Distributions per unit to unitholders	$0.22	$0.22	

Net income for the quarter ended March 31, 2010 of $3,615 decreased by $577 from $4,192 for the quarter ended March 31, 2009. The decrease was primarily due to:

- higher interest expense as a result of the replacement of short-term floating rate debt with long-term fixed rate debt;
- higher general and administrative costs due to fluctuations in incentive payments, offset in part by;
- lower amortization of intangible assets associated with fully amortized intangibles on the IPO properties;
- future income tax recovery associated with a substantively enacted tax rate reduction in New Brunswick.

Property Revenue and Property Expenses

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
Same-asset property revenue	$50,273	$50,365	$(92)
Acquisition and redevelopment property revenue	2,948	2,627	321
Property revenue	$53,221	$52,992	$229

Same-asset property revenue of $50,273 for the quarter ended March 31, 2010 was 0.2% lower than the quarter ended March 31, 2009 due to a decrease in below-market lease amortization as lease terms expire offset by increased base rent and recoveries as a result of higher overall occupancy.

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
Same-asset property expenses	$18,763	$18,774	$11
Acquisition and redevelopment property expenses	1,245	1,197	(48)
Property expenses	$20,008	$19,971	$(37)

Same-asset property expenses of $18,763 for the quarter ended March 31, 2010 were virtually unchanged from the quarter ended March 31, 2009 due primarily to increased recoverable property taxes offset in part by reduced snow clearing costs and non-shareable expenses.

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
Same-asset property NOI	$31,510	$31,591	$(81)
Acquisition and redevelopment property NOI	1,703	1,430	273
Property NOI	$33,213	$33,021	$192

Same-asset NOI for the quarter ended March 31, 2010 remained relatively stable as it decreased by 0.3% from the quarter ended March 31, 2009. Same-asset property NOI for the quarter ended March 31, 2010, increased by $521 or 1.6% compared to the quarter ended December 31, 2009.

Property NOI on a cash basis is as follows:

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
Same-asset property cash NOI	$29,909	$29,573	$336
Acquisition and redevelopment property cash NOI	1,508	1,191	317
Straight-line rent and above- and below-market rent amortization	1,796	2,257	(461)
Property NOI	$33,213	$33,021	$192

Property NOI, on a cash basis, excludes straight-line rent recognition and amortization of below-market and above-market lease amounts. The increase in same-asset cash NOI for the quarter ended March 31, 2010 over March 31, 2009 is primarily the result of increased occupancy rates combined with the increased average net rent per square foot results from the 2009 leasing activity.

Property NOI for the quarter ended March 31, 2010 by region were as follows:

	2010				2009	
(In thousands of dollars)	Property Revenue	Property Expenses	Property NOI	NOI % of revenue	NOI % of revenue	Variance
Nova Scotia	$23,585	$9,723	$13,862	58.8%	58.7%	0.1%
Newfoundland and Labrador	8,940	2,804	6,136	68.6%	66.7%	1.9%
New Brunswick	6,458	2,894	3,564	55.2%	56.4%	(1.2)%
Ontario	8,148	2,838	5,310	65.2%	66.6%	(1.4)%
Prince Edward Island	1,326	379	947	71.4%	71.0%	0.4%
Quebec	3,998	1,148	2,850	71.3%	70.8%	0.5%
Saskatchewan	766	222	544	71.0%	71.5%	(0.5)%
Total	$53,221	$20,008	$33,213	62.4%	62.3%	0.1%

The increase in NOI as a percentage of revenue in Newfoundland and Labrador is primarily due to increased occupancy at Avalon Mall. The decrease in NOI as a percentage of revenue in New Brunswick and Ontario is attributable to lower recovery of common area expenses. Nova Scotia and New Brunswick have lower NOI as a percentage of revenue when compared to the other provinces as these portfolios hold the office and mixed-use properties which typically have lower NOI percentage returns.

General and Administrative Expenses

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

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
Salaries and benefits	$1,383	$569	$(814)
Professional fees	335	453	118
Public company costs	323	285	(38)
Rent and occupancy	187	188	1
Other	295	149	(146)
General and administrative expenses	$2,523	$1,644	$(879)
As a percentage of property revenue	4.7%	3.1%	(1.6)%

General and administrative expenses, as a percentage of property revenue, increased by 1.6% for the quarter ended March 31, 2010 when compared to the same period in 2009. Total general and administrative expenses increased to $2,523 for the quarter ending March 31, 2010 compared to $1,644 for the same quarter in 2009. The increase was due to higher incentive payments and travel costs in the first quarter of 2010 combined with reduced incentive payments in the first quarter of 2009.

Crombie anticipates that general and administrative expenses will approximate 4.0% to 4.5% of property revenue for the full year of 2010.

Interest Expense

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
Same-asset interest expense	$11,780	$9,528	$(2,252)
Acquisition and redevelopment interest expense	470	515	45
Amortization of effective swaps and deferred financing charges	1,384	687	(697)
Interest expense	$13,634	$10,730	$(2,904)

Same-asset interest expense has increased by $2,252 or 23.6%. The increase reflects Crombie's replacement of short-term floating rate debt with long-term fixed rate mortgages and convertible debentures. The weighted average contractual interest rate on fixed rate mortgages increased to 5.86% at March 31, 2010 from 5.51% at March 31, 2009, primarily due to the refinancing on February 1, 2010 of the maturing Halifax Developments mortgages. Floating rate debt decreased from $251,723 at March 31, 2009 to $54,500 at March 31, 2010.

There is an agreement between ECLD and Crombie whereby ECLD provides a monthly interest rate subsidy to Crombie to reduce the effective interest rates to 5.54% on certain mortgages that were assumed at Crombie's IPO for their remaining term. The remaining mortgage terms mature through April 2022, and management expects to realize a further $7,225 over that period. The amount of the interest rate subsidy received during the quarter ended March 31, 2010 was $508 (quarter ended March 31, 2009 - $786). The interest rate subsidy is received by Crombie through monthly repayments by ECLD of amounts due under one of the demand notes issued by ECLD to Crombie Developments Limited ("CDL").

Depreciation and Amortization

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
Same-asset depreciation and amortization	$10,860	$12,126	$1,266
Acquisition and redevelopment depreciation and amortization	419	365	(54)
Depreciation and amortization	$11,279	$12,491	$1,212

Same-asset depreciation and amortization of $10,860 for the quarter ended March 31, 2010 was 10.4% lower than the quarter ended March 31, 2009 due primarily to the intangible assets related to the origination costs and the in-place leases associated with the properties purchased at the date of IPO being fully amortized, offset in part by depreciation on fixed asset additions and amortization on tenant improvements and lease costs incurred since December 31, 2009. Depreciation and amortization consists of:

(In thousands of dollars)	Quarter Ended March 31, 2010	Quarter Ended March 31, 2009	Variance
Depreciation of commercial properties	$4,830	$4,544	$(286)
Depreciation of recoverable capital expenditures	289	256	(33)
Amortization of tenant improvements/lease costs	1,234	1,131	(103)
Amortization of intangible assets	4,926	6,560	1,634
Depreciation and amortization	$11,279	$12,491	$1,212

Income Taxes

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

Crombie has organized its assets and operations to permit Crombie to satisfy the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT. Crombie's management and its advisors have completed an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it met the REIT criteria throughout the 2008 and 2009 fiscal years. The relevant tests apply throughout the taxation year of Crombie and as such the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

The future income tax expense represents the future tax provision for CDL, the wholly-owned corporate subsidiary which is subject to income taxes. The future income tax recovery in the first quarter of 2010 is due to the reduction in the enacted effective income tax rates in New Brunswick that will be applicable when the timing differences are expected to reverse.

Sector Information

While Crombie does not distinguish or group its operations on a geographical or other basis, Crombie provides the following sector information as supplemental disclosure. Sector information for the quarter ended March 31, 2009 has been restated for comparative purposes for property reclassifications.

Retail Freestanding Properties

(In thousands of dollars, except as otherwise noted)	Quarter Ended March 31, 2010			Quarter Ended March 31, 2009		
	Same-Asset	Acquisitions & Redevelopments	Total	Same-Asset	Acquisitions & Redevelopments	Total
Property revenue	$6,334	$11	$6,345	$6,641	$--	$6,641
Property expenses	1,110	--	1,110	1,457	--	1,457
Property NOI	$5,224	$11	$5,235	$5,184	$--	$5,184
NOI Margin %	82.5%	100.0%	82.5%	78.1%	--%	78.1%
Occupancy %	100.0%	100.0%	100.0%	100.0%	--%	100.0%

Same-asset retail freestanding property revenue and property expenses decreased due to a number of tenants now paying their own property taxes directly, thus reducing expenses and recoveries and improving the overall NOI Margin %.

Retail Plaza Properties

(In thousands of dollars, except as otherwise noted)	Quarter Ended March 31, 2010			Quarter Ended March 31, 2009		
	Same-Asset	Acquisitions & Redevelopments	Total	Same-Asset	Acquisitions & Redevelopments	Total
Property revenue	$18,349	$1,292	$19,641	$18,355	$926	$19,281
Property expenses	5,990	403	6,393	5,646	376	6,022
Property NOI	$12,359	$889	$13,248	$12,709	$550	$13,259
NOI Margin %	67.4%	68.8%	67.5%	69.2%	59.4%	68.8%
Occupancy %	96.2%	96.2%	96.2%	94.9%	95.7%	95.3%

Same-asset property expenses increased primarily due to increases in property taxes in Nova Scotia. Same-asset property revenue increased due to the increase in recoverable property taxes; however this was offset by a decrease related to the reduced amortization of below market leases.

Retail Enclosed Properties

(In thousands of dollars, except as otherwise noted)	Quarter Ended March 31, 2010			Quarter Ended March 31, 2009		
	Same-Asset	Acquisitions & Redevelopments	Total	Same-Asset	Acquisitions & Redevelopments	Total
Property revenue	$12,126	$558	$12,684	$11,703	$575	$12,278
Property expenses	4,557	297	4,854	4,538	303	4,841
Property NOI	$7,569	$261	$7,830	$7,165	$272	$7,437
NOI Margin %	62.4%	46.8%	61.7%	61.2%	47.3%	60.6%
Occupancy %	92.8%	93.3%	92.8%	91.3%	84.3%	90.5%

Same-asset property revenue increased $423, or 3.6%, due to the improved occupancy rate and increased results in Avalon Mall, Newfoundland and Labrador.

Office Properties

(In thousands of dollars, except as otherwise noted)	Quarter Ended March 31, 2010			Quarter Ended March 31, 2009		
	Same-Asset	Acquisitions & Redevelopments	Total	Same-Asset	Acquisitions & Redevelopments	Total
Property revenue	$5,546	$--	$5,546	$5,887	$--	$5,887
Property expenses	3,154	--	3,154	3,228	--	3,228
Property NOI	$2,392	$--	$2,392	$2,659	$--	$2,659
NOI Margin %	43.1%	--%	43.1%	45.2%	--%	45.2%
Occupancy %	87.4%	--%	87.4%	87.6%	--%	87.6%

Property revenue, NOI and NOI margin % have decreased when compared with the results for the first quarter of 2009 as a result of lower recoveries in Terminal Centres, New Brunswick.

Mixed-Use Properties

(In thousands of dollars, except as otherwise noted)	Quarter Ended March 31, 2010			Quarter Ended March 31, 2009		
	Same-Asset	Acquisitions & Redevelopments	Total	Same-Asset	Acquisitions & Redevelopments	Total
Property revenue	$7,918	$1,087	$9,005	$7,779	$1,126	$8,905
Property expenses	3,952	545	4,497	3,905	518	4,423
Property NOI	$3,966	$542	$4,508	$3,874	$608	$4,482
NOI Margin %	50.1%	49.9%	50.1%	49.8%	54.0%	50.3%
Occupancy %	94.4%	95.9%	94.7%	94.1%	99.5%	95.4%

Same-asset revenue increased primarily due to improved rental revenue at Park Lane retail in Halifax, Nova Scotia and increases in property tax recoveries. Same-asset property expenses increased due to property tax increases primarily at the Halifax Developments properties and increases in other recoverable expenses.

OTHER 2010 PERFORMANCE MEASURES

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

Funds from Operations

FFO represents a supplemental non-GAAP industry-wide financial measure of a real estate organization's operating performance. Crombie has calculated FFO in accordance with the recommendations of the Real Property Association of Canada ("REALpac") which defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciable real estate and extraordinary items, plus depreciation and amortization expense, plus future income taxes, and after adjustments for equity-accounted entities and non-controlling interests. Crombie's method of calculating FFO may differ from other issuers' methods and accordingly may not be directly comparable to FFO reported by other issuers. A calculation of FFO for the quarter ended March 31, 2010 and 2009 is as follows:

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
Net income	$3,615	$4,192	$(577)
Add (deduct):			
Non-controlling interest	3,262	3,856	(594)
Depreciation of commercial properties	4,830	4,544	286
Depreciation of recoverable capital expenditures	289	256	33
Amortization of tenant improvements/lease costs	1,234	1,131	103
Amortization of intangible assets	4,926	6,560	(1,634)
Future income taxes expense (recovery)	(1,100)	200	(1,300)
FFO	$17,056	$20,739	$(3,683)

The reduction in FFO for the quarter ended March 31, 2010 was primarily due to increased interest expense as a result of refinancing short-term floating rate debt with long-term fixed rate mortgages and convertible debentures, combined with higher general and administrative costs as previously discussed.

