Everyday Performance

2012

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. At March 31, 2012, Crombie owned a portfolio of 139 commercial properties in eight provinces, comprising approximately 12.7 million square feet of rentable space.

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

Crombie will provide additional details concerning its second quarter results on a conference call held Friday, May 11, 2012. 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's Discussion and Analysis under "Risk Management" in the 2011 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, 2012. The financial results are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

2012 HIGHLIGHTS

- Property revenue for the quarter ended March 31, 2012 of $59.4 million; an increase of $3.1 million or 5.6% over the $56.3 million for the quarter ended March 31, 2011.
- Same-asset cash net operating income ("NOI") for the quarter ended March 31, 2012 of $33.2 million; an increase of $0.3 million or 1.0%, compared to $32.9 million for the quarter ended March 31, 2011.
- Property leased space on a committed basis was 92.7% at March 31, 2012 compared with 94.7% at December 31, 2011. Actual occupied space at March 31, 2012 was 91.0% compared with 93.3% at December 31, 2011 and 95.3% at March 31, 2011.
- Crombie completed lease renewals during the quarter on 116,000 square feet at an average rate of $15.51 per square foot; an increase of 6.14% over the expiring lease rate. Crombie completed new leasing activity during the quarter at $16.60 per square foot.
- Crombie completed new leasing and renewal activity on 207,000 square feet of GLA during the quarter ender March 31, 2012, which represents approximately 20.1% of its 2012 expiring lease square footage.
- Funds from operations ("FFO") for the quarter ended March 31, 2012 was $0.26 per unit (payout ratio 88.9%) compared to $0.28 per unit (payout ratio 80.5%) for the same period in 2011.
- Adjusted funds from operations ("AFFO") for the quarter ended March 31, 2012 was $0.22 per unit (payout ratio 107.2%) compared to $0.23 per unit (payout ratio 96.7%) for the same period in 2011.

Other Performance Measures

Crombie's FFO and AFFO had the following results during the first quarter ended March 31st:

	Quarter Ended March 31,	
(In millions of CAD dollars, except per unit amounts)	2012	2011
FFO	$19.301	$18.329
FFO Per Unit – basic	$0.26	$0.28
FFO Per Unit – diluted	$0.25	$0.26
FFO Payout ratio	88.9%	80.5%
AFFO	$16.007	$15.259
AFFO Per Unit – basic	$0.22	$0.23
AFFO Per Unit – diluted	$0.21	$0.22
AFFO Payout ratio	107.2%	96.7%

Financial Overview

Same-asset property revenue of $52.1 million for the quarter ended March 31, 2012 was 1.9% higher than the quarter ended March 31, 2011 due to increased base rent driven by lease renewal activity and recoveries as a result of higher recoverable property expenses. Acquisition, disposition and redevelopment property revenue growth of $2.2 million or 41.6% is due to higher acquisition and redevelopment activity in 2011.

Same-asset property expenses of $19.5 million for the quarter ended March 31, 2012 increased by $0.6 million or 3.4% from the quarter ended March 31, 2011 due primarily to higher recoverable property expenses, in particular recoverable property taxes.

Closing Remarks

We are pleased to be making significant progress on our strategy to evolve Crombie REIT from a dominant regional player to a high quality owner of a national portfolio of primarily grocery and drug anchored retail properties and to build a national platform for operations and growth.

The acquisition of 22 retail properties from Goldmanco for approximately $255 million in April, 2012 added approximately 850,000 square feet of primarily grocery and drug store freestanding and anchored properties in Ontario and western Canada. It is the largest acquisition from third parties in the REIT's history.

We expected 2012 would be a challenging year for some Canadian retailers and this has proven to be correct. Crombie is focused on creating value to improve our portfolio from these opportunities and we have solid momentum in our re-leasing and redevelopment efforts.

Donald E. Clow, FCA
President & Chief Executive Officer

May 10, 2012

Management's Discussion and Analysis

Management's Discussion and Analysis

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

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Crombie Real Estate Investment Trust ("Crombie") for the quarter ended March 31, 2012, with a comparison to the financial condition and results of operations for the comparable period in 2011.

This MD&A should be read in conjunction with Crombie's interim consolidated financial statements and accompanying notes for the period ended March 31, 2012, prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. This MD&A should also be read in conjunction with Crombie's audited consolidated financial statements and accompanying notes for the year ended December 31, 2011, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Information about Crombie can be found on SEDAR at www.sedar.com.

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 development and right of first offer agreements, which development activities are undertaken by related parties 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 accretive acquisition of 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, capital resource allocation decisions and actual redevelopment costs;

(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 and terms and expectations relating to refinancing, which could be impacted by the level of acquisition activity that Crombie is able to achieve, future financing opportunities and market conditions;

(vii) the estimated payments on derivative and non-derivative financial liabilities, which could be impacted by interest rate subsidy payments, conversions of convertible debentures, interest rates on floating rate debt and fluctuations in the settlement value and settlement timing of any derivative financial liabilities;

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

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

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

(xi) the effect that any contingencies would have on Crombie's financial statements which could be impacted by their eventual outcome;

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

(xiii) the expected completion and method of financing for agreed additional acquisitions, which may be impacted by due diligence matters and debt market conditions.

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-IFRS FINANCIAL MEASURES

There are financial measures included in this MD&A that do not have a standardized meaning under IFRS as prescribed by the IASB. These measures are property net operating income ("NOI"), same-asset NOI and same-asset cash NOI, operating income attributable to Unitholders, funds from operations ("FFO") and adjusted funds from operations ("AFFO"), debt to gross book value, 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 10, 2012, except as otherwise noted.

Financial and Operational Summary

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Quarter Ended March 31, 2012	Quarter Ended March 31, 2011
Property revenue	$59,447	$56,318
Operating income attributable to Unitholders	$9,563	$9,326
Basic and diluted operating income attributable to Unitholders per unit	$0.13	$0.14
FFO	$19,301	$18,329
FFO per unit - basic	$0.26	$0.28
FFO per unit - diluted[(1)]	$0.25	$0.26
FFO payout ratio (%)	88.9%	80.5%
AFFO	$16,007	$15,259
AFFO per unit - basic	$0.22	$0.23
AFFO per unit - diluted[(1)]	$0.21	$0.22
AFFO payout ratio (%)[(2)]	107.2%	96.7%

(1) The diluted weighted average number of total Units and Class B LP Units with attached 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, 2012 the 7% Debentures and Series C Debentures are anti-dilutive for AFFO per unit calculations. For March 31, 2011, 7% Debentures are anti-dilutive for AFFO per unit calculations. For both March 31, 2012 and March 31, 2011, all series of convertible debentures are anti-dilutive for operating income attributable to Unitholders per unit calculations.

(2) AFFO payout ratio is calculated using a per square foot charge of $1.05 (2011 - $1.10) for maintenance expenditures (see "AFFO" section).

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 REIT Units of Crombie trade on the Toronto Stock Exchange ("TSX") 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 grocery-anchored retail properties. At March 31, 2012, Crombie owned a portfolio of 139 investment properties in eight provinces, comprising approximately 12.7 million square feet of gross leaseable area ("GLA"). Empire Company Limited ("Empire" or "ECL"), through its subsidiary ECLD, holds a 44.4% economic and voting interest in Crombie at March 31, 2012.

Significant developments during 2012 include:

- On March 9, 2012, Crombie completed the acquisition of a property in Red Deer, Alberta from a third party. The purchase price of the property was $13,800, excluding closing and transaction costs. Crombie financed the acquisition with an assumed mortgage of $7,604 and a new mortgage of $1,356, with a five year term, 20 year amortization and blended interest rate of 4.06%. The balance was funded using Crombie's existing revolving credit facility.
- On March 29, 2012, Crombie completed a public offering of 4,630,000 REIT Units, at a price of $14.50 per REIT Unit for gross proceeds of $67,135. Concurrent with the public offering, ECLD purchased 3,655,200 Class B LP Units and the attached Special Voting Units, on a private placement basis, at the same issue price of $14.50 per Class B LP Unit for gross proceeds of $53,000.
- On April 10, 2012, Crombie completed the acquisition of a portfolio of 22 retail properties from third party vendors. The properties include total gross leasable area of approximately 850,000 square feet, and with the exception of two assets located in Manitoba and Saskatchewan, all of the properties are located in Ontario. The purchase price of the properties was $254,600, excluding closing adjustments and transaction costs. Crombie financed the acquisition with assumed mortgages of $95,700 with a weight average term to maturity of 3.8 years and a weighted average interest rate of 4.86%; by applying net proceeds from the March 2012 $120,135 public offering; and, the balance from Crombie's existing revolving credit facility.

Significant developments during 2011 included:

- On January 1, 2011, Crombie transitioned to IFRS from Canadian GAAP.
- On May 2, 2011, Crombie completed the acquisition of Gaetz South Plaza, Red Deer, Alberta from a third party. The purchase price of the property was $21,850, excluding closing and transaction costs. Crombie assumed a mortgage of $10,708 with the balance being financed with Crombie's existing credit facility.
- On May 10, 2011, Crombie completed the acquisition of 500 Riddell Road, Orangeville, Ontario and Penhorn Plaza, Dartmouth, Nova Scotia from subsidiaries of Empire. The purchase price of the properties was $27,490, excluding closing and transaction costs. Crombie financed the acquisitions with mortgages of $7,100 and $13,000, with 20 year terms, 25 year amortization and fixed interest rates of 5.06% and 5.04% respectively. The balance was financed with Crombie's existing revolving credit facility.
- On June 28, 2011, Crombie renewed its $150,000 floating rate revolving credit facility, extending the term to June 30, 2014. The renewal contains a $50,000 accordion feature which, when requested and approved, increases the total facility to $200,000.
- On June 29, 2011, Crombie settled the last remaining forward rate interest rate swap agreement at a cost of $1,731. This cost represents a charge of $0.03 against AFFO in the year ended December 31, 2011.
- On September 15, 2011, Crombie completed the acquisition of a Sobeys grocery anchored plaza in Shawinigan, Quebec from subsidiaries of Empire. The purchase of the property was $13,040, excluding closing and transaction costs. Crombie financed the acquisition with a $9,130 mortgage, with a 10 year term, 25 year amortization and fixed interest rate of 4.23%. The balance was financed with Crombie's existing credit facility.
- On September 28, 2011, Crombie completed the acquisition of two freestanding Sobeys stores in Bradford and Parry Sound, Ontario from subsidiaries of Empire. The purchase price of the properties was $11,780, excluding closing and transaction costs. Crombie financed the acquisitions with mortgages of $4,200 and $3,800, with 20 year terms, 25 year amortization and fixed interest rates of 4.80%. The balance was financed with Crombie's existing credit facility.
- On October 20, 2011, Crombie completed a public offering of 3,510,000 REIT Units, at a price of $12.85 per REIT Unit for gross proceeds of $45,104. Concurrent with the public offering, in satisfaction of its pre-emptive right, ECLD purchased 2,334,630 Class B LP Units and the attached Special Voting Units, on a private placement basis, at the same issue price of $12.85 per Class B LP Unit for gross proceeds of $30,000.
- On December 15, 2011, Crombie completed the acquisition of two retail - plazas in Halifax, Nova Scotia; and a freestanding addition to an existing property in Nepean, Ontario, from subsidiaries of Empire. The purchase price of the

properties was $67,278, excluding closing and transaction costs. Crombie financed the acquisitions with mortgages of $5,000, $16,000 and $25,000, with terms between 10 to 20 years, 25 year amortization and fixed interest rates ranging from 4.06% to 4.606%. The balance was funded with proceeds from the October 2011 public offering.

- On December 19, 2011, Crombie completed the acquisition of a retail - plaza in London, Ontario from a third party. The purchase price of the property was $5,600, with an assumed mortgage of $2,877. The balance was funded with proceeds from the October 2011 public offering.

Business Objectives 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 asset 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, 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 primary sources of acquisitions which are third party acquisitions and the relationship with ECLD and Sobeys Developments Limited Partnership ("SDLP"). The relationship with ECLD and SDLP includes currently owned and future development properties, as well as opportunities through the rights of first refusal ("ROFR") that one of Empire's subsidiaries has negotiated in certain of their third party leases. Crombie will seek to identify future property acquisitions using investment criteria that focuses on the strength of anchor tenancies, market demographics, age of properties, terms of tenancies, proportion of revenue from national and regional tenants, opportunities for expansion, security of cash flow, potential for capital appreciation and potential for increasing value through more efficient management of the assets being acquired, including expansion and repositioning.

Crombie continues to work closely with ECLD and SDLP to identify opportunities that further Crombie's growth strategy. The relationship with ECLD is governed by an agreement described in the Material Contracts section of Crombie's Annual Information Form, and SDLP has confirmed that certain properties now held by SDLP that it acquired from ECLD continue to be governed by that agreement. In addition, Crombie has obtained a right of first offer from Sobeys for other Sobeys' income producing commercial properties, subject to certain exceptions. Through these relationships, Crombie expects to have many of the benefits associated with property 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 agreements provide Crombie with a preferential right to acquire retail properties from ECLD and/or SDLP, subject to approval by Crombie's independent elected trustees. These relationships between Crombie and ECLD and SDLP continue to provide promising opportunities for growth of Crombie's portfolio through future developments on both new and existing sites.

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

Date Acquired	Number of Properties	GLA (sq. ft.)	Acquisition Cost[1]	Vendor
2006-2010	83	4,303,000	$632,208	Empire Subsidiaries
2006-2010	7	619,000	$110,300	3rd parties
2011	8	522,000	$119,591	Empire Subsidiaries
2011	2	94,000	$27,450	3rd parties
March 9, 2012	1	40,000	$13,800	3rd party
April 10, 2012	22	850,000	$254,600	3rd parties
Total		6,428,000	$1,157,949	

(1) Excluding closing and transaction costs.

Through its relationships with SDLP and ECLD, Crombie is provided a preferential right to acquire properties developed by these entities. There is currently approximately $300-$500 million of properties in various stages of development which is anticipated to be made available to Crombie over the next four years. The properties are primarily retail plazas with approximately 70% of the GLA expected to be located outside of Atlantic Canada.

Business Environment

During the latter half of 2009 and throughout 2010 and 2011, the Canadian economy continued to display strengthening results in a number of key economic areas, which indicate that a modest economic recovery has taken place. 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 2009 - 2011 period, the credit and equity markets experienced a dramatic improvement in their liquidity which occurred almost as quickly as the contraction did in late 2008. This liquidity expansion has helped reduce credit spreads to more historically 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, improve liquidity and lower their weighted average cost of capital. In the second half of 2010, Crombie sourced nine and 15 year mortgage debt at rates between 4.53% and 5.19%. During 2011, Crombie sourced 20 year mortgage debt as low as 4.61% and 10 year mortgage debt as low as 4.06%. The availability of longer term financing (i.e. 10 years and longer) is not consistent as limited numbers of lenders participate in this segment of the market.

In light of the improving economic conditions and improved access to capital, capitalization rates began to decrease after their increases during the recession. This capitalization rate reduction 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 are available. As a result, Crombie was able to complete acquisitions of eight retail properties from subsidiaries of Empire during the first quarter of 2010, an additional nine properties in the third quarter of 2010 and three properties in the fourth quarter of 2010. During 2011, Crombie acquired three additional properties in the second quarter; three properties in the third quarter and three properties in the fourth quarter as well as an addition to an existing property. During 2012 to date, Crombie acquired one property in the first quarter and since quarter end has completed the acquisition of 22 retail properties; all of the 2012 acquisitions being from third parties. Crombie will only pursue acquisitions that are accretive to AFFO and provide an acceptable return, including acquisitions from relationships between Crombie and ECLD and Crombie and SDLP.

