Crombie
REIT

Everyday Performance

Third Quarter Report
Nine Months Ended September 30, 2013

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 September 30, 2013, Crombie owned a portfolio of 180 commercial properties in nine provinces, comprising approximately 14.6 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 provided additional details concerning its third quarter results on a conference call held Friday, November 8, 2013. 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 2012 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 third quarter ended September 30, 2013. The financial results are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Year to Date and Third Quarter 2013 Highlights (In thousands of CAD dollars, except per unit amounts and as otherwise noted)

- Strong 10.2% growth in Funds From Operations ("FFO") per unit for the nine months ended September 30, 2013, as FFO per unit fully diluted ("FD") was $0.83 per unit compared to $0.76 per unit FD for the same period in 2012. FFO grew 23.1% over the same period in 2012 ($78,052 vs $63,386) with the FFO payout ratio 78.7% compared to 87.2% for the same period in 2012.
- 13.2% growth in FFO per unit for the three months ended September 30, 2013 ("Q3") as FFO per unit FD was $0.28 compared to $0.24 for the same period in 2012. Q3 FFO grew 21.1% over the same period in 2012 ($25,841 vs $21,338) with the FFO payout ratio of 79.5% compared to 90.7% for the same period in 2012.
- Strong 10.9% growth in Adjusted Funds From Operations ("AFFO") per unit for the nine months ended September 30, 2013, as AFFO per unit FD was $0.71 per unit compared to $0.64 per unit FD for the same period in 2012. AFFO grew 24.1% over the same period in 2012 ($66,032 vs $53,198) for the nine months ended September 30, 2013 with the AFFO payout ratio of 93.1% compared to 103.9% for the same period in 2012.
- 13.2% growth in Q3 AFFO per unit as AFFO per unit FD was $0.24 compared to $0.21 for the same period in 2012. Q3 AFFO grew 20.6% over the same period in 2012 ($21,993 vs $18,237) with the AFFO payout ratio of 93.4% compared to 106.1% for the same period in 2012.
- Crombie was assigned an investment grade credit rating of BBB(low) with a Stable trend by DBRS.
- Acquisition of four drug store anchored freestanding properties in four different provinces totaling $44 million during Q3.
- Portfolio fair value of $2.9 billion; $3.9 billion including the subsequent acquisition.
- Solid growth of 1.6% in Same-Asset Cash Net Operating Income ("NOI") for the nine months ended September 30, 2013 over the nine months ended September 30, 2012. Slight reduction in Same-Asset Cash NOI of 0.3% for the three months ended September 30, 2013 compared to the same period in 2012.
- Property revenue of $213,044 for the nine months ended September 30, 2013, an increase of $25,492 or 13.6% over the $187,552 for the nine months ended September 30, 2012. Q3 property revenue of $70,850, increased $6,391 or 9.9% over Q3 2012.
- Solid occupancy on a committed basis of 92.2% at September 30, 2013, compared with 93.5% at September 30, 2012. The September 30, 2013 leased space is impacted by the leasing expiry of three Zellers since September 30, 2012, totalling 262,000 square feet.
- Crombie completed leasing activity on a total of 995,000 square feet during the nine months ended September 30, 2013, including:
    - Renewals on 472,000 square feet of 2013 expiring leases at an average rate of $12.78 per square foot, an increase of 7.7% over the expiring lease rate. This represents a renewal rate of 56% of the 2013 year to date expired lease space; excluding the expiry of three Zellers leases, renewals represent 82% of the expiring lease space;
    - Renewals on 154,000 square feet of 2014 and later expiring leases at an average rate of $15.03 per square foot, an increase of 12.1% over the expiring lease rate; and
    - New leases on 369,000 square feet of space, at an average rate of $16.00 per square foot.
- Weighted average lease term of 10.4 years and weighted average mortgage term of 7.5 years; amongst the longest and most defensive in the REIT industry.
- Weighted average interest rate on mortgages reduced to 4.99% from 5.21% at December 31, 2012 and 5.27% at September 30, 2012. Strong 2.72 times interest coverage.
- Debt to Gross Book Value (fair value basis) of 49.8% (53.9% on a cost basis).

Other Performance Measures

Crombie's FFO and AFFO had the following results during the third quarter ended September 30th:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands of CAD dollars, except per unit amounts)	2013	2012	2013	2012
FFO	$ 25,841	$ 21,338	$ 78,052	$ 63,386
FFO Per Unit – basic	$ 0.28	$ 0.25	$ 0.85	$ 0.78
FFO Per Unit – diluted	$ 0.28	$ 0.24	$ 0.83	$ 0.76
FFO Payout ratio	79.5%	90.7%	78.7%	87.2%
AFFO	$ 21,993	$ 18,237	$ 66,032	$ 53,198
AFFO Per Unit – basic	$ 0.24	$ 0.21	$ 0.72	$ 0.65
AFFO Per Unit – diluted	$ 0.24	$ 0.21	$ 0.71	$ 0.64
Distributions per unit	$ 0.22	$ 0.22	$ 0.67	$ 0.67
AFFO Payout ratio	93.4%	106.1%	93.1%	103.9%

The increase in FFO and AFFO for the three months and nine months ended September 30, 2013 was primarily due to acquisition and redevelopment activity during 2013 and 2012. The three months ended September 30, 2013 was also impacted by lower finance costs related to refinancing activity

Financial Overview

Same-asset property revenue of $166,434 for the nine months ended September 30, 2013 was 2.8% higher than the nine months ended September 30, 2012 due to increased base rent driven by lease renewal activity, land use intensifications at several properties and increased recoveries as a result of higher recoverable property expenses. Acquisition, disposition and redevelopment property revenue growth of $21,003 is due to higher acquisition and redevelopment activity in 2012 and 2013. Same-asset property revenue of $54,630 for the three months ended September 30, 2013 was 2.0% higher than the three months ended September 30, 2012 due to increased base rent driven by lease renewal activity and land use intensifications at several properties. Acquisition, disposition and redevelopment property revenue growth of $5,326 is due to higher acquisition and redevelopment activity in 2012 and 2013.

Same-asset property expenses of $62,176 for the nine months ended September 30, 2013 increased by $4,464 or 7.7% from the nine months ended September 30, 2012 due primarily to higher recoverable property expenses; primarily property taxes. Same-asset property operating expenses of $20,218 for the three months ended September 30, 2013 increased by $1,706 or 9.2% from the three months ended September 30, 2012 due to lower occupancy and higher non-recoverable costs.

Closing Remarks

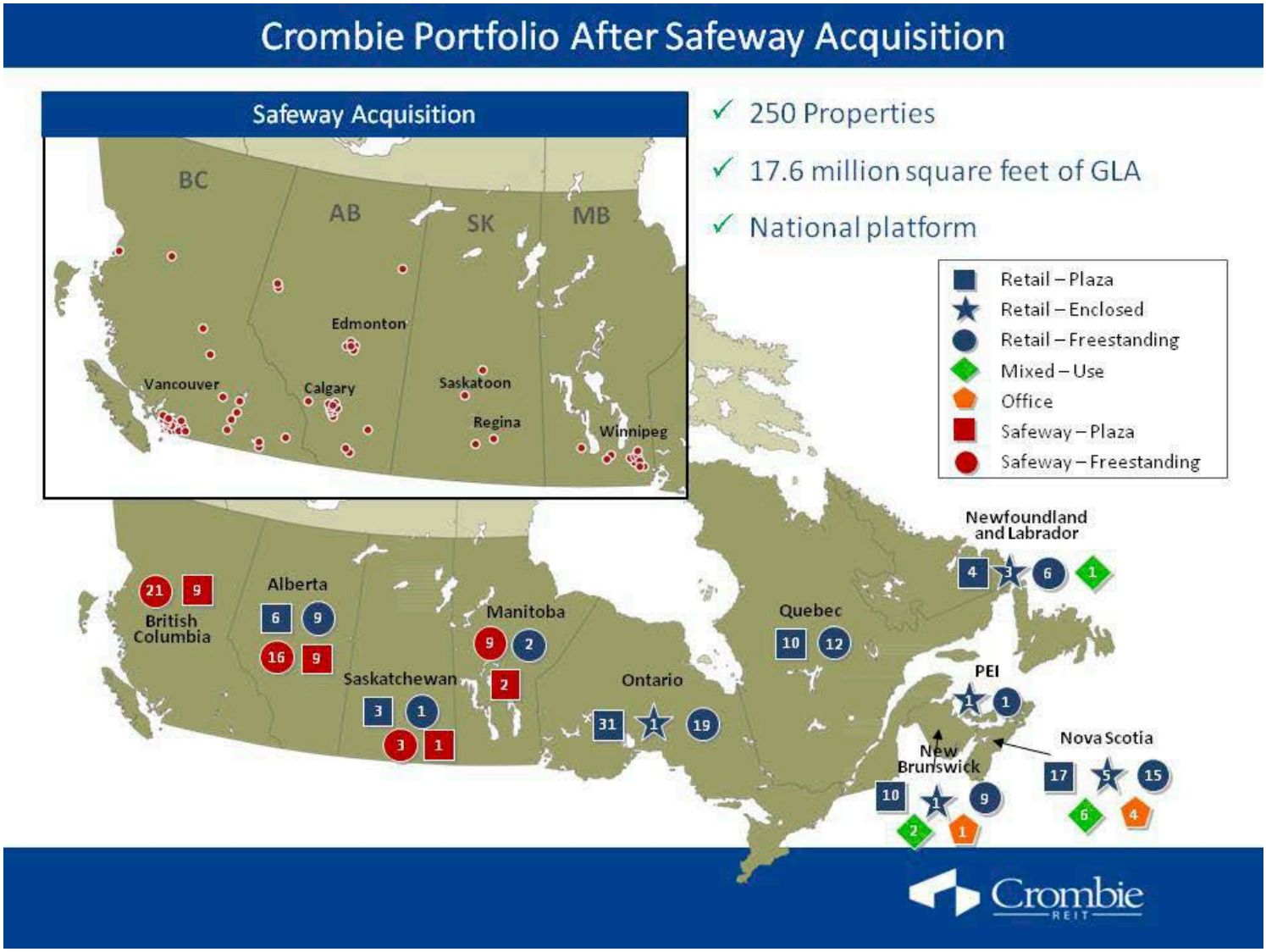
We are successfully executing on our growth strategy of accretively acquiring primarily grocery and drug store anchored retail properties in the top 36 markets in Canada. This focus has resulted in strong funds from operations growth and improved payout ratios in spite of the loss of four Zellers locations. Our disciplined approach and strong balance sheet are evident in our ability to complete over $1 billion in year to date acquisitions and attain an investment grade credit rating, which enhances Crombie's financial flexibility and liquidity options. This is demonstrated by Crombie having quickly completed permanent financing for the Canada Safeway acquisition as $297.6 million of long term mortgages with an average duration of 9.5 years and average interest rate of 4.31% has been completed since the November 3rd closing date.

Donald E. Clow, FCA
President & Chief Executive Officer

November 8, 2013

Crombie REIT Profile

Crombie Real Estate Investment Trust ("Crombie") (TSX: CRR.UN) is one of Canada's leading owners, managers and developers of retail and office properties with a future growth strategy focused primarily on the acquisition of grocery and drug store anchored retail properties in Canada's top 36 markets. Crombie currently owns a portfolio of 250 commercial properties in ten provinces, comprising approximately 17.6 million square feet of gross leaseable area.



Financial Highlights

Financial Highlights for the nine months ended September 30, 2013 and 2012 are as follows:

AT SEPTEMBER 30	2013	2012
Number of properties	180	168
Gross leaseable area (square feet)	14,574,000	13,867,000
Debt to gross book value - fair value basis	49.8%	48.8%
Debt to gross book value - cost basis	53.9%	51.6%
Diluted number of units for AFFO purposes	97,211,225	87,046,740

NINE MONTHS ENDED SEPTEMBER 30				
(In thousands of CAD dollars, except per unit amounts and as otherwise noted)				
Property revenue	$	213,044	$	187,552
Property net operating income	$	134,934	$	118,834
FFO	$	78,052	$	63,386
FFO per unit – diluted	$	0.83	$	0.76
FFO payout ratio (%)		78.7%		87.2%
AFFO	$	66,032	$	53,198
AFFO per unit – diluted	$	0.71	$	0.64
Distributions per unit	$	0.67	$	0.67
AFFO payout ratio (%)[1]		93.1%		103.9%

(1) AFFO payout ratio is calculated using a per square foot charge of $1.05 for maintenance expenditures (see “AFFO” section).

2013 Highlights

- FFO for the nine months ended September 30, 2013 increased 23.1% to $78,052 or $0.83 per unit Diluted, a 10.2% increase over the same period in 2012. FFO for the three months ended September 30, 2013 increased 21.1% to $25,841 or $0.28 per unit Diluted, a 21.1% increase over the same period in 2012.

- AFFO for the nine months ended September 30, 2013 increased 24.1% to $66,032 or $0.71 per unit Diluted a 10.9% increase over the same period in 2012. AFFO for the three months ended September 30, 2013 increased 20.6% to $21,993 or $0.24 per unit Diluted a 13.2% increase over the same period in 2012.

- Continued high quality growth of Crombie's retail portfolio of $229.7 million via the acquisition of 10 grocery or drug store anchored shopping centres, one retail freestanding property and one retail development on an existing property during the nine months ended September 30, 2013.

- 13.6% growth of property revenue for the nine months ended September 30, 2013 ($213,044 versus $187,552 for the nine months ended September 30, 2012). Property revenue for the three months ended September 30, 2013 grew by 9.9% over the three months ended September 30, 2012.

- Solid growth of same-asset cash NOI for the nine months ended September 30, 2013 of 1.6% ($106,700 compared to $105,051 for the nine months ended September 30, 2012). Same-asset cash NOI for the three months ended September 30, 2013 decreased by $99 or 0.3% over the three months ended September 30, 2012.

- Committed occupancy was 92.2% at September 30, 2013 compared with 91.8% at June 30, 2013 and 93.2% at December 31, 2012.

- Crombie completed leasing activity on a total of 995,000 square feet during the nine months ended September 30, 2013, including:

    - Renewals on 472,000 square feet of 2013 expiring leases at an average rate of $12.78 per square foot, an increase of 7.7% over the expiring lease rate. This represents a renewal rate of 56% of the 2013 year to date expired lease space; excluding the expiry of three Zellers leases, renewals represent 82% of the expiring lease space;

    - Renewals on 154,000 square feet of 2014 and later expiring leases at an average rate of $15.03 per square foot, an increase of 12.1% over the expiring lease rate; and

    - New leases on 369,000 square feet of space, at an average rate of $16.00 per square foot.

- Debt to gross book value (fair value basis) was 49.8% at September 30, 2013, compared with 48.8% at September 30, 2012. Debt to gross book value (cost basis) was 53.9% at September 30, 2013, compared with 51.6% at September 30, 2012.

- Crombie's interest service coverage for the nine months ended September 30, 2013 was 2.72 times EBITDA and debt service coverage was 1.77 times EBITDA, compared to 2.58 times EBITDA and 1.75 times EBITDA, respectively, for the same period in 2012.

- Crombie reached agreement to acquire a portfolio of retail properties from a wholly-owned subsidiary of Sobeys Inc., a related party, for $991.3 million as further detailed under Portfolio Acquisition.

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 three months and nine months ended September 30, 2013, with a comparison to the financial condition and results of operations for the comparable period in 2012.

This MD&A should be read in conjunction with Crombie's interim consolidated financial statements and accompanying notes for the period ended September 30, 2013, 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, 2012, 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.

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"), 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 November 8, 2013, except as otherwise noted.

Financial and Operational Summary

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Property revenue	$ 70,850	$ 64,459	$ 213,044	$ 187,552
Operating income attributable to Unitholders	$ 11,504	$ 7,911	$ 37,044	$ 27,910
Basic operating income attributable to Unitholders per unit	$ 0.13	$ 0.09	$ 0.40	$ 0.34
Diluted operating income attributable to Unitholders per unit	$ 0.12	$ 0.09	$ 0.40	$ 0.34
FFO	$ 25,841	$ 21,338	$ 78,052	$ 63,386
FFO per unit – basic	$ 0.28	$ 0.25	$ 0.85	$ 0.78
FFO per unit – diluted	$ 0.28	$ 0.24	$ 0.83	$ 0.76
FFO payout ratio (%)	79.5%	90.7%	78.7%	87.2%
AFFO	$ 21,993	$ 18,237	$ 66,032	$ 53,198
AFFO per unit – basic	$ 0.24	$ 0.21	$ 0.72	$ 0.65
AFFO per unit – diluted	$ 0.24	$ 0.21	$ 0.71	$ 0.64
Distributions per unit	$ 0.22	$ 0.22	$ 0.67	$ 0.67
AFFO payout ratio (%)[1]	93.4%	106.1%	93.1%	103.9%

(1) AFFO payout ratio is calculated using a per square foot charge of $1.05 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 the 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 and drug store-anchored retail properties. At September 30, 2013, Crombie owned a portfolio of 180 investment properties in nine provinces, comprising approximately 14.6 million square feet of gross leaseable area ("GLA"). Empire Company Limited ("Empire" or "ECL"), through a subsidiary, holds a 42.4% economic and voting interest in Crombie at September 30, 2013.

Significant Developments during 2013 include:

Acquisitions and related financings include: (in thousands of CAD dollars, except as otherwise noted)

						Weighted Average Mortgage		
Date Acquired in 2013	Number of Properties	Province	GLA (sq. ft.)	Initial Purchase Price	Assumed and New Mortgages	Rate	Term in Years	Amortization in Years
February 22	4	AB	311,000	$ 131,890	$ 10,744	6.54%	1	14
March 22	1	NB	66,000	14,650	10,750	3.90%	10	25
March 27	1	NS	45,000	15,450	—	—	—	—
March 28	—	QC	9,000	2,455	—	—	—	—
April 30	1	AB	59,000	20,875	—	—	—	—
September 6	4	AB, MB, ON, QC	77,000	44,370	—	—	—	—
	11		567,000	$ 229,690	$ 21,494			

The initial purchase price excludes closing and transaction costs.

The February and September acquisitions were transacted with third parties while the remaining acquisitions were from subsidiaries of Empire.

The balance of the purchase price, after deducting new and assumed mortgages, was funded using Crombie's existing revolving credit facility.

In February 2013, Crombie completed the disposition of one non-core mixed use property for $1.7 million.

In February and March 2013, Crombie entered new mortgages totaling $135,350 with a weighted average interest rate of 4.22% and a weighted average term to maturity of 11.3 years. These mortgages replace the $92,397 of mortgages with a weighted average interest rate of 5.91% previously assigned to a portfolio of 23 properties that had been renegotiated in September 2012.

Portfolio Acquisition

On July 24, 2013, Crombie announced that it entered into agreement to purchase a portfolio of retail properties from a wholly-owned subsidiary of Sobeys (the "Portfolio Acquisition"). The portfolio consists of 68 retail properties, subsequently updated to 70 retail properties, representing approximately 3.0 million square feet of 100% occupied GLA acquired by Sobeys from Canada Safeway. The acquisition price of $990 million, excluding closing and transaction costs was subsequently updated to $991.3 million.

On August 14, 2013, on a bought deal basis Crombie, issued 17,720,000 subscription receipts (the "Subscription Receipts") at a price of $12.70 per Subscription Receipt for gross proceeds of $225,044 and $75,000 Series E convertible, extendible, unsecured subordinated debentures (the "Series E Debentures"), bearing interest at a rate of 5.25% per annum, payable semi-annually. The Series E Debentures had an initial maturity date of March 12, 2014 which automatically extended to March 31, 2021 upon the Portfolio Acquisition closing. The Series E Debentures are convertible into REIT Units at the option of the holder at a conversion price of $17.15 per REIT Unit.

Unitholders of Crombie approved the Portfolio Acquisition on September 19, 2013.