Adjusted Funds from Operations

Crombie considers AFFO to be a measure useful in evaluating the recurring economic performance of Crombie's operating activities which will be used to support future distribution payments. AFFO reflects cash available for distribution after the provision for non-cash adjustments to revenue, maintenance capital expenditures, maintenance tenant improvements ("TI") and leasing costs and the settlement of effective interest rate swap agreements. Comparative AFFO information has been restated to reflect the retrospective application of the settlement of effective swap agreements. The calculation of AFFO for the quarter ended March 31, 2010 and 2009 is as follows:

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
		(as restated)	
FFO	$17,056	$20,739	$(3,683)
Add:			
Amortization of effective swap agreements	827	207	620
Above-market lease amortization	781	771	10
Less:			
Below-market lease amortization	(1,619)	(2,145)	526
Straight-line rent adjustment	(958)	(883)	(75)
Maintenance capital expenditures	(2,693)	(1,216)	(1,477)
Maintenance TI and leasing costs	(650)	(1,240)	590
Settlement of effective interest rate swap agreements	--	(4,535)	4,535
AFFO	$12,744	$11,698	$1,046

The AFFO for the first quarter of 2010 was $12,744, an improvement of $1,046 over the same period in 2009 due primarily to the lack of settlement costs on effective interest rate swap agreements, offset in part by the reduced FFO results as previously discussed and higher maintenance capital expenditures. Details of the maintenance capital and TI and leasing expenditures are outlined in the "Tenant Improvement and Capital Expenditures" section of the MD&A.

Pursuant to CSA Staff Notice 52-306 "(Revised) Non-GAAP Financial Measures", non-GAAP measures such as AFFO should be reconciled to the most directly comparable GAAP measure, which is interpreted to be the cash flow from operating activities rather than net income. The reconciliation is as follows:

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
		(as restated)	
Cash provided by operating activities	$23,275	$10,664	$12,611
Add back (deduct):			
Recoverable/productive capacity enhancing TIs	63	--	63
Change in non-cash operating items	(7,332)	7,276	(14,608)
Unit-based compensation expense	(12)	(11)	(1)
Amortization of deferred financing charges	(557)	(480)	(77)
Settlement of effective interest rate swap agreements	--	(4,535)	4,535
Maintenance capital expenditures	(2,693)	(1,216)	(1,477)
AFFO	$12,744	$11,698	$1,046

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Funds

Cash flow generated from operating the property portfolio represents the primary source of liquidity used to service the interest on debt, fund general and administrative expenses, reinvest into the portfolio through capital expenditures, as well as fund TI costs and distributions. In addition, Crombie has the following sources of financing available to finance future growth: secured short-term financing through an authorized revolving credit facility of up to $150,000, of which $54,500 was drawn at March 31, 2010, and the issue of new equity, mortgage debt, and unsecured convertible debentures pursuant to the Declaration of Trust.

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
Cash provided by (used in):			
Operating activities	$23,275	$10,664	$12,611
Financing activities	$36,759	$(12,504)	$49,263
Investing activities	$(57,173)	$(2,020)	$(55,153)

Operating Activities

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
Cash provided by (used in):			
Net income and non-cash items	$16,656	$19,180	$(2,524)
TI and leasing costs	(713)	(1,240)	527
Non-cash working capital	7,332	(7,276)	14,608
Cash provided by operating activities	$23,275	$10,664	$12,611

Fluctuations in cash provided by operating activities are largely influenced by the change in non-cash working capital which can be affected by the timing of receipts and payments. The details of the TI and leasing costs during the quarter ended March 31, 2010 are outlined in the "Tenant Improvements and Capital Expenditures" section of the MD&A.

Financing Activities

	Quarter Ended		
(In thousands of dollars)	March 31, 2010	March 31, 2009	Variance
Cash provided by (used in):			
Net issue of convertible debentures	$42,713	$--	$42,713
Settlement of interest rate swap agreements	--	(4,535)	4,535
Net issue of commercial property debt	7,001	2,952	4,049
Payment of distributions	(13,568)	(11,649)	(1,919)
Other items (net)	613	728	(115)
Cash provided by (used in) financing activities	$36,759	$(12,504)	$49,263

Cash from financing activities in the first quarter ended March 31, 2010 increased by $49,263 over the quarter ended March 31, 2009 primarily due to the issue of Series C Debentures and the additional $35,000 of mortgage proceeds from the Halifax Developments refinancing, partially offset by the reduction of the revolving credit facility during the quarter.

Investing Activities

Cash used in investing activities for the quarter ended March 31, 2010 was $57,173. Of this, $51,610 was used for acquisition of the eight retail properties and $5,127 was used for additions to commercial properties. Cash used in investing activities for the quarter ended March 31, 2009 was $2,020 of which $1,730 was used for additions to commercial properties.

Tenant Improvement and Capital Expenditures

There are two types of TI and capital expenditures:

- maintenance TI and capital expenditures that maintain existing productive capacity; and
- productive capacity enhancement expenditures.

Maintenance TI and capital expenditures are reinvestments in the portfolio to maintain the productive capacity of the existing assets. These costs are capitalized and depreciated over their useful lives and deducted when calculating AFFO.

Productive capacity enhancement expenditures are costs incurred that increase the property level NOI, or expand the GLA of a property by a minimum threshold, and thus enhance the property's overall value. Productive capacity enhancement expenditures are capitalized and depreciated over their useful lives, but not deducted when calculating AFFO.

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

	Quarter Ended	
(In thousands of dollars)	March 31, 2010	March 31, 2009
Total additions to commercial properties	$5,127	$1,730
Less: amounts recoverable from ECLD	--	--
Net additions to commercial properties	5,127	1,730
Less: productive capacity enhancements	(2,434)	(514)
Maintenance capital expenditures	$2,693	$1,216

	Quarter Ended	
(In thousands of dollars)	March 31, 2010	March 31, 2009
Total additions to TI and leasing costs	$713	$1,240
Less: amounts recoverable from ECLD	(63)	--
Net additions to TI and leasing costs	650	1,240
Less: productive capacity enhancements	--	--
Maintenance TI and leasing costs	$650	$1,240

As maintenance TI and capital expenditures are not incurred evenly throughout the fiscal year, there can be volatility on a quarterly basis.

The higher maintenance capital expenditures for the quarter ended March 31, 2010 are primarily as a result of payments made for the ongoing parking deck and structural repairs at the Scotia Square parkade in Halifax, Nova Scotia and storm water management at Aberdeen Business Centre in New Glasgow, Nova Scotia.

The lower maintenance TI expenditures during the quarter ended March 31, 2010, when compared to the same period in 2009 relates primarily to the timing of the satisfaction of Crombie's obligations.

Productive capacity enhancements during the first quarter ended March 31, 2010 consisted primarily of redevelopment work on Valley Mall in Corner Brook, Newfoundland and Labrador and the addition of a retail Nova Scotia Liquor Commission outlet in Spryfield, Nova Scotia.

Capital Structure

(In thousands of dollars)	Mar. 31, 2010	Dec. 31, 2009	Sep. 30, 2009	Jun. 30, 2009	Mar. 31, 2009
Commercial property debt	$722,017	$706,369	$682,551	$759,223	$812,342
Convertible debentures	$153,839	$110,858	$110,593	$29,090	$29,029
Non-controlling interest	$222,734	$225,367	$227,948	$233,292	$197,115
Unitholders' equity	$244,216	$246,975	$249,646	$255,475	$213,351

Bank Credit Facilities and Commercial Property Debt

Crombie has in place an authorized floating rate revolving credit facility of up to $150,000 (the "Revolving Credit Facility"), $54,500 of which was drawn as at March 31, 2010. The Revolving Credit Facility is secured by a pool of first and second mortgages and negative pledges on certain properties. The floating interest rate is based on specified margins over prime rate or bankers acceptance rates. The specified margin increases as Crombie's overall debt leverage increases. Funds available for drawdown, pursuant to the Revolving Credit Facility, are determined with reference to the value of the Borrowing Base (as defined under "Borrowing Capacity and Debt Covenants") relative to certain financial covenants of Crombie. As at March 31, 2010, Crombie had sufficient Borrowing Base to permit $150,000 of funds to be drawn down pursuant to the Revolving Credit Facility, subject to certain other financial covenants. See "Borrowing Capacity and Debt Covenants".

On February 1, 2010, Crombie completed two first mortgage refinancings to replace the maturing mortgages for the office and retail portfolio known as Halifax Developments. The initial mortgage financing has a $25,000 principal, a 25 year amortization, a fixed interest rate of 6.52% with a maturity date of February 2020. The additional mortgage has a $116,000 principal, a 25 year amortization, a fixed interest rate of 6.47% with a maturity date of February 2020.

On February 22, 2010, Crombie assumed two mortgages totalling $8,358 as part of the financing for a five retail property acquisition. The mortgages have a weighted average term of 8.6 years, a 25 year amortization period and a weighted average interest rate of 6.26%. In addition, Crombie repaid $3,471 to ECL General Partner Limited, to retire a loan used to finance an acquisition at Avalon Mall in 2009, as required under the terms of the agreement.

On February 26, 2010, Crombie completed first mortgage financing on five properties. The mortgages are for a total of $33,850 in principal, with an eight year term, a fixed interest rate of 5.70% and a weighted average amortization period of 21.6 years.

As of March 31, 2010, Crombie had fixed rate mortgages outstanding of $666,158 ($673,481after including the marked-to-market adjustment of $7,323), carrying a weighted average interest rate of 5.86% (after giving effect to the interest rate subsidy from ECLD under an omnibus subsidy agreement) and a weighted average term to maturity of 7.5 years.

From time to time, Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount (see "Risk Management").

Principal repayments of the debt are scheduled as follows:

Year	Payments of Principal	Fixed Rate Debt Maturing during Year	Floating Rate Debt	Total Maturity	% of Total
2010	$14,725	$--	$--	$14,725	2.0%
2011	20,164	26,786	54,500	101,450	14.1%
2012	21,050	--	--	21,050	2.9%
2013	22,185	30,042	--	52,227	7.3%
2014	19,826	69,797	--	89,623	12.4%
Thereafter	87,857	353,726	--	441,583	61.3%
Total (1)	$185,807	$480,351	$54,500	$720,658	100.0%

(1) Excludes fair value debt adjustment of $7,323 and the deferred financing costs of $5,964

Convertible debentures

	Series A	Series B	Series C
Issue value	$30,000	$85,000	$45,000
Interest rate (payable semi-annually)	7.00%	6.25%	5.75%
Conversion price per unit	$13.00	$11.00	$15.30
Issue date	March 20, 2008	September 30, 2009	February 8, 2010
Maturity date	March 20, 2013	June 30, 2015	June 30, 2017
Trading symbol	CRR.DB	CRR.DB.B	CRR.DB.C

On February 8, 2010, Crombie issued $45,000 in convertible unsecured subordinated debentures (the "Series C Debentures").The proceeds were used to reduce the Revolving Credit Facility.

The Series A Debentures, the Series B Debentures and the Series C Debentures (collectively the "Debentures") pay interest semi-annually on June 30 and December 31 of each year and Crombie has the option to pay interest on any interest payment date by selling units and applying the proceeds to satisfy its interest obligation.

The Debentures are convertible into Units at the option of the debenture holder at any time up to the maturity date, at the conversion price indicated in the table above, being a conversion rate of approximately 76.9231 Units per one thousand dollars principal amount of Series A Debentures, 90.9091 Units per one thousand dollars principal amount of Series B Debentures, and 65.3595 Units per one thousand dollars principal amount of Series C Debentures. If all conversion rights attaching to the Series A Debentures, Series B Debentures and the Series C Debentures are exercised, Crombie would be required to issue approximately 2,307,693 Units, 7,727,272 Units and 2,941,176 Units respectively, subject to anti-dilution adjustments.

For the first three years from the date of issue, there is no ability to redeem the Debentures, after which, each series of Debentures has a period, lasting one year, during which the Debentures may be redeemed, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Units on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice on redemption is given exceeds 125% of the conversion price. After the end of the fourth year, and to the maturity date, the Debentures may be redeemed, in whole or in part, at anytime at the redemption price equal to the principal amount thereof plus accrued and unpaid interest. Provided that there is not a current event of default, Crombie will have the option to satisfy its obligation to pay the principal amount of the Debentures at maturity or upon redemption, in whole or in part, by issuing the number of units equal to the principal amount of the Debentures then outstanding divided by 95% of the volume-weighted average trading price of the units for a stipulated period prior to the date of redemption or maturity, as applicable. Upon change of control of Crombie, Debenture holders have the right to put the Debentures to Crombie at a price equal to 101% of the principal amount plus accrued and unpaid interest.

Transaction costs related to the Debentures have been deferred and are being amortized into interest expense over the term of the Debentures using the effective interest method.

Unitholders' Equity

In March 2010 there were 17,157 Units awarded as part of the Employee Unit Purchase Plan (April 2009 – 43,408; September 2009 – 4,003). Total units outstanding at May 6, 2010 were as follows:

Units	32,061,456
Special Voting Units (1)	28,925,730

(1) Crombie Limited Partnership, a subsidiary of Crombie, has also issued 28,925,730 Class B LP Units. These Class B LP units accompany the Special Voting Units, are the economic equivalent of a Unit, and are convertible into Units on a one-for-one basis.

On March 23, 2010, Crombie announced a normal course issuer bid ("NCIB") where Crombie may purchase for cancellation up to 100,000 of its units, which represents approximately 0.31% of the outstanding units, during the period March 26, 2010 to March 25, 2011. The purchases will be made through the facilities of the TSX. The price that Crombie will pay for any such units will be the market price at the time of acquisition. Under the TSX policies, Crombie is entitled to purchase a maximum of 14,143 units per trading day. To date, Crombie has not purchased any units under the NCIB. Unitholders may obtain a copy of the NCIB notice filed with the TSX, without charge, by contacting the secretary of Crombie at 115 King Street, Stellarton, Nova Scotia, B0K 1S0.

Taxation of Distributions

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

The following table summarizes the history of the taxation of distributions from Crombie:

Taxation Year	Return of Capital	Investment Income	Capital Gains
2006 per $ of distribution	40.0%	60.0%	--
2007 per $ of distribution	25.5%	74.4%	0.1%
2008 per $ of distribution	27.2%	72.7%	0.1%
2009 per $ of distribution	51.0%	49.0%	--

Borrowing Capacity and Debt Covenants

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

- annualized NOI for the prescribed properties must be a minimum of 1.4 times the coverage of the related annualized debt service requirements;
- annualized NOI on all properties must be a minimum of 1.4 times the coverage of all annualized debt service requirements; and
- distributions to Unitholders are limited to 100% of Distributable Income as defined in the revolving credit facility.