2012 HIGHLIGHTS

- Crombie completed leasing activity on 207,000 square feet of GLA during the first quarter of 2012, which represents approximately 20.1% of its 2012 expiring lease square footage.
- Crombie completed lease renewals during the quarter on 116,000 square feet at an average rate of $15.51 per square foot; an increase of 6.14% over the expiring lease rate. Crombie completed new leasing activity during the quarter at $16.60 per square foot.
- Property occupied was 91.0% at March 31, 2012 compared with 95.3% at March 31, 2011, and 93.3% at December 31, 2011. Property leased (occupied plus committed) was 92.7% at March 31, 2012 compared with 94.7% at December 31, 2011.
- Property revenue for the quarter ended March 31, 2012 was $59,447, an increase of $3,129 or 5.6% over the $56,318 for the quarter ended March 31, 2011.
- Same-asset cash NOI for the quarter ended March 31, 2012 of $33,168, an increase of $324, or 1.0%, compared to $32,844 for the quarter ended March 31, 2011.

- The FFO payout ratio for the quarter ended March 31, 2012 was 88.9% compared to the payout ratio of 80.5% for the same period in 2011.
- The AFFO payout ratio for the quarter ended March 31, 2012 was 107.2% compared to 96.7% for the same period in 2011.
- Debt to gross book value was 49.1% at March 31, 2012 compared to 52.5% at December 31, 2011 and 54.3% at March 31, 2011.
- Crombie's interest service coverage for the quarter ended March 31, 2012 was 2.49 times EBITDA and debt service coverage was 1.71 times EBITDA, compared to 2.47 times EBITDA and 1.75 times EBITDA, respectively, for the same period in 2011.

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Profile

At March 31, 2012 the property portfolio consisted of 139 investment properties that contain approximately 12.7 million square feet of GLA in eight provinces.

As at March 31, 2012, the portfolio distribution of the GLA by province was as follows:

	GLA (sq. ft.)						
Province	Jan. 1, 2012	Acquisitions (dispositions)	Other	March 31, 2012	Number of Properties	% of GLA	% of Annual Minimum Rent
Nova Scotia	5,466,000	--	22,000	5,488,000	46	43.3%	37.6%
Ontario	1,936,000	--	10,000	1,946,000	28	15.3%	17.1%
New Brunswick	1,737,000	--	--	1,737,000	22	13.7%	11.4%
Newfoundland and Labrador	1,492,000	--	--	1,492,000	13	11.8%	15.4%
Quebec	1,108,000	--	7,000	1,115,000	18	8.8%	9.7%
Alberta	348,000	40,000	--	388,000	8	3.1%	4.8%
Prince Edward Island	313,000	--	--	313,000	2	2.5%	2.2%
Saskatchewan	198,000	--	--	198,000	2	1.5%	1.8%
Total	12,598,000	40,000	39,000	12,677,000	139	100.0%	100.0%

During the first quarter of 2012, there was an increase in GLA of 79,000 square feet primarily due to the acquisition of a new 40,000 square foot property in Red Deer, Alberta; the addition of approximately 18,000 square feet as part of the redevelopment at Sydney Shopping Centre in Sydney, Nova Scotia; and, the addition of two new tenant spaces of approximately 10,000 square feet at Taunton and Wilson in Oshawa, Ontario.

Crombie looks to diversify its geographic composition from its Atlantic Canadian roots through growth opportunities, as evidenced by eight property acquisitions in Alberta, 13 in Ontario, six in Quebec and two in Saskatchewan since Crombie's 2006 IPO. Crombie believes this diversification adds stability to the portfolio while reducing vulnerability to economic fluctuations that may affect any particular region.

On a regular basis, Crombie will commence redevelopment work on properties to enhance the economic viability of a location when the environment in which it operates warrants. As at March 31, 2012, Crombie has three properties under redevelopment: Barrington Tower in Halifax, Nova Scotia and Downsview Plaza in Halifax, Nova Scotia are being reconfigured to accommodate new tenancies; and, Terminal Centres in Moncton, New Brunswick has been designated for redevelopment subject to management review and approval.

The following table outlines properties designated for redevelopment:

(In thousands of CAD dollars)						
Province	Property	Current GLA	Redevelopment	Estimated Cost	Incurred To Date	Estimated Completion
Nova Scotia	Barrington Tower	187,000	Reconfigure space to accommodate future leasing	$5,750	$1,270	September 2012
Nova Scotia	Downsview Plaza	142,000	Reconfigure space to accommodate future leasing	Phase I - $2,600	$280	October 2012
New Brunswick	Terminal Centres	202,000	To be determined	In planning	$--	To be determined

During the fourth quarter of 2011, Crombie commenced the reconfiguration of Barrington Tower to accommodate the requirements of new tenants expected to take occupancy in September 2012.

During the first quarter of 2012, Crombie commenced redevelopment work on the first phase of Downsview Plaza to accommodate the requirements of a new tenant and initial work for future tenants. Additional redevelopment work will be determined at a later date.

Terminal Centres has been designated for redevelopment. Planning and design work is currently underway and is subject to management review and approval.

Properties under redevelopment are excluded from same-asset results until the redevelopment is complete and the operating results from the redevelopment property are available for the current and comparative reporting periods.

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, 2012.

Tenant	% of Annual Minimum Rent	Average Remaining Lease Term
Sobeys [(1)]	37.1%	14.9 years
Shoppers Drug Mart	2.5%	9.0 years
Empire Theatres Limited	1.9%	7.4 years
GoodLife Fitness	1.7%	9.2 years
Lawtons/Sobeys Pharmacy	1.6%	13.2 years
CIBC	1.5%	18.4 years
Province of Nova Scotia	1.2%	4.1 years
Bell (Aliant)	1.2%	6.7 years
Bank of Nova Scotia	1.2%	2.0 years
Best Buy Canada Ltd.	1.1%	9.0 years
Total	51.0%	

(1) Excludes Lawtons and Fast Fuel locations.

Crombie's portfolio is leased to a wide variety of tenants. Other than Sobeys which accounts for 37.1% of the annual minimum rent, no other tenant accounts for more than 2.5% of Crombie's annual minimum rent.

Lease Maturities

The following table sets out as of March 31, 2012, the number of leases maturing during the periods indicated (assuming tenants do not holdover on a month-to-month basis or exercise renewal options or termination rights), the renewal area, the percentage of the total GLA of the properties represented by such maturities and the estimated average rent per square foot at the time of expiry.

Year	Number of Leases	Renewal Area (sq. ft.)	% of Total GLA	Average Rent per Sq. Ft. at Expiry ($)
Remainder of 2012	194	731,000	5.8%	$12.15
2013	191	940,000	7.4%	$12.02
2014	183	598,000	4.7%	$17.35
2015	144	721,000	5.7%	$14.25
2016	144	707,000	5.6%	$14.50
Thereafter	490	8,052,000	63.5%	$14.26
Total	1,346	11,749,000	92.7%	$14.12

The weighted average remaining term of all leases is approximately 10.2 years. This extended remaining lease term is influenced by the average Sobeys remaining lease term of 14.9 years.

During the quarter ended March 31, 2012, Crombie's lease renewals were completed at an average rate of $15.51 per square foot; while new leasing activity was completed at an average rate of $16.60 per square foot. Both these rates compare favourably with the average rent per square foot on full year 2012 lease expiries of $12.05 per square foot.

2012 Portfolio Occupancy and Committed Activity

The portfolio occupancy and committed activity for the quarter ending March 31, 2012 were as follows:

	Occupied space (sq. ft.)						Committed	Total Leased	Leased
Province	Jan. 1, 2012	Acquisitions (dispositions)	New leases	Lease expiries	Other changes	March 31, 2012	space (sq. ft.)	space (sq. ft.)	March 31, 2012
Nova Scotia	4,976,000	--	11,000	(130,000)	(24,000)	4,833,000	202,000	5,035,000	91.7%
Ontario	1,829,000	--	21,000	(3,000)	(63,000)	1,784,000	5,000	1,789,000	91.9%
New Brunswick	1,565,000	--	--	(35,000)	--	1,530,000	4,000	1,534,000	88.3%
Newfoundland & Labrador	1,445,000	--	7,000	(2,000)	(58,000)	1,392,000	5,000	1,397,000	93.6%
Quebec	1,085,000	--	--	--	17,000	1,102,000	--	1,102,000	98.8%
Alberta	348,000	40,000	--	--	--	388,000	--	388,000	100.0%
PEI	304,000	--	--	--	1,000	305,000	1,000	306,000	97.8%
Saskatchewan	198,000	--	--	--	--	198,000	--	198,000	100.0%
Total	11,750,000	40,000	39,000	(170,000)	(127,000)	11,532,000	217,000	11,749,000	92.7%

Other changes include amendments to existing leases; lease terminations and surrenders; bankruptcies; and space certifications.

Committed space represents lease contracts for future occupancy of currently vacant space. Management believes such reporting, along with reported lease maturities provides more balanced reporting of potential pending overall vacant space. Committed space increased from 185,000 square feet at December 31, 2011 to 217,000 square feet at March 31, 2012.

Overall leased space (occupied plus committed) decreased from 94.7% at December 31, 2011 to 92.7% at March 31, 2012. This 186,000 square feet or 1.6% decrease is the result of lease expiries (primarily Walmart in Downsview Plaza, Halifax, Nova Scotia) and tenant terminations (primarily Hart in five locations); offset in part by new leases of 39,000 square feet, the 40,000 square feet of acquisition activity in the period and leasing activity resulting in an increase of 32,000 square feet of committed space.

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.

As at March 31, 2012, 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	Leased[1]
Retail – Freestanding	54	2,216,000	17.5%	18.5%	99.9%
Retail – Plazas	61	5,430,000	42.8%	44.0%	93.5%
Retail – Enclosed	11	2,265,000	17.9%	19.7%	88.8%
Portfolio sub-totals for retail	126	9,911,000	78.2%	82.2%	93.9%
Office	5	1,050,000	8.3%	6.5%	85.7%
Mixed-Use	8	1,716,000	13.5%	11.3%	89.9%
Total	139	12,677,000	100.0%	100.0%	92.7%

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

As at March 31, 2011, 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	51	2,095,000	17.5%	18.4%	100.0%
Retail – Plazas	55	4,863,000	40.5%	40.6%	96.3%
Retail – Enclosed	11	2,265,000	18.9%	20.9%	94.6%
Portfolio sub-totals for retail	117	9,223,000	76.9%	79.9%	96.7%
Office	5	1,049,000	8.8%	7.7%	84.3%
Mixed-Use	8	1,719,000	14.3%	12.4%	94.8%
Total	130	11,991,000	100.0%	100.0%	95.3%

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

Retail properties represent 78.2% of Crombie's GLA and 82.2% of annual minimum rent at March 31, 2012 compared to 76.9% of GLA and 79.9% of annual minimum rent at March 31, 2011, reflecting of Crombie's growth strategy to focus primarily on retail properties.

Leased space in retail properties of 93.9% at March 31, 2012, has decreased from March 31, 2011, due to lease expires (primarily Walmart in Downsview Plaza, Halifax, Nova Scotia) and tenant terminations (primarily Hart in five locations); offset in part by new leasing activity of 39,000 square feet and the 40,000 square feet of acquisition activity in the quarter.

The following table sets out as of March 31, 2012, 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.)	(%)
2012	--	--%	190,000	3.5%	179,000	7.9%
2013	--	--%	411,000	7.6%	138,000	6.1%
2014	--	--%	236,000	4.3%	177,000	7.8%
2015	9,000	0.4%	311,000	5.7%	92,000	4.1%
2016	6,000	0.3%	329,000	6.1%	178,000	7.9%
Thereafter	2,196,000	99.1%	3,602,000	66.3%	1,248,000	55.1%
Total	2,211,000	99.8%	5,079,000	93.5%	2,012,000	88.9%
Year	Office		Mixed – Use		Total	
	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
2012	101,000	9.6%	261,000	15.2%	731,000	5.8%
2013	119,000	11.3%	272,000	15.9%	940,000	7.4%
2014	95,000	9.1%	90,000	5.3%	598,000	4.7%
2015	56,000	5.3%	253,000	14.7%	721,000	5.7%
2016	76,000	7.3%	118,000	6.9%	707,000	5.6%
Thereafter	453,000	43.2%	553,000	32.2%	8,052,000	63.5%
Total	900,000	85.8%	1,547,000	90.2%	11,749,000	92.7%

Of the 9,302,000 square feet of retail properties under lease, 7,046,000 square feet, or 75.7% is scheduled for maturity after 2016. This long-term stability in lease maturities is primarily driven by the extended term nature of the Sobeys leases.

In the office and mixed-use properties, lease maturities after 2016 represents 41.1% of the leased square footage.

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

Year	Retail – Freestanding	Retail – Plazas	Retail – Enclosed	Office	Mixed – Use	Total
2012	$--	$13.55	$12.66	$12.17	$10.77	$12.15
2013	$--	$9.69	$21.12	$13.74	$10.16	$12.02
2014	$--	$14.96	$25.00	$12.57	$13.61	$17.35
2015	$25.32	$15.21	$20.87	$11.46	$10.88	$14.25
2016	$29.00	$14.51	$18.84	$13.00	$8.16	$14.50
Thereafter	$14.15	$14.85	$13.51	$12.01	$14.39	$14.26
March 2012 Total	$14.24	$14.39	$15.77	$12.37	$ 11.94	$14.12
March 2011 Total	$13.99	$13.67	$14.28	$13.15	$11.65	$13.52

FINANCIAL RESULTS YEAR TO DATE

Comparison to Previous Year

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	As At		
	March 31, 2012	December 31, 2011	March 31, 2011
Total assets	$1,836,451	$1,728,782	$1,581,910
Total investment property debt and convertible debentures	$995,571	$1,002,358	$939,621
Debt to gross book value[(1)]	49.1%	52.5%	54.3%

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

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Quarter Ended March 31,		
	2012	2011	Variance
Property revenue	$59,447	$56,318	$3,129
Property operating expenses	23,052	21,424	(1,628)
Property NOI	36,395	34,894	1,501
NOI margin percentage	61.2%	62.0%	(0.8)%
Other items:			
Lease terminations	113	--	113
Depreciation and amortization	(8,525)	(7,757)	(768)
General and administrative expenses	(2,970)	(2,500)	(470)
Operating income before finance costs and income taxes	25,013	24,637	376
Finance costs – operations	(15,750)	(15,411)	(339)
Operating income before income taxes	9,263	9,226	37
Taxes – deferred	300	100	200
Operating income attributable to Unitholders	9,563	9,326	237
Finance costs – distributions to Unitholders	(17,167)	(14,751)	(2,416)
Decrease in net assets attributable to Unitholders	$(7,604)	$(5,425)	$(2,179)
Operating income attributable to Unitholders per Unit, Basic and Diluted	$0.13	$0.14	
Basic weighted average Units outstanding (in 000's)	74,415	66,048	
Diluted weighted average Units outstanding (in 000's)	74,596	66,226	
Distributions per Unit to Unitholders	$0.22	$0.22	

Operating income attributable to Unitholders for the quarter ended March 31, 2012 of $9,563 increased by $237 or 2.5% from $9,326 for the quarter ended March 31, 2011. The increase was primarily due to:

- higher property NOI caused by increased average rental rates, lower occupancy rates and the impact of property acquisitions during 2011,

Offset in part by:

- higher depreciation and amortization expense and finance costs in 2012 primarily related to property acquisitions; and
- higher general and administrative expenses including costs associated with hiring of additional staff related to continued growth.