Subsequent to the end of the third quarter, on October 28, 2013 Crombie received a no action letter from the Commissioner of Competition allowing Crombie to proceed with the Portfolio Acquisition. On November 4, 2013, Crombie completed the Portfolio Acquisition with an effective date of November 3, 2013. In order to finance the Portfolio Acquisition Crombie did the following:

- On October 31, 2013, Crombie issued, on a private placement agency basis, $175,000 Series A Notes (senior unsecured) with a five year term and an annual interest rate of 3.986% payable semi-annually.

- On November 4, 2013, Crombie issued 11,811,024 Class B LP Units together with the attached Special Voting Units of Crombie to ECL Developments Limited, a wholly-owned subsidiary of Empire Company Limited (TSX: EMP.A), on a private placement basis, at the same $12.70 per Class B LP Unit as the Subscription Receipts for gross proceeds of $150,000. As a result of the exchange of Subscription Receipts for REIT Units, the conversion of Series B debentures (refer to convertible debentures section), and this issuance of Class B LP Units, Empire`s indirect interest in Crombie is 41.6% (fully diluted 39.3%).

- Crombie obtained mortgage funding of $297,600 with a weighted average term of 9.5 years and a weighted average interest rate of 4.31%.

The balance of the purchase price, including closing and transaction costs, was funded by drawing down from a bridge credit facility previously negotiated to fund the acquisition. The bridge credit facility is non-revolving with only one advance permitted at acquisition closing. The bridge credit facility is expected to be repaid from the proceeds of property specific mortgage financings, unsecured bond financings and/or Crombie`s existing revolving credit facility.

On November 4, 2013, upon satisfaction of the escrow release conditions, each Subscription Receipt was exchanged for one REIT Unit. The holders of the Subscription Receipts will receive a payment equal to the amount per Unit of cash distributions made by Crombie for the record dates occurring during the period that the Subscription Receipts were outstanding, being $3,943, including interest earned on the invested Subscription Receipts proceeds

On closing of the Portfolio Acquisition, Sobeys entered into leases ranging from 15 to 20 years for each property, on a fully net basis to Crombie. The Portfolio Acquisition is expected to impact Crombie as follows:

- Increase the number of properties from 180 as reported at September 30, 2013 to 250.
- Increase the approximate GLA from 14.6 million to 17.6 million.
- Increase the weighted average lease term from 10.4 years to 12.1 years.
- Increase annual property NOI by approximately $57.1 million.
- Increase total assets by $991.3 million, excluding closing and transaction costs.

Business Objectives and Outlook

Crombie describes its business objectives and outlook in the Management's Discussion and Analysis for the year ended December 31, 2012.

Business Environment

Crombie describes its business environment in the Management's Discussion and Analysis for the year ended December 31, 2012.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements about expected future events and the financial and operating performance of Crombie. These statements include, but are not limited to, statements made in "Overview of Business and Recent Developments", "Property Profile", "Liquidity and Capital Resources", "Finance Costs - Operations", and other statements concerning management's beliefs, plans, estimates, intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical fact. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "estimate", "anticipate", "believe", "expect", "intend" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. All forward-looking information in this MD&A are qualified by these cautionary statements.

Specifically, this document includes, but is not limited to, forward-looking statements regarding:

(i) the cost and timing 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) asset growth and reinvesting to redevelop or otherwise 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, future interest rates 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, distribution growth 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;

(xiii) the consequences of the proposed acquisition of a portfolio of properties from a wholly-owned subsidiary of Sobeys Inc., which may be impacted by the completion of related financing transactions; and

(xiv) availability and sources of financing for repayment of the bridge facility for the Portfolio Acquisition and future growth, including the expected completion and method of financing for agreed additional acquisitions, which may be impacted by due diligence matters and debt and equity market conditions.

These forward looking-statements are presented for the purpose of assisting Crombie's Unitholders and financial analysts in understanding Crombie's operating environment, and may or may not be appropriate for other purposes. These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on Crombie's current estimates and assumptions. Crombie can give no assurance that actual results will be consistent with these forward-looking statements. 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.

These forward looking statements are made as at the date of the MD&A and Crombie assumes no obligation to update or revise them to reflect new or current events or circumstances unless otherwise required by applicable security legislation.

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Profile

At September 30, 2013, the property portfolio consisted of 180 investment properties that contain approximately 14.6 million square feet of GLA in nine provinces.

As at September 30, 2013, the portfolio distribution of the GLA by province was as follows:

	GLA (sq. ft.)						
Province	January 1, 2013	Acquisitions (Dispositions)	Other	September 30, 2013	Number of Properties	% of GLA	% of Annual Minimum Rent
AB	409,000	390,000	4,000	803,000	15	5.5%	9.1%
MB	39,000	20,000	—	59,000	2	0.4%	0.5%
NB	1,811,000	35,000	(1,000)	1,845,000	23	12.7%	9.8%
NL	1,652,000	—	4,000	1,656,000	14	11.4%	13.9%
NS	5,503,000	45,000	(5,000)	5,543,000	47	38.0%	31.4%
ON	2,883,000	16,000	17,000	2,916,000	51	20.0%	22.9%
PE	313,000	—	(44,000)	269,000	2	1.8%	1.5%
QC	1,174,000	21,000	19,000	1,214,000	22	8.4%	9.1%
SK	269,000	—	—	269,000	4	1.8%	1.8%
Total	14,053,000	527,000	(6,000)	14,574,000	180	100.0%	100.0%

Since January 1, 2013, the portfolio has increased by 558,000 square feet through the acquisition of 11 properties; six in Alberta, and one each in Manitoba, Ontario, Quebec, New Brunswick, and Nova Scotia. These acquisitions were offset by 31,000 square feet due to a disposition in New Brunswick.

Other increases in GLA are the result of the acquisition of additional development on an existing retail property in Quebec, land use intensification development in Alberta, Newfoundland and Labrador and Ontario, offset by space configuration from redevelopment activity in Nova Scotia and Prince Edward Island.

Crombie looks to diversify its geographic composition from its Atlantic Canadian roots through growth opportunities, as evidenced by 15 property acquisitions in Alberta, 36 in Ontario, 10 in Quebec, four in Saskatchewan and two in Manitoba 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.

REDEVELOPMENT

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 September 30, 2013, Crombie properties currently under redevelopment include: Downsview Plaza and Downsview Mall in Halifax, Nova Scotia and Aberdeen Business Centre in New Glasgow, Nova Scotia are being reconfigured to accommodate new tenancies; Terminal Centres in Moncton, New Brunswick is being refurbished and upgraded, including GLA expansion; and County Fair Mall in Summerside, Prince Edward Island is being reconfigured to accommodate new tenancies. Amherst Centre in Amherst, Nova Scotia has been designated for redevelopment which has not yet commenced.

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 years.

The following table outlines properties designated for redevelopment:

Province	Property	Current GLA	Redevelopment	Estimated Cost	Incurred To Date	Estimated Completion
NB	Terminal Centres	202,000	Refurbish and upgrade, including GLA expansion to accommodate future leasing	$ 18,000	$ 9,570	Fourth quarter 2013
NS	Aberdeen Business Centre	401,000	Reconfigure space to accommodate future leasing	In planning	$ —	To be determined
NS	Amherst Centre	228,000	To be determined	In planning	$ —	To be determined
NS	Downsview Plaza	142,000	Reconfigure space to accommodate future leasing	Phase II - $2,400	$ 1,170	First quarter 2014
NS	Downsview Mall	250,000	Reconfigure space to accommodate future leasing	In planning	$ —	To be determined
PE	County Fair Mall	244,000	Reconfigure space to accommodate future leasing	$ 2,625	$ 1,730	First quarter 2014

During the third quarter of 2012, Crombie commenced the redevelopment of Terminal Centres to accommodate current and future leasing. Construction is nearing completion with an expected completion date in the fourth quarter of 2013.

Aberdeen Business Centre is undergoing redevelopment to accommodate new tenant leasing requirements and initial work for future tenants.

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

Redevelopment work is currently underway on Phase II of Downsview Plaza to accommodate the requirements of new tenants and initial work for future tenants. Downsview Mall, an adjacent property, has also been designated for redevelopment, subject to management review and approval of planning and design work.

Redevelopment has also commenced on County Fair Mall to accommodate the requirements of new tenants and initial work for future tenants. Total GLA for this property has decreased as a result of the redevelopment work.

Barrington Tower in Halifax, Nova Scotia redevelopment has been completed and as at September 30, 2013 is fully leased.

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 September 30, 2013.

Tenant	% of Annual Minimum Rent	Average Remaining Lease Term
Sobeys [1]	34.0%	13.8 years
Shoppers Drug Mart	7.8%	13.4 years
Empire Theatres Limited	2.0%	10.9 years
Province of Nova Scotia	1.9%	4.7 years
CIBC	1.5%	16.5 years
GoodLife Fitness	1.5%	11.3 years
Lawtons/Sobeys Pharmacy	1.5%	12.9 years
Best Buy Canada Ltd.	1.3%	7.9 years
Bank of Nova Scotia	1.2%	3.5 years
Dollarama	1.0%	4.6 years
Total	53.7%	

(1) Excludes Lawtons.

Crombie's portfolio is leased to a wide variety of tenants. Other than Sobeys which accounts for 34.0% of annual minimum rent and Shoppers Drug Mart which accounts for 7.8% of annual minimum rent, no other tenant accounts for more than 2.0% of Crombie's annual minimum rent.

Lease Maturities

The following table sets out as of September 30, 2013, 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 2013	112	338,000	2.3%	$ 13.91
2014	196	657,000	4.5%	16.17
2015	174	803,000	5.5%	13.48
2016	178	851,000	5.8%	14.42
2017	178	882,000	6.1%	17.84
Thereafter	705	9,904,000	66.9%	15.59
Total	1,543	13,435,000	91.1%	$ 15.50

The weighted average remaining term of all leases is approximately 10.4 years. This lengthy remaining lease term is influenced by the average Sobeys and Shoppers Drug Mart remaining lease terms of 13.8 years and 13.4 years, respectively.

During the nine months ended September 30, 2013, Crombie's lease renewals were completed at an average rate of $12.71 per square foot; while new leasing activity was completed at an average rate of $18.07 per square foot. Both of these rates compare favourably with the average rent per square foot on full year 2013 lease maturities of $10.95 per square foot.

2013 Portfolio Occupancy and Committed Activity

The portfolio occupancy and committed activity for the nine months ended September 30, 2013 were as follows:

	Occupied space (sq. ft.)								
Province	January 1, 2013	Acquisitions (Dispositions)	New Leases[1]	Lease Expiries	Other Changes[2]	September 30, 2013	Committed Space (sq ft.)[3]	Total Leased Space (sq ft.)	Leased September 30, 2013
AB	409,000	378,000	6,000	—	—	793,000	3,000	796,000	99.1%
MB	39,000	20,000	—	—	—	59,000	—	59,000	100.0%
NB	1,547,000	57,000	22,000	(9,000)	(36,000)	1,581,000	7,000	1,588,000	86.0%
NF	1,594,000	—	11,000	(11,000)	(16,000)	1,578,000	12,000	1,590,000	96.0%
NS	5,025,000	45,000	100,000	(218,000)	(53,000)	4,899,000	41,000	4,940,000	89.1%
ON	2,672,000	16,000	63,000	(20,000)	(7,000)	2,724,000	44,000	2,768,000	95.0%
PE	299,000	—	—	(105,000)	—	194,000	37,000	231,000	85.6%
QC	1,162,000	21,000	22,000	(3,000)	(1,000)	1,201,000	8,000	1,209,000	99.6%
SK	269,000	—	1,000	(16,000)	—	254,000	—	254,000	94.4%
Total	13,016,000	537,000	225,000	(382,000)	(113,000)	13,283,000	152,000	13,435,000	92.2%

(1) New leases include: new leases and expansions to existing properties.
(2) Other changes include: amendments to existing leases; lease terminations and surrenders; bankruptcies; and space certifications.
(3) 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 86,000 square feet at December 31, 2012 to 152,000 square feet at September 30, 2013.

Overall leased space (occupied plus committed) decreased from 93.2% at December 31, 2012 to 92.2% at September 30, 2013. This occupancy decrease is primarily the result of the departure of Zellers as a tenant in three locations since September 30, 2012.

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 September 30, 2013, 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 Enclosed	11	2,247,000	15.4%	15.8%	82.2%
Retail Freestanding	70	2,533,000	17.4%	19.5%	100.0%
Retail Plazas	85	6,885,000	47.2%	49.3%	94.1%
Portfolio sub-totals for retail	166	11,665,000	80.0%	84.6%	93.0%
Mixed Use	9	1,856,000	12.8%	9.6%	91.2%
Office	5	1,053,000	7.2%	5.8%	84.1%
Total	180	14,574,000	100.0%	100.0%	92.2%

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

As at September 30, 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 Enclosed	11	2,291,000	16.4%	17.8%	87.9%
Retail Freestanding	69	2,546,000	18.4%	20.3%	99.9%
Retail Plazas	74	6,128,000	44.2%	45.0%	94.0%
Portfolio sub-totals for retail	154	10,965,000	79.0%	83.1%	94.1%
Mixed Use	9	1,852,000	13.4%	10.6%	93.7%
Office	5	1,050,000	7.6%	6.3%	85.9%
Total	168	13,867,000	100.0%	100.0%	93.5%

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

Retail properties represent 80.0% of Crombie's GLA and 84.6% of annual minimum rent at September 30, 2013 compared to 79.0% of GLA and 83.1% of annual minimum rent at September 30, 2012 reflecting Crombie's strategy to focus primarily on retail properties.

Leased space in retail properties of 93.0% at September 30, 2013, has decreased from 94.1% at September 30, 2012, due to a few lease expirations on larger GLA spaces primarily occupied by Zellers.

The following table sets out as of September 30, 2013, the square feet under lease subject to lease maturities during the periods indicated.

Year	Retail Enclosed		Retail Freestanding		Retail Plazas	
	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
2013	77,000	3.4%	—	0.0%	164,000	2.4%
2014	168,000	7.5%	—	0.0%	242,000	3.5%
2015	94,000	4.2%	9,000	0.4%	308,000	4.5%
2016	179,000	8.0%	3,000	0.1%	416,000	6.0%
2017	296,000	13.2%	5,000	0.2%	282,000	4.1%
Thereafter	1,032,000	45.9%	2,516,000	99.3%	5,065,000	73.6%
Total	1,846,000	82.2%	2,533,000	100.0%	6,477,000	94.1%

Year	Mixed Use		Office		Total	
	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
2013	69,000	3.7%	28,000	2.7%	338,000	2.3%
2014	163,000	8.8%	84,000	8.0%	657,000	4.5%
2015	323,000	17.4%	69,000	6.6%	803,000	5.5%
2016	185,000	10.0%	68,000	6.5%	851,000	5.8%
2017	171,000	9.2%	128,000	12.2%	882,000	6.1%
Thereafter	782,000	42.1%	509,000	48.1%	9,904,000	68.0%
Total	1,693,000	91.2%	886,000	84.1%	13,435,000	92.2%

Of the 10,856,000 square feet of retail properties under lease, 8,613,000 square feet, or 79.3% is scheduled for maturity after 2017. This long-term stability in lease maturities is primarily driven by the longer term nature of the Sobeys and Shoppers Drug Mart leases.

In the office and mixed use properties, lease maturities after 2017 represents 50.0% of the leased square footage for these sectors.

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

Year	Retail Enclosed	Retail Freestanding	Retail Plazas	Mixed Use	Office	Total
2013	$ 16.15	$ —	$ 11.29	$ 16.52	$ 16.60	$ 13.91
2014	$ 23.08	$ —	$ 15.16	$ 12.17	$ 13.01	$ 16.17
2015	$ 19.69	$ 25.32	$ 15.09	$ 10.12	$ 12.07	$ 13.48
2016	$ 19.13	$ 29.00	$ 15.43	$ 7.79	$ 13.19	$ 14.42
2017	$ 17.82	$ 26.00	$ 20.07	$ 13.30	$ 18.73	$ 17.84
Thereafter	$ 16.60	$ 16.31	$ 15.88	$ 12.29	$ 11.49	$ 15.57
September 2013 Total	$ 17.77	$ 16.37	$ 15.85	$ 11.64	$ 13.02	$ 15.50
September 2012 Total	$ 16.40	$ 15.54	$ 14.85	$ 10.79	$ 12.80	$ 14.54
December 2012 Total	$ 16.61	$ 15.55	$ 15.07	$ 11.48	$ 12.82	$ 14.77

FINANCIAL RESULTS YEAR TO DATE

Comparison to Previous Year

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	As At		
	September 30, 2013	December 31, 2012	September 30, 2012
Total assets	$ 2,587,261	$ 2,135,620	$ 2,081,551
Total investment property debt and convertible debentures	$ 1,425,687	$ 1,185,940	$ 1,188,125
Debt to gross book value - fair value basis[(1)]	49.8%	46.5%	48.8%
Debt to gross book value - cost basis[(2)]	53.9%	50.0%	51.6%

(1) See "Debt to Gross Book Value – Fair Value Basis" for detailed calculation.
(2) See "Debt to Gross Book Value" for detailed calculation.

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Nine months ended September 30,		
	2013	2012	Variance
		(As Restated)	
Property revenue	$ 213,044	$ 187,552	$ 25,492
Property operating expenses	78,110	68,718	9,392
Property NOI	134,934	118,834	16,100
NOI margin percentage	63.3%	63.4%	(0.1)%
Other items:			
Lease terminations	405	386	19
Depreciation and amortization	(34,983)	(32,077)	(2,906)
General and administrative expenses	(9,423)	(7,863)	(1,560)
Operating income before finance costs and taxes	90,933	79,280	11,653
Finance costs – operations	(53,289)	(52,770)	(519)
Operating income before taxes	37,644	26,510	11,134
Taxes – deferred	(600)	1,400	(2,000)
Operating income attributable to Unitholders	37,044	27,910	9,134
Finance costs – distributions to Unitholders	(61,463)	(55,270)	(6,193)
Finance costs – change in fair value of financial instruments	2,051	(5,862)	7,913
Decrease in net assets attributable to Unitholders	$ (22,368)	$ (33,222)	$ 10,854
Operating income attributable to Unitholders per Unit, Basic and Diluted	$ 0.40	$ 0.34	
Basic weighted average Units outstanding (in 000's)	91,813	81,504	
Diluted weighted average Units outstanding (in 000's)	92,001	81,688	
Distributions per Unit to Unitholders	$ 0.67	$ 0.67	

Restatement of financial results

As discussed in the December 31, 2012 MD&A, Crombie determined that the conversion feature and redemption option attached to the convertible debentures represent a financial liability requiring fair value measurement each reporting period, with any adjustment to fair value being recognized as an increase (decrease) in Net assets attributable to Unitholders.

The comparative financial results have been restated to retrospectively account for the fair value of the embedded derivatives from the issue date of each series of convertible debentures. The fair value adjustment is being accounted for as Finance costs – change in fair value of financial instruments on the statements of comprehensive income.

Throughout this MD&A, all references to "As Restated" relate to the above retrospective restatement.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's consolidated financial results.

Operating income attributable to Unitholders for the nine months ended September 30, 2013 of $37,044 increased by $9,134 or 32.7% from $27,910 for the nine months ended September 30, 2012. The increase was primarily due to:

- higher property NOI caused by increased average rental rates, improved expense recovery rates and the impact of property acquisitions during 2012 and 2013.

Offset in part by:

- higher depreciation and amortization expense and finance costs in 2013 primarily related to property acquisitions;
- higher general and administrative expenses including costs associated with hiring of additional staff related to continued growth and higher incentive payments relating to 2012; and
- higher deferred taxes primarily related to a change in the provincial tax rate in New Brunswick in 2013 and deferred tax recovery in 2012 related to increased depreciation and amortization expense.

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 Consolidated 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.

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Same-asset property revenue	$ 166,434	$ 161,945	$ 4,489
Acquisition, disposition and redevelopment property revenue	46,610	25,607	21,003
Property revenue	$ 213,044	$ 187,552	$ 25,492

Same-asset property revenue of $166,434 for the nine months ended September 30, 2013 was 2.8% higher than the nine months ended September 30, 2012 due to increased base rent driven by lease renewal activity, land use intensifications at several properties and increased recoveries as a result of higher recoverable property expenses. Acquisition, disposition and redevelopment property revenue growth of $21,003 is due to higher acquisition and redevelopment activity in 2012 and 2013.