The Revolving Credit Facility also contains a covenant of Crombie that ECLD must maintain a minimum 40% voting interest in Crombie. If ECLD reduces its voting interest below this level, Crombie will be required to renegotiate the Revolving Credit Facility or obtain alternative financing. Pursuant to an exchange agreement and while such covenant remains in place, ECLD will be required to give Crombie at least six months' prior written notice of its intention to reduce its voting interest below 40%.

The Revolving Credit Facility also contains a covenant limiting the amount which may be utilized under the Revolving Credit Facility at any time. This covenant provides that the aggregate of amounts drawn under the Revolving Credit Facility plus any negative mark-to-market position on any interest rate swap agreements or other hedging instruments may not exceed the "Aggregate Coverage Amount", which is based on a modified calculation of the Borrowing Base, as defined in the Revolving Credit Facility.

At March 31, 2010, the remaining amount available under the Revolving Credit Facility was $95,500 (prior to reduction for standby letters of credit outstanding) and was not limited by the Aggregate Coverage Amount.

At March 31, 2010, Crombie remained in compliance with all debt covenants.

Debt to Gross Book Value

When calculating debt to gross book value, debt is defined under the terms of the Declaration of Trust as bank loans plus commercial property debt and convertible debentures. Gross book value means, at any time, the book value of the assets of Crombie and its consolidated subsidiaries plus deferred financing charges, accumulated depreciation and amortization in respect of Crombie's properties (and related intangible assets) less (i) the amount of any receivable reflecting interest rate subsidies on any debt assumed by Crombie and (ii) the amount of future income tax liability arising out of the fair value adjustment in respect of the indirect acquisitions of certain properties. If approved by a majority of the independent trustees, the appraised value of the assets of Crombie and its consolidated subsidiaries may be used instead of book value.

The debt to gross book value was 54.8% at March 31, 2010 compared to 52.4% at December 31, 2009. This leverage ratio is below the maximum 60%, or 65% including convertible debentures, as outlined by Crombie's Declaration of Trust. On a long-term basis, Crombie intends to maintain overall indebtedness, including convertible debentures, in the range of 50% to 60% of gross book value, depending upon Crombie's future acquisitions and financing opportunities.

(In thousands of dollars, except as otherwise noted)	As at Mar. 31, 2010	As at Dec. 31, 2009	As at Sep. 30, 2009	As at Jun. 30, 2009	As at Mar. 31, 2009
Mortgages payable	$673,481	$604,992	$573,615	$564,101	$565,980
Convertible debentures	160,000	115,000	115,000	30,000	30,000
Term facility	--	--	41,378	139,000	140,323
Revolving credit facility payable	54,500	106,160	72,217	62,812	111,400
Total debt outstanding	887,981	826,152	802,210	795,913	847,703
Less: Applicable fair value debt adjustment	(7,225)	(7,733)	(8,489)	(9,256)	(10,032)
Debt	$880,756	$818,419	$793,721	$786,657	$837,671
Total assets	$1,512,676	$1,457,166	$1,465,591	$1,470,474	$1,466,045
Add:					
Deferred financing charges	12,125	8,925	9,066	7,600	6,332
Accumulated depreciation of commercial properties	74,694	69,952	63,865	57,715	51,796
Accumulated amortization of intangible assets	62,002	78,551	72,147	66,492	60,836
Less:					
Assets related to discontinued operations	(6,912)	(6,929)	(7,038)	(7,054)	(7,162)
Interest rate subsidy	(7,225)	(7,733)	(8,489)	(9,256)	(10,032)
Fair value adjustment to future taxes	(39,245)	(39,245)	(39,245)	(39,245)	(39,245)
Gross book value	$1,608,115	$1,560,687	$1,555,897	$1,546,726	$1,528,570
Debt to gross book value	54.8%	52.4%	51.0%	50.9%	54.8%
Maximum borrowing capacity[1]	65%	65%	65%	65%	65%

(1) Maximum permitted by the Declaration of Trust

Debt and Interest Service Coverage

Crombie's interest and debt service coverage for the quarter ended March 31, 2010 were 2.44 times EBITDA and 1.73 times EBITDA. This compares to 2.99 times EBITDA and 2.11 times EBITDA respectively for the quarter ended March 31, 2009. EBITDA should not be considered an alternative to net income, cash provided by operating activities or any other measure of operations as prescribed by GAAP. EBITDA is not a GAAP financial measure; however, Crombie believes it is an indicative measure of its ability to service debt requirements, fund capital projects and acquire properties. EBITDA may not be calculated in a comparable measure reported by other entities.

	Quarter Ended	
(In thousands of dollars)	March 31, 2010	March 31, 2009
		(as restated)
Property revenue	$53,221	$52,992
Amortization of above-market leases	781	771
Amortization of below-market leases	(1,619)	(2,145)
Adjusted property revenue	52,383	51,618
Property expenses	(20,008)	(19,971)
General and administrative expenses	(2,523)	(1,644)
EBITDA (1)	$29,852	$30,003
Interest expense	$13,634	$10,730
Amortization of deferred financing charges	(557)	(480)
Amortization of effective swap agreements	(827)	(207)
Adjusted interest expense (2)	$12,250	$10,043
Debt repayments	$166,379	$53,491
Amortization of fair value debt premium	(1)	(1)
Payments relating to interest rate subsidy	(508)	(786)
Payments relating to Revolving Credit Facility	(51,660)	(38,501)
Payments relating to demand credit facility	--	(10,000)
Balloon payments on mortgages	(109,240)	--
Adjusted debt repayments (3)	$4,970	$4,203
Interest service coverage ratio {(1)/(2)}	2.44	2.99
Debt service coverage ratio {(1)/((2)+(3))}	1.73	2.11

The March 31, 2009 adjusted interest expense calculation has been restated to reflect the impact of amortization of effective swap agreements

The reduction in interest service coverage is attributable to the increased interest expense as Crombie has replaced short-term floating rate debt with long-term fixed rate mortgages and convertible debentures.

The reduction in debt service coverage is impacted by the increased interest expense as well as the increased debt repayments on the long-term fixed rate amortizing mortgages.

Distributions and Distribution Payout Ratios

Distribution Policy

Pursuant to Crombie's Declaration of Trust, cash distributions are to be determined by the trustees in their discretion. Crombie intends, subject to approval of the Board of Trustees, to make distributions to Unitholders not less than the amount equal to the net income and net realized capital gains of Crombie, to ensure that Crombie will not be liable for income taxes. Crombie, subject to the discretion of the Board of Trustees, targets to make annual cash distributions to Unitholders equal to approximately 95% of its AFFO on an annual basis.

Details of distributions to Unitholders are as follows:

	Quarter Ended	
(Distribution amounts represented in thousands of dollars)	March 31, 2010	March 31, 2009
Distributions to Unitholders	$7,132	$6,068
Distributions to Special Voting Unitholders	6,436	5,581
Total distributions	$13,568	$11,649
FFO payout ratio	79.5%	56.2%
AFFO payout ratio (target ratio = 95%)	106.5%	99.6%

Total distributions increased due to the equity issuance completed in June of 2009 of 4,725,000 units and 3,846,154 Class B LP Units.

The FFO payout ratio of 79.5% was impacted by the higher distributions and reduced FFO as previously discussed.

The AFFO payout ratio of 106.5% was unfavourable to the target ratio due to the reduced FFO as previously discussed and the timing of maintenance capital expenditures. As maintenance TI and capital expenditures are not incurred evenly throughout the fiscal year, there can be volatility to the AFFO payout ratio on a quarterly basis.

As discussed in Crombie's previous MD&A's, during 2009 Crombie amended its calculation of AFFO to reflect the impact of the settlement of effective interest rate swap agreements. The March 31, 2009 AFFO has been restated to reflect this change. Excluding the impact of the settlement of effective interest rate swap agreements, the AFFO payout ratio for March 31, 2009 would have been 72.7%.

EFFECT OF NEW ACCOUNTING POLICIES NOT YET IMPLEMENTED

International Financial Reporting Standards

The Accounting Standards Board of Canada ("AcSB") has announced that publicly accountable enterprises must adopt IFRS for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011, with retrospective adoption and restatement of the comparative fiscal year ended December 31, 2010. Accordingly, the conversion from current GAAP to IFRS will be applicable to Crombie's reporting for the first quarter of fiscal 2011 for which the current and comparative information will be prepared under IFRS.

Crombie, with the assistance of its external advisors, has launched an internal initiative to govern the conversion process and is currently evaluating the potential impact of the conversion to IFRS on its consolidated financial statements. This will be an ongoing process as new standards are issued by the AcSB and International Accounting Standards Board ("IASB"). At this time, the impact on Crombie's future financial position and results of operations is not reasonably determinable or estimatable. Crombie expects the transition to IFRS to impact accounting, financial reporting, internal control over financial reporting, information systems and business processes.

Crombie has developed a formal project governance structure, and is providing regular progress reports to senior management and the audit committee. Crombie has also completed a diagnostic impact assessment, which involved a high level review of the major differences between current GAAP and IFRS, as well as establishing an implementation guideline. In accordance with this guideline Crombie has established a staff training program and is in the process of completing analysis of the key decision areas, including analyzing the appropriate accounting policy selections from available IFRS options, assessing exemptions and exceptions available on first-time adoptions of IFRS and making recommendations on the same.

Crombie will continue to assess the impact of the transition to IFRS and to review all of the proposed and ongoing projects of the IASB to determine their impact on Crombie. Additionally, Crombie will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

Crombie's IFRS changeover plan is summarized below which details Crombie's progress towards completion of selected key activities.

	KEY ACTIVITIES	MILESTONES/DEADLINES	PROGRESS TO DATE
Financial statement presentation and disclosure	Review differences in Canadian GAAP/IFRS accounting policies Evaluate and select IFRS policies & IFRS 1 choices	Audit Committee sign off for all key IFRS accounting policy choices.	Completed diagnostic impact assessment during 2009, which involved a high level review of major differences between IFRS and Canadian GAAP. Presented position papers on significant IFRS accounting policy choices, exemptions and exceptions and received Board approval
	Develop financial statement format and disclosure	Draft skeleton IFRS annual and interim financial statements by Q3 fiscal 2009	Draft skeleton IFRS financial statements have been developed and continue to be tested with current financial data

	Quantify effects of transition to IFRS.	Final quantification of conversion effects by Q2 fiscal 2010	IFRS 1 exemptions applicable to the entity have been identified; assessment of alternatives is ongoing
	Develop a fair value process for investment properties for transition and continual disclosure	Completion of fair value process by Q4 of fiscal 2009, including accumulation of all fair value data for opening balance sheet. Determinations of final transition date fair values by Q2 of fiscal 2010	All data has been accumulated for the transition date fair value determination. The final determination of transition date fair value is expected to be completed in Q2 of fiscal 2010.
Training and communication	Educate the Board of Trustees, Audit Committee, management, key employees, and other stakeholders	Ongoing training provided to all groups to align with changeover Additional training will occur as needed during the changeover year	All key employees have undertaken advanced levels of IFRS training, including attendance at courses, seminars and conferences. Additional IFRS-knowledgeable staff has been hired. Completed training for general awareness of IFRS to broad group of finance employees, Board of Trustees, and Audit Committee
	Communicate progress of changeover plan to internal and external stakeholders	Communicate project status updates regularly until completion of IFRS implementation	Frequent project status communications have been provided to internal and external stakeholders
	Monitor ongoing IFRS accounting standards developments	Ongoing monitoring of standards, exposure drafts, interpretations and pronouncements	Frequent attendance at relevant seminars, participation in industry groups events, web site monitoring
Information systems	Determine if business processes require change to be IFRS compliant	IT implementation plan completed	Assessment of business processes is underway in conjunction with work on accounting policies
	Determine if software requires upgrades, changes, or additions to support IFRS reporting requirements	Changes to systems and dual record-keeping process to be completed during Q1 of fiscal 2010	System impacts for IFRS differences are being assessed, including an assessment of dual record-keeping
Contractual arrangements and compensation	Assess the affect of IFRS on: Financial covenants Compensation arrangements Budgeting and planning	Complete necessary covenant negotiations during fiscal 2010	Preliminary analysis is underway in conjunction with work on accounting policies, and also as part of the key performance indicators (“KPI”) and budgeting IFRS project groups

	Make any required changes to plans and arrangements	Complete review of compensation arrangements during fiscal 2010 Complete budgeting plan during fiscal 2010	
Control environment	Assess and design internal controls over financial reporting ("ICFR") for all accounting policy changes	Changes to ICFR and DC&P related to IFRS to be completed during 2010 Test and evaluate revised controls throughout fiscal	Analysis of control issues is underway in conjunction with the review of IFRS accounting issues and policies
	Assess and design disclosure controls and procedures ("DC&P") for all identified accounting policy changes	Update Chief Executive Officer/Chief Financial Officer certification process by fiscal 2010	MD&A disclosures are regularly reviewed and updated IFRS communications committee, which includes Investor Relations, has been assembled and is engaged

IMPACT OF TRANSITION TO IFRS

On conversion to IFRS, the financial statements are to be presented as if Crombie had always reported under IFRS; thus any comparative information must be restated. There are transitional provisions that assist with this first-time adoption, primarily to assist with the possible need to restate historical information by allowing for prospective, rather than retroactive, treatment as prescribed by IFRS 1, First-time Adoption of IFRS.

IFRS 1 First-time Adoption of IFRS

IFRS 1 applies to the conversion to IFRS when an entity first adopts IFRS. The general provisions of IFRS 1 require retrospective application of IFRS to the first reporting period. However the standard provides certain mandatory exceptions and allows specific exemptions from this general retrospective application. The most significant available options to Crombie are discussed below.

Fair Value as Deemed Cost

IFRS 1 permits an entity to measure a component of an investment property at fair value upon transition, and to adopt this fair value as deemed cost. Crombie's Board of Trustees has approved the adoption of the cost model for investment property, and to adjust selected property components using fair value as deemed cost. This may result in an adjustment to the carrying value of investment properties on transition from GAAP to IFRS. Such change, if any, would also impact the transitional amount of Unitholders' Equity and Non-controlling Interest as at January 1, 2010.