Classification of Crombie REIT Units and Class B LP Units with attached Special Voting Units (collectively the "Units")

On transition to IFRS, Crombie determined that in accordance with IAS 32 Financial Instruments: Presentation, Crombie's Units are to be classified as financial liabilities on the consolidated Balance Sheet. Each of the REIT Units and Class B LP Units are puttable by the respective holder and meet the definition of financial liabilities under IFRS. IAS 32 provides an exception test which, if met, would result in either, or both, of the Units being classified as equity instruments. Crombie has determined that the exception test has not been met for either the REIT Units or Class B LP Units and as such, Crombie has no instrument meeting the definition of equity instruments within the IFRS standard. As a result, since the Units are classified as financial liabilities on the consolidated Balance Sheet, distributions on the Units are recognized as a finance charge on the Statements of Comprehensive Income (Loss). Had either,

or both, of the Units been classified as equity instruments, the related distributions would be recognized as a reduction to equity rather than a charge against income.

Property Revenue and Property Operating Expenses

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

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Same-asset property revenue	$52,074	$51,111	$963
Acquisition, disposition and redevelopment property revenue	7,373	5,207	2,166
Property revenue	$59,447	$56,318	$3,129

Same-asset property revenue of $52,074 for the quarter ended March 31, 2012 was 1.9% higher than the quarter ended March 31, 2011 due to increased base rent driven by lease renewal activity and recoveries as a result of higher recoverable property expenses. Acquisition, disposition and redevelopment property revenue growth of $2,166 or 41.6% is due to higher acquisition and redevelopment activity in 2011.

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Same-asset property operating expenses	$19,464	$18,818	$(646)
Acquisition, disposition and redevelopment property operating expenses	3,588	2,606	(982)
Property operating expenses	$23,052	$21,424	$(1,628)

Same-asset property expenses of $19,464 for the quarter ended March 31, 2012 increased by $646 or 3.4% from the quarter ended March 31, 2011 due primarily to higher recoverable property expenses, in particular recoverable property taxes.

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Same-asset property NOI	$32,610	$32,293	$317
Acquisition, disposition and redevelopment property NOI	3,785	2,601	1,184
Property NOI	$36,395	$34,894	$1,501

Property NOI is calculated as property revenue less property operating expenses. Property NOI for the quarter ended March 31, 2012 increased by $1,501 or 4.3% from the quarter ended March 31, 2011. Same-asset property NOI for the quarter ended March 31, 2012 increased by $317 or 1.0% from the quarter ended March 31, 2011. Crombie's acquisition activity accelerated in the second quarter and throughout 2011 resulting in significant growth in property operating results in the quarter ended March 31, 2012 compared to the same period in 2011.

Property NOI on a cash basis is as follows:

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Property NOI	$36,395	$34,894	$1,501
Non-cash straight-line rent	(1,021)	(828)	(193)
Non-cash tenant incentive amortization	1,513	1,346	167
Property cash NOI	36,887	35,412	1,475
Acquisition, disposition and redevelopment property cash NOI	3,719	2,568	1,151
Same-asset property cash NOI	$33,168	$32,844	$324

Property NOI, on a cash basis, excludes straight-line rent recognition and amortization of tenant incentive amounts. The $324 or 1.0% increase in same-asset cash NOI for the quarter ended March 31, 2012 over March 31, 2011 is primarily the result of increased average rent per square foot from leasing activity during the past 12 months.

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

Acquisition, disposition and redevelopment property cash NOI is as follows:

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Acquisition and disposition property cash NOI	$2,536	$148	$2,388
Redevelopment property cash NOI	1,183	2,420	(1,237)
Total acquisition, disposition and redevelopment property cash NOI	$3,719	$2,568	$1,151

The significant growth in acquisition and disposition property NOI reflects the property acquisitions in 2011 and 2012.

Cash NOI for redevelopment properties decreased $1,237 or 51.1% for the quarter ended March 31, 2012 over March 31, 2011 as a result of redevelopment work at Barrington Tower in Halifax, Nova Scotia, Downsview Plaza in Halifax, Nova Scotia and Terminal Centres in Moncton, New Brunswick. These properties have temporary vacancies as the redevelopment work proceeds. This was offset in part by the completion of redevelopment work at Sydney Shopping Centre in Sydney, Nova Scotia.

Change in cash NOI from redevelopment properties period-over-period is impacted by the timing of commencement and completion of each redevelopment project. The nature and extent of redevelopment projects results in operations being impacted minimally in some instances and a significant disruption in others. Consequently, comparison of period-over-period redevelopment operating results may not be meaningful.

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

Property NOI for the quarter ended March 31, 2012 by province was as follows:

	2012				2011	
(In thousands of CAD dollars)	Property Revenue	Property Expenses	Property NOI	NOI % of revenue	NOI % of revenue	Variance
Nova Scotia	$24,578	$10,735	$13,843	56.3%	55.3%	1.0%
Ontario	9,460	3,188	6,272	66.3%	65.1%	1.2%
Newfoundland and Labrador	9,023	2,891	6,132	68.0%	68.7%	(0.7)%
New Brunswick	6,961	3,365	3,596	51.7%	56.6%	(4.9)%
Quebec	5,572	2,034	3,538	63.5%	70.4%	(6.9)%
Alberta	1,884	229	1,655	87.9%	94.6%	(6.7)%
Prince Edward Island	1,064	369	695	65.3%	71.1%	(5.8)%
Saskatchewan	905	241	664	73.4%	71.8%	1.6%
Total	$59,447	$23,052	$36,395	61.2%	62.0%	(0.8)%

The increase in NOI as a percentage of revenue in Ontario and Nova Scotia is primarily due to acquisitions. The increase in NOI as a percentage of revenue in Saskatchewan is due to lower recoverable expenses. The decrease in NOI as a percentage of revenue in New Brunswick is primarily due to the disposition of a freestanding store in the fourth quarter of 2011 and the planned redevelopment work at Terminal Centres in Moncton resulting in decreased occupancy. The decrease in NOI as a percentage of revenue in Quebec is due to higher non-recoverable expenses. The decrease in NOI as a percentage of revenue in Alberta is reflective of the first quarter of 2011 properties only including freestanding stores, while 2012 results include a retail plaza acquired in the second quarter of 2011, with the NOI as a percentage of revenue on retail plazas being lower than on freestanding properties. The decrease in NOI as a percentage of revenue in Prince Edward Island is due to the exchange of one freestanding property for a freestanding property in Nova Scotia during the second quarter of 2011.

Depreciation and Amortization

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Same-asset depreciation and amortization	$7,426	$7,513	$87
Acquisition, disposition and redevelopment depreciation and amortization	1,099	244	(855)
Depreciation and amortization	$8,525	$7,757	$(768)

Acquisition, disposition and redevelopment depreciation and amortization of $1,099 for the quarter ended March 31, 2012 was $855 higher than the quarter end March 31, 2011. This increase is consistent with Crombie's significant acquisition activity in 2011.

Depreciation and amortization consists of:

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Depreciation of investment properties	$7,241	$6,301	$(940)
Amortization of intangible assets	1,138	1,334	196
Amortization of deferred leasing costs	146	122	(24)
Depreciation and amortization	$8,525	$7,757	$(768)

General and Administrative Expenses

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

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Salaries and benefits	$1,669	$1,322	$(347)
Professional fees	343	381	38
Public company costs	368	291	(77)
Rent and occupancy	190	244	54
Other	400	262	(138)
General and administrative expenses	$2,970	$2,500	$(470)
As a percentage of property revenue	5.0%	4.4%	(0.6)%

General and administrative expenses, as a percentage of property revenue, increased by 0.6% for the quarter ended March 31, 2012 compared to the same period in 2011. Salaries and benefits increased due to the hiring of additional staff related to continued growth and higher incentive payments. Other increases are primarily due to higher travel costs, training and development and increased Trustee fees.

Finance Costs - Operations

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Same-asset finance costs	$12,091	$12,817	$726
Acquisition, disposition and redevelopment finance costs	1,922	855	(1,067)
Amortization of effective swaps and deferred financing charges	1,737	1,739	2
Finance costs – operations	$15,750	$15,411	$(339)

Same-asset finance costs for the quarter ended March 31, 2012 decreased by $726 or 5.7% compared to the quarter ended March 31, 2011 primarily due to the maturity of the interest rate swap agreement in July 2011 resulting in greater utilization of lower cost floating rate debt and interest savings from conversions of Convertible Debentures.

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% for the remaining term of certain mortgages that were assumed at Crombie's IPO. The remaining mortgage terms mature through April 2022, and management expects to realize a further $4,562 over that period. The amount of interest rate subsidy received during the quarter ended March 31, 2012 was $275 (quarter ended March 31, 2011 - $358).

Growth in acquisition, disposition and redevelopment finance costs is consistent with Crombie's significant acquisition activity in 2011.

Income Taxes

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

Crombie has organized its assets and operations to satisfy the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT. Crombie's management and its advisors have completed an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it met the REIT criteria throughout the 2010 and 2011 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 deferred tax liability represents the future tax provision for Crombie's wholly-owned corporate subsidiaries which are subject to corporate income taxes.

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.

Retail - Freestanding Properties

	Quarter Ended March 31, 2012			Quarter Ended March 31, 2011		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$8,163	$457	$8,620	$7,952	$161	$8,113
Property operating expenses	1,602	4	1,606	1,347	9	1,356
Property NOI	$6,561	$453	$7,014	$6,605	$152	$6,757
NOI Margin %	80.4%	99.1%	81.4%	83.1%	94.4%	83.3%
Actual occupancy %	99.8%	100%	99.8%	100%	100%	100%

Same-asset property NOI decreased slightly from 2011 due to a temporary vacancy in one property while same-asset NOI Margin percentage is lower in 2012 due to an increase in expenses paid by Crombie and recovered from tenants.

Retail - Plaza Properties

	Quarter Ended March 31, 2012			Quarter Ended March 31, 2011		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$20,222	$4,892	$25,114	$20,216	$1,968	$22,184
Property operating expenses	7,079	1,592	8,671	6,831	862	7,693
Property NOI	$13,143	$3,300	$16,443	$13,385	$1,106	$14,491
NOI Margin %	65.0%	67.5%	65.5%	66.2%	56.2%	65.3%
Actual occupancy %	93.6%	86.9%	92.3%	96.3%	96.4%	96.3%

Same-asset property expenses increased in 2012 primarily due to higher non-recoverable expenses while property revenue was impacted by decreased occupancy in 2012 compared to the same period in 2011.

Retail - Enclosed Properties

	Quarter Ended March 31, 2012			Quarter Ended March 31, 2011		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$11,736	-	$11,736	$11,614	$--	$11,614
Property operating expenses	4,526	--	4,526	4,460	--	4,460
Property NOI	$7,210	$--	$7,210	$7,154	$--	$7,154
NOI Margin %	61.4%	--%	61.4%	61.6%	--%	61.6%
Actual occupancy %	88.5%	--%	88.5%	94.6%	--%	94.6%

Property revenue increased by $122 or 1.1% on rental rate increases offset by reduced occupancy and in part by property operating expense increases of $66 or 1.5% from 2011 to 2012.

Office Properties

	Quarter Ended March 31, 2012			Quarter Ended March 31, 2011		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$4,041	$1,108	$5,149	$3,466	$1,881	$5,347
Property operating expenses	2,063	1,464	3,527	2,017	1,235	3,252
Property NOI	$1,978	$(356)	$1,622	$1,449	$646	$2,095
NOI Margin %	48.9%	(32.1)%	31.5%	41.8%	34.3%	39.2%
Actual occupancy %	88.0%	46.8%	72.7%	88.2%	77.6%	84.3%

During the fourth quarter of 2011, Crombie began reclassifying the monthly parking revenue earned from property office tenants at Scotia Square Parkade in Halifax, Nova Scotia from mixed-use properties to office properties to better reflect the overall operating

results of the offices. The impact is an increase in office properties revenue, property operating expenses, property NOI and NOI margin percentage and a decrease in mixed-use properties revenue and property operating expenses. The property NOI results for acquisitions, dispositions and redevelopment properties is impacted by the temporary vacancies in Barrington Tower (former Nova Scotia Power space) in Halifax, Nova Scotia and Terminal Centres in Moncton, New Brunswick as these properties are being redeveloped.

Mixed - Use Properties

	Quarter Ended March 31, 2012			Quarter Ended March 31, 2011		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$7,912	$916	$8,828	$7,863	$1,197	$9,060
Property operating expenses	4,194	528	4,722	4,163	500	4,663
Property NOI	$3,718	$388	$4,106	$3,700	$697	$4,397
NOI Margin %	47.0%	42.4%	46.5%	47.1%	58.2%	48.5%
Actual occupancy %	93.0%	80.0%	89.9%	94.4%	96.0%	94.8%

Same-asset property revenue increased in the first quarter of 2012 compared to 2011 primarily due to an increase in rental revenue and parking revenue at Park Lane in Halifax, Nova Scotia. During the fourth quarter of 2011, Crombie began reclassifying the monthly parking revenue earned from property office tenants at Scotia Square Parkade in Halifax, Nova Scotia from mixed-use properties to office properties to better reflect the overall operating results of the offices. The impact is a decrease in mixed-use properties revenue and property operating expenses and an increase in office properties revenue, property operating expenses, property NOI and NOI margin percentage.

OTHER 2012 PERFORMANCE MEASURES

Per Unit Measures

In order to provide a comparative measure of operating results on a per unit basis, Crombie is providing the following non-IFRS measures:

	Quarter Ended March 31,	
(In thousands of CAD dollars, except as otherwise noted)	2012	2011
Operating income attributable to Unitholders	$9,563	$9,326
Operating income attributable to Unitholders per unit – Basic	$0.13	$0.14
Operating income attributable to Unitholders per unit – Diluted	$0.13	$0.14
FFO – Basic	$19,301	$18,329
FFO – Diluted	$21,290	$20,670
FFO per Unit – Basic	$0.26	$0.28
FFO per Unit – Diluted	$0.25	$0.26
AFFO – Basic	$16,007	$15,259
AFFO – Diluted	$16,831	$17,082
AFFO per Unit – Basic	$0.22	$0.23
AFFO per Unit – Diluted	$0.21	$0.22

Operating income attributable to Unitholders is determined before deducting financing costs - distributions to Unitholders and represents the most equivalent measure to net income available to all Unitholders, the measure commonly referred to where Units are classified as equity instruments.

The diluted FFO and AFFO are adjusted by adding back the finance costs on any convertible debenture series that is dilutive for the reporting period for that specific calculation.

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

	Quarter Ended March 31,	
	2012	2011
Basic number of Units for all measures	74,415,232	66,048,350
Diluted for operating income attributable to Unitholders purposes	74,596,046	66,226,378
Diluted for FFO purposes	84,590,182	78,471,401
Diluted for AFFO purposes	79,353,961	76,164,863

The diluted weighted average number of Units outstanding does not include the impact of any series of convertible debentures that would be anti-dilutive for that calculation.