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Same-asset property operating expenses	$ 62,176	$ 57,712	$ 4,464
Acquisition, disposition and redevelopment property operating expenses	15,934	11,006	4,928
Property operating expenses	$ 78,110	$ 68,718	$ 9,392

Same-asset property expenses of $62,176 for the nine months ended September 30, 2013 increased by $4,464 or 7.7% from the nine months ended September 30, 2012 due primarily to higher recoverable property expenses; primarily property taxes.

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Same-asset property NOI	$ 104,258	$ 104,233	$ 25
Acquisition, disposition and redevelopment property NOI	30,676	14,601	16,075
Property NOI	$ 134,934	$ 118,834	$ 16,100

Property NOI is calculated as property revenue less property operating expenses. Property NOI for the nine months ended September 30, 2013 increased by $16,100 or 13.5% from the nine months ended September 30, 2012 due primarily to acquisitions and completed redevelopment activity during 2012 and 2013.

Property NOI on a cash basis is as follows:

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Property NOI	$ 134,934	$ 118,834	$ 16,100
Non-cash straight-line rent	(3,550)	(3,564)	14
Non-cash tenant incentive amortization	5,861	4,799	1,062
Property cash NOI	137,245	120,069	17,176
Acquisition, disposition and redevelopment property cash NOI	30,545	15,018	15,527
Same-asset property cash NOI	$ 106,700	$ 105,051	$ 1,649

Property NOI, on a cash basis, excludes non-cash straight-line rent recognition and amortization of tenant incentive amounts. The $1,649 or 1.6% increase in same-asset cash NOI for the nine months ended September 30, 2013 over the same period in 2012 is primarily the result of increased average rent per square foot from leasing activity, improved recovery rates and land use intensifications at several properties offset in part by the impact of lower occupancy.

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:

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Acquisition and disposition property cash NOI	$ 23,763	$ 8,486	$ 15,277
Redevelopment property cash NOI	6,782	6,532	250
Total acquisition, disposition and redevelopment property cash NOI	$ 30,545	$ 15,018	$ 15,527

The significant growth in acquisition and disposition property cash NOI reflects the level of property acquisitions throughout 2012 and 2013.

Cash NOI for redevelopment properties increased $250 or 3.8% for the nine months ended September 30, 2013 over the nine months ended September 30, 2012 due primarily to improved results at Barrington Tower in Halifax, Nova Scotia where redevelopment work was completed in the third quarter of 2012 and the completion of Phase I at Downsview Plaza in Halifax, 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 nine months ended September 30, 2013 by province was as follows:

	2013			2012	
(In thousands of CAD dollars)	Property Revenue	Property Expenses	Property NOI	Property NOI	Variance
AB	$ 14,418	$ 3,394	$ 11,024	$ 5,520	$ 5,504
MB	514	9	505	306	199
NB	21,097	8,819	12,278	10,986	1,292
NL	30,439	10,968	19,471	18,219	1,252
NS	75,931	33,383	42,548	41,612	936
ON	46,247	13,722	32,525	26,056	6,469
PE	2,862	1,008	1,854	2,220	(366)
QC	17,863	5,731	12,132	11,633	499
SK	3,673	1,076	2,597	2,282	315
Total	$ 213,044	$ 78,110	$ 134,934	$ 118,834	$ 16,100

The variances from 2012 primarily relate to:

- Property acquisitions during 2012 and year to date in 2013;
- Growth in same-asset cash NOI;
- Completion of redevelopment properties;
- Land use intensification projects; and
- Increased base rent due to lease renewal activity.

In Alberta, Crombie acquired two retail properties during 2012 and an additional six retail properties in the first nine months of 2013.

In Ontario, Crombie acquired 23 retail properties during 2012 and an additional one retail property in the first nine months of 2013 as well as additional development on a pre-existing retail property.

Depreciation and Amortization

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Same-asset depreciation and amortization	$ 22,960	$ 25,563	$ 2,603
Acquisition, disposition and redevelopment depreciation and amortization	12,023	6,514	(5,509)
Depreciation and amortization	$ 34,983	$ 32,077	$ (2,906)

Depreciation and amortization increased by $2,906 for the nine months ended September 30, 2013 compared to the same period in 2012. The increase is due to increased depreciation related to Crombie's increased acquisition and redevelopment activity, offset in part by accelerated depreciation in 2012 on two separate properties related to a change in their estimated useful life.

Depreciation and amortization consists of:

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Depreciation of investment properties	$ 29,134	$ 27,429	$ (1,705)
Amortization of intangible assets	5,436	4,210	(1,226)
Amortization of deferred leasing costs	413	438	25
Depreciation and amortization	$ 34,983	$ 32,077	$ (2,906)

General and Administrative Expenses

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

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Salaries and benefits	$ 4,999	$ 3,885	$ (1,114)
Professional fees	1,279	1,051	(228)
Public company costs	1,210	1,122	(88)
Rent and occupancy	716	637	(79)
Other	1,219	1,168	(51)
General and administrative expenses	$ 9,423	$ 7,863	$ (1,560)
As a percentage of property revenue	4.4%	4.2%	(0.2)%

General and administrative expenses, as a percentage of property revenue, increased by 0.2% for the nine months ended September 30, 2013 compared to the same period in 2012. Salaries and benefits increased due to the hiring of additional staff related to continued growth and higher incentive payments. Professional fees increased mainly due to consulting fees related to the Company's growth.

Finance Costs - Operations

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Same-asset finance costs	$ 36,973	$ 39,198	$ 2,225
Acquisition, disposition and redevelopment finance costs	11,395	5,709	(5,686)
Amortization of effective swaps and deferred financing charges	4,921	7,863	2,942
Finance costs – operations	$ 53,289	$ 52,770	$ (519)

Same-asset finance costs for the nine months ended September 30, 2013 decreased by $2,225 or 5.7% compared to the same period in 2012 primarily due to the interest savings realized from mortgage refinancing in September 2012 as well as refinancing of maturing mortgages at lower interest rates and conversions of convertible debentures.

Growth in acquisition, disposition and redevelopment finance costs is consistent with Crombie's acquisition activity in 2012 and 2013.

The decrease of $2,942 in amortization of effective swaps and deferred financing charges for the nine months ended September 30, 2013 compared to the same period in 2012 is primarily due to the refinancing of the mortgages in 2012, which resulted in a one-time write off of the remaining deferred finance charges on the refinanced mortgages; the conversion of convertible debentures; and, continuing reduction in amortization of effective swaps.

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 $3,109 over that period. The amount of interest rate subsidy received during the nine months ended September 30, 2013 was $682 (nine months ended September 30, 2012 - $799).

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 2012 and continues to do so. 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 Enclosed Properties

	Nine months ended September 30, 2013			Nine months ended September 30, 2012		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$ 31,637	$ 3,743	$ 35,380	$ 29,715	$ 4,527	$ 34,242
Property operating expenses	12,959	1,942	14,901	10,734	1,906	12,640
Property NOI	$ 18,678	$ 1,801	$ 20,479	$ 18,981	$ 2,621	$ 21,602
NOI Margin %	59.0%	48.1%	57.9%	63.9%	57.9%	63.1%
Actual occupancy %	85.7%	58.0%	79.9%	91.4%	75.5%	87.8%

Same-asset property revenue increased by $1,922 or 6.5% primarily due to rental rate increases, increases in revenue from percent rent and land use intensification development. Same-asset property operating expenses increased by $2,225 or 20.7% due to lower occupancy and higher non-recoverable costs which were both impacted by the early termination of Zellers leases.

Retail Freestanding Properties

	Nine months ended September 30, 2013			Nine months ended September 30, 2012		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$ 24,816	$ 7,814	$ 32,630	$ 24,083	$ 3,928	$ 28,011
Property operating expenses	5,096	1,059	6,155	4,405	433	4,838
Property NOI	$ 19,720	$ 6,755	$ 26,475	$ 19,678	$ 3,495	$ 23,173
NOI Margin %	79.5%	86.4%	81.1%	81.7%	89.0%	82.7%
Actual occupancy %	100.0%	100.0%	100.0%	99.6%	100.0%	99.7%

Same-asset property operating expenses are higher, property NOI is lower and NOI margin percentage is lower in 2013 due to an increase in non-recoverable expenses. Acquisitions, dispositions and redevelopment property NOI increased significantly from 2012 primarily due to the acquisition of 15 freestanding properties during the second quarter of 2012 and acquisition of an additional five freestanding properties to date in 2013.

Retail Plaza Properties

	Nine months ended September 30, 2013			Nine months ended September 30, 2012		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$ 73,396	$ 27,081	$ 100,477	$ 71,832	$ 11,078	$ 82,910
Property operating expenses	24,995	7,619	32,614	23,706	3,797	27,503
Property NOI	$ 48,401	$ 19,462	$ 67,863	$ 48,126	$ 7,281	$ 55,407
NOI Margin %	65.9%	71.9%	67.5%	67.0%	65.7%	66.8%
Actual occupancy %	93.8%	90.6%	93.0%	94.5%	85.0%	92.7%

Same-asset property NOI increased $275 to $48,401 due to rental rate increases from leasing activity offset by higher non-recoverable costs related to decreases in occupancy rates.

Acquisitions, dispositions and redevelopment property NOI increased significantly from the same period in 2012 primarily due to the acquisition activity during 2012 and 2013, mainly in Alberta and Ontario.

Mixed Use Properties

(In thousands of CAD dollars, except as otherwise noted)	Nine months ended September 30, 2013			Nine months ended September 30, 2012		
	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$ 24,069	$ 4,204	$ 28,273	$ 24,149	$ 2,647	$ 26,796
Property operating expenses	12,588	2,218	14,806	12,521	1,418	13,939
Property NOI	$ 11,481	$ 1,986	$ 13,467	$ 11,628	$ 1,229	$ 12,857
NOI Margin %	47.7%	47.2%	47.6%	48.2%	46.4%	48.0%
Actual occupancy %	91.9%	84.0%	89.7%	92.3%	81.6%	89.2%

Same-asset property NOI decreased by $147 or 1.3% due to lower percent rent income and higher non-recoverable costs due to lower occupancy.

Acquisition, dispositions and redevelopment property NOI increased by $757 compared to the same period in 2012 due to the acquisition of a property in Newfoundland and Labrador in the third quarter of 2012.

Office Properties

(In thousands of CAD dollars, except as otherwise noted)	Nine months ended September 30, 2013			Nine months ended September 30, 2012		
	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$ 12,516	$ 3,768	$ 16,284	$ 12,166	$ 3,427	$ 15,593
Property operating expenses	6,538	3,096	9,634	6,346	3,452	9,798
Property NOI	$ 5,978	$ 672	$ 6,650	$ 5,820	$ (25)	$ 5,795
NOI Margin %	47.8%	17.8%	40.8%	47.8%	(0.7)%	37.2%
Actual occupancy %	93.3%	68.3%	84.1%	90.7%	72.6 %	84.0%

Same-asset property NOI increased by $158 or 2.7% compared to the same period in 2012 due primarily to improved occupancy rates, improved property operating cost recoveries and increases in rental rates. Acquisition, dispositions and redevelopment property NOI increased by $697 compared to the same period in 2012 primarily due to improved results at Barrington Tower in Halifax, Nova Scotia where redevelopment work was completed in the third quarter of 2012.

OTHER 2013 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:

	Nine months ended September 30,	
(In thousands of CAD dollars, except as otherwise noted)	2013	2012
Operating income attributable to Unitholders	$ 37,044	$ 27,910
Operating income attributable to Unitholders per unit – Basic	$ 0.40	$ 0.34
Operating income attributable to Unitholders per unit – Diluted	$ 0.40	$ 0.34
FFO – Basic	$ 78,052	$ 63,386
FFO – Diluted	$ 83,499	$ 68,768
FFO per Unit – Basic	$ 0.85	$ 0.78
FFO per Unit – Diluted	$ 0.83	$ 0.76
AFFO – Basic	$ 66,032	$ 53,198
AFFO – Diluted	$ 69,232	$ 55,903
AFFO per Unit – Basic	$ 0.72	$ 0.65
AFFO per Unit – Diluted	$ 0.71	$ 0.64
Excluding the impact of $3,000 of costs on Refinanced Mortgages incurred in September 2012:		
FFO per Unit – Basic		$ 0.81
FFO per Unit – Diluted		$ 0.79
AFFO per Unit – Basic		$ 0.68
AFFO per Unit – Diluted		$ 0.67

Operating income attributable to Unitholders is determined before Finance costs - distributions to Unitholders and Finance costs - change in fair value of financial instruments.

The diluted FFO and AFFO are calculated 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:

	Nine months ended September 30,	
	2013	2012
Basic number of Units for all measures	91,812,529	81,503,689
Diluted for operating income attributable to Unitholders purposes	92,000,931	81,687,850
Diluted for FFO purposes	100,196,299	90,968,415
Diluted for AFFO purposes	97,211,225	87,046,740

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. For operating income attributable to Unitholders, all series of convertible debentures are anti-dilutive. For FFO purposes, all series of convertible debentures are dilutive. For AFFO purposes, all series of convertible debentures are dilutive excluding Series D Debentures. There is no dilutive impact from the subscription receipts.

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:

	Nine months ended September 30,	
(In thousands of CAD dollars)	2013	2012
		(As Restated)
Operating income attributable to Unitholders	$ 37,044	$ 27,910
Finance costs – distributions to Unitholders	(61,463)	(55,270)
Finance costs – change in fair value of financial instruments	2,051	(5,862)
Decrease in net assets attributable to Unitholders	$ (22,368)	$ (33,222)

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 change in finance costs – other, 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. The calculation of FFO for the nine months ended September 30, 2013 and nine months ended September 30, 2012 is as follows:

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
		(As Restated)	
Decrease in net assets attributable to Unitholders	$ (22,368)	$ (33,222)	$ 10,854
Add (deduct):			
Finance costs – distributions to Unitholders	61,463	55,270	6,193
Finance costs – change in fair value of financial instruments	(2,051)	5,862	(7,913)
Amortization of tenant incentives	5,861	4,799	1,062
Depreciation of investment properties	29,134	27,429	1,705
Amortization of intangible assets	5,436	4,210	1,226
Amortization of deferred leasing costs	413	438	(25)
Gain on derecognition of investment property	(436)	—	(436)
Taxes – deferred	600	(1,400)	2,000
FFO	$ 78,052	$ 63,386	$ 14,666

The $14,666 increase in FFO for the nine months ended September 30, 2013 was primarily due to the acquisition activity and solid business performance during 2012 and 2013.

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 distributions 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. 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 nine months ended September 30, 2013 and 2012 is as follows:

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
FFO	$ 78,052	$ 63,386	$ 14,666
Add (deduct):			
Amortization of effective swap agreements	2,870	3,835	(965)
Straight-line rent adjustment	(3,550)	(3,564)	14
Maintenance expenditures on a square footage basis	(11,340)	(10,459)	(881)
AFFO	$ 66,032	$ 53,198	$ 12,834

AFFO for the nine months ended September 30, 2013 was $66,032, an increase of $12,834 or 24.1% over the same period in 2012, 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:

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Cash provided by (used in) operating activities	$ 13,971	$ 20,139	$ (6,168)
Add back (deduct):			
Finance costs – distributions to Unitholders	61,463	55,270	6,193
Change in other non-cash operating items	4,019	(7,698)	11,717
Unit-based compensation expense	(30)	(26)	(4)
Amortization of deferred financing charges	(2,051)	(4,028)	1,977
Maintenance expenditures on a square footage basis	(11,340)	(10,459)	(881)
AFFO	$ 66,032	$ 53,198	$ 12,834

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: (i) secured short-term financing through an authorized three year revolving credit facility of up to $285,000, subject to available borrowing base, of which $81,134 ($85,263 including outstanding letters of credit) was drawn at September 30, 2013; (ii) the issue of new units; (iii) mortgage and term debt on unencumbered assets; and, (iv) unsecured convertible debentures.

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

	Nine months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Cash provided by (used in):			
Operating activities	$ 13,971	$ 20,139	$ (6,168)
Financing activities	$ 235,688	$ 244,900	$ (9,212)
Investing activities	$ (249,659)	$ (265,093)	$ 15,434

Operating Activities

(In thousands of CAD dollars)	Nine months ended September 30, 2013	2012	Variance
Cash provided by (used in):			
Net assets attributable to Unitholders and non-cash items	$ 17,990	$ 12,441	$ 5,549
Non-cash operating items	(4,019)	7,698	(11,717)
Cash provided by operating activities	$ 13,971	$ 20,139	$ (6,168)

Net assets attributable to unit holders increased significantly by $5,549 or 44.6% due to increased NOI for the year driven by acquisition and development activity. The increase in non-cash operating items was primarily influenced by the change in non-cash working capital which can be affected by the timing of receipts and payments.

Financing Activities

(In thousands of CAD dollars)	Nine months ended September 30, 2013	2012	Variance
Cash provided by (used in):			
Net issue of loans and borrowings	$ 165,070	$ 72,735	$ 92,335
Net issue of convertible debentures	71,587	54,478	17,109
Net issue of units	—	116,925	(116,925)
Issue costs of subscription receipts	(1,800)	—	(1,800)
Other items (net)	831	762	69
Cash provided by financing activities	$ 235,688	$ 244,900	$ (9,212)

Cash from financing activities in the nine months ended September 30, 2013 decreased by $9,212 over the same period in 2012. During the nine months ended September 30, 2013, Crombie raised cash to finance the acquisitions of investment properties through: the issuance of convertible debentures; mortgage financing; and, use of Crombie's revolving credit facility. In addition, Crombie repaid and cancelled a $92,697 term facility using proceeds from new mortgages totaling $135,350. The weighted average interest rate and weighted average term to maturity on these new mortgages is 4.22% and 11.3 years, respectively. During the nine months ended September 30, 2012, Crombie's financing activities also included the issuance of units.

Investing Activities

(In thousands of CAD dollars)	Nine months ended September 30, 2013	2012	Variance
Cash provided by (used in):			
Acquisition of investment properties and intangible assets	$ (220,487)	$ (237,906)	$ 17,419
Additions to investment properties	(15,386)	(15,170)	(216)
Proceeds on disposal of investment properties	1,700	—	1,700
Additions to tenant incentives	(15,208)	(11,364)	(3,844)
Additions to deferred leasing costs	(447)	(815)	368
Other items (net)	169	162	7
Cash used in investing activities	$ (249,659)	$ (265,093)	$ 15,434

Cash used in investing activities for the nine months ended September 30, 2013 was $249,659. The decrease of $15,434 is reflective of a decrease in cash required to fund investment property acquisitions in the first nine months of 2013 as compared to the same period in 2012 offset in part by increased tenant incentives payments related to leasing activity during the first nine months of 2013.

Tenant Incentives ("TI") 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.

	Nine months ended September 30,	
(In thousands of CAD dollars)	2013	2012
Total additions to investment properties	$ 15,386	$ 15,170
Less: productive capacity enhancements and recoverable amounts	(12,262)	(11,123)
Maintenance capital expenditures	$ 3,124	$ 4,047

	Nine months ended September 30,	
(In thousands of CAD dollars)	2013	2012
Total additions to TI and deferred leasing costs	$ 15,655	$ 12,179
Less: productive capacity enhancements	(11,022)	(1,423)
Maintenance TI and deferred leasing costs	$ 4,633	$ 10,756

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 nine months ended September 30, 2013, are primarily payments for costs associated with building interior and exterior maintenance, roof repairs and ongoing parking deck and structural maintenance.

Maintenance TI and deferred leasing costs are the result of both lease renewals and new leases and is reflective of the leasing activity during 2013 with the more significant costs related to new tenants and lease renewals in the office properties.