In addition, currently reported separated intangibles may be included in the reported value of investment properties.

Subsequent to the application of fair value as the deemed cost, Crombie does not intend to revalue its investment properties, unless impaired; but will disclose the fair value of its investment properties in the notes to the financial statements.

Crombie currently does not anticipate a material change in the carrying value of its assets in total.

Business Combinations

IFRS 1 permits the business accounting standard to be applied retrospectively (entirely or from a specific date) or prospectively. Retrospective application would require restatement of all previous acquisitions that meet the definition of a business under IFRS. Crombie intends to elect to apply this standard prospectively.

IFRS Accounting Standards

While IFRS is based on a similar conceptual framework to that of GAAP, there are significant differences in certain aspects of recognition, measurement and disclosure. The significant IFRS differences identified by Crombie to GAAP that may potentially have a material impact on Crombie's financial statements include the following:

Investment Property

All of Crombie's commercial properties qualify as investment property, which is defined as property held to earn rentals or for capital appreciation, or both. Investment property must be initially measured at cost, however subsequent to initial recognition, IFRS allows an entity to choose either the cost or fair value model. If the fair value model is selected, income properties will be carried on the balance sheet at their current fair values, no depreciation or amortization is recorded on the investment properties and the changes in fair values each period would be recorded in the statement of income. If the historical cost model is selected then the asset values, subject to IFRS 1 revaluation, are left unchanged (except for impairment), depreciation and amortization continue to be recorded on the investment properties and the fair value of the investment properties must be disclosed in the notes to the financial statements.

As discussed above, Crombie's Board of Trustees have approved the adoption of the cost model for investment property, and to adjust selected property components using fair value as deemed cost under IFRS 1. This may result in a one-time adjustment to the opening balance sheet, including opening investment properties, unitholders equity and non-controlling interest as at January 1, 2010. Crombie currently does not anticipate a material change in the carrying value of its assets in total.

Impairment

Under GAAP, impairment is recognized for non-financial assets when the undiscounted future cash flows from an asset exceed the carrying value and any subsequent improvement in value cannot be recorded. Under IFRS, impairment is recognized when the discounted present value of future cash flows from an asset exceed the carrying value, however IFRS requires the reversal of an impairment loss to be recorded (limited to the depreciated value had impairment not occurred). Management cannot estimate the impact, if any, of any impairment adjustments at this time.

Leases

Under GAAP, tenant improvements and certain other leasing costs are capitalized and amortized through amortization expense. Under IFRS, a portion of such costs are likely to be considered to be leasing incentives and will need to be amortized as a reduction in property revenue. As a result of this reclassification of amortization expense on adoption of IFRS, management anticipates a reduction in reported property revenue; however, this does not impact overall reported operating results. The extent of the reclassification of amortization expense is not determinable at this time.

Classification of Unitholders' Equity and Non-controlling Interest

Crombie is assessing the impact of IAS 32 Financial Instruments: Presentation. This standard has language that differs from CICA Handbook section 3863 Financial Instruments- Presentation. The potential impact of application of these language differences could result in balance sheet classification changes for Unitholders' Equity and/or Non-controlling Interest and financial statement changes for the presentation of distributions paid on Unitholders' Equity and/or Non-controlling Interest, as well as measurement of these amounts in the financial statements. Management is in the process of assessing the implication of the IFRS standard.

The above items reflect the current IFRS standards expected to be adopted by Crombie upon conversion. Changes to the IFRS standards, if any, may result in changes in the impacts to the financial statements upon adoption. In addition, the IASB is in the process of reviewing and possibly amending a number of the IFRS standards that may be applicable to Crombie.

RELATED PARTY TRANSACTIONS

As at March 31, 2010, Empire through its wholly-owned subsidiary ECLD, holds a 47.4% (fully diluted 40.3%) indirect interest in Crombie. Crombie uses the exchange amount as the measurement basis for the related party transactions.

For a period of five years commencing March 23, 2006, certain executive management individuals and other employees of Crombie will provide general management, financial, leasing, administrative, and other administration support services to certain real estate subsidiaries of Empire on a cost sharing basis, pursuant to a Management Cost Sharing Agreement dated March 23, 2006 between CDL a subsidiary of Crombie, and ECLD a subsidiary of Empire ("Management Cost Sharing Agreement"). The costs assumed by Empire pursuant to the agreement during the three months ended March 31, 2010 were $277 (three months ended March 31, 2009 - $297) and were netted against general and administrative expenses owing by Crombie to Empire.

For a period of five years, commencing March 23, 2006, certain on-site maintenance and management employees of Crombie will provide property management services to certain real estate subsidiaries of Empire on a cost sharing basis pursuant to the Management Cost Sharing Agreement. In addition, for various periods, ECLD has an obligation to provide rental income and interest rate subsidies pursuant to an Omnibus Subsidy Agreement dated March 23, 2006 between CDL, Crombie Limited Partnership and ECLD. The costs assumed by Empire pursuant to the Management Cost Sharing Agreement during the three months ended March 31, 2010 were $283 (three months ended March 31, 2009 - $376) and were netted against property expenses owing by Crombie to Empire. The head lease subsidy during the three months ended March 31, 2010 was $186 (three months ended March 31, 2009 - $250).

Crombie also earned rental revenue of $15,009 for the three months ended March 31, 2010 (three months ended March 31, 2009 - $14,560) from Sobeys Inc. and Empire Theatres, subsidiaries of Empire.

On February 22, 2010, Crombie acquired five properties for $31,530 and assumed two mortgages of $8,358 from subsidiaries of Empire. In addition, Crombie repaid $3,471 to ECL General Partner Limited to retire a loan as required under the terms of the agreement.

On March 24, 2010, Crombie acquired three properties for $27,746 from subsidiaries of Empire.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates are discussed under the section "Critical Accounting Estimates" in the 2009 Annual Report.

Financial Instruments

The fair value of a financial instrument is the estimated amount that Crombie would receive or pay to settle the financial assets and financial liabilities as at the reporting date.

Crombie has classified its financial instruments in the following categories:

- Held for trading - Restricted cash and cash and cash equivalents
- Held to maturity investments – assets related to discontinued operations
- Loans and receivables - Notes receivable and accounts receivable
- Other financial liabilities - Commercial property debt, liability related to discontinued operations, convertible debentures, tenant improvements and capital expenditures payable, property operating costs payable and interest payable

The book values of cash and cash equivalents, restricted cash, receivables, payables and accruals approximate fair values at the balance sheet date. The fair value of other financial instruments is based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts Crombie might pay or receive in actual market transactions.

The following table summarizes the carrying value (excluding deferred financing charges) and fair value of those financial instruments which have a fair value different from their book value at the balance sheet date.

	March 31, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets related to discontinued operations	$6,912	$7,015	$6,929	$7,066
Commercial property debt	$727,981	$725,476	$711,152	$708,401
Convertible debentures	$160,000	$170,115	$115,000	$120,200
Liability related to discontinued operations	$6,294	$6,222	$6,334	$6,270

The following summarizes the significant methods and assumptions used in estimating the fair values of the financial instruments reflected in the above table:

Assets related to discontinued operations: The fair value of the bonds and treasury bills are based on market trading prices at the reporting date.

Commercial property debt and liability related to discontinued operations: The fair value of Crombie's commercial property debt and liability related to discontinued operations is estimated based on the present value of future payments, discounted at the yield on a Government of Canada bond with the nearest maturity date to the underlying debt, plus an estimated credit spread at the reporting date.

Convertible debentures: The fair value of the convertible debentures is estimated based on the market trading prices, at the reporting date, of the convertible debentures.

COMMITMENTS AND CONTINGENCIES

There are various claims and litigation, which Crombie is involved with, arising out of the ordinary course of business operations. In the opinion of management, any liability that would arise from such contingencies would not have a significant adverse effect on these financial statements.

Crombie has agreed to indemnify its trustees and officers, and particular employees, in accordance with Crombie's policies. Crombie maintains insurance policies that may provide coverage against certain claims.

Crombie has entered into a management cost sharing agreement with a subsidiary of Empire. Details of this agreement are described in "Related Party Transactions"

Crombie has land leases on certain properties. These leases have annual payments of $969 per year over the next five years. The land leases have terms of between 15.1 and 74.8 years remaining, including renewal options.

Crombie obtains letters of credit to support its obligations with respect to construction work on its commercial properties, defeasing commercial property debt and satisfying mortgage financing requirements. Crombie has $223 in standby letters of credit for construction work that is being performed on its commercial properties. In connection with the defeasance of the discontinued operations commercial property debt, Crombie has issued a standby letter of credit in the amount of $1,715 in favour of the mortgage lender. In addition, to satisfy the requirements of mortgage financings, Crombie has issued standby letters of credit in the amount of $8,100 in favour of the mortgage lender. Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

RISK MANAGEMENT

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. These risks, and the action taken to manage them, are as follows:

Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. Crombie's credit risk is limited to the recorded amount of tenant receivables. An allowance for doubtful accounts is taken for all anticipated problem accounts.

Crombie mitigates credit risk by geographical diversification, utilizing staggered lease maturities, diversifying both its tenant mix and asset mix and conducting credit assessments for new and renewing tenants. As at March 31, 2010;

- Excluding Sobeys (which accounts for 32.6% of Crombie's minimum rent), no other tenant accounts for more than 2.2% of Crombie's minimum rent, and

- Over the next five years, no more than 9.0% of the gross leaseable area of Crombie will expire in any one year.

Crombie earned rental revenue of $15,009 for three months ended March 31, 2010 (three months ended March 31, 2009 - $14,560) from subsidiaries of Empire.

Interest rate risk

Interest rate risk is the potential for financial loss arising from increases in interest rates. Crombie mitigates interest rate risk by utilizing staggered debt maturities, limiting the use of permanent floating rate debt and utilizing interest rate swap agreements. As at March 31, 2010:

- Crombie's weighted average term to maturity of the fixed rate mortgages was 7.5 years; and

- Crombie's exposure to floating rate debt, including the impact of the fixed rate swap agreements discussed below, was 0.6% of the total commercial property debt.

Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount. The breakdown of the swaps in place at March 31, 2010 as part of the interest rate management program, and their associated mark-to-market amounts are as follows:

- Crombie has entered into a fixed interest rate swap to fix the amount of interest to be paid on $50,000 of the revolving credit facility. The fair value of the fixed interest rate swap at March 31, 2010, had an unfavourable mark-to-market exposure of $2,398 (March 31, 2009 – unfavourable $4,231) compared to its face value. The change in this amount has been recognized in other comprehensive income (loss). The mark-to-market amount of fixed interest rate swap reduce to $Nil upon maturity of the swap.
- Crombie has entered into a delayed interest rate swap agreement of a notional amount of $8,204 (March 31, 2009 - $100,334) with a settlement date of July 2, 2011 and maturing July 2, 2021 to mitigate exposure to interest rate increases for a mortgage maturing in 2011. The fair value of this delayed interest rate swap agreement had an unfavourable mark-to-market exposure of $821 compared to the face value March 31, 2010 (March 31, 2009 – unfavourable $21,330). The change in this amount has been recognized in other comprehensive income (loss).

Crombie estimates that $3,206 of other comprehensive income (loss) will be reclassified to interest expense during the next three quarters of 2010 based on interest rate swap agreements settled to March 31, 2010.

A fluctuation in interest rates would have had an impact on Crombie's net income and other comprehensive income (loss) items. Based on the previous year's rate changes, a 0.5% interest rate change would reasonably be considered possible. The changes would have had the following impact:

	March 31, 2010		March 31, 2009	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on net income of interest rate changes on the floating rate revolving credit facility	$(33)	$33	$(270)	$270

	March 31, 2010		March 31, 2009	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on other comprehensive income and non-controlling interest items due to changes in fair value of derivatives designated as a cash flow hedge	$631	$(653)	$10,024	$(9,577)

Crombie does not enter into these interest rate swap transactions on a speculative basis. Crombie is prohibited by its Declaration of Trust in purchasing, selling or trading in interest rate future contracts other than for hedging purposes.

Liquidity risk

The real estate industry is highly capital intensive. Liquidity risk is the risk that Crombie may not have access to sufficient debt and equity capital to fund the growth program and/or refinance the debt obligations as they mature.

Cash flow generated from operating the property portfolio represents the primary source of liquidity used to service the interest on debt, fund general and administrative expenses, reinvest into the portfolio through capital expenditures, as well as fund tenant improvement costs and make distributions to Unitholders. Debt repayment requirements are primarily funded from refinancing Crombie's maturing debt obligations. Property acquisition funding requirements are funded through a combination of accessing the debt and equity capital markets.

There is a risk that the debt capital markets may not refinance maturing debt on terms and conditions acceptable to Crombie or at any terms at all. Crombie seeks to mitigate this risk by staggering the debt maturity dates. There is also a risk that the equity capital markets may not be receptive to an equity issue from Crombie with financial terms acceptable to Crombie. Crombie mitigates its exposure to liquidity risk utilizing a conservative approach to capital management.

Access to the Revolving Credit Facility is also limited to the amount utilized under the facility, plus any negative mark-to-market position on the interest rate swap agreements not exceeding the Aggregate Coverage Amount. At March 31, 2010, the remaining amount available under the Revolving Credit Facility was $95,500 and was not limited by the Aggregate Coverage Amount.

SUBSEQUENT EVENTS

On April 22, 2010, Crombie declared distributions of 7.417 cents per unit for the period from April 1, 2010 to and including, April 30, 2010. The distribution will be payable on May 17, 2010 to Unitholders of record as at April 30, 2010.

On April 22, 2010, Crombie completed the first tranche of financing for the Mountain Locks Plaza in St. Catharines, Ontario. The mortgage of $10,500 has a 10 year term, a 25 year amortization period and a fixed interest rate of 5.88%. The second tranche of financing for $2,500 is anticipated to close prior to the end of the second quarter of 2010, subject to meeting final closing conditions.

CONTROLS AND PROCEDURES

The Chief Executive Officer and the Chief Financial Officer, together with the assistance of management, are responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. There were no changes to Crombie's ICFR for the quarter ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect Crombie's ICFR.