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

	Quarter Ended March 31,	
(In thousands of CAD dollars)	2012	2011
Operating income attributable to Unitholders	$9,563	$9,326
Finance costs – distributions to Unitholders	(17,167)	(14,751)
Decrease in net assets attributable to Unitholders	$(7,604)	$(5,425)

FFO and AFFO

FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. As such, these non-IFRS financial measures should not be considered as an alternative to cash provided by operating activities or any other measure prescribed under IFRS. FFO represents a supplemental non-IFRS industry-wide financial measure of a real estate organization's operating performance. AFFO is presented in this MD&A because management believes this non-IFRS 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)

Crombie follows the recommendations of the Real Property Association of Canada ("REALpac") in calculating FFO and defines FFO as increase (decrease) in net assets attributable to Unitholders (computed in accordance with IFRS), adjusted for gains or losses from sales of investment properties, depreciation and amortization expense, deferred taxes, impairment losses (or reversals) on investment properties and transaction costs expensed on an investment property acquisition accounted for as a business combination. Crombie's expenditures on tenant incentives are capital in nature. Crombie considers these costs comparable to other capital costs incurred to earn property revenue. Whereas the depreciation and amortization of other capital costs is added back in the calculation of FFO, Crombie also adds back the amortization of tenant incentives. 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, 2012 and March 31, 2011 is as follows:

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Decrease in net assets attributable to Unitholders	$(7,604)	$(5,425)	$(2,179)
Add (deduct):			
Finance costs – distributions to Unitholders	17,167	14,751	2,416
Amortization of tenant incentives	1,513	1,346	167
Depreciation of investment properties	7,241	6,301	940
Amortization of intangible assets	1,138	1,334	(196)
Amortization of deferred leasing costs	146	122	24
Taxes – deferred	(300)	(100)	(200)
FFO	$19,301	$18,329	$972

Adjusted Funds from Operations (AFFO)

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, amortization of effective swap agreements, maintenance capital expenditures, maintenance tenant incentives ("TI") and leasing costs and any settlement of effective interest rate swap agreements.

Maintenance capital expenditures, Maintenance tenant incentives and Leasing costs ("Maintenance expenditures")

Crombie's policy is to charge AFFO with a normalized rate per square foot for these maintenance expenditures. Crombie uses an annual rate of $1.05 per square foot to be charged against AFFO for 2012 and $1.10 per square foot for 2011. The change in rate from 2011 to 2012 reflects the growth in newer properties within the portfolio in the current and subsequent periods. The rate will be reviewed periodically and adjusted if required. The rate is a proxy for actual historic costs, anticipated future costs and any significant changes in the nature and age of the properties in the portfolio as it evolves over time. Crombie continues to track and report actual expenditures and the productive capacity enhancement of those expenditures for comparative purposes. This per square foot charge removes volatility in reported AFFO results from quarter to quarter as costs are not generally incurred on a consistent basis during the year, or from year to year.

The calculation of AFFO for the quarter ended March 31, 2012 and 2011 is as follows:

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
FFO	$19,301	$18,329	$972
Add (deduct):			
Amortization of effective swap agreements	1,042	1,054	(12)
Straight-line rent adjustment	(1,021)	(828)	(193)
Maintenance expenditures on a square footage basis	(3,315)	(3,296)	(19)
AFFO	$16,007	$15,259	$748

The AFFO for the quarter ended March 31, 2012 was $16,007, an increase of $748 or 4.9% over the same period in 2011, due primarily to the improved FFO results as previously discussed.

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 IFRS measure, which is interpreted to be the cash flow from operating activities. The reconciliation is as follows:

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Cash provided by(used in) operating activities	$(5,249)	$8,993	$(14,242)
Add back (deduct):			
Finance costs – distributions to Unitholders	17,167	14,751	2,416
Change in other non-cash operating items	8,106	(4,489)	12,595
Unit-based compensation expense	(7)	(15)	8
Amortization of deferred financing charges	(695)	(685)	(10)
Maintenance expenditures on a square footage basis	(3,315)	(3,296)	(19)
AFFO	$16,007	$15,259	$748

LIQUIDITY AND CAPITAL RESOURCES

The real estate industry is highly capital intensive.

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

Crombie expects to refinance debt obligations as they mature.

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 $30,000 was drawn at March 31, 2012; the issue of new units; mortgage debt on

unencumbered assets; and, unsecured convertible debentures pursuant to the Declaration of Trust. Crombie's revolving credit facility contains an accordion feature which, when requested and approved, increases the total facility to $200,000.

Crombie's sources and uses of funds are summarized as follows:

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Cash provided by (used in):			
Operating activities	$(5,249)	$8,993	$(14,242)
Financing activities	$104,563	$(5,689)	$110,252
Investing activities	$(16,577)	$(6,994)	$(9,583)

Operating Activities

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Cash provided by (used in):			
Net assets attributable to Unitholders and non-cash items	$2,857	$4,504	$(1,647)
Non-cash operating items	(8,106)	4,489	(12,595)
Cash provided by operating activities	$(5,249)	$8,993	$(14,242)

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 higher costs and negative cash from operating activities in 2012 relates to deposits outstanding on March 31, 2012 for the April 10, 2012 acquisition.

Financing Activities

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Cash provided by (used in):			
Net issue (repayment) of loans and borrowings	$(12,774)	$(6,110)	$(6,664)
Net issue of units	116,925	--	116,925
Other items (net)	412	421	(9)
Cash provided by (used in) financing activities	$104,563	$(5,689)	$(110,252)

Cash from financing activities in the quarter ended March 31, 2012 increased by $110,252 over the quarter ended March 31, 2011. During the quarter ended March 31, 2012, Crombie raised cash through the issuance of units to finance the subsequent acquisitions of investment properties.

Investing Activities

	Quarter Ended March 31,		
(In thousands of CAD dollars)	2012	2011	Variance
Cash provided by (used in):			
Acquisition of investment properties	$(6,256)	$--	$(6,256)
Additions to investment properties	(6,318)	(4,181)	(2,137)
Additions to tenant incentives	(3,885)	(2,634)	(1,251)
Additions to deferred leasing costs	(141)	(199)	58
Other items (net)	23	20	3
Cash used in investing activities	$(16,577)	$(6,994)	$(9,583)

Cash used in investing activities for the quarter ended March 31, 2012 was $16,577. The increase of $9,583 from the same period in 2011 is reflective of the investment property acquisitions in the quarter; increased additions to existing properties; and, increased tenant incentives related to leasing activity.

Tenant Improvement and Capital Expenditures

There are two types of TI and capital expenditures:

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

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

Productive capacity enhancement expenditures are costs incurred that increase the property NOI, or expand the GLA of a property by a minimum threshold, or otherwise enhance the property's overall value. Productive capacity enhancement expenditures are capitalized and depreciated or charged against revenue 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 March 31,	
(In thousands of CAD dollars)	2012	2011
Total additions to investment properties	$6,318	$4,181
Less: amounts recoverable from ECLD	--	--
Net additions to investment properties	6,318	4,181
Less: productive capacity enhancements and recoverable amounts	(4,160)	(2,187)
Maintenance capital expenditures	$2,158	$1,994

	Quarter Ended March 31,	
(In thousands of CAD dollars)	2012	2011
Total additions to TI and deferred leasing costs	$4,026	$2,833
Less: amounts recoverable from ECLD	--	--
Net additions to TI and deferred leasing costs	4,026	2,833
Less: productive capacity enhancements	(478)	(741)
Maintenance TI and deferred leasing costs	$3,548	$2,092

As maintenance TI and capital expenditures are not incurred or paid for evenly throughout the fiscal year, there can be comparative volatility from period-to-period.

Maintenance capital expenditures for the quarter ended March 31, 2012, are primarily payments for completion of parking deck and structural repairs at the Scotia Square parkade in Halifax, Nova Scotia, roof replacements, building interior and exterior maintenance and costs associated with tenant relocations.

Maintenance TI and deferred leasing costs are the result of both lease renewals and new leases and is reflective of the leasing activity during the quarter.

Productive capacity enhancements during the quarter ended March 31, 2012, consisted primarily of GLA expansions underway at Avalon Mall in St. John's, Newfoundland and Labrador, Taunton & Wilson Plaza in Oshawa, Ontario, Highland Square Mall in New Glasgow, Nova Scotia, and Beauport Plaza in Beauport, Quebec, as well as completion of redevelopment work on Sydney Shopping Centre in Sydney, Nova Scotia.

Capital Structure

(In thousands of CAD dollars)	March 31, 2012		December 31, 2011		March 31, 2011	
Investment property debt	$873,336	51.7%	$878,007	55.4%	$793,349	55.1%
Convertible debentures	122,235	7.2%	124,351	7.9%	146,272	10.1%
Special Voting Units and Class B Limited Partnership Unitholders	305,100	18.1%	255,174	16.1%	232,036	16.1%
Crombie REIT Unitholders	389,567	23.0%	326,487	20.6%	268,848	18.7%
	$1,690,238	100.0%	$1,584,019	100.0%	$1,440,505	100.0%

Bank Credit Facilities and Investment Property Debt

Crombie has in place an authorized floating rate revolving credit facility of up to $150,000 (the "revolving credit facility"), of which $30,000 was drawn as at March 31, 2012. The revolving credit facility is secured by a pool of first and second mortgages on certain properties. The floating interest rate is based on bankers acceptance rates or specified margins over prime rate. The specified margin increases as Crombie's overall debt leverage increases beyond specific thresholds. 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, 2012, Crombie had sufficient Borrowing Base to permit $150,000 of funds to be drawn pursuant to the revolving credit facility, subject to certain other financial covenants. See "Borrowing Capacity and Debt Covenants". The revolving credit facility contains an accordion feature which, when requested and approved, increases the total facility to $200,000.

As of March 31, 2012, Crombie had fixed rate mortgages outstanding of $844,483 ($850,626 after including the fair value debt adjustment of $6,143), carrying a weighted average interest rate of 5.59% (after giving effect to the interest rate subsidy from ECLD under an omnibus subsidy agreement) and a weighted average term to maturity of 7.7 years.

From time to time, Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount (see "Risk Management"). Crombie currently has no outstanding swap agreements.

Principal repayments of the debt are scheduled as follows:

(In thousands of CAD dollars)	Maturing Debt Balances						
12 Months ending	Fixed Rate Debt	Floating Rate Debt	Total	% of Total	Payments of Principal	Total Required Payments	% of Total
March 31, 2013	$3,083	$--	$3,083	0.5%	$27,259	$30,342	3.5%
March 31, 2014	71,282	--	71,282	11.3%	28,180	99,462	11.4%
March 31, 2015	31,889	30,000	61,889	9.8%	26,372	88,261	10.1%
March 31, 2016	51,119	--	51,119	8.1%	26,023	77,142	8.8%
March 31, 2017	62,175	--	62,175	9.8%	21,784	83,959	9.6%
Thereafter	382,334	--	382,334	60.5%	112,983	495,317	56.6%
Total [(1)]	$601,882	$30,000	$631,882	100.0%	$242,601	$874,483	100.0%

(1) Excludes fair value debt adjustment of $6,143 and deferred financing costs of $7,290.

Of the maturing debt balances, only 17.7% of fixed rate debt, and 21.6% of total maturing debt balances matures over the next three years. This prudent debt management, coupled with the long-term nature of our lease portfolio, provides stability to Crombie's cash flow and minimizes interest rate risk on maturing debt.

Convertible debentures

(In thousands of CAD dollars, except per unit amounts)	7%	Series B	Series C
Issue value	$30,000	$85,000	$45,000
Outstanding amount as at March 31, 2012	$29,545	$50,526	$45,000
Annual 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

The 7% 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 issuing REIT Units and applying the proceeds to satisfy its interest obligation.

The Debentures are convertible into REIT 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 REIT Units per one thousand principal amount of 7% Debentures, 90.9091 REIT Units per one thousand principal amount of Series B Debentures, and 65.3595 REIT Units per one thousand principal amount of Series C Convertible Debentures. If all conversion rights attaching to the 7% Convertible Debentures, the Series B Convertible Debentures and the Series C Convertible Debentures were exercised, as at March 31, 2012, Crombie would be required to issue approximately 2,272,692 REIT Units, 4,593,272 REIT Units, and 2,941,176 REIT Units, respectively, subject to anti-dilution adjustments.

The following represents debentures converted from date of issue to April 30, 2012:

Conversion date	Convertible debenture series	Debentures face value *(In thousands of CAD dollars)*	Units issued
January 2010 through December 2011	7%	$15	1,153
January 2010 through December 2011	Series B	32,521	2,956,429
Conversions to December 31, 2011		32,536	2,957,582
January 2012	7%	29	2,230
January 2012	Series B	25	2,272
February 2012	7%	239	18,384
February 2012	Series B	128	11,635
March 2012	7%	172	13,229
March 2012	Series B	1,800	163,636
Conversions to March 31, 2012		34,929	3,168,968
April 2012	7%	1,386	106,614
April 2012	Series B	336	30,545
Conversions to April 30, 2012		$36,651	3,306,127

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 REIT 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 four year period from the date of issue, 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 REIT Units equal to the principal amount of the Debentures then outstanding divided by 95% of the volume-weighted average trading price of the REIT 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.
See Subsequent Events section for Crombie's announced intent to redeem the 7% Convertible Debentures.

Based on management's assessment, Crombie has determined to date that no amount of the debentures value should be attributed to the conversion feature. Transaction costs related to the Debentures have been deferred and are being amortized into interest over the term of the Debentures using the effective interest method.

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

On March 29, 2012, Crombie closed a public offering, on a bought deal basis, of 4,630,000 REIT Units at a price of $14.50 per REIT Unit for gross proceeds of $67,135. Concurrently with the issue of the REIT Units, ECLD purchased 3,655,200 Class B LP Units and the attached Special Voting Units at a price of $14.50 per Class B LP Unit for gross proceeds of $53,000, on a private placement basis.

In March 2012 there were 28,893 REIT Units awarded as part of the Employee Unit Purchase Plan (March 2011 – 21,417 REIT Units). For the quarter ended March 31, 2012, a total of $440 of 7% and $1,953 of 6.25% Series B Convertible Unsecured Subordinated Debentures were converted for a total of 211,386 REIT Units. For the year ended December 31, 2011, a total of $25,784 of 6.25% Series B Convertible Unsecured Subordinated Debentures were converted for a total of 2,343,981 REIT Units.

On October 20, 2011, Crombie closed a public offering, on a bought deal basis, of 3,510,000 REIT Units at a price of $12.85 per REIT Unit for gross proceeds of $45,103. Concurrently with the issue of the REIT Units, in satisfaction of its pre-emptive right, ECLD purchased 2,334,630 Class B LP Units and the attached Special Voting Units at a price of $12.85 per Class B LP Unit for gross proceeds of $30,000, on a private placement basis.

Total units outstanding at March 31, 2012 were as follows:

Units	46,052,160
Special Voting Units (1)	36,770,560

(1) Crombie Limited Partnership, a subsidiary of Crombie, has also issued 36,770,560 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 31, 2011, Crombie announced a normal course issuer bid ("NCIB") where Crombie may purchase for cancellation up to 100,000 of its REIT Units, which represented approximately 0.28% of the outstanding REIT Units, during the period April 4, 2011 to April 3, 2012. The purchases have to be made through the facilities of the TSX. The price that Crombie will pay for any such REIT Units will be the market price at the time of acquisition. Under the TSX policies, Crombie is entitled to purchase a maximum of 14,387 REIT Units per trading day. Crombie had a previous NCIB which expired March 25, 2011. Under that NCIB, Crombie acquired a total of 50,547 units. Crombie has acquired 21,417 REIT Units under the NCIB which expired April 3, 2012 for total consideration of $281.