Productive capacity enhancements during the nine months ended September 30, 2013, consisted primarily of GLA expansions at Niagara Plaza, Niagara Falls, Ontario, Rockhaven, Peterborough, Ontario, Millwoods Common, Edmonton, Alberta and Willowcreek Plaza, Peterborough, Ontario; and redevelopment work at Downsview Plaza, Halifax, Nova Scotia, Aberdeen Shopping Centre, New Glasgow, Nova Scotia, Barrington Place, Halifax, Nova Scotia, Evangeline Mall, Digby, Nova Scotia, County Fair Mall, Summerside, Prince Edward Island, Tantallon Plaza, Tantallon, Nova Scotia and Terminal Centres, Moncton, New Brunswick.

Capital Structure

(In thousands of CAD dollars)	September 30, 2013		December 31, 2012		September 30, 2012 (As Restated)	
Investment property debt	$ 1,242,928	56.5%	$ 1,065,411	54.2%	$ 1,066,566	55.8%
Convertible debentures	182,759	8.3%	120,529	6.1%	121,559	6.4%
Crombie REIT Unitholders	471,387	21.4%	470,747	23.9%	436,821	22.8%
Special Voting Units and Class B Limited Partnership Unitholders	303,361	13.8%	311,254	15.8%	287,822	15.0%
	$ 2,200,435	100.0%	$ 1,967,941	100.0%	$ 1,912,768	100.0%

Bank Credit Facilities and Investment Property Debt

Crombie has in place an authorized floating rate revolving credit facility of up to $285,000 (the "revolving credit facility"), of which $81,134 ($85,263 including outstanding letters of credit) was drawn as at September 30, 2013. On February 22, 2013, the borrowing base and available limit on Crombie's revolving credit facility was increased to $285,000 to provide financing for the first quarter's acquisitions. 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 plus a spread or specified margins over prime rate. The spread or 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 September 30, 2013, Crombie had sufficient Borrowing Base to permit $211,866 of funds to be drawn pursuant to the revolving credit facility, subject to certain other financial covenants. See "Borrowing Capacity and Debt Covenants".

As of September 30, 2013, Crombie had fixed rate mortgages outstanding of $1,170,801 ($1,177,942 after including the fair value debt adjustment of $7,141), carrying a weighted average interest rate of 4.99% (after giving effect to the interest rate subsidy from ECLD under an omnibus subsidy agreement) and a weighted average term to maturity of 7.5 years.

During the nine months ended September 30, 2013, Crombie repaid and canceled a floating rate term credit facility of $92,697 using proceeds of new mortgages.

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”). As part of the 2012 property acquisitions, Crombie assumed a mortgage of approximately $4,000 containing an interest rate swap. The mortgage matures on April 7, 2014.

Principal repayments of the debt are scheduled as follows:

(In thousands of CAD dollars)	Maturing Debt Balances						
12 Months Ending	Fixed Rate	Floating Rate	Total	% of Total	Payments of Principal	Total Required Payments	% of Total
September 30, 2014	$ 84,366	$ —	$ 84,366	9.2%	$ 36,438	$ 120,804	9.7%
September 30, 2015	63,045	81,134	144,179	15.6%	35,732	179,911	14.5%
September 30, 2016	38,977	—	38,977	4.2%	34,259	73,236	5.9%
September 30, 2017	45,679	—	45,679	5.0%	30,062	75,741	6.1%
September 30, 2018	61,176	—	61,176	6.6%	28,903	90,079	7.2%
Thereafter	547,636	—	547,636	59.4%	157,387	705,023	56.6%
Total [1]	$ 840,879	$ 81,134	$ 922,013	100.0%	$ 322,781	$ 1,244,794	100.0%

(1) Excludes fair value debt adjustment of $7,141 and deferred financing charges of $9,007.

Of the maturing debt balances, only 22.2% of fixed rate debt, and 29.0% of total maturing debt balances matures over the next three years.

Convertible debentures

(In thousands of CAD dollars, except per unit amounts)	Series B	Series C	Series D	Series E
Issue value	$ 85,000	$ 45,000	$ 60,000	$ 75,000
Outstanding amount as at September 30, 2013	$ 8,563	$ 45,000	$ 60,000	$ 75,000
Annual interest rate (payable semi-annually)	6.25%	5.75%	5.00%	5.25%
Conversion price per Unit	$ 11.00	$ 15.30	$ 20.10	$ 17.15
Issue date	September 30, 2009	February 8, 2010	July 3, 2012	August 14, 2013
Maturity date	October 11, 2013	June 30, 2017	September 30, 2019	March 12, 2014
Trading symbol	CRR.DB.B	CRR.DB.C	CRR.DB.D	CRR.DB.E

On August 14, 2013, Crombie issued $75,000 of convertible unsecured subordinated debentures (the "Series E Debentures"). The Series E Debentures have an interest rate of 5.25% per annum and pay interest semi-annually on March 31 and September 30, commencing on September 30, 2013. 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. Each one thousand dollars principal amount of Series E Debenture is convertible into approximately 58.3090 units of Crombie, at any time, at the option of the holder, representing a conversion price of $17.15 per unit. If all conversion rights attaching to the Series E Debentures were exercised, as at September 30, 2013, Crombie would be required to issue approximately 4,373,177 REIT Units, subject to anti-dilution adjustments. The Series E Debentures have an initial maturity date of March 12, 2014. The maturity date extends to March 31, 2021 upon successful closing of Crombie's previously announced acquisition agreement to purchase a portfolio of retail properties from a wholly-owned subsidiary of Sobeys Inc.

The Series B Debentures and the Series C Debentures pay interest semi-annually on June 30 and December 31 of each year; the Series D Debentures and the Series E Debentures pay interest semi-annually on March 31 and September 30 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 Series B Debentures, the Series C Debentures, the Series D Debentures, and the Series E Debentures (collectively 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 per one thousand dollars principal amount of approximately: 90.9091 REIT Units for Series B Convertible Debentures, 65.3595 REIT Units for Series C Convertible Debentures, 49.7512 REIT Units for Series D Convertible Debentures; and, 58.3090 REIT Units for Series E Convertible Debentures. If all conversion rights attaching to the Series B Convertible Debentures, the Series C Convertible Debentures, the Series D Convertible Debentures, and the Series E Debentures were exercised, as at September 30, 2013, Crombie would be required to issue approximately 778,454 REIT Units, 2,941,176 REIT Units, 2,985,074 REIT Units, and 4,373,177 REIT Units respectively, subject to anti-dilution adjustments.

The following represents debentures converted and redeemed from date of issue to

October 31, 2013:

Conversion (redemption) date	Convertible Debenture Series	Debentures Face Value *(In thousands of CAD dollars)*	Units Issued
January 2010 through December 2012	7%	$ 30,000	2,022,526
January 2010 through December 2012	Series B	66,321	6,029,137
Conversions and redemptions to December 31, 2012		96,321	8,051,663
January through March 2013	Series B	1,317	119,723
April through June 2013	Series B	1,446	131,450
July 2013	Series B	155	14,090
August 2013	Series B	1,151	104,634
September 2013	Series B	6,047	549,720
Conversions and redemptions to September 30, 2013		106,437	8,971,280
October 2013	Series B	6,999	636,270
October 2013 (redemption)	Series B	1,564	—
Conversions and redemptions to October 31, 2013		$ 115,000	9,607,550

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 (Series E Debentures - two years), 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 of redemption is given exceeds 125% of the conversion price. After the end of the four year (Series E Debentures - five 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.

On September 6, 2013, Crombie exercised its right to redeem all of the remaining outstanding principal amount of its Series B Debentures maturing on June 30, 2015, in accordance with the terms of the Trust Indenture. Holders of the Series B Debentures were entitled to convert their Series B Debentures to Units based on the conversion price of $11.00 per Unit until October 10, 2013. The redemption of the then outstanding Series B Debentures was completed on October 11, 2013 for a principal payment of $1,564 plus interest.

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

In March 2013 there were 43,522 REIT Units awarded as part of the Employee Unit Purchase Plan (March 2012 – 28,893 REIT Units).

For the nine months ended September 30, 2013, a total of $10,116 of 6.25% Series B Debentures was converted for a total of 919,617 REIT Units. For the nine months ended September 30, 2012, a total of $26,278 of 7% and $32,487 of 6.25% Series B Debentures were converted for a total of 4,974,722 REIT Units. For the year ended December 31, 2012, a total of $26,278 of 7% and $33,800 of 6.25% Series B Debentures were converted for a total of 5,094,081 REIT Units.

Total units outstanding at October 31, 2013 were as follows:

Units	54,942,264
Special Voting Units [(1)]	38,430,221

(1) Crombie Limited Partnership, a subsidiary of Crombie, has also issued 38,430,221 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.

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 last five years of the taxation of distributions from Crombie:

Taxation Year	Return of Capital	Investment Income	Capital Gains
2012 per $ of distribution	67.1%	32.9%	0.0%
2011 per $ of distribution	62.5%	37.5%	0.0%
2010 per $ of distribution	64.7%	35.3%	0.0%
2009 per $ of distribution	51.0%	49.0%	0.0%
2008 per $ of distribution	27.2%	72.7%	0.1%

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 covenants:

- 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 September 30, 2013, the remaining amount available under the revolving credit facility was $130,732 (prior to reduction for standby letters of credit outstanding of $4,129) and was not limited by the Aggregate Coverage Amount.

At September 30, 2013, Crombie remained in compliance with all debt covenants.

Debt to Gross Book Value - Fair Value Basis

(In thousands of CAD dollars, except as otherwise noted)	As at				
	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012
Fixed rate mortgages	$ 1,170,801	$ 1,163,195	$ 1,098,165	$ 949,571	$ 918,403
Convertible debentures	188,563	120,916	122,362	123,679	124,992
Revolving credit facility payable	81,134	115,146	145,000	30,405	62,558
Floating rate term credit facility	—	—	—	92,695	92,697
Total debt outstanding	1,440,498	1,399,257	1,365,527	1,196,350	1,198,650
Less: Applicable fair value debt adjustment	(3,109)	(3,326)	(3,553)	(3,791)	(4,038)
Debt	$ 1,437,389	$ 1,395,931	$ 1,361,974	$ 1,192,559	$ 1,194,612
Investment properties, at fair value	$ 2,884,000	$ 2,814,000	$ 2,828,000	$ 2,574,000	$ 2,459,000
Notes receivable	1,991	2,169	2,354	2,545	2,743
Other assets, cost [1]	25,783	29,088	21,110	19,675	19,512
Cash and cash equivalents	—	—	386	—	—
Deferred financing costs	14,811	11,930	11,197	10,410	10,525
Interest rate subsidy	(3,109)	(3,326)	(3,553)	(3,791)	(4,038)
FV adjustment to deferred taxes	(39,045)	(39,045)	(39,045)	(39,245)	(39,245)
Gross book value - fair value basis	$ 2,884,431	$ 2,814,816	$ 2,820,449	$ 2,563,594	$ 2,448,497
Debt to gross book value - fair value basis	49.8%	49.6%	48.3%	46.5%	48.8%

Debt to Gross Book Value – Cost Basis

Debt - as calculated above	$ 1,437,389	$ 1,395,931	$ 1,361,974	$ 1,192,559	$ 1,194,612
Investment properties, cost	$ 2,398,244	$ 2,346,757	$ 2,319,190	$ 2,158,474	$ 2,096,476
Below-market lease component, cost[2]	70,916	70,916	70,877	62,753	62,923
Intangible assets, cost	79,649	79,022	78,553	73,853	72,404
Notes receivable	1,991	2,169	2,354	2,545	2,743
Other assets, cost[3]	144,490	143,826	127,650	119,031	114,066
Cash and cash equivalents	—	—	386	—	—
Deferred financing charges	14,811	11,930	11,197	10,410	10,525
Interest rate subsidy	(3,109)	(3,326)	(3,553)	(3,791)	(4,038)
Fair value adjustment to deferred taxes	(39,045)	(39,045)	(39,045)	(39,245)	(39,245)
Gross book value - cost basis	$ 2,667,947	$ 2,612,249	$ 2,567,609	$ 2,384,030	$ 2,315,854
Debt to gross book value - cost basis	53.9%	53.4%	53.0%	50.0%	51.6%
Maximum borrowing capacity[4]	65.0%	65.0%	65.0%	65.0%	65.0%

(1) Other assets exclude Tenant Incentives, Accrued straight-line rent receivable, and Assets related to derecognized property.
(2) Below-market lease component is included in the carrying value of investment properties.
(3) Other assets as per financial statements adjusted for Accumulated amortization of tenant incentives, and Assets related to derecognized property.
(4) Maximum permitted by the Declaration of Trust.

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.

Debt to gross book value on a fair value basis includes investment properties measured at fair value with all other components of gross book value measured at cost.

The debt to gross book value on a cost basis was 53.9% at September 30, 2013 compared to 51.6% at September 30, 2012 while debt to gross book value on a fair value basis was 49.8% and 48.8% at September 30, 2013 and September 30, 2012, respectively. These leverage ratios are below the maximum 60%, or 65% including convertible debentures, as permitted 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 55%% of gross book value, depending upon Crombie's future acquisitions and financing opportunities.

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 nine months ended September 30, 2013 were 2.72 times EBITDA and 1.77 times EBITDA. This compares to 2.58 times EBITDA and 1.75 times EBITDA respectively for the nine months ended September 30, 2012. 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. Crombie's measurement of EBITDA may not be comparable to that used by other entities.

	Nine months ended September 30,	
(In thousands of CAD dollars, except as otherwise noted)	2013	2012
Property revenue	$ 213,044	$ 187,552
Amortization of tenant incentives	5,861	4,799
Adjusted property revenue	218,905	192,351
Property operating expenses	(78,110)	(68,718)
General and administrative expenses	(9,423)	(7,863)
EBITDA (1)	$ 131,372	$ 115,770
Finance costs – operations	$ 53,289	$ 52,770
Amortization of deferred financing charges	(2,051)	(4,028)
Amortization of effective swap agreements	(2,870)	(3,835)
Adjusted interest expense (2)	$ 48,368	$ 44,907
Debt repayments	$ 197,211	$ 79,279
Amortization of fair value debt premium	(1,543)	(781)
Payments relating to interest rate subsidy	(682)	(799)
Payments relating to credit facilities	(156,561)	(56,442)
Lump sum payments on mortgages	(12,385)	—
Adjusted debt repayments (3)	$ 26,040	$ 21,257
Interest service coverage ratio {(1)/(2)}	2.72	2.58
Debt service coverage ratio {(1)/((2)+(3))}	1.77	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 at 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:

	Nine months ended September 30,	
(In thousands of CAD dollars, except as otherwise noted)	2013	2012
Distributions to Unitholders	$ 35,810	$ 31,267
Distributions to Special Voting Unitholders	25,653	24,003
Total distributions	$ 61,463	$ 55,270
FFO payout ratio	78.7%	87.2%
AFFO payout ratio (target ratio = 95%)	93.1%	103.9%

FINANCIAL RESULTS THIRD QUARTER

Comparison to Previous Year

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Three months ended September 30,		
	2013	2012	Variance
		(As Restated)	
Property revenue	$ 70,850	$ 64,459	$ 6,391
Property operating expenses	25,596	22,181	3,415
Property NOI	45,254	42,278	2,976
NOI margin percentage	63.9%	65.6%	(1.7)%
Other items:			
Lease terminations	311	273	38
Depreciation and amortization	(11,876)	(12,200)	324
General and administrative expenses	(2,851)	(2,655)	(196)
Operating income before finance costs and taxes	30,838	27,696	3,142
Finance costs – operations	(18,834)	(20,285)	1,451
Operating income before taxes	12,004	7,411	4,593
Taxes – deferred	(500)	500	(1,000)
Operating income attributable to Unitholders	11,504	7,911	3,593
Finance costs – distributions to Unitholders	(20,545)	(19,343)	(1,202)
Finance costs – change in fair value of financial instruments	(151)	(4,047)	3,896
Decrease in net assets attributable to Unitholders	$ (9,192)	$ (15,479)	$ 6,287
Operating income attributable to Unitholders per Unit, Basic	$ 0.13	$ 0.09	
Operating income attributable to Unitholders per Unit, Diluted	$ 0.12	$ 0.09	
Basic weighted average Units outstanding (in 000's)	91,984	86,415	
Diluted weighted average Units outstanding (in 000's)	92,174	86,601	
Distributions per Unit to Unitholders	$ 0.22	$ 0.22	

Operating income attributable to Unitholders for the three months ended September 30, 2013 of $11,504 increased by $3,593 or 45.4% from $7,911 for the three months ended September 30, 2012. The increase was primarily due to:

- higher property NOI caused by increased average rental rates, improved expense recovery rates and the impact of property acquisitions during 2012 and 2013.

Offset in part by:

- higher general and administrative expenses including costs associated with hiring of additional staff related to continued growth; and
- higher deferred taxes primarily related to a change in the provincial tax rate in New Brunswick in 2013 and deferred tax recovery in 2012 related to increased depreciation and amortization expense.

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.

	Three months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Same-asset property revenue	$ 54,630	$ 53,565	$ 1,065
Acquisition, disposition and redevelopment property revenue	16,220	10,894	5,326
Property revenue	$ 70,850	$ 64,459	$ 6,391

Same-asset property revenue of $54,630 for the three months ended September 30, 2013 was 2.0% higher than the three months ended September 30, 2012 due to increased base rent driven by lease renewal activity and land use intensifications at several properties. Acquisition, disposition and redevelopment property revenue growth of $5,326 is due to higher acquisition and redevelopment activity in 2012 and 2013.

(In thousands of CAD dollars)	Three months ended September 30, 2013	2012	Variance
Same-asset property operating expenses	$ 20,218	$ 18,512	$ (1,706)
Acquisition, disposition and redevelopment property operating expenses	5,378	3,669	(1,709)
Property operating expenses	$ 25,596	$ 22,181	$ (3,415)

Same-asset property operating expenses of $20,218 for the three months ended September 30, 2013 increased by $1,706 or 9.2% from the three months ended September 30, 2012 due to lower occupancy and higher non-recoverable costs.

(In thousands of CAD dollars)	Three months ended September 30, 2013	2012	Variance
Same-asset property NOI	$ 34,412	$ 35,053	$ (641)
Acquisition, disposition and redevelopment property NOI	10,842	7,225	3,617
Property NOI	$ 45,254	$ 42,278	$ 2,976

Property NOI is calculated as property revenue less property operating expenses. Property NOI for the three months ended September 30, 2013 increased by $2,976 or 7.0% from the three months ended September 30, 2012 due primarily to acquisitions and completed redevelopment activity during 2012 and 2013. Same-asset property NOI decreased by $641 or 1.8% for the three months ended September 30, 2013 compared to the same period in 2012 due to slightly lower occupancy rates and related higher non-recoverable costs primarily due to Zellers vacating space in 2013.

Property NOI on a cash basis is as follows:

(In thousands of CAD dollars)	Three months ended September 30, 2013	2012	Variance
Property NOI	$ 45,254	$ 42,278	$ 2,976
Non-cash straight-line rent	(983)	(1,249)	266
Non-cash tenant incentive amortization	1,961	1,727	234
Property cash NOI	46,232	42,756	3,476
Acquisition, disposition and redevelopment property cash NOI	10,849	7,274	3,575
Same-asset property cash NOI	$ 35,383	$ 35,482	$ (99)

Property NOI, on a cash basis, excludes non-cash straight-line rent recognition and amortization of tenant incentive amounts. The decrease of $99 or (0.3)% in same-asset cash NOI for the three months ended September 30, 2013 over the three months ended September 30, 2012 is primarily impacted by the vacancy impact of Zellers which occurred in the second quarter of 2013 as well as the timing of adjustments that impact quarterly comparison.

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:

(In thousands of CAD dollars)	Three months ended September 30, 2013	2012	Variance
Acquisition and disposition property cash NOI	$ 8,603	$ 4,778	$ 3,825
Redevelopment property cash NOI	2,246	2,496	(250)
Total acquisition, disposition and redevelopment property cash NOI	$ 10,849	$ 7,274	$ 3,575

The significant growth in acquisition and disposition property cash NOI reflects the property acquisitions throughout 2012 and 2013.