QUARTERLY INFORMATION

The following table shows information for revenues, net income (loss), AFFO, FFO, distributions and per unit amounts for the eight most recently completed quarters.

	Quarter Ended (as restated)							
(In thousands of dollars, except per unit amounts)	Mar. 31, 2010	Dec. 31, 2009	Sep. 30, 2009	Jun. 30, 2009	Mar. 31, 2009	Dec. 31, 2008	Sep. 30, 2008	Jun. 30, 2008
Property revenue	$53,221	$52,378	$50,991	$50,893	$52,992	$52,522	$51,044	$47,314
Property expenses	20,008	19,948	18,585	17,258	19,971	19,649	18,634	16,775
Property net operating income	33,213	32,430	32,406	33,635	33,021	32,873	32,410	30,539
Expenses:								
General and administrative	2,523	2,102	1,882	3,646	1,644	2,701	2,004	1,979
Interest	13,634	12,722	11,595	11,272	10,730	11,318	11,449	9,965
Depreciation and amortization	11,279	11,705	11,032	10,803	12,491	12,499	12,535	10,757
	27,436	26,529	24,509	25,721	24,865	26,518	25,988	22,701
Income from continuing operations before other items, income taxes and non-controlling interest	5,777	5,901	7,897	7,914	8,156	6,355	6,422	7,838
Other income (expense) items	--	500	(9,981)	--	92	55	27	97
Income (loss) from continuing operations before income taxes and non-controlling interest	5,777	6,401	(2,084)	7,914	8,248	6,410	6,449	7,935
Income tax expense (recovery) - Future	(1,100)	(300)	--	--	200	(3,450)	859	701
Income (loss) from continuing operations before non-controlling interest	6,877	6,701	(2,084)	7,914	8,048	9,860	5,590	7,234
Gain/(loss) on sale of discontinued operations	--	--	--	--	--	487	(895)	--
Income from discontinued operations	--	--	--	--	--	24	226	136
Income (loss) before non-controlling interest	6,877	6,701	(2,084)	7,914	8,048	10,371	4,921	7,370
Non-controlling interest	3,262	3,178	(989)	3,786	3,856	4,968	2,358	3,531
Net income (loss)	$3,615	$3,523	$(1,095)	$4,128	$4,192	$5,403	$2,563	$3,839
Basic and diluted net income (loss) per unit	$0.11	$0.11	$(0.03)	$0.15	$0.15	$0.20	$0.09	$0.15

	Quarter Ended (as restated)							
(In thousands of dollars, except per unit amounts)	Mar. 31, 2010	Dec. 31, 2009	Sep. 30, 2009	Jun. 30, 2009	Mar. 31, 2009	Dec. 31, 2008	Sep. 30, 2008	Jun. 30, 2008
AFFO	$12,744	$(7,511)	$(451)	$14,524	$11,698	$13,521	$10,019	$11,916
FFO	$17,056	$18,106	$8,948	$18,717	$20,739	$18,933	$19,200	$18,812
Distributions	$13,568	$13,567	$13,566	$12,294	$11,649	$11,649	$11,649	$11,879
AFFO per unit - basic	$0.21	$(0.12)	$(0.01)	$0.27	$0.22	$0.26	$0.19	$0.24
AFFO per unit – diluted[1]	$0.20	$(0.12)	$(0.01)	$0.27	$0.22	$0.26	$0.19	$0.24
FFO per unit - basic	$0.28	$0.30	$0.15	$0.35	$0.40	$0.36	$0.37	$0.38
FFO per unit - diluted[1]	$0.27	$0.28	$0.15	$0.35	$0.39	$0.36	$0.36	$0.37
Distributions per unit	$0.22	$0.22	$0.22	$0.23	$0.22	$0.22	$0.22	$0.23

(1) FFO and AFFO per unit are calculated on a diluted basis. The diluted weighted average number of total Units and Special Voting Units includes the conversion of all series of convertible debentures outstanding during the period, excluding any series that is anti-dilutive. Distributions per unit for each period is based on the total distributions per unit declared during the specific period.

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

Dated: May 6, 2010

Stellarton, Nova Scotia, Canada

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Balance Sheets
(In thousands of dollars)
(Unaudited)

	March 31, 2010	December 31, 2009
Assets		
Commercial properties (Note 4)	$1,362,734	$1,314,611
Intangible assets (Note 5)	109,001	103,357
Notes receivable (Note 6)	7,661	8,169
Other assets (Note 7)	23,507	24,100
Cash and cash equivalents	2,861	-
Assets related to discontinued operations (Note 21)	6,912	6,929
	$1,512,676	**$1,457,166**
Liabilities and Unitholders' Equity		
Commercial property debt (Note 8)	$722,017	$706,369
Convertible debentures (Note 9)	153,839	110,858
Payables and accruals (Note 10)	43,051	39,223
Intangible liabilities (Note 11)	31,053	31,558
Employee future benefits obligation (Note 23)	6,349	6,260
Distributions payable	4,523	4,522
Future income tax liability (Note 16)	78,600	79,700
Liabilities related to discontinued operations (Note 21)	6,294	6,334
	1,045,726	984,824
Non-controlling interest (Note 12)	222,734	225,367
Unitholders' equity	244,216	246,975
	$1,512,676	**$1,457,166**

Commitments and contingencies (Note 18)

Subsequent events (Note 24)

See accompanying notes to the interim consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Income
(In thousands of dollars, except per unit amounts)
(Unaudited)

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Revenues		
Property revenue (Note 14)	$53,221	$52,992
Lease terminations	-	92
	53,221	53,084
Expenses		
Property expenses	20,008	19,971
General and administrative expenses	2,523	1,644
Interest expense (Note 15)	13,634	10,730
Depreciation of commercial properties	4,830	4,544
Depreciation of recoverable capital expenditures	289	256
Amortization of tenant improvements/lease costs	1,234	1,131
Amortization of intangible assets	4,926	6,560
	47,444	44,836
Income before income taxes and non-controlling interest	5,777	8,248
Income tax expense (recovery) - Future (Note 16)	(1,100)	200
Income before non-controlling interest	6,877	8,048
Non-controlling interest	3,262	3,856
Net income	**$3,615**	**$4,192**
Basic and diluted net income per unit (Note 13)	**$0.11**	**$0.15**
Weighted average number of units outstanding		
Basic	**31,881,071**	**27,147,380**
Diluted	**32,048,302**	**27,271,888**

See accompanying notes to the interim consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Comprehensive Income
(In thousands of dollars)
(Unaudited)

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Net income	$3,615	$4,192
Losses on derivatives designated as cash flow hedges transferred to net income in the current period	435	108
Net change in derivatives designated as cash flow hedges	165	(459)
Other comprehensive income (loss)	600	(351)
Comprehensive income	**$4,215**	**$3,841**

See accompanying notes to the interim consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Unitholders' Equity
(In thousands of dollars)
(Unaudited)

	REIT Units	Net Income	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Distributions	Total
	(Note 13)					
Unitholders' equity, January 1, 2010	$300,348	$45,378	$73	$(17,433)	$(81,391)	$246,975
Units released under EUPP	8	-	(8)	-	-	-
Units issued under EUPP	190	-	-	-	-	190
Loans receivable under EUPP	(190)	-	-	-	-	(190)
EUPP compensation	-	-	12	-	-	12
Repayment of EUPP loans receivable	145	-	-	-	-	145
Net income	-	3,615	-	-	-	3,615
Distributions	-	-	-	-	(7,131)	(7,131)
Other comprehensive income	-	-	-	600	-	600
Unitholders' equity, March 31, 2010	**$300,501**	**$48,993**	**$77**	**$(16,833)**	**$(88,522)**	**$244,216**
Unitholders' equity, January 1, 2009	$265,096	$34,630	$34	$(29,567)	$(54,635)	$215,558
EUPP compensation	-	-	11	-	-	11
Repayment of EUPP loans receivable	9	-	-	-	-	9
Net income	-	4,192	-	-	-	4,192
Distributions	-	-	-	-	(6,068)	(6,068)
Other comprehensive loss	-	-	-	(351)	-	(351)
Unitholders' equity, March 31, 2009	**$265,105**	**$38,822**	**$45**	**$(29,918)**	**$(60,703)**	**$213,351**

See accompanying notes to the interim consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Cash Flows
(In thousand of dollars)
(Unaudited)

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Cash flows provided by (used in)		
Operating Activities		
Net income	$3,615	$4,192
Items not affecting operating cash (Note 17)	13,041	14,988
	16,656	19,180
Additions to tenant improvements and lease costs	(713)	(1,240)
Change in other non-cash operating items (Note 17)	7,332	(7,276)
Cash provided by operating activities	**23,275**	**10,664**
Financing Activities		
Issue of commercial property debt	174,850	57,000
Increase in deferred financing charges	(1,470)	(557)
Issue of convertible debentures	45,000	-
Issue costs of convertible debentures	(2,287)	-
Settlement of interest rate swap agreements	-	(4,535)
Repayment of commercial property debt	(166,379)	(53,491)
Decrease in liabilities related to discontinued operations	(40)	(67)
Collection of notes receivable	508	786
Repayment of EUPP loan receivable	145	9
Payment of distributions	(13,568)	(11,649)
Cash provided by (used in) financing activities	**36,759**	**(12,504)**
Investing Activities		
Additions to commercial properties	(5,127)	(1,730)
Additions to recoverable capital expenditures	(453)	(312)
Decrease in assets related to discontinued operations	17	22
Acquisition of commercial properties (Note 4)	(51,610)	-
Cash used in investing activities	**(57,173)**	**(2,020)**
Increase (decrease) in cash and cash equivalents during the period	**2,861**	**(3,860)**
Cash and cash equivalents, beginning of period	**-**	**4,028**
Cash and cash equivalents, end of period	**$2,861**	**$168**

See accompanying notes to the interim consolidated financial statements.

1) CROMBIE REAL ESTATE INVESTMENT TRUST

Crombie Real Estate Investment Trust ("Crombie") is an unincorporated "open-ended" real estate investment trust created pursuant to the Declaration of Trust dated January 1, 2006, as amended. The units of Crombie are traded on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as prescribed by the Canadian Institute of Chartered Accountants ("CICA"). These interim consolidated financial statements do not include all of the disclosures included in Crombie's annual consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2009 as set out in the 2009 Annual Report.

The accounting policies used in preparation of these interim consolidated financial statements conform with those used in the 2009 annual consolidated financial statements.

(b) Property acquisitions

Upon acquisition of commercial properties, Crombie performs an assessment of the fair value of the properties' related tangible and intangible assets and liabilities (including land, buildings, origination costs, in-place leases, above- and below-market leases, and any other assumed assets and liabilities), and allocates the purchase price to the acquired assets and liabilities. Crombie assesses and considers fair value based on cash flow projections that take into account relevant discount and capitalization rates and any other relevant sources of market information available. Estimates of future cash flow are based on factors that include historical operating results, if available, and anticipated trends, local markets and underlying economic conditions.

Crombie allocates the purchase price based on the following:

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

Buildings - Buildings are recorded at the fair value of the building on an "as-if-vacant" basis, which is based on the present value of the anticipated net cash flow of the building from vacant start up to full occupancy.

Origination costs for existing leases - Origination costs are determined based on estimates of the costs that would be incurred to put the existing leases in place under the same terms and conditions. These costs include estimated tenant inducements, leasing commissions and tenant and lease coordination costs.

In-place leases - In-place lease values are determined based on estimated costs required for each lease that represents the net operating income lost during an estimated lease-up period that would be required to replace the existing leases at the time of purchase.

Tenant relationships - Tenant relationship values are determined based on costs avoided if the respective tenants were to renew their leases at the end of the existing term, adjusted for the estimated probability that the tenants will renew.

Above- and below-market existing leases - Values ascribed to above- and below-market existing leases are determined based on the present value of the difference between the rents payable under the terms of the respective leases and estimated future market rents.

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

(c) Revenue recognition

Property revenue includes rents earned from tenants under lease agreements, percentage rent, realty tax and operating cost recoveries, and other incidental income. Certain leases have rental payments that change over their term due to changes in rates. Crombie records the rental revenue from these leases on a straight-line basis over the term of the lease. Accordingly, an accrued rent receivable/payable is recorded for the difference between the straight-line rent recorded as property revenue and the rent that is contractually due from the tenants. Percentage rents are recognized when tenants are obligated to pay such rent under the terms of the related lease agreements. The value of the differential between original and market rents for existing leases is amortized using the straight-line method over the terms of the tenant lease agreements. Realty tax and other operating cost recoveries, and other incidental income, are recognized on an accrual basis.

(d) Income taxes

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

Future income tax liabilities of Crombie relate to tax and accounting basis differences of all incorporated subsidiaries of Crombie. Income taxes are accounted for using the liability method. Under this method, future income taxes are recognized for the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future income taxes are computed using substantively enacted corporate income tax rates for the years in which tax and accounting basis differences are expected to reverse.

(e) Employee future benefits obligation

The cost of pension benefits for the defined contribution plans is expensed as contributions are paid. The cost of the defined benefit pension plan and post-retirement benefit plan is accrued based on actuarial valuations, which are determined using the projected benefit method pro-rated on service and management's best estimate of the expected long-term rate of return on plan assets, salary escalation, retirement ages and expected growth rate of health care costs. The defined benefit plan and post-retirement benefit plan are unfunded.

The impact of changes in plan amendments is amortized on a straight-line basis over the expected average remaining service life ("EARSL") of active members. For the supplementary executive retirement plan, the impacts of changes in the plan provisions are amortized over five years.

(f) Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The significant areas of estimation and assumption include:

- Impairment of assets;
- Depreciation and amortization;
- Employee future benefits obligation;
- Future income taxes;
- Allocation of purchase price on property acquisitions; and
- Fair value of commercial property debt, convertible debentures and assets and liabilities related to discontinued operations.

(g) Payment of distributions

The determination to declare and make payable distributions from Crombie is at the discretion of the Board of Trustees of Crombie and, until declared payable by the Board of Trustees of Crombie, Crombie has no contractual requirement to pay cash distributions to Unitholders' of Crombie. During the period ended March 31, 2010 $13,568 (period ended March 31, 2009 - $11,649) in cash distributions were declared payable by the Board of Trustees to Crombie Unitholders and Crombie Limited Partnership Unitholders (the "Class B LP Units").