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%	--
2010 per $ of distribution	64.7%	35.3%	--
2011 per $ of distribution	62.5%	37.5%	--

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 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 plus any outstanding letters of credit 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, 2012, the remaining amount available under the revolving credit facility was $120,000 (prior to reduction for standby letters of credit outstanding of $11,533) and was not limited by the Aggregate Coverage Amount. The revolving credit facility contains an accordion feature which may increase the facility by a further $50,000.

At March 31, 2012, 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 investment 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) and cost of any below-market component of properties less (i) the amount of any receivable reflecting interest rate subsidies on any debt assumed by Crombie and (ii) the amount of deferred tax liability arising out of the fair value adjustment in respect of the indirect acquisitions of certain properties. If approved by a majority of the independent trustees, the appraised value of the assets of Crombie and its consolidated subsidiaries may be used instead of book value.

The debt to gross book value was 49.1% at March 31, 2012 compared to 54.3% at March 31, 2011. 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 CAD dollars, except as otherwise noted)	As at Mar. 31, 2012	As at Dec. 31, 2011	As at Sep. 30, 2011	As at Jun. 30, 2011	As at Mar. 31, 2011
Fixed rate mortgages	$850,626	$845,490	$786,188	$763,875	$749,657
Convertible debentures	125,071	127,464	127,668	143,089	150,734
Revolving credit facility payable	30,000	40,000	99,716	100,159	50,000
Total debt outstanding	1,005,697	1,012,954	1,013,572	1,007,123	950,391
Less: Applicable fair value debt adjustment	(4,562)	(4,837)	(5,121)	(5,414)	(5,747)
Debt	$1,001,135	$1,008,117	$1,008,451	$1,001,709	$944,644
Investment properties, cost	$1,759,684	$1,742,650	$1,670,531	$1,639,364	$1,586,419
Below-market lease component, cost	58,468	58,064	56,606	55,885	52,148
Intangible assets, cost	60,991	60,648	58,438	57,291	55,776
Notes receivable	3,154	3,367	3,585	3,806	4,065
Other assets, cost	106,992	89,163	85,513	86,526	74,668
Cash and cash equivalents	82,791	54	--	--	1,480
Deferred financing charges	10,126	10,596	10,045	10,711	10,770
Interest rate subsidy	(4,562)	(4,837)	(5,121)	(5,414)	(5,747)
Fair value adjustment to deferred taxes	(39,245)	(39,245)	(39,245)	(39,245)	(39,245)
Gross book value	$2,038,399	$1,920,460	$1,840,352	$1,808,924	$1,740,334
Debt to gross book value	49.1%	52.5%	54.8%	55.4%	54.3%
Maximum borrowing capacity[(1)]	65%	65%	65%	65%	65%

(1) Maximum permitted by the Declaration of Trust

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

Debt and Interest Service Coverage

Crombie's interest and debt service coverage ratios for the quarter ended March 31, 2012 were 2.49 times EBITDA and 1.71 times EBITDA. This compares to 2.47 times EBITDA and 1.75 times EBITDA respectively for the quarter ended March 31, 2011. EBITDA should not be considered an alternative to operating income attributable to Unitholders, cash provided by operating activities or any other measure of operations as prescribed by IFRS. EBITDA is not an IFRS 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 March 31,	
(In thousands of CAD dollars)	2012	2011
Property revenue	$59,447	$56,318
Amortization of tenant incentives	1,513	1,346
Adjusted property revenue	60,960	57,664
Property operating expenses	(23,052)	(21,424)
General and administrative expenses	(2,970)	(2,500)
EBITDA (1)	$34,938	$33,740
Finance costs – operations	$15,750	$15,411
Amortization of deferred financing charges	(695)	(685)
Amortization of effective swap agreements	(1,042)	(1,054)
Adjusted interest expense (2)	$14,013	$13,672
Debt repayments	$16,805	$6,008
Amortization of fair value debt premium	(67)	5
Payments relating to interest rate subsidy	(275)	(358)
Payments relating to revolving credit facility	(10,000)	--
Adjusted debt repayments (3)	$6,463	$5,655
Interest service coverage ratio {(1)/(2)}	2.49	2.47
Debt service coverage ratio {(1)/((2)+(3))}	1.71	1.75

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 of not less than the amount equal to the net income and net realized capital gains of Crombie, to ensure that Crombie will not be liable for income taxes. 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 March 31,	
(In thousands of CAD dollars, except as otherwise noted)	2012	2011
Distributions to Unitholders	$9,527	$7,902
Distributions to Special Voting Unitholders	7,640	6,849
Total distributions	$17,167	$14,751
FFO payout ratio	88.9%	80.5%
AFFO payout ratio (target ratio = 95%)	107.2%	96.7%

Crombie's FFO and AFFO payout ratio for the quarter ended March 31, 2012 have been impacted by the following:

- Distributions for the first quarter of 2012 increased by $615 compared to the first quarter of 2011 related to the 4,630,000 REIT Units and 3,655,200 Class B LP Units issued on March 29, 2012. This impacted the March 31, 2012 AFFO payout

ratio by approximately 3.8%. The $116,925 in net proceeds raised was used to fund the $255,000 in property acquisitions completed on April 10, 2012.

- Approximately $22,000 of the net proceeds from Crombie's equity issuance on October 20, 2011 has not been fully deployed in property acquisitions. The additional distributions related to these net proceeds have impacted the March 31, 2012 AFFO payout ratio by approximately 1.3%.
- The AFFO payout ratio is further impacted by the reduced occupancy rate of the properties from 93.3% occupied at December 31, 2011 to 91.0% at March 31, 2012. The occupancy rate in the quarter has primarily been impacted by: the maturity of the Walmart lease in Downsview Plaza in Halifax, Nova Scotia; the temporary vacancy in Barrington Tower in Halifax, Nova Scotia as the property is being developed to accommodate the needs of a new tenant later in 2012; and, by the loss of five Hart locations due to CCAA filing.

RELATED PARTY TRANSACTIONS

Related party transactions are transactions with associates, post employment benefit plans, and key management personnel. Transactions between Crombie and its subsidiaries have been eliminated on consolidation and as such, are not disclosed in this note. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at March 31, 2012, Empire, through its wholly-owned subsidiary ECLD, holds a 44.4% (fully diluted 40.7%) indirect interest in Crombie.

Crombie's transactions with related parties are as follows:

	Note	Quarter Ended March 31,	
(In thousands of CAD dollars, except as otherwise noted)		2012	2011
Property revenue	(a)	$18,736	$17,538
Head lease income	(b)	$403	$143
Management support services provided	(c)	$203	$265
Property management services	(d)	$208	$265
Rental expense	(e)	$47	$47
Interest rate subsidy	(b)	$275	$358
Finance costs - operations	(f)	$156	$232
Finance costs - distributions to Unitholders		$7,640	$6,849

(a) Crombie earned property revenue from Sobeys Inc., Empire Theatres and other subsidiaries of Empire.

(b) 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 rental income is included in Property revenue and the interest rate subsidy is netted against Finance costs – operations.

(c) Certain executive management individuals and other employees of Crombie 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.

(d) Certain on-site maintenance and management employees of Crombie will provide property management services to certain subsidiaries of Empire on a cost sharing basis pursuant to the Management Cost Sharing Agreement. The costs assumed by Empire pursuant to the Agreement were netted against property expenses.

(e) Crombie leases its head office space from ECLD. The lease expires December 2027.

(f) $10,000 of Series B Convertible Debentures with an annual interest rate of 6.25% is held by Empire.

In addition to the above:

- On March 29, 2012, concurrently with a public offering of units, ECLD purchased 3,655,200 Class B LP Units and the attached Special Voting Units at a price of $14.50 per Class B LP Unit for gross proceeds of $53,000, on a private placement basis.

- On October 20, 2011, concurrently with a public offering of units, in satisfaction of its pre-emptive right, ECLD purchased 2,334,630 Class B LP Units and the attached Special Voting Units at a price of $12.85 per Class B LP Unit for gross proceeds of $30,000, on a private placement basis.

- On October 31, 2011, Crombie repaid $5,622 in second mortgage financings with a weighted average interest rate of 5.38% held by Empire.

- During the fourth quarter of 2011, Crombie acquired three retail properties from subsidiaries of Empire. The properties contain approximately 261,000 square feet and two are located in Nova Scotia and one in Ontario. The total price of the three acquisitions was approximately $67,280, excluding closing and transaction costs. In addition, Crombie completed the disposition of a 49,300 square foot freestanding retail property in Riverview, New Brunswick to a subsidiary of Empire. The disposition price was $7,000, which approximated the carrying value of the property. Crombie paid out the mortgage on the property of $2,449.

- During the third quarter of 2011, Crombie acquired three retail properties for a purchase price of $24,820, excluding closing and transaction costs. The properties, containing approximately 131,000 square feet, were acquired from subsidiaries of Empire.

- During the second quarter of 2011, Crombie acquired two retail properties for a purchase price of $27,490, excluding closing and transaction costs. The properties, containing approximately 137,000 square feet, were acquired from subsidiaries of Empire. In addition, Crombie exchanged a property with a subsidiary of Empire. The purchase price of the acquired property and the disposal price of the derecognized property were based on the carrying value of the derecognized property, which approximated their respective fair values.

Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Crombie. The following are considered to be Crombie's key management personnel: the Chief Executive Officer, Chief Financial Officer and the three other highest compensated executives.

The remuneration of members of key management during the period was approximately as follows:

	Quarter Ended March 31,	
(In thousands of CAD dollars, except as otherwise noted)	2012	2011
Salary, bonus and other short-term employee benefits	$643	$531
Other long-term benefits	24	86
	$667	$617

Critical Accounting Estimates

Critical accounting estimates are discussed under the section "Critical Accounting Estimates" in the 2011 Annual Report. There has been no significant change in Crombie's critical accounting estimates since that time.

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 to maturity investments – assets related to derecognized property
- Loans and receivables – restricted cash, cash and cash equivalents, notes receivable and trade receivables

- Other financial liabilities - investment property debt, liabilities related to derecognized property, convertible debentures, tenant improvements and capital expenditures payable, property operating costs payable, interest payable and distributions payable

Due to their short-term nature, the carrying value of cash and cash equivalents, restricted cash, trade receivables and trade and other payables 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, 2012		March 31, 2011	
(In thousands of CAD dollars)	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets related to derecognized property	$6,378	$6,472	$6,650	$6,760
Investment property debt	$880,626	$960,039	$799,657	$827,577
Convertible debentures	$125,071	$142,451	$150,734	$166,317
Liabilities related to derecognized property	$5,955	$6,239	$6,129	$6,339

Crombie uses various methods in estimating the fair value of a financial instrument. The methods used comprise the following inputs:

Level 1 - quoted prices in active markets

Level 2 - inputs other than quoted prices in active markets that are observable for the asset or liability either directly or indirectly

Level 3 - inputs are not based on observable market data (unobservable inputs)

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

Level 1:
Convertible debentures: The fair value of the convertible debentures is estimated based on their market trading prices at the reporting date.

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

Level 3:
Investment property debt and liabilities related to derecognized properties: The fair value of Crombie's investment property debt and liabilities related to derecognized property 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.

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 operating results.

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

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

Crombie obtains letters of credit to support its obligations with respect to construction work on its Investment properties, defeasing Investment property debt and satisfying mortgage financing requirements. Crombie has $418 in standby letters of credit for construction work that is being performed on its investment properties. In connection with the defeasance of the derecognized property investment 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

$9,400 in favour of mortgage lenders. Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

Land leases have varying terms ranging from 13 to 73 years including renewal options. For the three months ended March 31, 2012, Crombie paid $301 in land lease payments to third party landlords (three months ended March 31, 2011 - $294).

As at March 31, 2012, Crombie has signed construction contracts totalling $8,786 of which $5,288 has been paid.

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 collectibility risks.

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, 2012:

- Excluding Sobeys (which accounts for 37.1% of Crombie's minimum rent), no other tenant accounts for more than 2.5% of Crombie's minimum rent; and
- Over the next five years, leases on no more than 7.4% of the GLA area of Crombie will expire in any one year.

Crombie earned property revenue of $18,736 for the three months ended March 31, 2012 (three months ended March 31, 2011 - $17,538) from subsidiaries of Empire.

Receivables are substantially comprised of current balances due from tenants. The balance of accounts receivable past due is not significant. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoiced, and in general balances over 30 days are considered past due. None of the receivable balances are considered impaired.

Provision for doubtful accounts is reviewed at each balance sheet date. A provision is taken on accounts receivable from independent accounts and is recorded as a reduction to its respective receivable account on the balance sheet. Crombie updates its estimate of provision for doubtful accounts based on past due balances on accounts receivable. Current and long-term accounts receivable are reviewed on a regular basis and are provided for when collection is considered uncertain.

There have been no significant changes to Crombie's credit risk.

	Quarter Ended March 31,	
(In thousands of CAD dollars)	2012	2011
Provision for doubtful accounts, beginning of period	$401	$699
Additional provision	298	149
Recoveries	(16)	(11)
Write-offs	(47)	(218)
Provision for doubtful accounts, end of period	$636	$619

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 from time to time. As at March 31, 2012:

- Crombie's weighted average term to maturity of its fixed rate mortgages was 7.7 years;
- Crombie has a floating rate revolving credit facility available to a maximum of $150,000, with a balance of $30,000 utilized at March 31, 2012; and
- Crombie has no interest rate swap agreements in place.

Crombie estimates that $3,101 of accumulated other comprehensive income (loss) will be reclassified to finance costs during the remaining three quarters of 2012, based on all settled swap agreements to March 31, 2012.

A fluctuation in interest rates would have had an impact on Crombie's operating income. 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:

(In thousands of CAD dollars)	Impact of a 0.5% interest rate change	
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility	Decrease in rate	Increase in rate
Three months ended March 31, 2012	$48	$(48)
Three months ended March 31, 2011	$124	$(124)

Crombie does not enter into 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 its 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 incentive costs and make distributions to Unitholders. Debt repayment requirements are primarily funded from refinancing Crombie's maturing debt obligations. Property acquisition funding requirements are funded through a combination of accessing the debt and equity capital markets.

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 its debt maturity dates. There is also a risk that the equity capital markets may not be receptive to a REIT unit offering issue from Crombie with financial terms acceptable to Crombie. Crombie mitigates its exposure to liquidity risk utilizing a conservative approach to capital management.

Access to the revolving credit facility is limited to the amount utilized under the facility, the amount of any outstanding letters of credit plus any unfavourable mark-to-market position on any interest rate swap agreements and cannot exceed the security provided by Crombie. Any deterioration in the mark-to-market position may reduce Crombie's available credit in the revolving credit facility.

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

	Contractual	Twelve Months Ending March 31,					
(In thousands of CAD dollars)	Cash Flows[1]	2013	2014	2015	2016	2017	Thereafter
Fixed rate mortgages[2]	$1,137,189	$76,221	$143,020	$96,349	$111,238	$113,853	$596,508
Convertible debentures	150,927	37,297	5,746	5,746	53,903	2,588	45,647
	1,288,116	113,518	148,766	102,095	165,141	116,441	642,155
Floating rate revolving credit	32,160	960	960	30,240	--	--	--
Total	$1,320,276	$114,478	$149,726	$132,335	$165,141	$116,441	$642,155

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

(2) Reduced by the interest rate subsidy payments to be received from ECLD

SUBSEQUENT EVENTS

On April 10, 2012, Crombie completed the acquisition of 22 retail properties from third party vendors. The properties contain approximately 850,000 square feet of retail property and are all located in Ontario, with the exception of two, which are located in Manitoba and Saskatchewan. The total purchase price of the 22 properties is approximately $254,600, excluding closing adjustments and transaction costs. The purchase price was funded through the assumption of approximately $95,700 in existing mortgages with a weighted average term to maturity of 3.8 years and a weighted average interest rate of 4.86%; by applying net proceeds from the March 29, 2012 $120,135 public offering of REIT Units and Class B LP Units; and, the balance from Crombie's revolving credit facility.