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 three months ended September 30, 2013 by province was as follows:

	2013			2012	
(In thousands of CAD dollars)	Property Revenue	Property Expenses	Property NOI	Property NOI	Variance
AB	$ 5,501	$ 1,201	$ 4,300	$ 1,973	$ 2,327
MB	187	5	182	169	13
NB	6,801	2,759	4,042	3,694	348
NL	9,853	3,396	6,457	6,127	330
NS	25,004	10,895	14,109	14,004	105
ON	15,429	4,621	10,808	10,451	357
PE	851	295	556	795	(239)
QC	6,113	2,149	3,964	4,212	(248)
SK	1,111	275	836	853	(17)
Total	$ 70,850	$ 25,596	$ 45,254	$ 42,278	$ 2,976

The variances from 2012 primarily relate to:

- Property acquisitions during 2012 and year to date in 2013;
- Completion of redevelopment properties; and
- Land use intensification projects.

Since September 30, 2012 Crombie has acquired seven retail properties in Alberta contributing to the property NOI growth in that province.

Offset in part by:

- Commencement of redevelopment in Prince Edward island and the related reduced occupancy; and
- Higher non-recoverable operating expenses.

Depreciation and Amortization

	Three months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Same-asset depreciation and amortization	$ 7,630	$ 8,882	$ 1,252
Acquisition, disposition and redevelopment depreciation and amortization	4,246	3,318	(928)
Depreciation and amortization	$ 11,876	$ 12,200	$ 324

Depreciation and amortization decreased by $324 for the three months ended September 30, 2013 compared to the same period in 2012. The decrease relates to accelerated depreciation in 2012 on two separate properties related to a change in their estimated useful life, offset in part in 2013 by increased depreciation and amortization related to the Crombie's increased acquisition and redevelopment activity.

Depreciation and amortization consists of:

	Three months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Depreciation of investment properties	$ 9,894	$ 10,417	$ 523
Amortization of intangible assets	1,847	1,629	(218)
Amortization of deferred leasing costs	135	154	19
Depreciation and amortization	$ 11,876	$ 12,200	$ 324

General and Administrative Expenses

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

	Three months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Salaries and benefits	$ 1,627	$ 1,431	$ (196)
Professional fees	319	349	30
Public company costs	409	353	(56)
Rent and occupancy	228	245	17
Other	268	277	9
General and administrative expenses	$ 2,851	$ 2,655	$ (196)
As a percentage of property revenue	4.0%	4.1%	0.1%

General and administrative expenses, as a percentage of property revenue, decreased by 0.1% for the three months ended September 30, 2013 compared to the same period in 2012 with expenses increasing $196 or 7.4% and property revenue increasing 9.9% in 2013. Public company costs increased during the quarter due to increased trustee and filing fees associated with the Portfolio Acquisition. Salaries and benefits increased due to the hiring of additional staff related to continued growth.

Finance Costs - Operations

	Three months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Same-asset finance costs	$ 12,778	$ 13,290	$ 512
Acquisition, disposition and redevelopment finance costs	4,259	2,786	(1,473)
Amortization of effective swaps and deferred financing charges	1,797	4,209	2,412
Finance costs – operations	$ 18,834	$ 20,285	$ 1,451

Same-asset finance costs decreased $512 or 3.9% primarily due to the interest savings realized from the refinancing of a portfolio of 23 mortgages.

Growth in acquisition, disposition and redevelopment finance costs is consistent with Crombie's acquisition and redevelopment activity in 2012 and 2013.

Amortization of effective swaps and deferred financing charges for the three months ended September 30, 2013 decreased by $2,412 or 57.3% compared to the same period in 2012. This decrease is primarily due to accelerated amortization of deferred finance charges in 2012 related to the refinancing of a portfolio of mortgages as well as conversion of convertible debentures.

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 Enclosed Properties

	Three months ended September 30, 2013			Three months ended September 30, 2012		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$ 10,182	$ 1,150	$ 11,332	$ 9,511	$ 1,395	$ 10,906
Property operating expenses	4,091	557	4,648	3,282	531	3,813
Property NOI	$ 6,091	$ 593	$ 6,684	$ 6,229	$ 864	$ 7,093
NOI Margin %	59.8%	51.6%	59.0%	65.5%	61.9%	65.0%
Actual occupancy %	85.7%	58.0%	79.9%	91.4%	75.5%	87.8%

Same-asset property revenue increased by $671 or 7.1% primarily due to rental rate increases and land use intensification development. Same-asset property operating expenses increased by $809 or 24.6% due to lower occupancy and higher non-recoverable costs. Occupancy for same-asset properties decreased primarily due to the early termination of a Zellers lease in New Minas, Nova Scotia in 2013. Occupancy for acquisition, disposition and redevelopment properties decreased primarily due to the early termination of a Zellers lease in Summerside, Prince Edward Island.

Retail Freestanding Properties

	Three months ended September 30, 2013			Three months ended September 30, 2012		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$ 8,228	$ 2,937	$ 11,165	$ 7,997	$ 2,328	$ 10,325
Property operating expenses	1,678	509	2,187	1,347	224	1,571
Property NOI	$ 6,550	$ 2,428	$ 8,978	$ 6,650	$ 2,104	$ 8,754
NOI Margin %	79.6%	82.7%	80.4%	83.2%	90.4%	84.8%
Actual occupancy %	100.0%	100.0%	100.0%	99.6%	100.0%	99.7%

Same-asset NOI decreased by $100 or 1.5% due to higher non-recoverable costs. Acquisitions, dispositions and redevelopment property NOI increased 15.4% from 2012 primarily due to the acquisition of 15 freestanding properties during the second quarter of 2012 and five properties year to date in 2013.

Retail Plaza Properties

	Three months ended September 30, 2013			Three months ended September 30, 2012		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$ 24,062	$ 9,574	$ 33,636	$ 23,630	$ 5,091	$ 28,721
Property operating expenses	8,102	2,665	10,767	7,474	1,630	9,104
Property NOI	$ 15,960	$ 6,909	$ 22,869	$ 16,156	$ 3,461	$ 19,617
NOI Margin %	66.3%	72.2%	68.0%	68.4%	68.0%	68.3%
Actual occupancy %	93.8%	90.6%	93.0%	94.5%	85.0%	92.7%

Same-asset property revenue increased $432 or 1.8% due to rental rate increases and land use intensification development. Same-asset property operating expenses increased $628 or 8.4% due to lower occupancy and higher non-recoverable costs.

Acquisitions, dispositions and redevelopment property NOI increased from the same period in 2012 primarily due to acquisition activity during the last six months of 2012 and year to date in 2013.

Mixed Use Properties

(In thousands of CAD dollars, except as otherwise noted)	Three months ended September 30, 2013			Three months ended September 30, 2012		
	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$ 7,961	$ 1,317	$ 9,278	$ 8,328	$ 967	$ 9,295
Property operating expenses	4,110	689	4,799	4,334	426	4,760
Property NOI	$ 3,851	$ 628	$ 4,479	$ 3,994	$ 541	$ 4,535
NOI Margin %	48.4%	47.7%	48.3%	48.0%	55.9%	48.8%
Actual occupancy %	91.9%	84.0%	89.7%	92.3%	81.6%	89.2%

Same-asset property NOI decreased $143 or 3.6% due to lower revenue from lower occupancy offset in part by lower non-recoverable costs.

Acquisition, dispositions and redevelopment property NOI increased by $87 compared to the same period in 2012 due to the acquisition of a property in Newfoundland and Labrador during the third quarter of 2012.

Office Properties

(In thousands of CAD dollars, except as otherwise noted)	Three months ended September 30, 2013			Three months ended September 30, 2012		
	Same-asset	Acquisitions, Dispositions & Redevelopments	Total	Same-asset	Acquisitions, Dispositions & Redevelopments	Total
Property revenue	$ 4,197	$ 1,242	$ 5,439	$ 4,099	$ 1,113	$ 5,212
Property operating expenses	2,237	958	3,195	2,075	858	2,933
Property NOI	$ 1,960	$ 284	$ 2,244	$ 2,024	$ 255	$ 2,279
NOI Margin %	46.7%	22.9%	41.3%	41.3%	22.9%	43.7%
Actual occupancy %	93.3%	68.3%	84.1%	90.7%	72.6%	84.0%

Acquisition, disposition and redevelopment property NOI increased $29 or 11.4% as a result of improved results at Barrington Tower in Halifax, Nova Scotia where development work was completed during the third quarter of 2012.

OTHER THIRD QUARTER 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:

	Three months ended September 30,	
(In thousands of CAD dollars, except as otherwise noted)	2013	2012
Operating income attributable to Unitholders	$ 11,504	$ 7,911
Operating income attributable to Unitholders per unit – Basic	$ 0.13	$ 0.09
Operating income attributable to Unitholders per unit – Diluted	$ 0.12	$ 0.09
FFO – Basic	$ 25,841	$ 21,338
FFO – Diluted	$ 27,968	$ 22,453
FFO per Unit – Basic	$ 0.28	$ 0.25
FFO per Unit – Diluted	$ 0.28	$ 0.24
AFFO – Basic	$ 21,993	$ 18,237
AFFO – Diluted	$ 23,368	$ 18,700
AFFO per Unit – Basic	$ 0.24	$ 0.21
AFFO per Unit – Diluted	$ 0.24	$ 0.21
Excluding the impact of $3,000 of costs on Refinanced Mortgages incurred in September 2012:		
FFO per Unit – Basic		$ 0.28
FFO per Unit – Diluted		$ 0.27
AFFO per Unit – Basic		$ 0.24
AFFO per Unit – Diluted		$ 0.23

Operating income attributable to Unitholders is determined before Finance costs - distributions to Unitholders and Finance costs - change in fair value of financial instruments.

The diluted FFO and AFFO are calculated 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:

	Three months ended September 30,	
	2013	2012
Basic number of Units for all measures	91,984,103	86,415,043
Diluted for operating income attributable to Unitholders purposes	92,173,670	86,600,869
Diluted for FFO purposes	101,602,871	92,304,695
Diluted for AFFO purposes	98,617,796	89,363,518

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. For operating income attributable to Unitholders, all series of convertible debentures are anti-dilutive. For FFO purposes, all series of convertible debentures are dilutive. For AFFO purposes for the three months ended September 30, 2013, all series of convertible debentures are dilutive excluding Series D Debentures. For AFFO purposes for the three months ended September 30, 2012, both Series C Debentures and Series D Debentures are anti-dilutive. There is no dilutive impact from the subscription receipts.

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(s) of Comprehensive Income (Loss). The reconciliation is as follows:

	Three months ended September 30,	
(In thousands of CAD dollars)	2013	2012
		(As Restated)
Operating income attributable to Unitholders	$ 11,504	$ 7,911
Finance costs – distributions to Unitholders	(20,545)	(19,343)
Finance costs – change in fair value of financial instruments	(151)	(4,047)
Decrease in net assets attributable to Unitholders	$ (9,192)	$ (15,479)

Funds from Operations (FFO)

FFO is as previously defined in the MD&A. The calculation of FFO for the three months ended September 30, 2013 and three months ended September 30, 2012 is as follows:

	Three months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
		(As Restated)	
Decrease in net assets attributable to Unitholders	$ (9,192)	$ (15,479)	$ 6,287
Add (deduct):			
Finance costs – distributions to Unitholders	20,545	19,343	1,202
Finance costs – change in fair value of financial instruments	151	4,047	(3,896)
Amortization of tenant incentives	1,961	1,727	234
Depreciation of investment properties	9,894	10,417	(523)
Amortization of intangible assets	1,847	1,629	218
Amortization of deferred leasing costs	135	154	(19)
Taxes – deferred	500	(500)	1,000
FFO	$ 25,841	$ 21,338	$ 4,503

The $4,503 increase in FFO for the three months ended September 30, 2013 was primarily due to the improved property NOI from acquisition and redevelopment activity during 2012 and 2013 and lower finance costs related to refinancing activity.

Adjusted Funds from Operations (AFFO)

AFFO is as previously defined in the MD&A. The calculation of AFFO for the three months ended September 30, 2013 and 2012 is as follows:

	Three months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
FFO	$ 25,841	$ 21,338	$ 4,503
Add (deduct):			
Amortization of effective swap agreements	946	1,751	(805)
Straight-line rent adjustment	(983)	(1,249)	266
Maintenance expenditures on a square footage basis	(3,811)	(3,603)	(208)
AFFO	$ 21,993	$ 18,237	$ 3,756

The AFFO for the quarter ended September 30, 2013 was $21,993, an increase of $3,756 or 20.6% over the same period in 2012, 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:

	Three months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Cash provided by (used in) operating activities	$ 12,983	$ 13,592	$ (609)
Add back (deduct):			
Finance costs – distributions to Unitholders	20,545	19,343	1,202
Change in other non-cash operating items	(6,862)	(8,628)	1,766
Unit-based compensation expense	(11)	(9)	(2)
Amortization of deferred financing charges	(851)	(2,458)	1,607
Maintenance expenditures on a square footage basis	(3,811)	(3,603)	(208)
AFFO	$ 21,993	$ 18,237	$ 3,756

Sources and Uses of Funds

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

	Three months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Cash provided by (used in):			
Operating activities	$ 12,983	$ 13,592	$ (609)
Financing activities	$ 43,208	$ 20,845	$ 22,363
Investing activities	$ (56,191)	$ (34,579)	$ (21,612)

Operating Activities

	Three months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Cash provided by (used in):			
Net assets attributable to Unitholders and non-cash items	$ 6,121	$ 4,964	$ 1,157
Non-cash operating items	6,862	8,628	(1,766)
Cash provided by (used in) operating activities	$ 12,983	$ 13,592	$ (609)

Net assets attributable to unit holders increased significantly by $1,157 or 23.3% due to increased NOI for the quarter driven by acquisition and development activity. The increase in non-cash operating items was primarily influenced by the change in non-cash working capital which can be affected by the timing of receipts and payments.

Financing Activities

	Three months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Cash provided by (used in):			
Net repayment of loans and borrowings	$ (26,725)	$ (37,513)	$ 10,788
Net issue of convertible debentures	71,587	58,185	13,402
Issue costs of subscription receipts	(1,800)	—	(1,800)
Other items (net)	146	173	(27)
Cash provided by (used in) financing activities	$ 43,208	$ 20,845	$ 22,363

Cash provided by financing activities in the three months ended September 30, 2013 increased by $22,363 over the same period in 2012. During the three months ended September 30, 2013, Crombie raised cash through mortgage financing and the issuance of convertible debentures to finance the acquisition of investment properties.

Investing Activities

	Three months ended September 30,		
(In thousands of CAD dollars)	2013	2012	Variance
Cash provided by (used in):			
Acquisition of investment properties and intangible assets	$ (44,985)	$ (25,005)	$ (19,980)
Additions to investment properties	(6,630)	(5,622)	(1,008)
Additions to tenant incentives	(4,514)	(3,438)	(1,076)
Additions to deferred leasing costs	(85)	(537)	452
Other items (net)	23	23	—
Cash used in investing activities	$ (56,191)	$ (34,579)	$ (21,612)

Cash used in investing activities for the three months ended September 30, 2013 was $56,191. The increase of $21,612 is reflective of the increase in property acquisitions in the three months ended September 30, 2013, as compared to the same period in 2012.

Tenant Incentives and Capital Expenditures

(In thousands of CAD dollars)	Three months ended September 30, 2013	2012
Total additions to investment properties	$ 6,630	$ 5,622
Less: productive capacity enhancements and recoverable amounts	(5,471)	(4,754)
Maintenance capital expenditures	$ 1,159	$ 868

(In thousands of CAD dollars)	Three months ended September 30, 2013	2012
Total additions to TI and deferred leasing costs	$ 4,599	$ 3,975
Less: productive capacity enhancements	(2,865)	(918)
Maintenance TI and deferred leasing costs	$ 1,734	$ 3,057

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 three months ended September 30, 2013, are primarily payments for costs associated with building interior and exterior maintenance, roof repairs and ongoing parking deck and structural maintenance.

Maintenance TI and deferred leasing costs are the result of both lease renewals and new leases and is reflective of the leasing activity during 2013 with the more significant costs related to new tenants and lease renewals in the office properties.

Productive capacity enhancements during the three months ended September 30, 2013, consisted primarily of redevelopment work at Downsview Plaza, Halifax, Nova Scotia, Barrington Place, Halifax, Nova Scotia, Evangeline Mall, Digby, Nova Scotia, County Fair Mall, Summerside, Prince Edward Island, Tantallon Plaza, Tantallon, Nova Scotia and Terminal Centres, Moncton, New Brunswick.

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 communication. 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 September 30, 2013, Empire, through its wholly-owned subsidiary ECLD, holds a 42.4% (fully diluted 39.0%) indirect interest in Crombie.

Crombie's transactions with related parties are as follows:

(In thousands of CAD dollars, except as otherwise noted)	Note	Three months ended September 30, 2013	2012	Nine months ended September 30, 2013	2012
Property revenue	(a)	$ 24,154	$ 20,379	$ 74,297	$ 65,784
Head lease income	(b)	$ 182	$ 134	$ 535	$ 797
Management support services provided	(c)	$ 81	$ 136	$ 286	$ 482
Property management services	(d)	$ 48	$ 96	$ 156	$ 485
Rental expense	(e)	$ 47	$ 47	$ 141	$ 141
Interest rate subsidy	(b)	$ 217	$ 257	$ 682	$ 799
Finance costs – operations	(f)	$ 303	$ 425	$ 898	$ 737
Finance costs – distributions to Unitholders		$ 8,753	$ 8,249	$ 26,260	$ 24,070

(a) Crombie earned property revenue from Sobeys Inc., Empire Theatres Limited 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

(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 provide property management services to certain subsidiaries of Empire 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 ECLD under a lease that expires December 2027.

(f) Empire holds $24,000 of Series D Convertible Debentures with an annual interest rate of 5.00%.

In addition to the above:

- During the third quarter of 2013, as further detailed in the section of this MD&A titled Portfolio Acquisition, Crombie entered into an agreement to acquire a portfolio of retail properties from a subsidiary of Empire. In conjunction with the financing of the Portfolio Acquisition, a subsidiary of Empire, subsequent to the end of the third quarter, acquired 11,811,024 Class B LP Units and the attached Special Voting Units at a price of $12.70 per Class B LP Unit for proceeds of $150,000 on a private placement basis.
- During the second quarter of 2013, Crombie acquired one property from a subsidiary of Empire for a total purchase price of $20,875, excluding closing and transaction costs.
- During the first quarter of 2013, Crombie acquired two properties and acquired one development addition to an existing retail property from subsidiaries of Empire for a total purchase price of $32,555 excluding closing and transaction costs.
- During the fourth quarter of 2012, Crombie acquired two properties and acquired development additions to two existing properties from subsidiaries of Empire for a total purchase price of $53,099 excluding closing and transaction costs.
- On December 14, 2012, concurrently with a public offering of units, ECLD purchased 1,659,661 Class B LP Units and the attached Special Voting Units at a price of $14.75 per Class B LP Unit for gross proceeds of $24,480 on a private placement basis.
- On September 17, 2012, Empire exercised its right to convert its $10,000 Series B Convertible Debentures with an annual interest rate of 6.25%, into 909,090 Units.
- On July 3, 2012, Empire acquired $24,000 Series D Convertible Debentures with an annual interest rate of 5.00% in satisfaction of wholly-owned ECL Developments Limited's pre-emptive right with respect to the Debenture offering.
- 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.

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 September 30,		Nine months ended September 30,	
(In thousands of CAD dollars)	2013	2012	2013	2012
Salary, bonus and other short-term employee benefits	$ 768	$ 610	$ 2,442	$ 1,924
Other long-term benefits	22	21	72	70
	$ 790	$ 631	$ 2,514	$ 1,994

Critical Accounting Estimates

Critical accounting estimates are discussed under the section "Critical Accounting Estimates" in the 2012 Annual Report.

Financial Instruments

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

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - unobservable inputs for the asset or liability.