(h) Convertible debentures

Debentures with conversion features are assessed at inception as to the value of both their equity component and their debt component. Based on the assessment, Crombie has determined to date that no amount should be attributed to equity and thus its convertible debentures have been classified as liabilities. Distributions to debenture holders are presented as interest expense. Issue costs are netted against the convertible debentures and amortized over the original life of the convertible debentures using the effective interest method.

(i) Hedges

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

Crombie has a fixed interest rate swap and a delayed interest rate swap designated as cash flow hedges. Crombie has identified these hedges against increases in benchmark interest rates and has formally documented all relationships between these derivative financial instruments and hedged items, as well as the risk management strategy and objectives. Crombie assesses on an ongoing basis whether the derivative financial instrument continues to be effective in offsetting changes in interest rates on the hedged items.

(j) Comprehensive income

Comprehensive income is the change in Unitholders' equity during a period from transactions and other events and circumstances from non-owner sources. Crombie reports a consolidated statement of comprehensive income, comprising net income and other comprehensive income (loss) for the period. Accumulated other comprehensive income (loss), has been added to the consolidated statements of Unitholders' equity.

(k) Discontinued operations

Crombie classifies properties that meet certain criteria as held for sale and separately discloses any net income and gain (loss) on disposal for current and prior periods as discontinued operations. A property is classified as held for sale at the point in time when it is available for immediate sale, management has committed to a plan to sell the property and is actively locating a purchaser for the property at a sales price that is reasonable in relation to the current estimated fair value of the property, and the sale is expected to be completed within a one year period. Properties held for sale are carried at the lower of their carrying values and estimated fair value less costs to sell. In addition, assets held for sale are no longer depreciated and amortized. A property that is subsequently reclassified as held in use is measured at the lower of its carrying value amount before it was classified as held for sale, adjusted for any depreciation and amortization expense that would have been recognized had it been continuously classified as held and in use, and its estimated fair value at the date of the subsequent decision not to sell.

(l) Impairment of long-lived assets

Long-lived assets are reviewed for impairment annually or whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable.

If it is determined that the net recoverable value of a long-lived asset is less than its carrying value, the long-lived asset is written down to its fair value. Net recoverable amount represents the undiscounted estimated future cash flow expected to be received from the long-lived asset. Assets reviewed under this policy include commercial properties and intangible assets.

3) CHANGES IN ACCOUNTING POLICIES

Effect of new accounting standards not yet implemented

International Financial Reporting Standards

On February 13, 2008, the Accounting Standards Board of Canada announced that GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS"). IFRS must be adopted for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011, with retrospective adoption and restatement of the comparative fiscal year ended December 31, 2010. Accordingly, the conversion from GAAP to IFRS will be applicable to Crombie's reporting for the first quarter of fiscal 2011 for which the current and comparative information will be prepared under IFRS.

Crombie, with the assistance of its external advisors, has launched an internal initiative to govern the conversion process and is currently evaluating the potential impact of the conversion to IFRS on its financial statements. At this time, the impact on Crombie's future financial position and results of operations is not reasonably determinable or estimatable. Crombie expects the transition to IFRS to impact accounting, financial reporting, internal control over financial reporting, information systems and business processes.

Crombie has developed a formal project governance structure, and is providing regular progress reports to senior management and the audit committee. Crombie has also completed a diagnostic impact assessment, which involved a high level review of the major differences between current GAAP and IFRS, as well as establishing an implementation guideline. In accordance with this guideline Crombie has established a staff training program and is in the process of completing analysis of the key decision areas, including analyzing the appropriate accounting policy selections from available IFRS options, and making recommendations on the same.

Crombie will continue to assess the impact of the transition to IFRS and to review all of the proposed and ongoing projects of the International Accounting Standards Board to determine their impact on Crombie. Additionally, Crombie will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

4) COMMERCIAL PROPERTIES

	March 31, 2010		
	Cost	Accumulated Depreciation	Net Book Value
Land	$296,432	$Nil	$296,432
Buildings	1,089,885	60,871	1,029,014
Recoverable capital expenditures	7,766	3,295	4,471
Tenant improvements and leasing costs	43,345	10,528	32,817
	$1,437,428	**$74,694**	**$1,362,734**

	December 31, 2009		
	Cost	Accumulated Depreciation	Net Book Value
Land	$286,491	$Nil	$ 286,491
Buildings	1,048,112	56,041	992,071
Recoverable capital expenditures	6,853	3,006	3,847
Tenant improvements and leasing costs	43,107	10,905	32,202
	$1,384,563	**$69,952**	**$1,314,611**

Property Acquisitions and Disposals

The operating results of the acquired properties are included from the respective date of acquisition.

2010

On February 22, 2010, Crombie completed the acquisition of five retail properties, representing approximately 186,000 square feet of gross leaseable area, from subsidiaries of Empire Company Limited. The purchase price of the properties was $31,530, excluding closing and transaction costs. The purchase price was financed through $8,358 of assumed mortgages and the balance from Crombie's floating rate revolving credit facility.

On March 24, 2010, Crombie completed the acquisition of three retail properties, representing approximately 147,000 square feet of gross leaseable area, from subsidiaries of Empire Company Limited. The purchase price of the properties was $27,746, excluding closing and transaction costs. The purchase price was financed through Crombie's floating rate revolving credit facility. Commitments for mortgage financing for the properties of approximately $19,000 have been assigned to Crombie and are anticipated to close during the second quarter of 2010 (Note 24).

The allocation of the total cost of the acquisitions is as follows:

Commercial property acquired, net:	**Three months Ended March 31, 2010**	**Three months Ended March 31, 2009**
Land	$9,920	$
Buildings	39,811	-
Intangible assets:		
Lease origination costs	4,855	-
Tenant relationships	1,789	-
In-place leases	4,707	-
Intangible liabilities:		
Below-market leases	(1,114)	-
Net purchase price	59,968	-
Assumed mortgages	(8,358)	-
	$51,610	$-
Consideration funded by:		
Cash from revolving credit facility	$51,610	$-

5) INTANGIBLE ASSETS

	March 31, 2010		
	Cost	Accumulated Amortization	Net Book Value
Origination costs for existing leases	$49,765	$10,418	$39,347
In-place leases	46,900	13,666	33,234
Tenant relationships	58,323	26,028	32,295
Above-market existing leases	16,015	11,890	4,125
	$171,003	**$62,002**	**$109,001**

	December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Origination costs for existing leases	$52,866	$ 17,228	$35,638
In-place leases	56,493	26,516	29,977
Tenant relationships	56,534	23,698	32,836
Above-market existing leases	16,015	11,109	4,906
	$181,908	**$78,551**	**$103,357**

6) NOTES RECEIVABLE

	March 31, 2010	December 31, 2009
Capital expenditure program	$436	$436
Interest rate subsidy	7,225	7,733
	$7,661	**$8,169**

7) OTHER ASSETS

	March 31, 2010	December 31, 2009
Gross accounts receivable	$6,882	$7,732
Provision for doubtful accounts	(413)	(326)
Net accounts receivable	6,469	7,406
Accrued straight-line rent receivable	11,906	10,948
Prepaid expenses	4,889	5,531
Restricted cash	243	215
	$23,507	**$24,100**

8) COMMERCIAL PROPERTY DEBT

	Range	Weighted average contractual interest rate	Weighted average term to maturity	March 31, 2010
Fixed rate mortgages	4.82-7.30%	5.86%	7.5 years	$673,481
Floating rate revolving credit facility		1.57%	1.3 years	54,500
Deferred financing charges				(5,964)
				$722,017

	Range	Weighted average contractual interest rate	Weighted average term to maturity	December 31,2009
Fixed rate mortgages	4.82-8.00%	5.66%	5.8 years	$604,992
Floating rate revolving credit facility		1.53%	1.5 years	106,160
Deferred financing charges				(4,783)
				$706,369

As March 31, 2010, debt retirements for the next five years are:

	Fixed Rate Principal Payments	Fixed Rate Maturities	Floating Rate Maturities	Total
Remaining 2010	$14,725	$-	$-	$14,725
2011	20,164	26,786	54,500	101,450
2012	21,050	-	-	21,050
2013	22,185	30,042	-	52,227
2014	19,826	69,797	-	89,623
Thereafter	87,857	353,726	-	441,583
	$185,807	$480,351	$54,500	720,658
Deferred financing charges				(5,964)
Fair value debt adjustment				7,323
				$722,017

On February 1, 2010, Crombie completed 2 first mortgage refinancings to replace the maturing mortgages of approximately $106,079 for the office and retail portfolio known as Halifax Developments. The initial mortgage financing has a $25,000 principal, a 25 year amortization, a fixed interest rate of 6.52% with a maturity date of February 2020. The additional mortgage has a $116,000 principal, a 25 year amortization, a fixed interest rate of 6.47% with a maturity date of February 2020.

On February 22, 2010, Crombie assumed two mortgages totalling $8,358 as part of the financing for a five retail property acquisition. The mortgages have a weighted average term of 8.6 years, a 25 year amortization period and a weighted average interest rate of 6.26%. In addition, Crombie repaid $3,471 to ECL General Partner Limited, to retire a loan used to finance an acquisition at Avalon Mall in 2009, as required under the terms of the agreement.

On February 26, 2010, Crombie completed first mortgage financing on five properties. The mortgages are for a total of $33,850 in principal, with an eight year term, a fixed interest rate of 5.70% and a weighted average amortization period of 21.6 years.

The floating rate revolving credit facility has a maximum principal amount of $150,000 and is used by Crombie for working capital purposes. It is secured by a pool of first and second mortgages and negative pledges on certain properties. The floating interest rate is based on specific margins over prime rate or bankers acceptance rates. The specified margin increases as Crombie's overall debt leverage increases.

The revolving credit facility also contains a covenant that ECL Developments Limited must maintain a minimum 40% voting interest in Crombie. If ECL Developments Limited reduces its voting interest below this level, Crombie will be required to renegotiate the revolving credit facility or obtain alternative financing. Pursuant to an exchange agreement, and while such covenant remains in place, ECL Developments Limited will be required to give Crombie at least six months' prior written notice of its intention to reduce its voting interest below 40%.

9) CONVERTIBLE DEBENTURES

	Conversion Price	Maturity date	Interest rate	March 31, 2010	December 31, 2009
Series A (CRR.DB)	$13.00	March 20, 2013	7.00%	$30,000	$30,000
Series B (CRR.DB.B)	$11.00	June 30, 2015	6.25%	85,000	85,000
Series C (CRR.DB.C)	$15.30	June 30, 2017	5.75%	45,000	-
Deferred financing charges				(6,161)	(4,142)
				$153,839	**$110,858**

On February 8, 2010, Crombie issued $45,000 in convertible unsecured subordinate debentures (the "Series C Convertible Debentures"). The proceeds were used to reduce the revolving credit facility.

The Series A, Series B, and Series C Convertible Debentures, (collectively the "Debentures") pay interest semi-annually on June 30 and December 31 of each year and Crombie has the option to pay interest on any interest payment date by selling units and applying the proceeds to satisfy its interest obligation.

The Debentures are convertible into Units at the option of the debenture holder at any time up to the maturity date, at the conversion price indicated in the table above, being a conversion rate of approximately 76.9231 Units per one thousand principal amount of Series A Convertible Debentures, 90.9091 Units per one thousand principal amount of Series B Convertible Debentures and 65.3595 Units per one thousand principal amount of Series C Convertible Debentures. If all conversion rights attaching to the Series A Convertible Debentures, the Series B Convertible Debentures and the Series C Convertible Debentures are exercised, Crombie would be required to issue approximately 2,307,693 Units, 7,727,272 Units, and 2,941,176 Units, respectively, subject to anti-dilution adjustments.

For the first three years from the date of issue, there is no ability to redeem the Debentures, after which, each series of Debentures has a period, lasting one year, during which the Debentures may be redeemed, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice on redemption is given exceeds 125% of the conversion price. After the end of the fourth period, and to the maturity date, the Debentures may be redeemed, in whole or in part, at anytime at the redemption price equal to the principal amount thereof plus accrued and unpaid interest. Provided that there is not a current event of default, Crombie will have the option to satisfy its obligation to pay the principal amount of the Debentures at maturity or upon redemption, in whole or in part, by issuing the number of units equal to the principal amount of the Debentures then outstanding divided by 95% of the volume-weighted average trading price of the units for a stipulated period prior to the date of redemption or maturity, as applicable. Upon change of control of Crombie, Debenture holders have the right to put the Debentures to Crombie at a price equal to 101% of the principal amount plus accrued and unpaid interest.

Transaction costs related to the Debentures have been deferred and are being amortized into interest expense over the term of the Debentures using the effective interest method.