On April 18, 2012, Crombie announced it has exercised its right to redeem its 7% Extendible Convertible Unsecured Subordinated Debentures (the "7% Debentures") maturing on March 20, 2013, in accordance with the terms of the trust indenture dated March 20, 2008 governing all series of Debentures. The redemption of the 7% Debentures will be effective on May 23, 2012. Upon redemption, Crombie will pay the redemption price equal to the outstanding principal amount of the 7% Debentures to be redeemed, together with all accrued and unpaid interest theron up to but excluding the redemption date, for a total of $1,027.62 per one thousand dollars of principal amount of the 7% Debentures, less any taxes required to be deducted or withheld. Outstanding 7% Debentures may be converted into Units at the conversion price of $13.00 per Unit until May 22, 2012.

On April 19, 2012, Crombie declared distributions of 7.417 cents per unit for the period from April 1, 2012 to, and including, April 30, 2012. The distributions of $6,153 will be payable on May 15, 2012 to Unitholders of record as April 30, 2012.

CONTROLS AND PROCEDURES

Crombie maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings made pursuant to National Instrument 52-109 is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Administrators' rules and forms. Our Chief Executive Officer and Chief Financial Officer have evaluated the design and effectiveness of our disclosure controls and procedures as of March 31, 2012. They have concluded that our current disclosure controls and procedures are designed to provide, and do operate to provide, reasonable assurance that (i) information required to be disclosed by Crombie in its annual filings or other reports filed or submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the prescribed time periods, and (ii) material information regarding Crombie is accumulated and communicated to Crombie's management, including its Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosure.

In addition, our Chief Executive Officer and Chief Financial Officer have designed or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. Further, our Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the design and operation of ICFR at the financial quarter end and have concluded that our current ICFR was effective at the financial quarter end based on that evaluation. There have been no material changes to Crombie's internal controls during the quarter.

QUARTERLY INFORMATION

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

	Quarter Ended							
(In thousands of CAD dollars, except per unit amounts)	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2010	Sep. 30, 2010	Jun. 30, 2010
Property revenue	$59,447	$58,682	$54,781	$56,357	$56,318	$55,693	$51,450	$50,936
Property operating expenses	23,052	22,528	19,611	20,639	21,424	21,670	18,936	18,686
Property net operating income	36,395	36,154	35,170	35,718	34,894	34,023	32,514	32,250
Expenses:								
General and administrative	(2,970)	(2,806)	(2,487)	(2,861)	(2,500)	(1,609)	(2,627)	(3,003)
Finance costs - operations	(15,750)	(14,978)	(16,075)	(15,684)	(15,411)	(15,532)	(14,706)	(14,642)
Depreciation and amortization	(8,525)	(8,302)	(7,718)	(7,610)	(7,757)	(7,949)	(7,536)	(7,639)
Operating income before other items and income taxes	9,150	10,068	8,890	9,563	9,226	8,933	7,645	6,966
Other items	113	5	--	163	--	--	162	185
Operating income before income taxes	9,263	10,073	8,890	9,726	9,226	8,933	7,807	7,151
Taxes - deferred	300	600	200	(600)	100	300	300	400
Operating income	9,563	10,673	9,090	9,126	9,326	9,233	8,107	7,551
Finance costs – distributions to Unitholders	(17,167)	(16,530)	(15,132)	(14,870)	(14,751)	(14,702)	(14,251)	(13,569)
Increase (decrease) in net assets attributable to Unitholders	$(7,064)	$(5,857)	$(6,042)	$(5,744)	$(5,425)	$(5,469)	$(6,144)	$(6,018)
Basic and diluted operating income per unit	$0.13	$0.15	$0.13	$0.14	$0.14	$0.14	$0.13	$0.12

	Quarter Ended							
(In thousands of CAD dollars, except per unit amounts)	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2010	Sep. 30, 2010	Jun. 30, 2010
AFFO	$16,007	$16,486	$14,851	$13,456	$15,259	$15,062	$13,668	$12,969
FFO	$19,301	$19,708	$17,977	$18,457	$18,329	$18,008	$16,584	$15,886
Distributions	$17,167	$16,530	$15,132	$14,870	$14,751	$14,702	$14,251	$13,569
AFFO per unit – basic	$0.22	$0.23	$0.22	$0.20	$0.23	$0.23	$0.21	$0.21
AFFO per unit - diluted[(1)]	$0.21	$0.22	$0.22	$0.20	$0.22	$0.22	$0.21	$0.21
FFO per unit – basic	$0.26	$0.27	$0.27	$0.28	$0.28	$0.27	$0.26	$0.26
FFO per unit - diluted[(1)]	$0.25	$0.26	$0.26	$0.26	$0.26	$0.26	$0.25	$0.25
Distributions per unit	$0.22	$0.22	$0.22	$0.22	$0.22	$0.22	$0.22	$0.22

(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 are based on the total distributions per unit declared during the specific period.

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

- Property acquisitions – during the first quarter of 2012, Crombie acquired a freestanding property for a purchase price of $13,800; during the fourth quarter of 2011, Crombie acquired three retail plazas and a freestanding addition to an existing property for a total purchase price of the $72,878; during the third quarter of 2011, Crombie acquired three retail properties for a purchase price of $24,820; during the quarter ended June 30, 2011, acquired three retail properties for a total purchase price of $49,340; during the quarter ended December 31, 2010, acquired three retail properties for $28,250; and during the quarter ended September 30, 2010, acquired nine retail properties for $84,297. The purchase prices exclude closing and transaction costs.
- Property revenue and property operating expenses - Crombie's business is not subject to significant seasonal fluctuations. However, property operating expenses during winter months include such expenses as snow removal, which is a

recoverable expense, thus increasing property revenue during these same periods. Property operating expenses during the summer and fall periods include such expenses as paving and roof repairs.

Per unit amounts for FFO and AFFO are influenced by operating results as detailed above and by the timing of the issuance of REIT Units and Class B LP Units. Crombie had issuances, net of issue costs, of $116,925 in the quarter ended March 31, 2012; of $72,858 in the quarter ended December 31, 2011; and, $48,536 in the quarter ended September 30, 2010.

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 10, 2012
Stellarton, Nova Scotia, Canada

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

	Note	March 31, 2012	December 31, 2011	March 31, 2011
Assets				
Non-current assets				
Investment properties	3	$ 1,631,730	$ 1,622,083	$ 1,484,819
Intangible assets	4	25,437	26,232	24,924
Other assets	5	60,886	56,436	49,894
Notes receivable	6	2,248	2,440	3,154
		1,720,301	1,707,191	1,562,791
Current assets				
Cash and cash equivalents		82,791	54	1,480
Other assets	5	32,453	20,610	16,728
Notes receivable	6	906	927	911
		116,150	21,591	19,119
Total Assets		**1,836,451**	**1,728,782**	**1,581,910**
Liabilities				
Non-current liabilities				
Investment property debt	7	841,722	847,201	692,661
Convertible debentures	8	92,690	124,351	146,272
Deferred taxes	9	82,100	82,400	82,600
Employee future benefits obligation	10	7,141	7,069	5,962
Trade and other payables	11	5,771	5,818	5,955
		1,029,424	1,066,839	933,450
Current liabilities				
Investment property debt	7	31,614	30,806	100,688
Convertible debentures	8	29,545	-	-
Employee future benefits obligation	10	214	214	212
Trade and other payables	11	50,987	49,262	46,676
		112,360	80,282	147,576
Total liabilities excluding net assets attributable to Unitholders		**1,141,784**	**1,147,121**	**1,081,026**
Net assets attributable to Unitholders		**$ 694,667**	**$ 581,661**	**$ 500,884**
Net assets attributable to Unitholders represented by				
Crombie REIT Unitholders		$ 389,567	$ 326,487	$ 268,848
Special Voting Units and Class B Limited Partnership Unitholders		305,100	255,174	232,036
		$ 694,667	**$ 581,661**	**$ 500,884**
Commitments and contingencies	21			
Subsequent events	22			

See accompanying notes to the interim consolidated financial statements.

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

	Note	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Property revenue	12	$ 59,447	$ 56,318
Property operating expenses		23,052	21,424
Net property income		**36,395**	**34,894**
Lease terminations		113	-
Depreciation of investment properties	3	(7,241)	(6,301)
Amortization of deferred leasing costs	3	(146)	(122)
Amortization of intangible assets	4	(1,138)	(1,334)
General and administrative expenses		(2,970)	(2,500)
Operating income before finance costs and income taxes		**25,013**	**24,637**
Finance costs - operations	15	(15,750)	(15,411)
Operating income before income taxes		**9,263**	**9,226**
Taxes - deferred	9	300	100
Operating income attributable to Unitholders		**9,563**	**9,326**
Finance costs - distributions to Unitholders		(17,167)	(14,751)
Decrease in net assets attributable to Unitholders		**(7,604)**	**(5,425)**
Other comprehensive income			
Costs incurred on derivatives designated as cash flow hedges transferred to finance costs - operations		1,042	1,054
Net change in derivatives designated as cash flow hedges		-	566
Other comprehensive income		**1,042**	**1,620**
Comprehensive income (loss)		**$ (6,562)**	**$ (3,805)**

See accompanying notes to the interim consolidated financial statements.

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

	REIT Units, Special Voting Units and Class B LP Units	Operating Income	Finance Costs - Distributions	Accumulated Other Comprehensive Income (Loss)	Contributed Surplus	Total	Attributable To	
							REIT Units	Class B LP Units
	(Note 16)							
Balance, January 1, 2012	$ 728,359	$ 151,604	$ (273,284)	$ (25,149)	$ 131	$ 581,661	$ 326,487	$ 255,174
Units released under EUPP	29	-	-	-	(29)	-	-	-
Units issued under EUPP	409	-	-	-	-	409	409	-
Loans receivable under EUPP	(409)	-	-	-	-	(409)	(409)	-
EUPP compensation	-	-	-	-	7	7	7	-
Repayment of EUPP loans receivable	243	-	-	-	-	243	243	-
Conversion of debentures	2,393	-	-	-	-	2,393	2,393	-
Statements of comprehensive income (loss)	-	9,563	(17,167)	1,042	-	(6,562)	(3,698)	(2,864)
Unit issue proceeds, net of costs of $3,210	116,925	-	-	-	-	116,925	64,135	52,790
Balance, March 31, 2012	**$ 847,949**	**$ 161,167**	**$ (290,451)**	**$ (24,107)**	**$ 109**	**$ 694,667**	**$ 389,567**	**$ 305,100**

See accompanying notes to the interim consolidated financial statements.

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

	REIT Units, Special Voting Units and Class B LP Units	Operating Income	Finance Costs - Distributions	Accumulated Other Comprehensive Income (Loss)	Contributed Surplus	Total	Attributable To	
							REIT Units	Class B LP Units
	(Note 16)							
Balance, January 1, 2011	$ 629,709	$ 113,389	$ (212,001)	$ (29,264)	$ 142	$ 501,975	$ 268,201	$ 233,774
Units issued under EUPP	281	-	-	-	-	281	281	-
Loans receivable under EUPP	(281)	-	-	-	-	(281)	(281)	-
EUPP compensation	-	-	-	-	15	15	15	-
Repayment of EUPP loans receivable	185	-	-	-	-	185	185	-
Conversion of debentures	2,514	-	-	-	-	2,514	2,514	-
Statements of comprehensive income (loss)	-	9,326	(14,751)	1,620	-	(3,805)	(2,067)	(1,738)
Balance, March 31, 2011	**$ 632,408**	**$ 122,715**	**$ (226,752)**	**$ (27,644)**	**$ 157**	**$ 500,884**	**$ 268,848**	**$ 232,036**

See accompanying notes to the interim consolidated financial statements.

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

		Three Months Ended March 31,	
Cash flows provided by (used in)	**Note**	**2012**	**2011**
Operating Activities			
Decrease in net assets attributable to Unitholders		$ (7,604)	$ (5,425)
Items not affecting operating cash	17	10,461	9,929
		2,857	4,504
Change in other non-cash operating items	17	(8,106)	4,489
Cash provided by (used in) operating activities		**(5,249)**	**8,993**
Financing Activities			
Issue of investment property debt		4,256	-
Increase in deferred financing charges		(225)	(102)
Repayment of investment property debt		(16,805)	(6,008)
REIT Units and Class B LP Units issued		120,135	-
REIT Units and Class B LP Units issue costs		(3,210)	-
Repayment of EUPP loans receivable		243	185
Decrease in liabilities related to derecognized property		(44)	(42)
Collection of notes receivable		213	278
Cash provided by (used in) financing activities		**104,563**	**(5,689)**
Investing Activities			
Acquisition of investment properties		(6,256)	-
Additions to investment properties		(6,318)	(4,181)
Additions to tenant incentives		(3,885)	(2,634)
Additions to deferred leasing costs		(141)	(199)
Decrease in assets related to derecognized property		23	20
Cash used in investing activities		**(16,577)**	**(6,994)**
Net change in cash and cash equivalents		**82,737**	**(3,690)**
Cash and cash equivalents, beginning of period		**54**	**5,170**
Cash and cash equivalents, end of period		**$ 82,791**	**$ 1,480**

See accompanying notes to the interim consolidated financial statements

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1) GENERAL INFORMATION AND NATURE OF OPERATIONS

Crombie Real Estate Investment Trust ("Crombie") is an unincorporated "open-ended" real estate investment trust created pursuant to the Declaration of Trust dated January 1, 2006, as amended. The principal business of Crombie is the acquisition of retail and office properties for purposes of leasing. Crombie is registered in Canada and the address of its registered office is 115 King Street, Stellarton, Nova Scotia, Canada, B0K 1S0. The interim consolidated financial statements for the three months ended March 31, 2012 and March 31, 2011 include the accounts of Crombie and all of its subsidiary entities. The units of Crombie are traded on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

The interim consolidated financial statements were authorized for issue by the Board of Trustees on May 10, 2012.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting and do not contain all of the information required by IAS 1, Presentation of Financial Statements.

(b) Basis of presentation

The interim consolidated financial statements are presented in Canadian dollars ("CAD"), Crombie's functional and reporting currency, rounded to the nearest thousand. The interim consolidated financial statements are prepared on a historical cost basis except for any financial assets and liabilities classified as fair value through operating income ("FVTPL") or designated as available for sale, ("AFS") that have been measured at fair value.

(c) Presentation of financial statements

The interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. In subsequent periods, when Crombie: (i) applies an accounting policy retrospectively, (ii) makes a retrospective restatement of items in its financial statements, or (iii) reclassifies items on the balance sheet; it will present an additional balance sheet as at the beginning of the earliest comparative period.

(d) Basis of consolidation

Crombie's financial statements consolidate those of Crombie and all of its subsidiary entities as at March 31, 2012. Subsidiaries are all entities over which Crombie has the power to control the financial and operating policies so as to benefit from its activities. All subsidiaries have a reporting date of March 31, 2012.

All intercompany transactions, balances, income and expenses are eliminated in preparing the interim consolidated financial statements. Where unrealized losses on intercompany asset sales are reversed on consolidation, the underlying asset is also tested for impairment from an entity perspective.