The following table provides information on financial assets and liabilities measured at fair value as at September 30, 2013:

	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Interest rate swaps	$ —	$ 28	$ —	$ 28
Embedded derivatives in convertible debentures	—	1,346	—	1,346
Total liabilities	$ —	$ 1,374	$ —	$ 1,374

There were no transfers between Level 1 and Level 2 during the three months and six months ended September 30, 2013.

The fair value of other financial instruments is based on discounted cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. The following table summarizes the estimated fair value of other financial instruments which have a fair value different from their carrying value:

	September 30, 2013		**December 31, 2012**		**September 30, 2012**	
	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial Assets						
Assets related to derecognized property	$ 5,854	$ 5,951	$ 6,116	$ 6,120	$ 6,273	$ 6,239
Notes receivable	2,079	1,991	2,781	2,545	3,051	2,743
Total assets	$ 7,933	$ 7,942	$ 8,897	$ 8,665	$ 9,324	$ 8,982
Financial Liabilities						
Investment property debt	$ 1,292,693	$ 1,251,935	$ 1,150,888	$ 1,072,671	$ 1,156,662	$ 1,073,658
Convertible debentures	191,331	188,563	134,276	123,679	137,819	124,992
Liabilities related to derecognized property	5,760	5,676	5,997	5,818	6,077	5,864
Total liabilities	$ 1,489,784	$ 1,446,174	$ 1,291,161	$ 1,202,168	$ 1,300,558	$ 1,204,514

Due to their short-term nature, the carrying value of the following financial instruments approximates their fair value at the balance sheet date:

- Cash and cash equivalents
- Trade receivables
- Restricted cash
- Subscription receipts held in trust
- Trade and other payables (excluding interest rate swaps, embedded derivatives and liabilities related to derecognized property)
- Subscription receipts payable

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. As at September 30, 2013, Crombie has a total of $4,129 in outstanding letters of credit related to:

- $714 for construction work that is being performed on investment properties;
- $1,715 in favour of the mortgage lender in connection with the defeasance of derecognized property;
- $1,700 in favour of mortgage lenders primarily to satisfy mortgage financings on redevelopment properties.

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 12 to 71 years including renewal options. For the three months and nine months ended September 30, 2013, Crombie paid $309 and $927 respectively in land lease payments to third party landlords (three months and nine months ended September 30, 2012 – $308 and $913 respectively).

As at September 30, 2013, Crombie had signed construction contracts totaling $22,388 of which $15,758 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 are discussed more fully under the section "Risk Management" in the 2012 Annual Report. There has been no significant change in Crombie's risk management since that time. 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.

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 September 30, 2013:

- Excluding Sobeys and Shoppers Drug Mart (which accounts for 34.0% and 7.8%, respectively of Crombie's minimum rent), no other tenant accounts for more than 2.0% of Crombie's minimum rent; and
- Over the next five years, leases on no more than 6.1% of the GLA area of Crombie will expire in any one year.

Crombie earned property revenue for the three months and nine months ended September 30, 2013 of $24,154 and $74,297 respectively (three months and nine months ended September 30, 2012 - $20,379 and $65,784 respectively) 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 since December 31, 2012.

	Nine months ended September 30,	
(In thousands of CAD dollars)	2013	2012
Provision for doubtful accounts, beginning of period	$ 439	$ 401
Additional provision	358	895
Recoveries	(137)	(517)
Write-offs	(440)	(105)
Provision for doubtful accounts, end of period	$ 220	$ 674

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 and limiting the use of permanent floating rate debt. As at September 30, 2013:

- Crombie's weighted average term to maturity of its fixed rate mortgages was 7.5 years;
- Crombie had a floating rate revolving credit facility available to a maximum of $285,000, subject to available borrowing base of $211,866, with a balance of $81,134.

Crombie estimates that $890 of accumulated other comprehensive income (loss) will be reclassified to finance costs during the remaining fourth quarter of 2013, based on all settled swap agreements to September 30, 2013.

A fluctuation in interest rates would have had an impact on Crombie's operating income related to the use of floating rate debt. Based on 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 credit facilities	Decrease in rate	Increase in rate
Three months ended September 30, 2013	$ 96	$ (96)
Three months ended September 30, 2012	$ 79	$ (79)
Nine months ended September 30, 2013	$ 457	$ (457)
Nine months ended September 30, 2012	$ 255	$ (255)

Crombie does not enter into interest rate swap transactions on a speculative basis. As part of 2012 property acquisitions, Crombie assumed a mortgage of approximately $4,000 containing an interest rate swap. The mortgage matures on April 7, 2014. Crombie is prohibited by its Declaration of Trust in purchasing, selling or trading in interest rate future contracts other than for hedging purposes.

There have been no significant changes to Crombie's interest rate risk since December 31, 2012.

Liquidity Risk

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

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 fixed rate and floating rate 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 unfavorable mark-to-market position on any interest rate swap agreements, and cannot exceed the borrowing base 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:

		Twelve months ending September 30,					
(In thousands of CAD dollars)	Contractual Cash Flows[1]	2014	2015	2016	2017	2018	Thereafter
Fixed rate mortgages[2]	$ 1,518,251	$ 175,281	$ 148,080	$ 118,026	$ 116,551	$ 127,099	$ 833,214
Convertible debentures	218,042	90,925	5,588	5,588	49,941	3,000	63,000
	1,736,293	266,206	153,668	123,614	166,492	130,099	896,214
Floating rate revolving credit facility	85,493	2,491	83,002	—	—	—	—
Total	$ 1,821,786	$ 268,697	$ 236,670	$ 123,614	$ 166,492	$ 130,099	$ 896,214

(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

(a) On October 21, 2013, Crombie declared distributions of 7.417 cents per unit for the period from October 1, 2013 to and including, October 31, 2013. The distribution will be paid on November 15, 2013, to Unitholders of record as of October 31, 2013.

(b) On November 3, 2013, Crombie completed the acquisition of a portfolio of 70 retail properties for an aggregate purchase price of $991,300 excluding closing adjustments and transaction costs as explained in the Portfolio Acquisition section of this MD&A.

CONTROLS AND PROCEDURES

Crombie maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by Crombie in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by Crombie in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to Crombie's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. Our Chief Executive Officer and Chief Financial Officer have evaluated the design and effectiveness of our disclosure controls and procedures as of September 30, 2013. They have concluded that our current disclosure controls and procedures are effective.

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 as defined in National Instrument 52-109. 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.

(In thousands of CAD dollars, except per unit amounts)	Three Months Ended							
	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011
					(As Restated)			
Property revenue	$ 70,850	$ 71,188	$ 71,006	$ 68,470	$ 64,459	$ 63,646	$ 59,447	$ 58,682
Property operating expenses	25,596	25,696	26,818	25,804	22,181	23,035	23,502	22,938
Property net operating income	45,254	45,492	44,188	42,666	42,278	40,611	35,945	35,744
Lease terminations	311	88	6	3,458	273	-	113	5
Expenses:								
General and administrative	(2,851)	(3,366)	(3,206)	(3,667)	(2,655)	(2,688)	(2,520)	(2,396)
Finance costs - operations	(18,834)	(17,648)	(16,807)	(16,639)	(20,285)	(16,735)	(15,750)	(14,978)
Depreciation and amortization	(11,876)	(11,985)	(11,122)	(12,493)	(12,200)	(11,352)	(8,525)	(8,302)
Operating income before taxes	12,004	12,581	13,059	13,325	7,411	9,836	9,263	10,073
Taxes - deferred	(500)	—	(100)	(1,500)	500	600	300	600
Operating income	11,504	12,581	12,959	11,825	7,911	10,436	9,563	10,673
Finance costs - distributions to Unitholders	(20,545)	(20,480)	(20,438)	(19,809)	(19,343)	(18,760)	(17,167)	(16,530)
Finance costs - change in fair value of financial instruments	(151)	1,585	617	3,984	(4,047)	(3,675)	1,860	(6,417)
Increase (decrease) in net assets attributable to Unitholders	$ (9,192)	$ (6,314)	$ (6,862)	$ (4,000)	$ (15,479)	$ (11,999)	$ (5,744)	$ (12,274)
Operating income per unit - Basic	$ 0.13	$ 0.14	$ 0.14	$ 0.13	$ 0.09	$ 0.12	$ 0.13	$ 0.15
Operating income per unit - Diluted	$ 0.12	$ 0.14	$ 0.14	$ 0.13	$ 0.09	$ 0.12	$ 0.13	$ 0.15

(In thousands of CAD dollars, except per unit amounts)	Three Months Ended							
	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011
AFFO	$ 21,993	$ 22,433	$ 21,606	$ 23,407	$ 18,237	$ 18,954	$ 16,007	$ 16,486
FFO	$ 25,841	$ 26,490	$ 25,721	$ 27,351	$ 21,338	$ 22,747	$ 19,301	$ 19,708
Distributions	$ 20,545	$ 20,480	$ 20,438	$ 19,809	$ 19,343	$ 18,760	$ 17,167	$ 16,530
AFFO per unit - basic	$ 0.24	$ 0.24	$ 0.24	$ 0.27	$ 0.21	$ 0.23	$ 0.22	$ 0.23
AFFO per unit - diluted(1)	$ 0.24	$ 0.24	$ 0.23	$ 0.26	$ 0.21	$ 0.22	$ 0.21	$ 0.22
FFO per unit - basic	$ 0.28	$ 0.28	$ 0.28	$ 0.31	$ 0.25	$ 0.27	$ 0.26	$ 0.27
FFO per unit - diluted(1)	$ 0.28	$ 0.28	$ 0.28	$ 0.30	$ 0.24	$ 0.26	$ 0.25	$ 0.26
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 included 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 three months ended September 30, 2013 Crombie acquired four retail properties for a total purchase price of $44,985; during the three months ended June 30, 2013, Crombie acquired one retail property for a total purchase price of $20,875; during the three months ended March 31, 2013, Crombie acquired six retail properties and one development addition to an existing retail property for a total purchase price of $164,445; during the three months ended December 31, 2012, Crombie acquired two retail plazas for a total purchase price of $43,475; during the three months ended September 30, 2012, Crombie acquired a retail plaza for a total purchase price of $9,600 and a mixed use property for a total purchase price of $20,000; during the three months ended June 30, 2012, Crombie acquired 15 freestanding properties and 12 retail plazas for a total purchase price of $297,448; during the first quarter of 2012, Crombie acquired a freestanding property for a purchase price of $13,800; and 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.

- 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 $58,256 in the quarter ended December 31, 2012; of $116,925 in the quarter ended March 31, 2012 and of $72,858 in the quarter ended December 31, 2011.

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: November 8, 2013
Stellarton, Nova Scotia, Canada

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

	Note	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Assets	3			**(As Restated)**	**(As Restated)**
Non-current assets					
Investment properties	4	$ 2,210,540	$ 1,999,225	$ 1,948,042	$ 1,622,083
Intangible assets	5	34,167	33,549	33,778	26,232
Other assets	6	79,495	73,313	70,447	56,436
Notes receivable	7	1,258	1,716	1,886	2,440
		2,325,460	2,107,803	2,054,153	1,707,191
Current assets					
Cash and cash equivalents		—	—	—	54
Subscription receipts held in trust	12	220,833	—	—	—
Other assets	6	40,235	26,988	26,541	20,610
Notes receivable	7	733	829	857	927
		261,801	27,817	27,398	21,591
Total Assets		**2,587,261**	**2,135,620**	**2,081,551**	**1,728,782**
Liabilities					
Non-current liabilities					
Investment property debt	8	1,120,043	997,953	1,013,159	847,201
Convertible debentures	9	99,196	120,529	121,559	124,351
Deferred taxes	10	83,100	82,500	81,000	82,400
Employee future benefits obligation		7,125	6,920	7,278	7,069
Trade and other payables	11	1,346	10,689	15,104	18,621
		1,310,810	1,218,591	1,238,100	1,079,642
Current liabilities					
Subscription receipts payable	12	219,039	—	—	—
Investment property debt	8	122,885	67,458	53,407	30,806
Convertible debentures	9	83,563	—	—	—
Employee future benefits obligation		225	225	214	214
Trade and other payables	11	75,991	67,345	65,187	49,262
		501,703	135,028	118,808	80,282
Total liabilities excluding net assets attributable to Unitholders		**1,812,513**	**1,353,619**	**1,356,908**	**1,159,924**
Net assets attributable to Unitholders		**$ 774,748**	**$ 782,001**	**$ 724,643**	**$ 568,858**
Net assets attributable to Unitholders represented by:					
Crombie REIT Unitholders		$ 471,387	$ 470,747	$ 436,821	$ 321,288
Special Voting Units and Class B Limited Partnership Unitholders		303,361	311,254	287,822	247,570
		$ 774,748	**$ 782,001**	**$ 724,643**	**$ 568,858**
Commitments and contingencies	22				
Subsequent events	23				

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)

		Three months ended September 30,		Nine months ended September 30,	
	Note	**2013**	**2012**	**2013**	**2012**
	3		**(As Restated)**		**(As Restated)**
Property revenue	13	$ 70,850	$ 64,459	$ 213,044	$ 187,552
Property operating expenses		25,596	22,181	78,110	68,718
Net property income		**45,254**	**42,278**	**134,934**	**118,834**
Lease terminations		311	273	405	386
Depreciation of investment properties	4	(9,894)	(10,417)	(29,134)	(27,429)
Amortization of deferred leasing costs	4	(135)	(154)	(413)	(438)
Amortization of intangible assets	5	(1,847)	(1,629)	(5,436)	(4,210)
General and administrative expenses		(2,851)	(2,655)	(9,423)	(7,863)
Operating income before finance costs and taxes		**30,838**	**27,696**	**90,933**	**79,280**
Finance costs - operations	16	(18,834)	(20,285)	(53,289)	(52,770)
Operating income before taxes		**12,004**	**7,411**	**37,644**	**26,510**
Taxes - deferred	10	(500)	500	(600)	1,400
Operating income attributable to Unitholders		**11,504**	**7,911**	**37,044**	**27,910**
Finance costs - other					
Distributions to Unitholders		(20,545)	(19,343)	(61,463)	(55,270)
Change in fair value of financial instruments	3,11	(151)	(4,047)	2,051	(5,862)
		(20,696)	(23,390)	(59,412)	(61,132)
Decrease in net assets attributable to Unitholders		**(9,192)**	**(15,479)**	**(22,368)**	**(33,222)**
Other comprehensive income					
Items that will be subsequently reclassified to Decrease in net assets attributable to Unitholders:					
Costs incurred on derivatives designated as cash flow hedges transferred to finance costs - operations		946	1,751	2,870	3,835
Net change in derivatives designated as cash flow hedges		5	7	15	(53)
Other comprehensive income		**951**	**1,758**	**2,885**	**3,782**
Comprehensive income (loss)		**$ (8,241)**	**$ (13,721)**	**$ (19,483)**	**$ (29,440)**

See accompanying notes to the interim consolidated financial statements.

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

	Note	REIT Units, Special Voting Units and Class B LP Units	Net Assets Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to Class B LP Units
		(Note 17)					
Balance, January 1, 2013		$ 977,112	$ (175,124)	$ (19,987)	$ 782,001	$ 470,747	$ 311,254
Adjustments related to EUPP		468	(19)	—	449	449	—
Conversion of debentures		10,116	—	—	10,116	10,116	—
Conversion feature of debentures	11	1,665	—	—	1,665	1,665	—
Statements of comprehensive income (loss)		-	(22,368)	2,885	(19,483)	(11,590)	(7,893)
Balance, September 30, 2013		**$ 989,361**	**$ (197,511)**	**$ (17,102)**	**$ 774,748**	**$ 471,387**	**$ 303,361**

	Note	REIT Units, Special Voting Units and Class B LP Units	Net Assets Attributable to Unitholders	Accumulated Other Comprehensive Income (Loss)	Total	Attributable to REIT Units	Attributable to Class B LP Units
		(Note 17)					
	3	(As Restated)	(As Restated)				
Balance, January 1, 2012		$ 731,916	$ (137,909)	$ (25,149)	$ 568,858	$ 321,288	$ 247,570
Adjustments related to EUPP		302	(3)	—	299	299	—
Conversion of debentures		58,765	—	—	58,765	58,765	—
Conversion feature of debentures	11	9,236	—	—	9,236	9,236	—
Statements of comprehensive income (loss)		—	(33,222)	3,782	(29,440)	(16,902)	(12,538)
Unit issue proceeds, net of costs of $3,210		116,925	—	—	116,925	64,135	52,790
Balance, September 30, 2012		**$ 917,144**	**$ (171,134)**	**$ (21,367)**	**$ 724,643**	**$ 436,821**	**$ 287,822**

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)

Cash flows provided by (used in)	Note	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
			(As Restated)		(As Restated)
Operating Activities					
Decrease in net assets attributable to Unitholders		$ (9,192)	$ (15,479)	$ (22,368)	$ (33,222)
Items not affecting operating cash	18	15,313	20,443	40,358	45,663
Change in other non-cash operating items	18	6,862	8,628	(4,019)	7,698
Cash provided by (used in) operating activities		**12,983**	**13,592**	**13,971**	**20,139**
Financing Activities					
Issue of investment property debt		23,125	18,100	365,320	154,156
Increase in deferred financing charges		(319)	(869)	(3,039)	(2,142)
Repayment of investment property debt		(49,531)	(54,744)	(197,211)	(79,279)
Issue of convertible debentures		75,000	60,000	75,000	60,000
Deferred financing charge - convertible debentures		(3,413)	(1,815)	(3,413)	(1,815)
Redemption of convertible debentures		—	—	—	(3,707)
REIT Units and Class B LP Units issued		—	—	—	120,135
REIT Units and Class B LP Units issue costs		—	—	—	(3,210)
Issue costs of subscription receipts	12	(1,800)	—	(1,800)	—
Repayment of EUPP loans receivable		16	16	419	273
Decrease in liabilities related to derecognized property		(48)	(46)	(142)	(135)
Collection of notes receivable		178	203	554	624
Cash provided by financing activities		**43,208**	**20,845**	**235,688**	**244,900**
Investing Activities					
Acquisition of investment properties and intangible assets	4	(44,985)	(25,005)	(220,487)	(237,906)
Additions to investment properties		(6,630)	(5,622)	(15,386)	(15,170)
Proceeds on disposal of investment properties		—	—	1,700	—
Additions to tenant incentives		(4,514)	(3,438)	(15,208)	(11,364)
Additions to deferred leasing costs		(85)	(537)	(447)	(815)
Decrease in assets related to derecognized property		23	23	169	162
Cash used in investing activities		**(56,191)**	**(34,579)**	**(249,659)**	**(265,093)**
Net change in cash and cash equivalents		**—**	**(142)**	**—**	**(54)**
Cash and cash equivalents, beginning of period		**—**	**142**	**—**	**54**
Cash and cash equivalents, end of period		**$ —**	**$ —**	**$ —**	**$ —**

See accompanying notes to the interim consolidated financial statements.

1) GENERAL INFORMATION AND NATURE OF OPERATIONS

Crombie Real Estate Investment Trust ("Crombie") is an unincorporated "open-ended" real estate investment trust created pursuant to the Declaration of Trust dated January 1, 2006, as amended. The principal business of Crombie is 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 and nine months ended September 30, 2013 and September 30, 2012 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 consolidated financial statements were authorized for issue by the Board of Trustees on November 8, 2013.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed 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. Therefore, they should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012.

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

(c) Presentation of financial statements

When Crombie: (i) applies an accounting policy retrospectively, (ii) makes a retrospective restatement of items in its financial statements, or (iii) reclassifies items on the balance sheet; it will present an additional balance sheet as at the beginning of the earliest comparative period.

(d) Basis of consolidation

Crombie's financial statements consolidate those of Crombie and all of its subsidiary entities as at September 30, 2013. Subsidiaries are all entities over which Crombie has control. All subsidiaries have a reporting date of September 30, 2013.

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, 2012.

New standards adopted

There has been no change in the Company's significant accounting policies since December 31, 2012, except for the application of the following standards as of January 1, 2013:

- IFRS 10 - Consolidated Financial Statements ("IFRS 10")
- IFRS 11 - Joint Arrangements ("IFRS 11")
- IFRS 12 - Disclosure of Interests in Other Entities ("IFRS 12")
- IFRS 13 - Fair Value Measurement ("IFRS 13")
- Revised version of IAS 19, Employee Future Benefits ("IAS 19R")

The effects of applying these standards are described below.