10) PAYABLES AND ACCRUALS

	March 31, 2010	December 31, 2009
Tenant improvements and capital expenditures	$18,661	$20,209
Property operating costs	13,460	10,575
Advance rents	2,363	2,069
Interest on commercial property debt and debentures	5,348	2,836
Fair value of interest rate swap agreements	3,219	3,534
	$43,051	**$39,223**

11) INTANGIBLE LIABILITIES

	March 31, 2010		
	Cost	Accumulated Amortization	Net Book Value
Below-market leases	**$55,511**	**$24,458**	**$31,053**

	December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Below-market leases	**$54,397**	**$22,839**	**$31,558**

12) NON-CONTROLLING INTEREST

	Class B LP Units	Net Income	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Distributions	Total
Balance, January 1, 2010	$274,260	$41,929	$Nil	$(16,302)	$(74,520)	$225,367
Net income	-	3,262	-	-	-	3,262
Distributions	-	-	-	-	(6,437)	(6,437)
Other comprehensive income	-	-	-	542	-	542
Balance, March 31, 2010	**$274,260**	**$45,191**	**$Nil**	**$(15,760)**	**$(80,957)**	**$222,734**

	Class B LP Units	Net Income	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Distributions	Total
Balance, January 1, 2009	$244,520	$32,098	$Nil	$(27,254)	$(50,201)	$199,163
Net income	-	3,856	-	-	-	3,856
Distributions	-	-	-	-	(5,581)	(5,581)
Other comprehensive loss	-	-	-	(323)	-	(323)
Balance, March 31, 2009	**$244,520**	**$35,954**	**$Nil**	**$(27,577)**	**$(55,782)**	**$197,115**

13) UNITS OUTSTANDING

	Crombie REIT Units		Crombie REIT Special Voting Units and Class B LP Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2010	32,044,299	$300,348	28,925,730	$274,260	60,970,029	$574,608
Units issued under EUPP	17,157	190	-	-	17,157	190
Units released under EUPP	-	8	-	-	-	8
Net change in EUPP loans receivable	-	(45)	-	-	-	(45)
Balance, March 31, 2010	**32,061,456**	**$300,501**	**28,925,730**	**$274,260**	**60,987,186**	**$574,761**

	Crombie REIT Units		Crombie REIT Special Voting Units and Class B LP Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2009	27,271,888	$265,096	25,079,576	$244,520	52,351,464	$509,616
Net change in EUPP loans receivable	-	9	-	-	-	9
Balance, March 31, 2009	**27,271,888**	**$265,105**	**25,079,576**	**$244,520**	**52,351,464**	**$509,625**

Crombie REIT Units

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

On March 23, 2010, Crombie announced a normal course issuer bid ("NCIB") where Crombie may purchase for cancellation up to 100,000 of its units, which represents approximately 0.31% of the outstanding units, during the period March 26, 2010 to March 25, 2011. The purchases will be made through the facilities of the TSX. The price that Crombie will pay for any such units will be the market price at the time of acquisition. Under the TSX policies, Crombie is entitled to purchase a maximum of 14,143 units per trading day. As at March 31, 2010, Crombie has not purchased any units under the NCIB.

Crombie REIT Special Voting Units and Class B LP Units

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

The Class B LP Units issued by a subsidiary of Crombie to ECL Developments Limited have economic and voting rights equivalent, in all material aspects, to Crombie's Units. They are indirectly exchangeable on a one-for-one basis for Crombie's Units at the option of the holder, under the terms of the Exchange Agreement.

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

The Class B LP Units are accounted for as non-controlling interest.

Employee Unit Purchase Plan ("EUPP")

Crombie provides for unit purchase entitlements under the EUPP for certain senior executives. Awards made under the EUPP will allow executives to purchase units from treasury at the average daily high and low board lot trading prices per unit on the TSX for the five trading days preceding the issuance. Executives are provided non-recourse loans at 3% annual interest by Crombie for the purpose of acquiring Units from treasury and the Units purchased are held as collateral for the loan. The loan is repaid through the application of the after-tax amounts of all distributions received on the Units, as well as the after-tax portion of any Long-Term Incentive Plan cash awards received, as payments on interest and principal. As at March 31, 2010, there are loans receivable from executives of $1,491 under Crombie's EUPP, representing 168,776 Units, which are classified as a reduction of Unitholders' Equity. Loan repayments will result in a corresponding increase in Unitholders' Equity. Market value of the Units at March 31, 2010 was $2,025.

The compensation expense related to the EUPP during the period ended March 31, 2010 was $12 (period ended March 31, 2009 - $11).

Income per Unit Computations

Basic net income per Unit is computed by dividing net income by the weighted average number of Units outstanding during the year. Diluted net income per Unit is calculated on the assumption that all EUPP loans were repaid at the beginning of the year. For all years, the assumed exchange of all Class B LP Units would not be dilutive. The convertible debentures are anti-dilutive and have not been included in diluted net income per unit or diluted weighted average number of units outstanding. As at March 31, 2010, there are no other dilutive items.

14) PROPERTY REVENUE

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Rental revenue contractually due from tenants	$51,425	$50,735
Straight-line rent recognition	958	883
Below-market lease amortization	1,619	2,145
Above-market lease amortization	(781)	(771)
	$53,221	**$52,992**

15) INTEREST

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Fixed rate mortgages	$10,616	$8,152
Floating rate term, revolving and demand facilities	822	2,060
Convertible debentures	2,196	518
Interest expense	**13,634**	**10,730**
Change in fair value debt adjustment	508	786
Change in accrued interest	(2,512)	(643)
Amortization of effective swap agreements	(827)	(207)
Amortization of deferred financing charges	(557)	(480)
Interest paid	**$10,246**	**$10,186**

16) FUTURE INCOME TAXES

On September 22, 2007, tax legislation Bill C-52, the Budget Implementation Act, 2007 (the "Act") was passed into law. The Act related to the federal income taxation of publicly traded income trusts and partnerships. The Act subjects all existing income trusts, or specified investment flow-through entities ("SIFTs"), to corporate tax rates beginning in 2011, subject to an exemption for real estate investment trusts ("REITs"). A trust that satisfies the criteria of a REIT throughout its taxation year will not be subject to income tax in respect of distributions to its unitholders or be subject to the restrictions on its growth that would apply to SIFTs.

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

The future income tax liability of the wholly-owned corporate subsidiary which is subject to income taxes consists of the following:

	March 31, 2010	December 31, 2009
Tax liabilities relating to difference in tax and book value	$86,571	$87,389
Tax asset relating to non-capital loss carry-forward	(7,971)	(7,689)
Future income tax liability	**$78,600**	**$79,700**

The future income tax recovery consists of the following:

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Provision for income taxes at the expected rate	$1,726	$2,812
Tax effect of income attribution to Crombie's unitholders	(1,126)	(2,612)
Decreased income tax resulting from a change in expected rate	(1,700)	-
Income tax expense (recovery)	**$(1,100)**	**$200**

17) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Items not affecting operating cash:		
Non-controlling interest	$3,262	$3,856
Depreciation of commercial properties	4,830	4,544
Depreciation of recoverable capital expenditures	289	256
Amortization of tenant improvements/lease costs	1,234	1,131
Amortization of deferred financing charges	557	480
Amortization of effective swap agreements	827	207
Amortization of intangible assets	4,926	6,560
Amortization of above-market leases (Note 14)	781	771
Amortization of below-market leases (Note 14)	(1,619)	(2,145)
Accrued rental revenue	(958)	(883)
Unit based compensation	12	11
Future income tax expense (recovery)	(1,100)	200
	$13,041	**$14,988**

b) Change in other non-cash operating items

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Cash provided by (used in):		
Receivables	$937	$777
Prepaid expenses and other assets	614	2,633
Payables and other liabilities	5,781	(10,686)
	$7,332	**$(7,276)**

18) COMMITMENTS AND CONTINGENCIES

There are various claims and litigation, which Crombie is involved with, arising out of the ordinary course of business operations. In the opinion of management, any liability that would arise from such contingencies would not have a significant adverse effect on these financial statements.

Crombie has agreed to indemnify its trustees and officers, and particular employees in accordance with Crombie's policies. Crombie maintains insurance policies that may provide coverage against certain claims.

Crombie has entered into a management cost sharing agreement with a subsidiary of Empire Company Limited. Details of this agreement are described in "Related Party Transactions" (Note 19).

Crombie has land leases on certain properties. These leases have payments of $969 per year over the next five years. The land leases have terms of between 15.1 and 74.8 years remaining, including renewal options.

Crombie obtains letters of credit to support its obligations with respect to construction work on its commercial properties, defeasing commercial property debt and satisfying mortgage financing requirements. Crombie has $223 in standby letters of credit for construction work that is being performed on its commercial properties. In connection with the defeasance of the discontinued operations commercial property debt, Crombie has issued a standby letter of credit in the amount of $1,715 in favour of the mortgage lender. In addition, to satisfy the requirements of mortgage financings, Crombie has issued standby letters of credit in the amount of $8,100 in favour of the mortgage lender. Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

19) RELATED PARTY TRANSACTIONS

As at March 31, 2010, Empire Company Limited, through its wholly-owned subsidiary ECL Developments Limited, holds a 47.4% (fully diluted 40.3%) indirect interest in Crombie. Crombie uses the exchange amount as the measurement basis for the related party transactions.

For a period of five years commencing March 23, 2006, certain executive management individuals and other employees of Crombie will provide general management, financial, leasing, administrative, and other administration support services to certain real estate subsidiaries of Empire Company Limited on a cost sharing basis, pursuant to a Management Cost Sharing Agreement dated March 23, 2006 between Crombie Developments Limited, a subsidiary of Crombie, and ECL Developments Limited, a subsidiary of Empire Company Limited ("Management Cost Sharing Agreement"). The costs assumed by Empire Company Limited pursuant to the agreement during the three months ended March 31, 2010 were $277 (three months ended March 31, 2009 - $297) and were netted against general and administrative expenses owing by Crombie to Empire Company Limited.

For a period of five years, commencing March 23, 2006, certain on-site maintenance and management employees of Crombie will provide property management services to certain real estate subsidiaries of Empire Company Limited on a cost sharing basis pursuant to the Management Cost Sharing Agreement. In addition, for various periods, ECL Developments Limited has an obligation to provide rental income and interest rate subsidies pursuant to an Omnibus Subsidy Agreement dated March 23, 2006 between Crombie Developments Limited, Crombie Limited Partnership and ECL Developments Limited. The costs assumed by Empire Company Limited pursuant to the Management Cost Sharing Agreement during the three months ended March 31, 2010 were $283 (three months ended March 31, 2009 - $376) and were netted against property expenses owing by Crombie to Empire Company Limited. The head lease subsidy during the three months ended March 31, 2010 was $186 (three months ended March 31, 2009 - $250).

Crombie also earned rental revenue of $15,009 for the three months ended March 31, 2010 (three months ended March 31, 2009 - $14,560) from Sobeys Inc. and Empire Theatres, subsidiaries of Empire Company Limited.

On February 22, 2010, Crombie acquired five properties (Note 4) and assumed two mortgages $8,358 from subsidiaries of Empire Company Limited. In addition, Crombie repaid $3,471 to ECL General Partner Limited to retire a loan as required under the terms of the agreement.

On March 24, 2010, Crombie acquired three properties from subsidiaries of Empire Company Limited (Note 4).

20) FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that Crombie would receive or pay to settle the financial assets and financial liabilities as at the reporting date.

Crombie has classified its financial instruments in the following categories:

i. Held for trading - Restricted cash, cash and cash equivalents

ii. Held to maturity investments – Assets related to discontinued operations

iii. Loans and receivables - Notes receivable and accounts receivable

iv. Other financial liabilities - Commercial property debt, liabilities related to discontinued operations, convertible debentures, tenant improvements and capital expenditures payable, property operating costs payable and interest payable

The book value of cash and cash equivalents, restricted cash, receivables, payables and accruals approximate fair values at the balance sheet date. The fair value of other financial instruments is based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts Crombie might pay or receive in actual market transactions.

The following table summarizes the carrying value (excluding deferred financing charges) and fair value of those financial instruments which have a fair value different from their book value at the balance sheet date.

	March 31, 2010		**December 31, 2009**	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets related to discontinued operations	$6,912	$7,015	$6,929	$7,066
Commercial property debt	$727,981	$725,476	$711,152	$708,401
Convertible debentures	$160,000	$170,115	$115,000	$120,200
Liabilities related to discontinued operations	$6,294	$6,222	$6,334	$6,270

The following summarizes the significant methods and assumptions used in estimating the fair values of the financial instruments reflected in the above table:

Assets related to discontinued operations: The fair value of the bonds and treasury bills are based on market trading prices at the reporting date.

Commercial property debt and liabilities related to discontinued operations: The fair value of Crombie's commercial property debt and liabilities related to discontinued operations is estimated based on the present value of future payments, discounted at the yield on a Government of Canada bond with the nearest maturity date to the underlying debt, plus an estimated credit spread at the reporting date.

Convertible debentures: The fair value of the convertible debentures is estimated based on the market trading prices, at the reporting date, of the convertible debentures.

b) Risk management

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. These risks, and the action taken to manage them, are as follows:

Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. Crombie's credit risk is limited to the recorded amount of tenant receivables. A provision for doubtful accounts is taken for all anticipated problem accounts (Note 7).

Crombie mitigates credit risk by geographical diversification, utilizing staggered lease maturities, diversifying both its tenant mix and asset mix and conducting credit assessments for new and renewing tenants. As at March 31, 2010:

- Excluding Sobeys (which accounts for 32.6% of Crombie's minimum rent), no other tenant accounts for more than 2.2% of Crombie's minimum rent; and
- Over the next five years, no more than 9.0% of the gross leaseable area of Crombie will expire in any one year.

As outlined in Note 19, Crombie earned rental revenue of $15,009 for the three months ended March 31, 2010 (three months ended March 31, 2009 - $14,560) from subsidiaries of Empire Company Limited.

Interest rate risk

Interest rate risk is the potential for financial loss arising from increases in interest rates. Crombie mitigates interest rate risk by utilizing staggered debt maturities, limiting the use of permanent floating rate debt and utilizing interest rate swap agreements. As at March 31, 2010:

- Crombie's weighted average term to maturity of the fixed rate mortgages was 7.5 years; and
- Crombie's exposure to floating rate debt, including the impact of the fixed rate swap agreements discussed below, was 0.6% of the total commercial property debt.

Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount. The breakdown of the swaps in place at March 31, 2010 as part of the interest rate management program, and their associated mark-to-market amounts are as follows:

- Crombie has entered into a fixed interest rate swap to fix the amount of interest to be paid on $50,000 of the revolving credit facility. The fair value of the fixed interest rate swap at March 31, 2010, had an unfavourable mark-to-market exposure of $2,398 (March 31, 2009 – unfavourable $4,231) compared to its face value. The change in this amount has been recognized in other comprehensive income (loss). The mark-to-market amount of fixed interest rate swaps reduce to $Nil upon maturity of the swaps.
- Crombie has entered into a delayed interest rate swap agreement of a notional amount of $8,204 (March 31, 2009 - $100,334) with a settlement date of July 2, 2011 and maturing July 2, 2021 to mitigate exposure to interest rate increases for a mortgage maturing in 2011. The fair value of this delayed interest rate swap agreement at March 31, 2010, had an unfavourable mark-to-market exposure of $821 (March 31, 2009 – unfavourable $21,330) compared to its face value. The change in this amount has been recognized in other comprehensive income (loss).