Operating income (loss) and other comprehensive income (loss) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

(e) Significant accounting policies

The Company describes its significant accounting policies in its audited consolidated financial statements for the year ended December 31, 2011. There has been no change in the Company's significant accounting policies since that date.

3) INVESTMENT PROPERTIES

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2012	$ 455,713	$ 1,283,032	$ 3,905	$ 1,742,650
Acquisitions	2,607	10,991	-	13,598
Additions	2	3,325	109	3,436
Balance March 31, 2012	458,322	1,297,348	4,014	1,759,684
Accumulated depreciation and amortization				
Opening balance, January 1, 2012	-	118,914	1,653	120,567
Depreciation and amortization	-	7,241	146	7,387
Balance, March 31, 2012	-	126,155	1,799	127,954
Net carrying value, March 31, 2012	$ 458,322	$ 1,171,193	$ 2,215	$ 1,631,730

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2011	$ 418,426	$ 1,161,508	$ 3,276	$ 1,583,210
Acquisitions	39,141	113,367	-	152,508
Additions	8	21,134	629	21,771
Derecognition	(1,862)	(12,977)	-	(14,839)
Balance, December 31, 2011	455,713	1,283,032	3,905	1,742,650
Accumulated depreciation and amortization				
Opening balance, January 1, 2011	-	94,077	1,141	95,218
Depreciation and amortization	-	25,849	512	26,361
Derecognition	-	(1,012)	-	(1,012)
Balance, December 31, 2011	-	118,914	1,653	120,567
Net carrying value, December 31, 2011	$ 455,713	$ 1,164,118	$ 2,252	$ 1,622,083

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2011	$ 418,426	$ 1,161,508	$ 3,276	$ 1,583,210
Additions	2	3,213	35	3,250
Derecognition	-	(41)	-	(41)
Balance, March 31, 2011	418,428	1,164,680	3,311	1,586,419
Accumulated depreciation and amortization				
Opening balance, January 1, 2011	-	94,077	1,141	95,218
Depreciation and amortization	-	6,301	122	6,423
Derecognition	-	(41)	-	(41)
Balance, March 31, 2011	-	100,337	1,263	101,600
Net carrying value, March 31, 2011	$ 418,428	$ 1,064,343	$ 2,048	$ 1,484,819

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

		Fair Value		Carrying Value
March 31, 2012	$	2,026,000	$	1,717,604
December 31, 2011	$	1,918,000	$	1,703,995
March 31, 2011	$	1,781,000	$	1,558,152

Carrying value includes investment properties, intangible assets as well as accrued straight-line rent receivable and tenant incentives which are included in other assets. Fair value represents the amount at which the properties could be exchanged between a knowledgeable and willing buyer and a knowledgeable and willing seller in an arm's length transaction at the date of valuation.

Investment properties have been fair valued using the methods and key assumptions as described in Crombie's audited consolidated financial statements for the year ended December 31, 2011.

As at March 31, 2012, all properties have been subjected to external, independent appraisal over the last two fiscal years.

Crombie has utilized the following weighted average capitalization rates and has determined that an increase (decrease) in the applied capitalization rate or discount rate of 0.25% would result in an increase (decrease) in the fair value of the investment properties as follows:

		Impact of a 0.25% change in Capitalization Rate			
	Weighted Average Rate		Increase in Rate		Decrease in Rate
March 31, 2012	7.04%	$	(70,000)	$	76,000
December 31, 2011	7.37%	$	(64,000)	$	68,000
March 31, 2011	7.51%	$	(58,000)	$	62,000

Investment Property Acquisitions

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

2012

Acquisition/Disposition Date	Properties Acquired (Disposed)	Approximate Square Footage		Initial Purchase (Disposition) Price		Assumed Mortgages		New Mortgages
March 9, 2012	1	40,000	$	13,800	$	7,604	$	1,356

The March 9, 2012 property acquisition was from a third party. The initial purchase price stated above excludes closing and transaction costs. The balance of the acquisition, after deducting assumed and new mortgage proceeds, was funded through Crombie's floating rate revolving credit facility.

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

	Three Months Ended March 31,		Year Ended
Investment property acquired, net:	**2012**	**2011**	**December 31, 2011**
Land	$ 2,607	$ -	$ 39,141
Buildings	10,991	-	113,367
Intangible assets	343	-	5,323
Fair value debt adjustment on assumed mortgages	(81)	-	(1,543)
Net purchase price	13,860	-	156,288
Assumed mortgages	(7,604)	-	(13,585)
	$ 6,256	$ -	$ 142,703
Consideration funded by:			
Revolving credit facility	$ 4,900	$ -	$ 58,473
Mortgage financing	1,356	-	84,230
Total consideration paid	$ 6,256	$ -	$ 142,703

4) INTANGIBLE ASSETS

Tenant Relationships	**Cost**	**Accumulated Amortization**	**Net Carrying Value**
Balance, January 1, 2012	$ 60,648	$ 34,416	$ 26,232
Acquisitions	343	-	343
Amortization	-	1,138	(1,138)
Balance, March 31, 2012	**$ 60,991**	**$ 35,554**	**$ 25,437**
Balance, January 1, 2011	$ 55,776	$ 29,518	$ 26,258
Amortization	-	1,334	(1,334)
Balance, March 31, 2011	**$ 55,776**	**$ 30,852**	**$ 24,924**

5) OTHER ASSETS

	March 31, 2012	**December 31, 2011**	**March 31, 2011**
Trade receivables	$ 8,350	$ 7,767	$ 5,162
Provision for doubtful accounts	(636)	(401)	(619)
Net trade receivables	7,714	7,366	4,543
Accrued straight-line rent receivable	18,806	17,785	15,122
Tenant incentives	41,631	37,895	33,287
Prepaid expenses and deposits	17,465	6,289	6,958
Restricted cash	1,345	1,310	62
Assets related to derecognized property	6,378	6,401	6,650
	$ 93,339	**$ 77,046**	**$ 66,622**

Tenant incentives	Cost	Accumulated Amortization	Net Carrying Value
Balance, January 1, 2012	$ 56,413	$ 18,518	$ 37,895
Additions	5,249	-	5,249
Amortization	-	1,513	(1,513)
Balance, March 31, 2012	**$ 61,662**	**$ 20,031**	**$ 41,631**
Balance, January 1, 2011	$ 46,798	$ 13,350	$ 33,448
Additions	1,185	-	1,185
Amortization	-	1,346	(1,346)
Balance, March 31, 2011	**$ 47,983**	**$ 14,696**	**$ 33,287**

6) NOTES RECEIVABLE

On March 23, 2006, Crombie acquired 44 properties from Empire Company Limited's subsidiary, ECL Properties Limited ("ECL") and certain affiliates, resulting in ECL Developments Limited issuing two demand non-interest bearing promissory notes in the amounts of $39,600 and $20,564. Payments on the first note of $39,600 are being received as funding is required for a capital expenditure program relating to eight commercial properties. Payments on the second note of $20,564 are being received on a monthly basis to reduce the effective interest rate to 5.54% on certain assumed mortgages with terms to maturity to April 2022. The interest rate subsidy is carried at present value.

The balance of each note is as follows:

	March 31, 2012	December 31, 2011	March 31, 2011
Capital expenditure program	$ 105	$ 105	$ 105
Interest rate subsidy	3,049	3,262	3,960
	$ 3,154	**$ 3,367**	**$ 4,065**

7) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	March 31, 2012
Fixed rate mortgages	3.33 - 6.90%	5.59%	7.7 years	$ 850,626
Floating rate revolving credit facility		3.20%	2.3 years	30,000
Deferred financing charges				(7,290)
				$ 873,336

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	December 31, 2011
Fixed rate mortgages	4.06 - 7.30%	5.62%	7.9 years	$ 845,490
Floating rate revolving credit facility		3.20%	2.5 years	40,000
Deferred financing charges				(7,483)
				$ 878,007

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	March 31, 2011
Fixed rate mortgages	4.53 - 7.30%	5.77%	7.2 years	$ 749,657
Floating rate revolving credit facility		2.33%	0.3 years	50,000
Deferred financing charges				(6,308)
				$ 793,349

As at March 31, 2012, debt retirements for the next 5 years are:

12 Months ending	Fixed Rate Principal Payments	Fixed Rate Maturities	Floating Rate Maturities	Total
March 31, 2013	$ 27,259	$ 3,083	$ -	$ 30,342
March 31, 2014	28,180	71,282	-	99,462
March 31, 2015	26,372	31,889	30,000	88,261
March 31, 2016	26,023	51,119	-	77,142
March 31, 2017	21,784	62,175	-	83,959
Thereafter	112,983	382,334	-	495,317
	$ 242,601	$ 601,882	$ 30,000	874,483
Deferred financing charges				(7,290)
Unamortized fair value debt adjustment				6,143
				$ 873,336

Specific investment properties with a carrying value of $1,639,703 as at March 31, 2012 (December 31, 2011 - $1,625,674; March 31, 2011 - $1,452,874) are currently pledged as security for mortgages or provided as security for the floating rate revolving credit facility. Carrying value includes investment properties, intangible assets, as well as accrued straight-line rent and tenant incentives which are included in other assets.

Mortgage activity during 2012

Date		Number of Mortgages	Rates	Terms in Years	Amortization Periods in Years	Proceeds (Repayments)
January 20, 2012	New	1	3.33%	5	25	$ 2,900
March 9, 2012	Assumed	1	4.06%	5	20	7,604
March 9, 2012	New	1	4.06%	5	20	1,356
						$ 11,860

Floating Rate Revolving Credit Facility

The floating rate revolving credit facility has a maximum principal amount of $150,000 and matures June 30, 2014. It is used by Crombie for working capital purposes and to provide financing for future acquisitions. It is secured by a pool of first and second mortgages on certain properties. The floating interest rate is based on bankers' acceptance rates or specific margins over prime rate. The specified margin increases as Crombie's overall debt leverage increases beyond specific thresholds.

See Note 19(a) for fair value information.

8) CONVERTIBLE DEBENTURES

	Conversion Price	Maturity Date	Interest Rate	March 31, 2012	December 31, 2011	March 31, 2011
7% (CRR.DB)	$ 13.00	March 20, 2013	7.00%	$ 29,545	$ 29,985	$ 29,985
Series B (CRR.DB.B)	$ 11.00	June 30, 2015	6.25%	50,526	52,479	75,749
Series C (CRR.DB.C)	$ 15.30	June 30, 2017	5.75%	45,000	45,000	45,000
Deferred financing charges				(2,836)	(3,113)	(4,462)
				$ 122,235	**$ 124,351**	**$ 146,272**

Debenture Conversions	Conversion Price	Three Months Ended March 31, 2012	Year Ended December 31, 2011	Three Months Ended March 31, 2011
7%	$ 13.00	$ 440	$ -	$ -
Series B	$ 11.00	1,953	25,784	2,514
		$ 2,393	**$ 25,784**	**$ 2,514**
REIT Units Issued		211,386	2,343,981	228,540

As at March 31, 2012, debenture retirements for the next 5 years are:

12 Months ending	7%	Series B	Series C	Total
March 31, 2013	$ 29,545	$ -	$ -	$ 29,545
March 31, 2014	-	-	-	-
March 31, 2015	-	-	-	-
March 31, 2016	-	50,526	-	50,526
March 31, 2017	-	-	-	-
Thereafter	-	-	45,000	45,000
	$ 29,545	$ 50,526	$ 45,000	125,071
Deferred financing charges				(2,836)
				$ 122,235

9) INCOME TAXES

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

	March 31, 2012	December 31, 2011	March 31, 2011
Tax liabilities relating to difference in tax and book value	$ 93,821	$ 93,837	$ 92,830
Tax asset relating to non-capital loss carry-forward	(11,721)	(11,437)	(10,230)
Deferred tax liability	**$ 82,100**	**$ 82,400**	**$ 82,600**

The income tax recovery (expense) consists of the following:

	Three Months Ended March 31,	
	2012	**2011**
Provision for income taxes at the expected rate	$ (2,895)	$ (2,914)
Tax effect of income attribution to Crombie's Unitholders	3,195	3,014
Taxes - deferred	**$ 300**	**$ 100**

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

10) EMPLOYEE FUTURE BENEFITS

For the three months ended March 31, 2012, the net defined contribution pension plans expense was $134 (three months ended March 31, 2011 - $218).

11) TRADE AND OTHER PAYABLES

	March 31, 2012	December 31, 2011	March 31, 2011
Tenant incentives and capital expenditures	$ 17,438	$ 19,084	$ 16,484
Property operating costs	17,669	17,231	14,896
Advance rents	3,776	3,631	2,484
Finance costs on investment property debt and debentures	5,777	3,624	5,794
Distributions payable	6,143	5,511	4,922
Fair value of interest rate swap agreements	-	-	1,922
Liabilities related to derecognized property	5,955	5,999	6,129
	$ 56,758	**$ 55,080**	**$ 52,631**

12) PROPERTY REVENUE

	Three Months Ended March 31,	
	2012	2011
Rental revenue contractually due from tenants	$ 59,252	$ 56,065
Contingent rental revenue	687	771
Straight-line rent recognition	1,021	828
Tenant incentive amortization	(1,513)	(1,346)
	$ 59,447	**$ 56,318**

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

	Three Months Ended March 31,			
	2012		2011	
	Revenue	Percentage	Revenue	Percentage
Sobeys Inc.	$ 16,780	28.2%	$ 17,226	30.6%

13) OPERATING LEASES

Crombie as a Lessor

Crombie's operations include leasing commercial real estate. Future minimum rental income under non-cancellable tenant leases as at March 31, 2012, is as follows:

	Remaining	Year Ending December 31,					
	2012	2013	2014	2015	2016	Thereafter	Total
Future minimum rental income	$ 111,957	$ 141,940	$ 132,248	$ 122,898	$ 113,999	$ 924,236	$ 1,547,278

Crombie as a Lessee

Operating lease payments primarily represent rentals payable by Crombie for all of its land leases. These land leases have varying terms ranging from 13 to 73 years including renewal options:

	Remaining	Year Ending December 31,					
	2012	2013	2014	2015	2016	Thereafter	Total
Future minimum lease payments	$ 977	$ 1,227	$ 1,228	$ 1,229	$ 1,231	$ 47,225	$ 53,117

14) EMPLOYEE BENEFIT EXPENSE

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

	Three Months Ended March 31,	
	2012	**2011**
Wages and salaries	$ 6,052	$ 4,974
Post-employment benefits	134	218
	$ 6,186	**$ 5,192**

15) FINANCE COSTS – OPERATIONS

	Three Months Ended March 31,	
	2012	**2011**
Fixed rate mortgages	$ 13,300	$ 12,369
Floating rate term, revolving and demand facilities	461	701
Convertible debentures	1,989	2,341
Finance costs - operations	**15,750**	**15,411**
Amortization of fair value debt adjustment and accretion income	404	435
Change in accrued finance costs	(2,153)	(2,334)
Amortization of effective swap agreements	(1,042)	(1,054)
Amortization of deferred financing charges	(695)	(685)
Finance costs - operations, paid	**$ 12,264**	**$ 11,773**

16) UNITS OUTSTANDING

	Crombie REIT Units		Class B LP Units and attached Special Voting Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2012	41,181,881	$ 403,895	33,115,360	$ 324,464	74,297,241	$ 728,359
Units issued (proceeds are net of issue costs)	4,630,000	64,135	3,655,200	52,790	8,285,200	116,925
Units issued under EUPP	28,893	409	-	-	28,893	409
Units released under EUPP	-	29	-	-	-	29
Net change in EUPP loans receivable	-	(166)	-	-	-	(166)
Conversion of debentures	211,386	2,393	-	-	211,386	2,393
Balance, March 31, 2012	**46,052,160**	**$ 470,695**	**36,770,560**	**$ 377,254**	**82,822,720**	**$ 847,949**

	Crombie REIT Units		Class B LP Units and attached Special Voting Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2011	35,327,900	$ 335,068	30,780,730	$ 294,641	66,108,630	$ 629,709
Units issued under EUPP	21,417	281	-	-	21,417	281
Net change in EUPP loans receivable	-	(96)	-	-	-	(96)
Conversion of debentures	228,540	2,514	-	-	228,540	2,514
Balance, March 31, 2011	**35,577,857**	**$ 337,767**	**30,780,730**	**$ 294,641**	**66,358,587**	**$ 632,408**

Crombie REIT Units and Crombie REIT Special Voting Units ("SVU") and Class B LP Units

On March 29, 2012, Crombie closed a public offering, on a bought deal basis, of 4,630,000 Units, at a price of $14.50 per Unit for gross proceeds of $67,135. Concurrently, with the issuance of the REIT Units, ECL Developments Limited purchased 3,655,200 Class B LP Units and the associated SVUs at a price per class B LP Unit of $14.50 for gross proceeds of $53,000 on a private placement basis.

17) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three Months Ended March 31,	
	2012	**2011**
Items not affecting operating cash:		
Accrued straight-line rent	$ (1,021)	$ (828)
Amortization of tenant incentives	1,513	1,346
Depreciation of investment properties	7,241	6,301
Amortization of intangible assets	1,138	1,334
Amortization of deferred leasing costs	146	122
Unit based compensation	7	15
Amortization of effective swap agreements	1,042	1,054
Amortization of deferred financing charges	695	685
Taxes – deferred	(300)	(100)
	$ 10,461	**$ 9,929**

b) Change in other non-cash operating items

	Three Months Ended March 31,	
	2012	**2011**
Cash provided by (used in):		
Trade receivables	$ (348)	$ 723
Prepaid expenses and deposits and other assets	(11,211)	(1,225)
Payables and other liabilities	3,453	4,991
	$ (8,106)	**$ 4,489**

18) RELATED PARTY TRANSACTIONS

Related party transactions are transactions with associates, post-employment benefit plans, and key management personnel. Transactions between Crombie and its subsidiaries have been eliminated on consolidation, and as such, are not disclosed in this note. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at March 31, 2012, Empire Company Limited, through its wholly-owned subsidiary ECL Developments Limited, holds a 44.4% (fully diluted 40.7%) indirect interest in Crombie.

Crombie's transactions with related parties are as follows:

		Three Months Ended March 31,	
		2012	**2011**
Property revenue	(a)	$ 18,736	$ 17,538
Head lease income	(b)	$ 403	$ 143
Management support services provided	(c)	$ 203	$ 265
Property management services	(d)	$ 208	$ 265
Rental expense	(e)	$ 47	$ 47
Interest rate subsidy	(b)	$ 275	$ 358
Finance costs - operations	(f)	$ 156	$ 232
Finance costs - distributions to Unitholders		$ 7,640	$ 6,849

(a) Crombie earned property revenue from Sobeys Inc., Empire Theatres and other subsidiaries of Empire Company Limited.

(b) 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 rental income is included in Property revenue and the interest rate subsidy is netted against Finance costs – operations.

(c) Certain executive management individuals and other employees of Crombie 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.

(d) Certain on-site maintenance and management employees of Crombie provide property management services to certain subsidiaries of Empire Company Limited on a cost sharing basis pursuant to the Management Cost Sharing Agreement. The costs recovered by Crombie pursuant to the Agreement were netted against property expenses.

(e) Crombie leases its head office space from ECL Developments Limited. The lease expires December 2027.

(f) $10,000 of Series B Convertible Debentures with an annual interest rate of 6.25% is held by Empire Company Limited.

In addition to the above:

- On March 29, 2012, concurrently with a public offering of units, ECL Developments Limited purchased 3,655,200 Class B LP Units and the attached SVUs at a price of $14.50 per Class B LP Unit for proceeds of $52,790 net of issue costs, on a private placement basis.

- During the second quarter of 2011, Crombie acquired two retail properties for a purchase price of $27,490, excluding closing and transaction costs. The properties contain approximately 137,000 square feet with one located Nova Scotia and one in Ontario. They were acquired from subsidiaries of Empire Company Limited. In addition, Crombie exchanged a property with a subsidiary of Empire Company Limited. The purchase price of the acquired property and the disposal price of the derecognized property were based on the carrying value of the derecognized property, which approximated their respective fair values.

- During the third quarter of 2011, Crombie acquired three retail properties for a purchase price of $24,820, excluding closing and transaction costs. The properties contain approximately 131,000 square feet with two located in Ontario and one in Quebec. They were acquired from subsidiaries of Empire Company Limited.

- On October 20, 2011, concurrently with a public offering of units, in satisfaction of its pre-emptive right, ECL Developments Limited purchased 2,334,630 Class B LP Units and the attached SVUs at a price of $12.85 per Class B LP Unit for proceeds of $29,823 net of issue costs, on a private placement basis.

- On October 31, 2011, Crombie repaid $5,622 in second mortgage financings with a weighted average interest rate of 5.38% held by Empire Company Limited.

- During the fourth quarter of 2011, Crombie acquired three retail properties from subsidiaries of Empire Company Limited. The properties contain approximately 261,000 square feet with two located in Nova Scotia and one in Ontario. The total price of the three acquisitions was approximately $67,280, excluding closing and transaction costs. In addition, Crombie completed the disposition of a 49,300 square foot freestanding retail property in Riverview, New Brunswick to a subsidiary of Empire Company Limited. The disposition price was $7,000, which approximated the carrying value of the property. Crombie paid out the mortgage on the property of $2,449.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Crombie. The following are considered to be Crombie's key management personnel: the Chief Executive Officer, Chief Financial Officer and the three other highest compensated executives.

The remuneration of members of key management during the period was approximately as follows:

	Three Months Ended March 31,	
	2012	**2011**
Salary, bonus and other short-term employee benefits	$ 643	$ 531
Other long-term benefits	24	86
	$ 667	$ 617

19) 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.

Due to their short-term nature, the carrying value of cash and cash equivalents, restricted cash, trade receivables and trade and other payables 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 carrying value at the balance sheet date.

	March 31, 2012		December 31, 2011		March 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets related to derecognized property	$ 6,378	$ 6,472	$ 6,401	$ 6,547	$ 6,650	$ 6,760
Investment property debt	$ 880,626	$ 960,039	$ 885,490	$ 985,627	$ 799,657	$ 827,577
Convertible debentures	$ 125,071	$ 142,451	$ 127,464	$ 145,911	$ 150,734	$ 166,317
Liabilities related to derecognized property	$ 5,955	$ 6,239	$ 5,999	$ 6,350	$ 6,129	$ 6,339

Crombie uses various methods in estimating the fair value of a financial instrument. The methods used comprise the following inputs:

Level 1 - quoted prices in active markets

Level 2 - inputs other than quoted prices in active markets that are observable for the asset or liability either directly or indirectly

Level 3 - inputs are not based on observable market data (unobservable inputs)

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

Level 1:

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

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

Level 3:

Investment property debt and liabilities related to derecognized property: The fair value of Crombie's investment property debt and liabilities related to derecognized property 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.

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 collectability risks (Note 5).

Crombie mitigates credit risk by geographical diversification, utilizing staggered lease maturities, diversifying both its tenant mix and asset mix and conducting credit assessments for new and renewing tenants. There have been no significant changes to Crombie's credit risk since December 31, 2011.

Interest rate risk

A fluctuation in interest rates would have had an impact on Crombie's operating income. 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:

	Impact of a 0.5% interest rate change	
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility	**Decrease in rate**	**Increase in rate**
Three Months Ended March 31, 2012	$ 48	$ (48)
Three Months Ended March 31, 2011	$ 124	$ (124)

There have been no significant changes to Crombie's interest rate risk since December 31, 2011.

Liquidity risk

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

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

		Twelve Months Ended March 31,					
	Contractual Cash Flows[1]	**2013**	**2014**	**2015**	**2016**	**2017**	**Thereafter**
Fixed rate mortgages[2]	$ 1,137,189	$ 76,221	$ 143,020	$ 96,349	$ 111,238	$ 113,853	$ 596,508
Convertible debentures	150,927	37,297	5,746	5,746	53,903	2,588	45,647
	1,288,116	113,518	148,766	102,095	165,141	116,441	642,155
Floating rate revolving credit facility	32,160	960	960	30,240	-	-	-
Total	**$ 1,320,276**	**$ 114,478**	**$ 149,726**	**$ 132,335**	**$ 165,141**	**$ 116,441**	**$ 642,155**

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

(2) Reduced by the interest rate subsidy payments to be received from ECL Developments Limited.

There have been no significant changes to Crombie's liquidity risk since December 31, 2011.

20) 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, utilize staggered debt maturities, minimize long-term exposure to excessive levels of floating rate debt and maintain conservative payout ratios.

Crombie's capital structure consists of the following:

	March 31, 2012	**December 31, 2011**	**March 31, 2011**
Investment property debt	$ 873,336	$ 878,007	$ 793,349
Convertible debentures	122,235	124,351	146,272
Crombie REIT Unitholders	389,567	326,487	268,848
SVU and Class B LP Unitholders	305,100	255,174	232,036
	$ 1,690,238	$ 1,584,019	$ 1,440,505

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

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

Crombie does not include the financial liabilities to REIT Unitholders and to holders of Class B LP Units, as shown on the balance sheet as net assets attributable to Unitholders, in total debt for purposes of its debt to gross book value calculation. Crombie's debt to gross book value as defined in Crombie's Declaration of Trust is as follows:

	March 31, 2012	December 31, 2011	March 31, 2011
Fixed rate mortgages	$ 850,626	$ 845,490	$ 749,657
Convertible debentures	125,071	127,464	150,734
Revolving credit facility	30,000	40,000	50,000
Total debt outstanding	1,005,697	1,012,954	950,391
Less: Applicable fair value debt adjustment	(4,562)	(4,837)	(5,747)
Debt	$ 1,001,135	$ 1,008,117	$ 944,644
Investment properties, cost	$ 1,759,684	$ 1,742,650	$ 1,586,419
Below-market lease component, cost [(1)]	58,468	58,064	52,148
Intangible assets, cost	60,991	60,648	55,776
Notes receivable	3,154	3,367	4,065
Other assets, cost (see below)	106,992	89,163	74,668
Cash and cash equivalents	82,791	54	1,480
Deferred financing charges	10,126	10,596	10,770
Interest rate subsidy	(4,562)	(4,837)	(5,747)
Fair value adjustment to deferred taxes	(39,245)	(39,245)	(39,245)
	$ 2,038,399	$ 1,920,460	$ 1,740,334
Debt to gross book value	49.1%	52.5%	54.3%

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

Other assets are calculated as follows:

	March 31, 2012	December 31, 2011	March 31, 2011
Other assets per Note 5	$ 93,339	$ 77,046	$ 66,622
Add back (deduct):			
Tenant incentive accumulated amortization	20,031	18,518	14,696
Assets related to derecognized property	(6,378)	(6,401)	(6,650)
Other assets, cost	**$ 106,992**	**$ 89,163**	**$ 74,668**

As at March 31, 2012, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

21) COMMITMENTS AND CONTINGENCIES

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

Crombie has entered into a management cost sharing agreement with a subsidiary of Empire Company Limited. Details of this agreement are disclosed in "Related Party Transactions" (Note 18).

Crombie obtains letters of credit to support its obligations with respect to construction work on its Investment properties, defeasing Investment property debt and satisfying mortgage financing requirements. Crombie has $418 in standby letters of credit for construction work that is being performed on its investment properties. In connection with the defeasance of the derecognized property investment 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 $9,400 in favour of mortgage lenders. Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

Land leases have varying terms ranging from 13 to 73 years including renewal options. For the three months ended March 31, 2012, Crombie paid $301 in land lease payments to third party landlords (three months ended March 31, 2011 - $294). Crombie's commitments under the land leases are disclosed in Note 13.

As at March 31, 2012, Crombie had signed construction contracts totaling $8,786 of which $5,288 has been paid.

22) SUBSEQUENT EVENTS

(a) On April 10, 2012, Crombie completed the acquisition of 22 retail properties from third party vendors. The properties contain approximately 850,000 square feet of retail property and are all located in Ontario, with the exception of two, which are located in Manitoba and Saskatchewan. The total purchase price of the 22 properties is approximately $254,600, excluding closing adjustments and transaction costs. The purchase price was funded through the assumption of approximately $95,700 in existing mortgages with a weighted average term to maturity of 3.8 years and a weighted average interest rate of 4.86%; by applying net proceeds from the March 29, 2012 $120,135 public offering of REIT Units and Class B LP Units; and, the balance from Crombie's revolving credit facility.

(b) On April 18, 2012, Crombie announced it has exercised its right to redeem its 7.00% Extendible Convertible Unsecured Subordinated Debentures (the "7% Debentures") maturing on March 20, 2013, in accordance with the terms of the trust indenture dated March 20, 2008 governing all series of Debentures. The redemption of the 7% Debentures will be effective on May 23, 2012. Upon redemption, Crombie will pay the redemption price equal to the outstanding principal amount of the 7% Debentures to be redeemed, together with all accrued and unpaid interest thereon up to but excluding the redemption date, for a total of $1,027.62 per one thousand dollars of principal amount of the 7% Debentures, less any taxes required to be deducted or withheld. Outstanding 7% Debentures may be converted into Units at the conversion price of $13.00 per Unit until May 22, 2012.

(c) On April 19, 2012, Crombie declared distributions of 7.417cents per unit, for the period from April 1, 2012 to, and including, April 30, 2012. The distributions of $6,153 will be payable on May 15, 2012 to Unitholders of record as at April 30, 2012.

23) SEGMENT DISCLOSURE

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

24) INDEMNITIES

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.

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

J. Michael Knowlton
Independent Trustee

E. John Latimer
Independent Trustee

John Eby
Independent Trustee and Lead Trustee

Elisabeth Stroback
Independent Trustee

David Leslie
Independent Trustee

Paul Beesley
Trustee

Kent R. Sobey
Independent Trustee

Brian A. Johnson
Independent Trustee

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Chairman

Donald E. Clow
President and Chief Executive Officer

Glenn R. Hynes
Chief Financial Officer and Secretary

Patrick G. Martin
Regional Vice President Atlantic

Gary Finkelstein
Regional Vice President Central & Western Canada

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 2012

Record Date	Payment Date
January 31, 2012	February 15, 2012
February 29, 2012	March 15, 2012
March 31, 2012	April 16, 2012
April 30, 2012	May 15, 2012

COUNSEL

Stewart McKelvey
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:
Glenn R. Hynes, F.C.A.
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, Canadian Stock Transfer Company.

TRANSFER AGENT

Canadian Stock Transfer Company
1660 Hollis Street
Central Building, 4th Floor
Halifax, Nova Scotia, B3J 1V7
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Email: inquiries@canstock.com
Website: www.canstockta.com

MULTIPLE MAILINGS

If you have more than one account, you may receive a separate mailing for each. If this occurs, please contact Canadian Stock Transfer Company at (800) 387-0825 or (416) 682-3860 to eliminate multiple mailings.

Crombie REIT

www.crombiereit.com