(i) IFRS 10 - Consolidated Financial Statements

IFRS 10 revises the definition of control as a determining factor in whether an entity should be included in the consolidated financial statements of the parent company. Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no impact on Crombie.

(ii) IFRS 11 - Joint Arrangements

IFRS 11 replaces the current IAS 31 - Interests in Joint Ventures. IFRS 11 classifies joint arrangements as either joint ventures or joint operations. Interests in joint ventures are accounted for using equity accounting, eliminating the proportionate consolidation option previously available under IAS 31. The new standard did not have an impact on Crombie.

(iii) IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, including joint arrangements, associates, special purpose vehicles, and other off balance sheet vehicles. The new standard did not have an impact on Crombie's September 30, 2013 disclosure.

(iv) IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure of fair value measurements across various IFRS standards. IFRS 13 provides a definition of fair value, sets out a single IFRS framework for measuring fair value, and outlines requirements for disclosures of fair value measurements. The new standard requires additional disclosures in the interim consolidated financial statements which are provided in Note 20 - Financial Instruments.

(v) IAS 19R - Employee Future Benefits

IAS 19R makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. Management has reviewed the standard and has determined there is no impact on Crombie for the three months and nine months ended September 30, 2013; however, additional disclosures will be required for the annual financial statements for the year ended December 31, 2013.

(f) Comparative figures

Certain comparative figures have been reclassified to conform to the current year's consolidated financial statement presentation.

3) RESTATEMENT OF FINANCIAL STATEMENTS

During 2012, Crombie determined that the conversion feature and redemption option attached to the convertible debentures represent compound embedded derivatives requiring fair value measurement each reporting period, with any adjustment to fair value being recognized through comprehensive income.

These interim financial statements have been restated to retrospectively account for the fair value of the embedded derivatives from the issue date of each series of convertible debentures. The fair value adjustment is being accounted for as Finance costs – change in fair value of financial instruments on the Statements of Comprehensive Income (Loss). The impact on specific financial statement items is summarized below.

The comparative Consolidated Balance Sheets have been restated as follows:

		September 30, 2012		January 1, 2012
Increase in Trade and other payables	$	9,429	$	12,803
Decrease in Net assets attributable to Unitholders	$	(9,429)	$	(12,803)
Increase (decrease) in Net assets attributable to Crombie REIT Unitholders	$	736	$	(5,199)
Decrease in Net assets attributable to Special Voting Units and Class B Limited Partnership Unitholders	$	(10,165)	$	(7,604)

The consolidated Statements Comprehensive Income (Loss) for the three months and nine months ended September 30, 2012 has been restated as follows:

	Three months ended September 30, 2012	Nine months ended September 30, 2012
Decrease in change in fair value of financial instruments	$ (4,047)	$ (5,862)
Decrease in net assets attributable to Unitholders	$ (4,047)	$ (5,862)
Decrease in comprehensive income (loss)	$ (4,047)	$ (5,862)

There was no net impact on cash flows as a result of the restatement.

4) INVESTMENT PROPERTIES

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2013	$ 545,337	$ 1,608,276	$ 4,861	$ 2,158,474
Acquisitions	53,325	172,239	—	225,564
Additions	97	15,970	518	16,585
Dispositions	(806)	(1,573)	—	(2,379)
Balance, September 30, 2013	597,953	1,794,912	5,379	2,398,244
Accumulated depreciation and amortization				
Opening balance, January 1, 2013	—	157,009	2,240	159,249
Depreciation and amortization	—	29,134	413	29,547
Dispositions	—	(1,092)	—	(1,092)
Balance, September 30, 2013	—	185,051	2,653	187,704
Net carrying value, September 30, 2013	$ 597,953	$ 1,609,861	$ 2,726	$ 2,210,540

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2012	$ 455,713	$ 1,283,032	$ 3,905	$ 1,742,650
Acquisitions	89,573	302,597	—	392,170
Additions	51	22,647	956	23,654
Balance, December 31, 2012	545,337	1,608,276	4,861	2,158,474
Accumulated depreciation and amortization				
Opening balance, January 1, 2012	—	118,914	1,653	120,567
Depreciation and amortization	—	38,095	587	38,682
Balance, December 31, 2012	—	157,009	2,240	159,249
Net carrying value, December 31, 2012	$ 545,337	$ 1,451,267	$ 2,621	$ 1,999,225

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2012	$ 455,713	$ 1,283,032	$ 3,905	$ 1,742,650
Acquisitions	76,712	262,729	—	339,441
Additions	7	13,575	803	14,385
Balance, September 30, 2012	532,432	1,559,336	4,708	2,096,476
Accumulated depreciation and amortization				
Opening balance, January 1, 2012	—	118,914	1,653	120,567
Depreciation and amortization	—	27,429	438	27,867
Balance, September 30, 2012	—	146,343	2,091	148,434
Net carrying value, September 30, 2012	$ 532,432	$ 1,412,993	$ 2,617	$ 1,948,042

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

	Fair Value	Carrying Value
September 30, 2013	$ 2,884,000	$ 2,332,703
December 31, 2012	$ 2,574,000	$ 2,107,280
September 30, 2012	$ 2,459,000	$ 2,053,057

Carrying value consists of the net carrying value of:

	Note	September 30, 2013	December 31, 2012	September 30, 2012
Investment properties	4	$ 2,210,540	$ 1,999,225	$ 1,948,042
Intangible assets	5	34,167	33,549	33,778
Accrued straight-line rent receivable	6	26,144	22,594	21,349
Tenant incentives	6	61,852	51,912	49,888
Total carrying value		$ 2,332,703	$ 2,107,280	$ 2,053,057

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

		Impact of a 0.25% Change in Capitalization Rate	
	Weighted Average Capitalization Rate	Increase in Rate	Decrease in Rate
September 30, 2013	6.39%	$ (109,000)	$ 118,000
December 31, 2012	6.60%	$ (96,000)	$ 101,000
September 30, 2012	6.66%	$ (90,000)	$ 96,000

Investment Property Acquisitions and Dispositions

The operating results of acquired properties are included from the respective date of acquisition and for disposed properties up to the date of disposition.

2013

Acquisition/Disposition Date	Properties Acquired (Disposed)	Approximate Square Footage	Initial Purchase (Disposition) Price	Assumed Mortgages	New Mortgages
February 22, 2013	4	311,000	$ 131,890	$ 10,744	$ —
March 22, 2013	1	66,000	14,650	—	10,750
March 27, 2013	1	45,000	15,450	—	—
March 28, 2013[1]	—	9,000	2,455	—	—
April 30, 2013	1	59,000	20,875	—	—
September 6, 2013	4	77,000	44,370	—	—
		567,000	**229,690**	**10,744**	**10,750**
February 4, 2013	(1)	(31,000)	(1,700)	—	—
		536,000	**$ 227,990**	**$ 10,744**	**$ 10,750**

(1) Relates to an acquisition of additional development on a pre-existing retail property.

All of the properties acquired and disposed in February and September were transacted with third parties. The March and April acquisitions were acquired from subsidiaries of Empire Company Limited ("Empire"), a related party. The initial purchase prices stated above exclude closing and transaction costs. The disposal price of the derecognized property on February 4, 2013, approximated its carrying value, resulting in a small gain. The balance of the acquisitions, after deducting assumed and new mortgage proceeds, was funded through Crombie's floating rate revolving credit facility.

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
April 10, 2012	22	886,000	254,647	95,754	23,700
June 26, 2012	5	107,000	42,801	—	29,100
August 16, 2012	1	41,000	9,600	5,126	—
August 31, 2012	1	135,000	20,000	—	—
		1,209,000	**$ 340,848**	**$ 108,484**	**$ 54,156**

All of the above properties acquired during 2012 were from third parties. The initial purchase prices stated above exclude closing and transaction costs. The April acquisitions, after deducting assumed and new mortgage proceeds, were funded with proceeds from the March 29, 2012, $120,000 REIT and Class B LP Units offering and the floating rate revolving credit facility. The other acquisitions, after deducting assumed and new mortgage proceeds, were 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 September 30,		Nine months ended September 30,		Year Ended
Investment property acquired, net:	2013	2012	2013	2012	December 31, 2012
Land	$ 6,240	$ 9,490	$ 53,325	$ 76,712	$ 89,573
Buildings	38,118	19,412	172,239	262,729	302,597
Intangible assets	627	1,512	6,079	11,756	13,205
Fair value debt adjustment on assumed mortgages	—	(283)	(412)	(4,807)	(4,807)
Net purchase price	44,985	30,131	231,231	346,390	400,568
Assumed mortgages	—	(5,126)	(10,744)	(108,484)	(108,484)
	$ 44,985	$ 25,005	$ 220,487	$ 237,906	$ 292,084
Consideration funded by:					
Revolving credit facility	$ 44,985	$ 25,005	$ 209,737	$ 66,825	$ 81,713
Mortgage financing	—	—	10,750	54,156	93,446
Cash from REIT Unit offering	—	—	—	116,925	116,925
Total consideration paid	$ 44,985	$ 25,005	$ 220,487	$ 237,906	$ 292,084

5) INTANGIBLE ASSETS

Tenant Relationships	**Cost**	**Accumulated Amortization**	**Net Carrying Value**
Balance, January 1, 2013	$ 73,853	$ 40,304	$ 33,549
Acquisitions	6,079	—	6,079
Dispositions	(283)	(258)	(25)
Amortization	—	5,436	(5,436)
Balance, September 30, 2013	**$ 79,649**	**$ 45,482**	**$ 34,167**
Balance, January 1, 2012	$ 60,648	$ 34,416	$ 26,232
Acquisitions	11,756	—	11,756
Amortization	—	4,210	(4,210)
Balance, September 30, 2012	**$ 72,404**	**$ 38,626**	**$ 33,778**

6) OTHER ASSETS

	September 30, 2013	December 31, 2012	September 30, 2012
Trade receivables	$ 7,870	$ 10,538	$ 9,211
Provision for doubtful accounts	(220)	(439)	(674)
Net trade receivables	7,650	10,099	8,537
Accrued straight-line rent receivable	26,144	22,594	21,349
Tenant incentives	61,852	51,912	49,888
Prepaid expenses and deposits	15,477	8,851	9,211
Restricted cash	2,656	725	1,764
Assets related to derecognized property	5,951	6,120	6,239
	$ 119,730	**$ 100,301**	**$ 96,988**

Tenant Incentives	Cost	Accumulated Amortization	Net Carrying Value
Balance, January 1, 2013	$ 76,762	$ 24,850	$ 51,912
Additions	15,801	—	15,801
Amortization	—	5,861	(5,861)
Balance, September 30, 2013	**$ 92,563**	**$ 30,711**	**$ 61,852**
Balance, January 1, 2012	$ 56,413	$ 18,518	$ 37,895
Additions	16,792	—	16,792
Amortization	—	4,799	(4,799)
Balance, September 30, 2012	**$ 73,205**	**$ 23,317**	**$ 49,888**

7) NOTES RECEIVABLE

	September 30, 2013	December 31, 2012	September 30, 2012
Capital expenditure program	$ 105	$ 105	$ 105
Interest rate subsidy	1,886	2,440	2,638
	$ 1,991	**$ 2,545**	**$ 2,743**

8) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	September 30, 2013
Fixed rate mortgages	3.12 - 6.90%	4.99%	7.5 years	$ 1,170,801
Floating rate revolving credit facility		3.07%	1.8 years	81,134
Deferred financing charges				(9,007)
				$ 1,242,928

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	December 31, 2012
Fixed rate mortgages	3.12 - 6.90%	5.21%	7.4 years	$ 949,571
Floating rate revolving credit facility		3.08%	2.5 years	30,405
Floating rate term credit facility		3.08%	2.2 years	92,695
Deferred financing charges				(7,260)
				$ 1,065,411

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	September 30, 2012
Fixed rate mortgages	3.12 - 6.90%	5.27%	7.6 years	$ 918,403
Floating rate revolving credit facility		3.07%	2.8 years	62,558
Floating rate term credit facility		3.07%	2.5 years	92,697
Deferred financing charges				(7,092)
				$ 1,066,566

As at September 30, 2013, debt retirements for the next 5 years are:

12 Months Ending	Fixed Rate Principal Payments	Fixed Rate Maturities	Floating Rate Maturities	Total
September 30, 2014	$ 36,438	$ 84,366	$ —	$ 120,804
September 30, 2015	35,732	63,045	81,134	179,911
September 30, 2016	34,259	38,977	—	73,236
September 30, 2017	30,062	45,679	—	75,741
September 30, 2018	28,903	61,176	—	90,079
Thereafter	157,387	547,636	—	705,023
	$ 322,781	$ 840,879	$ 81,134	1,244,794
Deferred financing charges				(9,007)
Unamortized fair value debt adjustment				7,141
				$ 1,242,928

Specific investment properties with a carrying value of $2,182,581 as at September 30, 2013 (December 31, 2012 - $2,001,074; September 30, 2012 - $1,944,781) 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 2013

Date		Number of Mortgages	Rates	Terms in Years	Amortization Period in Years	Proceeds (Repayments)
January 30, 2013	New	1	4.10%	9	25	$ 1,700
February 22, 2013	Assumed	1	5.71%	1	20	5,666
February 22, 2013	Assumed	1	7.48%	2	7	5,078
February 27, 2013	New	3	4.68%	15	25	23,625
February 27, 2013	New	3	4.68%	15	20	8,475
February 27, 2013	New	1	4.18%	8	15	2,600
February 28, 2013	New	1	4.12%	10	25	34,425
February 28, 2013	New	1	4.19%	10	25	17,000
February 28, 2013	New	1	4.37%	12	25	9,500
March 28, 2013	New	3	3.90%	10	25	27,475
March 28, 2013	New	1	3.90%	10	23	16,000
March 28, 2013	New	1	4.01%	10	25	7,000
April 5, 2013	Renewal	1	3.40%	5	23	—
April 5, 2013	Renewal	1	3.40%	5	21	—
April 29, 2013	New	1	4.00%	10	25	42,500
May 21, 2013	New	1	4.10%	10	25	3,900
June 13, 2013	Repayment	1	7.48%	—	—	(4,894)
June 13, 2013	New	1	4.17%	10	25	11,000
June 13, 2013	New	1	4.41%	10	25	22,400
August 1, 2013	Repayment	1	5.71%	—	—	(5,591)
August 1, 2013	New	1	4.31%	12	25	9,125
August 12, 2013	New	1	4.35%	10	25	14,000
						$ 250,984

Floating Rate Revolving Credit Facility

The floating rate revolving credit facility has a maximum principal amount of $285,000 (December 31, 2012 - $200,000; September 30, 2012 - $200,000) and matures June 30, 2015 (subsequently extended to mature June 30, 2016). The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and is secured by a pool of first and second mortgages on certain properties and the maximum principal amount is subject to available borrowing base (September 30, 2013 – borrowing base of $211,866). The floating interest rate is based on bankers' acceptance rates plus a spread or specific margin over prime rate. The specified spread or margin increases as Crombie's overall debt leverage increases beyond specific thresholds.

On February 22, 2013, the available limit on Crombie's revolving credit facility was increased to $285,000 to provide financing for the acquisitions completed during the first quarter.

See Note 20(a) for fair value information.

9) CONVERTIBLE DEBENTURES

	Conversion Price	Maturity Date	Interest Rate	September 30, 2013	December 31, 2012	September 30, 2012
Series B (CRR.DB.B)	$ 11.00	October 11, 2013	6.25%	$ 8,563	$ 18,679	$ 19,992
Series C (CRR.DB.C)	$ 15.30	June 30, 2017	5.75%	45,000	45,000	45,000
Series D (CRR.DB.D)	$ 20.10	Sept. 30, 2019	5.00%	60,000	60,000	60,000
Series E (CRR.DB.E)	$ 17.15	March 12, 2014	5.25%	75,000	—	—
Deferred financing charges				(5,804)	(3,150)	(3,433)
				$ 182,759	**$ 120,529**	**$ 121,559**

Debenture Conversions	**Conversion Price**	**Nine months ended September 30, 2013**	**Year Ended December 31, 2012**	**Nine months ended September 30, 2012**
7%	$ 13.00	$ —	$ 26,278	$ 26,278
Series B	$ 11.00	10,116	33,800	32,487
		$ 10,116	**$ 60,078**	**$ 58,765**
REIT Units Issued		919,617	5,094,081	4,974,722

As at September 30, 2013, debenture retirements for the next 5 years are:

12 Months Ending	Series B	Series C	Series D	Series E	Total
September 30, 2014	$ 8,563	$ —	$ —	$ 75,000	$ 83,563
September 30, 2015	—	—	—	—	—
September 30, 2016	—	—	—	—	—
September 30, 2017	—	45,000	—	—	45,000
September 30, 2018	—	—	—	—	—
Thereafter	—	—	60,000	—	60,000
	$ 8,563	$ 45,000	$ 60,000	$ 75,000	188,563
Deferred financing charges					(5,804)
					$ 182,759

On August 14, 2013, Crombie issued $75,000 of convertible unsecured subordinated debentures (the "Series E Debentures"). The Series E Debentures have an interest rate of 5.25% per annum and pay interest semi-annually on March 31 and September 30, commencing on September 30, 2013. 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. Each one thousand dollars principal amount of Series E Debenture is convertible into approximately 58.3090 units of Crombie, at any time, at the option of the holder, representing a conversion price of $17.15 per unit. If all conversion rights attaching to the Series E Debentures were exercised, as at September 30, 2013, Crombie would be required to issue approximately 4,373,177 REIT Units, subject to anti-dilution adjustments. The Series E Debentures have an initial maturity date of March 12, 2014. The maturity date extends to March 31, 2021 upon successful closing of Crombie's previously announced acquisition agreement to purchase a portfolio of retail properties from a wholly-owned subsidiary of Sobeys Inc.

For the first three years from the date of issue, there is no ability to redeem the Series E Debentures, after which, the Series E Debentures has a period, lasting two years, during which the Series E 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 of redemption is given exceeds 125% of the conversion price. After the end of the fifth year, and to the final maturity date, the Series E 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 Series E 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 Series E 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, Series E Debenture holders have the right to put the Series E Debentures to Crombie at a price equal to 101% of the principal amount plus accrued and unpaid interest.

Based on management's assessment, Crombie has determined to date that no amount should be attributed to the embedded derivatives (the holder conversion option and the issuer redemption option) at the date of issue of each series of convertible debenture. Transaction costs related to the Debentures have been deferred and are being amortized into finance costs over the term of the Debentures using the effective interest method.

On September 6, 2013, Crombie exercised its right to redeem the remaining outstanding principal amount of its Series B Unsecured Subordinated Debentures ("Series B Debentures") maturing June 30, 2015, in accordance with the terms of the Trust Indenture. Holders of the Series B Debentures were entitled to convert their Series B Debentures to Units based on the conversion price of $11.00 per Unit until October 10, 2013. The redemption of the then outstanding Series B Debentures was completed on October 11, 2013 for a principal payment of $1,564 plus interest.