Crombie estimates that $3,206 of other comprehensive income (loss) will be reclassified to interest expense during the remaining three quarters of 2010 based on interest rate swap agreements settled to March 31, 2010.

A fluctuation in interest rates would have had an impact on Crombie's net income and other comprehensive income (loss) items. Based on the previous year's rate changes, a 0.5% interest rate change would reasonably be considered possible. The changes would have had the following impact:

	March 31, 2010		March 31, 2009	
	0.5% increase	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Impact on net income of interest rate changes on the floating rate revolving credit facility	$(33)	$33	$(270)	$270

	March 31, 2010		March 31, 2009	
	0.5% increase	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Impact on other comprehensive income and non-controlling interest items due to changes in fair value of derivatives designated as a cash flow hedge	$631	$(653)	$10,024	$(9,577)

Crombie does not enter into these interest rate swap transactions on a speculative basis. Crombie is prohibited by its Declaration of Trust in purchasing, selling or trading in interest rate future contracts other than for hedging purposes**.**

Liquidity risk

The real estate industry is highly capital intensive. Liquidity risk is the risk that Crombie may not have access to sufficient debt and equity capital to fund the growth program and/or refinance the debt obligations as they mature.

Cash flow generated from operating the property portfolio represents the primary source of liquidity used to service the interest on debt, fund general and administrative expenses, reinvest into the portfolio through capital expenditures, as well as fund tenant improvement costs and make distributions to Unitholders. Debt repayment requirements are primarily funded from refinancing Crombie's maturing debt obligations. Property acquisition funding requirements are funded through a combination of accessing the debt and equity capital markets.

There is a risk that the debt capital markets may not refinance maturing debt on terms and conditions acceptable to Crombie or at any terms at all. Crombie seeks to mitigate this risk by staggering the debt maturity dates (Note 8). There is also a risk that the equity capital

markets may not be receptive to an equity issue from Crombie with financial terms acceptable to Crombie. As discussed in Note 22, Crombie mitigates its exposure to liquidity risk utilizing a conservative approach to capital management.

The estimated maturities of non-derivative financial liabilities are as follows:

	Contractual Cash Flows[1]	Remaining 2010	2011	2012	2013	2014	Thereafter
Fixed rate mortgages[2]	$920,274	$43,315	$83,291	$55,563	$85,314	$115,289	$537,502
Convertible debentures	212,950	7,500	10,000	10,000	38,425	7,900	139,125
	1,133,224	50,815	93,291	65,563	123,739	123,189	676,627
Floating rate revolving credit facility	55,570	642	54,928	-	-	-	-
Total	**$1,188,794**	**$51,457**	**$148,219**	**$65,563**	**$123,739**	**$123,189**	**$676,627**

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

(2) Reduced by the interest rate subsidy payment received from ECL

The estimated maturities of derivative financial liabilities are as follows:

	Total	Remaining 2010	2011	2012	2013	2014	Thereafter
Swap agreement	$3,219	$1,418	$1,801	$-	$-	$-	$-

21) ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS

During the fourth quarter of 2008, Crombie defeased the mortgage associated with the discontinued operations. The transaction did not qualify for defeasance accounting, therefore the defeased loan and related asset have not been removed from the balance sheet. The defeased loan is payable in monthly payments of $42 and bears interest at 5.46%, was originally amortized over 25 years and is due April 1, 2014. Crombie purchased Government of Canada bonds and treasury bills and Canada mortgage bonds and pledged them as security to the mortgage company. The bonds have maturity dates to September 15, 2013, have a weighted average interest rate of 3.63% and have been placed in escrow. The assets and liabilities related to discontinued operations are measured at amortized cost using the effective interest method, until April 1, 2014 at which time the debt will be extinguished.

22) CAPITAL MANAGEMENT

Crombie's objective when managing capital on a long-term basis is to maintain overall indebtedness, including convertible debentures, in the range of 50% to 60% of gross book value (as defined in the credit facility agreement), utilize staggered debt maturities, minimize long-term exposure to floating rate debt and maintain conservative payout ratios. Crombie's capital structure consists of the following:

	March 31, 2010	December 31, 2009
Commercial property debt	$722,017	$706,369
Convertible debentures	153,839	110,858
Non-controlling interest	222,734	225,367
Unitholders' equity	244,216	246,975
	$1,342,806	$1,289,569

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

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

Crombie's debt to gross book value as defined in Crombie's Declaration of Trust is as follows:

	March 31, 2010	December 31, 2009
Mortgages payable	$673,481	$604,992
Convertible debentures	160,000	115,000
Revolving credit facility	54,500	106,160
Total debt outstanding	887,981	826,152
Less: Applicable fair value debt adjustment	(7,225)	(7,733)
Debt	$880,756	$818,419
Total assets	$1,512,676	$1,457,166
Add:		
Deferred financing charges	12,125	8,925
Accumulated depreciation of commercial properties	74,694	69,952
Accumulated amortization of intangible assets	62,002	78,551
Less:		
Assets held related to discontinued operations	(6,912)	(6,929)
Interest rate subsidy	(7,225)	(7,733)
Fair value adjustment to future taxes	(39,245)	(39,245)
Gross book value	$1,608,115	$1,560,687
Debt to gross book value	54.8%	52.4%

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

- annualized net operating income for the prescribed properties must be a minimum of 1.4 times the coverage of the related annualized debt service requirements;
- annualized net operating income on all properties must be a minimum of 1.4 times the coverage of all annualized debt service requirements;
- access to the revolving credit facility is limited by the amount utilized under the facility, and any negative mark-to-market position on the interest rate swap agreements, not to exceed the security provided by Crombie; and
- distributions to Unitholders are limited to 100% of Distributable Income as defined in the revolving credit facility.

The revolving credit facility also contains a covenant that ECL Developments Limited must maintain a minimum 40% voting interest in Crombie. If ECL Developments Limited reduces its voting interest below this level, Crombie will be required to renegotiate the revolving credit facility or obtain alternative financing. Pursuant to an exchange agreement, and while such covenant remains in place, ECL Developments Limited will be required to give Crombie at least six months' prior written notice of its intention to reduce its voting interest below 40%.

As at March 31, 2010, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

23) EMPLOYEE FUTURE BENEFITS

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

Defined contribution pension plans

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

Defined benefit pension plans

The ultimate retirement benefit is defined by a formula that provides a unit of benefit for each year of service. Employee contributions, if required, pay for part of the cost of the benefit, and the employer contributions fund the balance. The employer contributions are not specified or defined within the plan text. They are based on the result of actuarial valuations which determine the level of funding required to meet the total obligation as estimated at the time of the valuation. The defined benefit plans are unfunded.

The total defined benefit cost related to pension plans and post retirement benefit plans for the three months ended March 31, 2010 was $141 (three months ended March 31, 2009 - $75).

24) SUBSEQUENT EVENTS

a) On April 22, 2010, Crombie declared distributions of 7.417 cents per unit for the period from April 1, 2010 to and including, April 30, 2010. The distribution will be payable on May 17, 2010 to Unitholders of record as at April 30, 2010.

b) On April 22, 2010, Crombie completed the first tranche of financing for the Mountain Locks Plaza in St. Catharines, Ontario. The mortgage of $10,500 has a ten year term, a 25 year amortization period and a fixed interest rate of 5.88%. The second tranche of financing of $2,500 is anticipated to close prior to the end of the second quarter of 2010, subject to meeting final closing conditions.

25) SEGMENT DISCLOSURE

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

26) COMPARATIVE FIGURES

Comparative figures have been reclassified, where necessary, to reflect the current year's presentation.

CORPORATE AND UNITHOLDERS' INFORMATION

BOARD OF TRUSTEES

Donald E. Clow
Trustee, President and Chief Executive Officer

Frank C. Sobey
Trustee and Chairman

Paul D. Sobey
Trustee

David G. Graham
Independent Trustee

David J. Hennigar
Independent Trustee and Lead Trustee

John E. Latimer
Independent Trustee

John Eby
Independent Trustee

Elisabeth Stroback
Independent Trustee

David Leslie
Independent Trustee

Paul Beesley
Trustee

Kent R. Sobey
Independent Trustee

Brian A. Johnson
Independent Trustee

OFFICERS

Frank C. Sobey
Chairman

Donald E. Clow
President and Chief Executive Officer

Scott M. Ball
Vice President, Chief Financial Officer and Secretary

Patrick G. Martin
Regional Vice President Atlantic

Gary Finkelstein
Regional Vice President Ontario & Quebec

Scott R. MacLean
Senior Vice President Operations Atlantic

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UNIT SYMBOL

REIT Trust Units – CRR.UN

STOCK EXCHANGE LISTING

Toronto Stock Exchange

DISTRIBUTION RECORD AND PAYMENT DATES FOR FISCAL 2010

Record Date	Payment Date
January 31, 2010	February 15, 2010
February 28, 2010	March 15, 2010
March 31, 2010	April 15, 2010
April 30, 2010	May 17, 2010

COUNSEL

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Halifax, Nova Scotia

AUDITORS

Grant Thornton, LLP
New Glasgow, Nova Scotia

INVESTOR RELATIONS AND INQUIRIES

Unitholders, analysts, and investors should direct their financial inquiries or request to:
Scott M. Ball, C.A.
Vice President, Chief Financial Officer and Secretary
Email: investing@crombie.ca

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

TRANSFER AGENT

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Investor Correspondence
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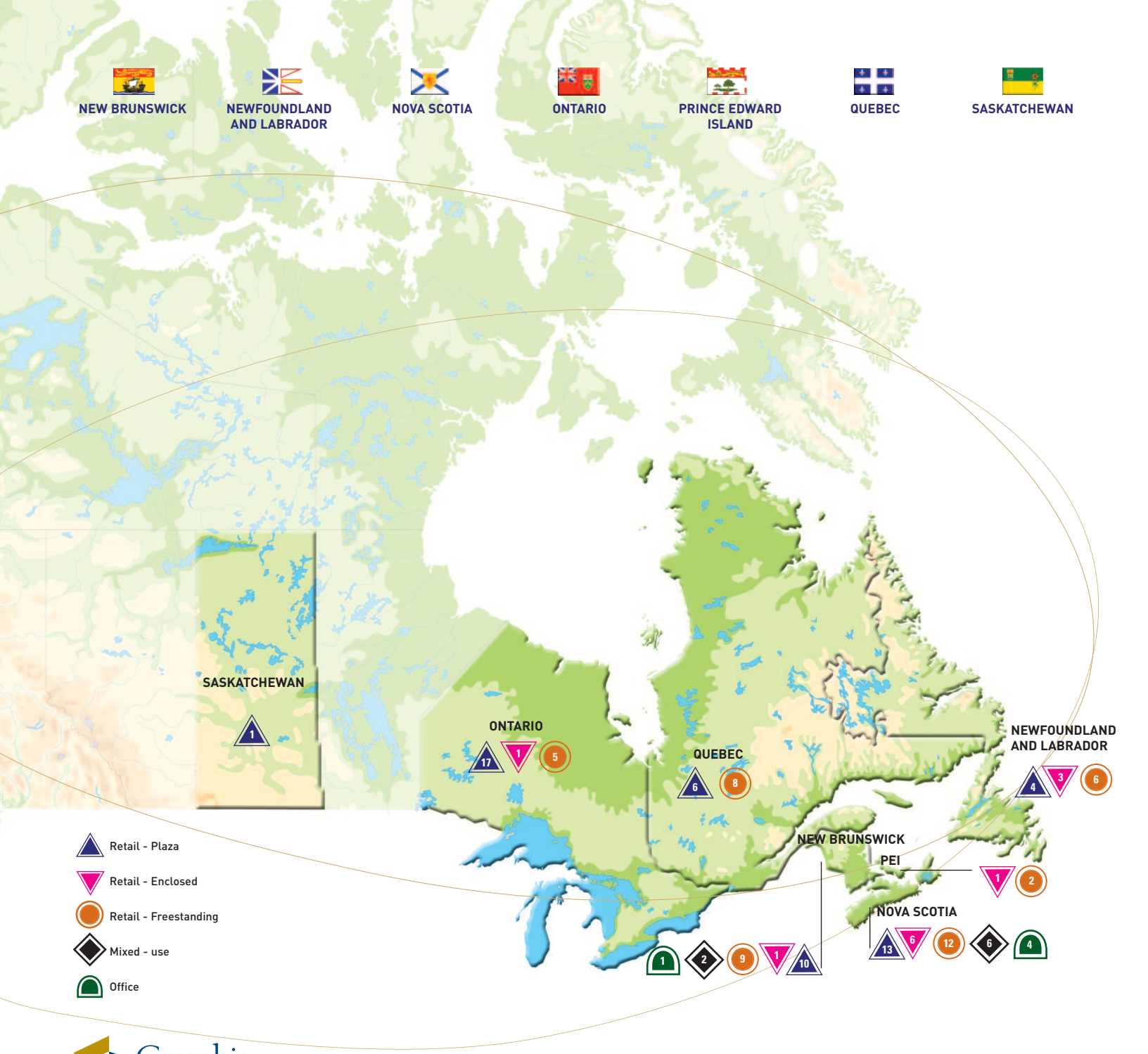
MULTIPLE MAILINGS

If you have more than one account, you may receive a separate mailing for each. If this occurs, please contact CIBC Mellon Trust Company at (800) 387-0825 to eliminate multiple mailings.



Crombie REIT

Crombie REIT's **Portfolio**

Province	Retail-Plaza	Retail-Enclosed	Retail-Freestanding	Mixed-Use	Office
New Brunswick	10	1	9	2	1
Newfoundland and Labrador	4	3	6	–	–
Nova Scotia	13	6	12	6	4
Ontario	17	1	5	–	–
Prince Edward Island	–	1	2	–	–
Quebec	6	–	8	–	–
Saskatchewn	1	–	–	–	–
Total Properties	**51**	**12**	**42**	**8**	**5**