10) INCOME TAXES

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

	September 30, 2013	December 31, 2012	September 30, 2012
Tax liabilities relating to difference in tax and book value	$ 96,067	$ 94,892	$ 93,278
Tax asset relating to non-capital loss carry-forward	(12,967)	(12,392)	(12,278)
Deferred tax liability	**$ 83,100**	**$ 82,500**	**$ 81,000**

The tax recovery (expense) consists of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Provision for income taxes at the expected rate	$ (3,611)	$ (1,896)	$ (11,233)	$ (7,864)
Tax effect of income attribution to Crombie's Unitholders	3,111	2,396	10,633	9,264
Taxes - deferred	**$ (500)**	**$ 500**	**$ (600)**	**$ 1,400**

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

11) TRADE AND OTHER PAYABLES

	September 30, 2013	December 31, 2012	September 30, 2012
			(As Restated)
Tenant incentives and capital expenditures	$ 24,065	$ 22,795	$ 22,683
Property operating costs	30,317	27,908	27,996
Advance rents	3,555	3,083	2,909
Finance costs on investment property debt and debentures	5,472	6,518	4,861
Distributions payable	6,878	6,807	6,496
Fair value of interest rate swap agreements	28	43	53
Fair value of embedded derivatives in convertible debentures	1,346	5,062	9,429
Liabilities related to derecognized property	5,676	5,818	5,864
	$ 77,337	**$ 78,034**	**$ 80,291**

Fair value of embedded derivatives in convertible debentures:

	September 30, 2013	December 31, 2012	September 30, 2012
Balance, beginning of period	$ 5,062	$ 12,803	$ 12,803
Change in fair value of financial instruments	(2,051)	1,878	5,862
Impact of debentures converted	(1,665)	(9,619)	(9,236)
Balance, end of period	**$ 1,346**	**$ 5,062**	**$ 9,429**

12) SUBSCRIPTION RECEIPTS PAYABLE

	September 30, 2013	December 31, 2012	September 30, 2012
Gross proceeds on issuance	$ 225,044	$ —	$ —
Interest payable on gross proceeds	296	—	—
Subscription receipts payable	225,340	—	—
Deferred financing costs	(6,301)	—	—
Net subscription receipts payable	$ 219,039	$ —	$ —

On August 14, 2013, in conjunction with the acquisition of a portfolio of properties from a wholly-owned subsidiary of Sobeys Inc. (the "Properties"), Crombie issued 17,720,000 subscription receipts at a price of $12.70 each for gross proceeds of $225,044. The gross proceeds less $4,501, representing 50% of the underwriting fees, are being held in escrow by CST Trust Company, as subscription receipt agent, and are invested in short term interest bearing debt obligations. The net proceeds were being held pending satisfaction of the escrow release conditions. Upon satisfaction of the escrow release conditions, the remaining 50% of the underwriting fees will be paid by Crombie and the net proceeds will be released, resulting in each subscription receipt being exchanged for one REIT Unit, and an adjustment payment will be paid to the receipt holders equal to the cash distributions declared on Crombie's REIT Units for which the record date falls between the date of the subscription receipt agreement and the date immediately preceding the release date. If the escrow release conditions are not met on or before March 12, 2014, or if the acquisition is terminated, each subscription receipt holder will receive a payment equal to the full subscription price for each receipt and the pro rata share of interest earned on those receipts. As at September 30, 2013, whereas the cash from issuing the subscription receipts was held in trust, the consolidated statements of cash flows do not reflect any cash provided from their issuance.

Refer to Note 23 (b) for events occurring subsequent to the balance sheet date.

13) PROPERTY REVENUE

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Rental revenue contractually due from tenants	$ 71,400	$ 64,472	$ 213,676	$ 187,144
Contingent rental revenue	428	465	1,679	1,643
Straight-line rent recognition	983	1,249	3,550	3,564
Tenant incentive amortization	(1,961)	(1,727)	(5,861)	(4,799)
	$ 70,850	**$ 64,459**	**$ 213,044**	**$ 187,552**

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

	Three months ended September 30,				Nine months ended September 30,			
	2013		2012		2013		2012	
	Revenue	Percentage	Revenue	Percentage	Revenue	Percentage	Revenue	Percentage
Sobeys Inc.	$ 21,887	30.9%	$ 18,451	28.6%	$ 67,372	31.6%	$ 59,652	31.8%

14) 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 September 30, 2013, is as follows:

	Remaining	Year Ending December 31,					
	2013	2014	2015	2016	2017	Thereafter	Total
Future minimum rental income	$ 47,456	$ 184,013	$ 175,400	$ 164,659	$ 152,841	$ 1,220,546	$ 1,944,915

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 12 to 71 years including renewal options:

	Remaining	Year Ending December 31,					
	2013	2014	2015	2016	2017	Thereafter	Total
Future minimum lease payments	$ 308	$ 1,235	$ 1,236	$ 1,238	$ 1,292	$ 46,180	$ 51,489

15) EMPLOYEE BENEFIT EXPENSE

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Wages and salaries	$ 4,372	$ 3,908	$ 16,379	$ 13,925
Post-employment benefits	168	132	487	392
	$ 4,540	**$ 4,040**	**$ 16,866**	**$ 14,317**

16) FINANCE COSTS – OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Fixed rate mortgages	$ 15,933	$ 17,927	$ 44,521	$ 45,582
Floating rate term, revolving and demand facilities	773	511	3,321	1,806
Convertible debentures	2,128	1,847	5,447	5,382
Finance costs - operations	**18,834**	**20,285**	**53,289**	**52,770**
Amortization of fair value debt adjustment and accretion income	626	729	2,353	1,755
Change in accrued finance costs	(252)	(759)	1,046	(1,237)
Amortization of effective swap agreements	(946)	(1,751)	(2,870)	(3,835)
Amortization of deferred financing charges	(851)	(2,458)	(2,051)	(4,028)
Finance costs - operations, paid	**$ 17,411**	**$ 16,046**	**$ 51,767**	**$ 45,425**

17) 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, 2013	53,342,855	$ 575,506	38,430,221	$ 401,606	91,773,076	$ 977,112
Units issued under EUPP	43,522	634	—	—	43,522	634
Units released under EUPP	—	49	—	—	—	49
Net change in EUPP loans receivable	—	(215)	—	—	—	(215)
Conversion of debentures	919,617	10,116	—	—	919,617	10,116
Conversion feature of debentures	—	1,665	—	—	—	1,665
Balance, September 30, 2013	**54,305,994**	**$ 587,755**	**38,430,221**	**$ 401,606**	**92,736,215**	**$ 989,361**

	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
		(As Restated)				(As Restated)
Balance, January 1, 2012 (As Restated)	41,181,881	$ 407,452	33,115,360	$ 324,464	74,297,241	$ 731,916
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	—	(136)	—	—	—	(136)
Conversion of debentures	4,974,722	58,765	—	—	4,974,722	58,765
Conversion feature of debentures	—	9,236	—	—	—	9,236
Balance, September 30, 2012	**50,815,496**	**$ 539,890**	**36,770,560**	**$ 377,254**	**87,586,056**	**$ 917,144**

18) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Items not affecting operating cash:				
Accrued straight-line rent	$ (983)	$ (1,249)	$ (3,550)	$ (3,564)
Amortization of tenant incentives	1,961	1,727	5,861	4,799
Depreciation of investment properties	9,894	10,417	29,134	27,429
Amortization of deferred leasing costs	135	154	413	438
Amortization of intangible assets	1,847	1,629	5,436	4,210
Unit based compensation	11	9	30	26
Gain on derecognition of investment property	—	—	(436)	—
Amortization of effective swap agreements	946	1,751	2,870	3,835
Amortization of deferred financing charges	851	2,458	2,051	4,028
Taxes - deferred	500	(500)	600	(1,400)
Change in fair value of financial instruments	151	4,047	(2,051)	5,862
	$ 15,313	**$ 20,443**	**$ 40,358**	**$ 45,663**

b) Change in other non-cash operating items

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
Cash provided by (used in):				
Trade receivables	$ 4,289	$ 4,101	$ 2,449	$ (1,171)
Prepaid expenses and deposits and other assets	(984)	3,010	(8,557)	(3,376)
Payables and other liabilities	3,557	1,517	2,089	12,245
	$ 6,862	**$ 8,628**	**$ (4,019)**	**$ 7,698**

19) 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 September 30, 2013, Empire, through its wholly-owned subsidiary ECL Developments Limited, holds a 42.4% (fully diluted 39.0%) indirect interest in Crombie.

Crombie's transactions with related parties are as follows:

		Three months ended September 30,		Nine months ended September 30,	
		2013	**2012**	**2013**	**2012**
Property revenue	(a)	$ 24,154	$ 20,379	$ 74,297	$ 65,784
Head lease income	(b)	$ 182	$ 134	$ 535	$ 797
Management support services provided	(c)	$ 81	$ 136	$ 286	$ 482
Property management services	(d)	$ 48	$ 96	$ 156	$ 485
Rental expense	(e)	$ 47	$ 47	$ 141	$ 141
Interest rate subsidy	(b)	$ 217	$ 257	$ 682	$ 799
Finance costs - operations	(f)	$ 303	$ 425	$ 898	$ 737
Finance costs - distributions to Unitholders		$ 8,753	$ 8,249	$ 26,260	$ 24,070

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

(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 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.

(d) Certain on-site maintenance and management employees of Crombie provide property management services to certain subsidiaries of Empire 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 under a lease that expires December 2027.

(f) Empire holds $24,000 of Series D Convertible Debentures with an annual interest rate of 5.00%.

In addition to the above:

- During the second quarter of 2013, Crombie acquired one property from a subsidiary of Empire for a total purchase price of $20,875 excluding closing and transaction costs.
- During the first quarter of 2013, Crombie acquired two properties and acquired one development addition to an existing property from subsidiaries of Empire for a total purchase price of $32,555 excluding closing and transaction costs.
- During the fourth quarter of 2012, Crombie acquired two properties and acquired development additions to two existing properties from subsidiaries of Empire for a total purchase price of $53,099 excluding closing and transaction costs.
- On December 14, 2012, concurrent with a public offering of units, ECL Developments Limited purchased 1,659,661 Class B LP Units and the attached SVUs at a price of $14.75 per Class B LP Unit for proceeds of $24,332 net of issue costs, on a private placement basis.
- On September 17, 2012, Empire exercised its right to convert its $10,000 Series B Convertible Debentures with an annual interest rate of 6.25%, into 909,090 Units.
- On July 3, 2012, Empire acquired $24,000 Series D Convertible Debentures with an annual interest rate of 5.00% in satisfaction of wholly-owned ECL Developments Limited‘s pre-emptive right with respect to the Debenture offering.
- 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 $52,810 net of issue costs, on a private placement basis.

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 September 30,		Nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
Salary, bonus and other short-term employee benefits	$ 768	$ 610	$ 2,442	$ 1,924
Other long-term benefits	22	21	72	70
	$ 790	$ 631	$ 2,514	$ 1,994

20) FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

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

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

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

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

Level 3 - unobservable inputs for the asset or liability.

The following table provides information on financial assets and liabilities measured at fair value as at September 30, 2013:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Interest rate swaps	$ —	$ 28	$ —	$ 28
Embedded derivatives in convertible debentures	—	1,346	—	1,346
Total liabilities	$ —	$ 1,374	$ —	$ 1,374

There were no transfers between Level 1 and Level 2 during the three months and nine months ended September 30, 2013.

The fair value of other financial instruments is based on discounted cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. The following table summarizes the estimated fair value of other financial instruments which have a fair value different from their carrying value:

	September 30, 2013		December 31, 2012		September 30, 2012	
	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets						
Assets related to derecognized property	$ 5,854	$ 5,951	$ 6,116	$ 6,120	$ 6,273	$ 6,239
Notes receivable	2,079	1,991	2,781	2,545	3,051	2,743
Total assets	$ 7,933	$ 7,942	$ 8,897	$ 8,665	$ 9,324	$ 8,982
Financial liabilities						
Investment property debt	$ 1,292,693	$ 1,251,935	$ 1,150,888	$ 1,072,671	$ 1,156,662	$ 1,073,658
Convertible debentures	191,331	188,563	134,276	123,679	137,819	124,992
Liabilities related to derecognized property	5,760	5,676	5,997	5,818	6,077	5,864
Total liabilities	$ 1,489,784	$ 1,446,174	$ 1,291,161	$ 1,202,168	$ 1,300,558	$ 1,204,514

Due to their short-term nature, the carrying value of the following financial instruments approximates their fair value at the balance sheet date:

- Cash and cash equivalents
- Trade receivables
- Restricted cash
- Subscription receipts held in trust
- Trade and other payables (excluding interest rate swaps, embedded derivatives and liabilities related to derecognized property)
- Subscription receipts payable

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 6).

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, 2012.

Interest rate risk

Interest rate risk is the potential for financial loss arising from increases in interest rates. Crombie mitigates this risk by utilizing staggered debt maturities and limiting the use of permanent floating rate debt. A fluctuation in interest rates would have had an impact on Crombie's operating income related to the use of floating rate debt. Based on 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 September 30, 2013	$ 96	$ (96)
Three months ended September 30, 2012	$ 79	$ (79)
Nine months ended September 30, 2013	$ 457	$ (457)
Nine months ended September 30, 2012	$ 255	$ (255)

There have been no significant changes to Crombie's interest rate risk since December 31, 2012.

Liquidity risk

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

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

		Twelve Months Ending September 30,					
	Contractual Cash Flows[1]	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**
Fixed rate mortgages[2]	$ 1,518,251	$ 175,281	$ 148,080	$ 118,026	$ 116,551	$ 127,099	$ 833,214
Convertible debentures	218,042	90,925	5,588	5,588	49,941	3,000	63,000
	1,736,293	266,206	153,668	123,614	166,492	130,099	896,214
Floating rate revolving credit facility	85,493	2,491	83,002	—	—	—	—
Total	$ 1,821,786	$ 268,697	$ 236,670	$ 123,614	$ 166,492	$ 130,099	$ 896,214

(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, 2012.

21) 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 55% 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:

	September 30, 2013	**December 31, 2012**	**September 30, 2012**
			(As Restated)
Investment property debt	$ 1,242,928	$ 1,065,411	$ 1,066,566
Convertible debentures	182,759	120,529	121,559
Crombie REIT Unitholders	471,387	470,747	436,821
SVU and Class B LP Unitholders	303,361	311,254	287,822
	$ 2,200,435	$ 1,967,941	$ 1,912,768

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

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

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

	September 30, 2013	December 31, 2012	September 30, 2012
Fixed rate mortgages	$ 1,170,801	$ 949,571	$ 918,403
Convertible debentures	188,563	123,679	124,992
Revolving credit facility	81,134	30,405	62,558
Floating rate term credit facility	—	92,695	92,697
Total debt outstanding	1,440,498	1,196,350	1,198,650
Less: Applicable fair value debt adjustment	(3,109)	(3,791)	(4,038)
Debt	$ 1,437,389	$ 1,192,559	$ 1,194,612
Investment properties, cost	$ 2,398,244	$ 2,158,474	$ 2,096,476
Below-market lease component, cost [1]	70,916	62,753	62,923
Intangible assets, cost	79,649	73,853	72,404
Notes receivable	1,991	2,545	2,743
Other assets, cost (see below)	144,490	119,031	114,066
Deferred financing charges	14,811	10,410	10,525
Interest rate subsidy	(3,109)	(3,791)	(4,038)
Fair value adjustment to deferred taxes	(39,045)	(39,245)	(39,245)
	$ 2,667,947	$ 2,384,030	$ 2,315,854
Debt to gross book value	53.9%	50.0%	51.6%

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

Other assets are calculated as follows:

	September 30, 2013	December 31, 2012	September 30, 2012
Other assets per Note 6	$ 119,730	$ 100,301	$ 96,988
Add back (deduct):			
Tenant incentive accumulated amortization	30,711	24,850	23,317
Assets related to derecognized property	(5,951)	(6,120)	(6,239)
Other assets, cost	$ 144,490	$ 119,031	$ 114,066

As at September 30, 2013, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

22) COMMITMENTS AND CONTINGENCIES

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

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

Crombie has entered into a management cost sharing agreement with a subsidiary of Empire. Details of this agreement are disclosed in "Related Party Transactions" (Note 19).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. As at September 30, 2013, Crombie has a total of $4,129 in outstanding letters of credit related to:

- $714 for construction work that is being performed on investment properties;
- $1,715 in favour of the mortgage lender in connection with the defeasance of derecognized property;
- $1,700 in favour of mortgage lenders primarily to satisfy mortgage financings on redevelopment properties.

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 12 to 71 years including renewal options. For the three months and nine months ended September 30, 2013, Crombie paid $309 and $927 respectively in land lease payments to third party landlords (three months and nine months ended September 30, 2012 -$308 and $913 respectively). Crombie's commitments under the land leases are disclosed in Note 14.

As at September 30, 2013, Crombie had signed construction contracts totaling $22,388 of which $15,758 has been paid.

23) SUBSEQUENT EVENTS

(a) On October 21, 2013, Crombie declared distributions of 7.417 cents per unit for the period from October 1, 2013 to and including, October 31, 2013. The distribution will be paid on November 15, 2013, to Unitholders of record as of October 31, 2013.

(b) On November 3, 2013, Crombie acquired a portfolio of 70 retail properties (the "Properties") representing approximately 3.0 million square feet of gross leasable area. The Properties were acquired from a wholly-owned subsidiary of Sobeys Inc., a related party, for an aggregate purchase price of $991,300 excluding closing adjustments and transaction costs. As a condition to the closing, a wholly-owned subsidiary of Sobeys Inc. entered into leases for each of the Properties on a fully net basis. The Properties are among the assets acquired by a wholly-owned subsidiary of Sobeys Inc. from Canada Safeway Limited.

In conjunction with funding the acquisition, Crombie has:

- On August 14, 2013, issued 17,720,000 subscription receipts (the "Subscription Receipts") at a price of $12.70 per Subscription Receipt for gross proceeds of $225,044;
- On August 14, 2013, on a bought deal basis, issued $75,000 Series E convertible, extendible, unsecured subordinated debentures (the "Series E Debentures"), bearing interest at a rate of 5.25% per annum, payable semi-annually. The Series E Debentures maturity date automatically extended to March 31, 2021 upon the acquisition closing. The Series E Debentures are convertible to REIT Units at the option of the holder at a conversion price of $17.15 per REIT Unit;
- On October 31, 2013, issued, on a private placement agency basis, $175,000 Series A Notes (senior unsecured) with a five year term and an annual interest rate of 3.986% payable semi-annually;
- On November 4, 2013, issued 11,811,024 Class B LP Units together with the attached Special Voting Units of Crombie to ECL Developments Limited, a wholly-owned subsidiary of Empire Company Limited (TSX: EMP.A), on a private placement basis, at the same $12.70 per Class B LP Unit as the Subscription Receipts for gross proceeds of $150,000. As a result of the exchange of Subscription Receipts for REIT Units, the conversion of Series B debentures (refer to Note 9), and this issuance of Class B LP Units, Empire`s indirect interest in Crombie is 41.6% (fully diluted 39.3%);
- On November 4, 2013, upon satisfaction of the escrow release conditions, exchanged each Subscription Receipt for one REIT Unit. The holders of the Subscription Receipts have received a payment equal to the amount per Unit of cash distributions made by Crombie for the record dates occurring during the period that the Subscription Receipts were outstanding, being $3,943, including interest earned on the invested Subscription Receipts proceeds; and
- Obtained mortgage funding of $297,600 with a weighted average term of 9.5 years and a weighted average interest rate of 4.31%.

The balance of the purchase price, including closing and transaction costs, was funded using proceeds from a $600,000 bridge credit facility previously negotiated to fund the acquisition. The bridge credit facility consists of three $200,000 tranches with each having a separate maturity of one, two and three years. The bridge credit facility is non-revolving with only one advance permitted at acquisition closing. The bridge credit facility is expected to be repaid from the proceeds of property specific mortgage financings, unsecured bond financings and/or Crombie`s existing revolving credit facility.

24) 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.

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

OFFICERS

Frank C. Sobey
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

CROMBIE REIT

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UNIT SYMBOL

REIT Trust Units – CRR.UN

STOCK EXCHANGE LISTING

Toronto Stock Exchange

DISTRIBUTION RECORD AND PAYMENT DATES FOR FISCAL 2013

Record Date	Payment Date
January 31, 2013	February 15, 2013
February 28, 2013	March 15, 2013
March 31, 2013	April 15, 2013
April 30, 2013	May 15, 2013
May 31, 2013	June 17, 2013
June 30, 2013	July 15, 2013
July 31, 2013	August 15, 2013
August 31, 2013	September 16, 2013
September 30, 2013	October 15, 2013
October 31, 2013	November 15, 2013

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
Telephone: (800) 387-0825
Email: inquiries@canstock.com
Website: www.canstockta.com

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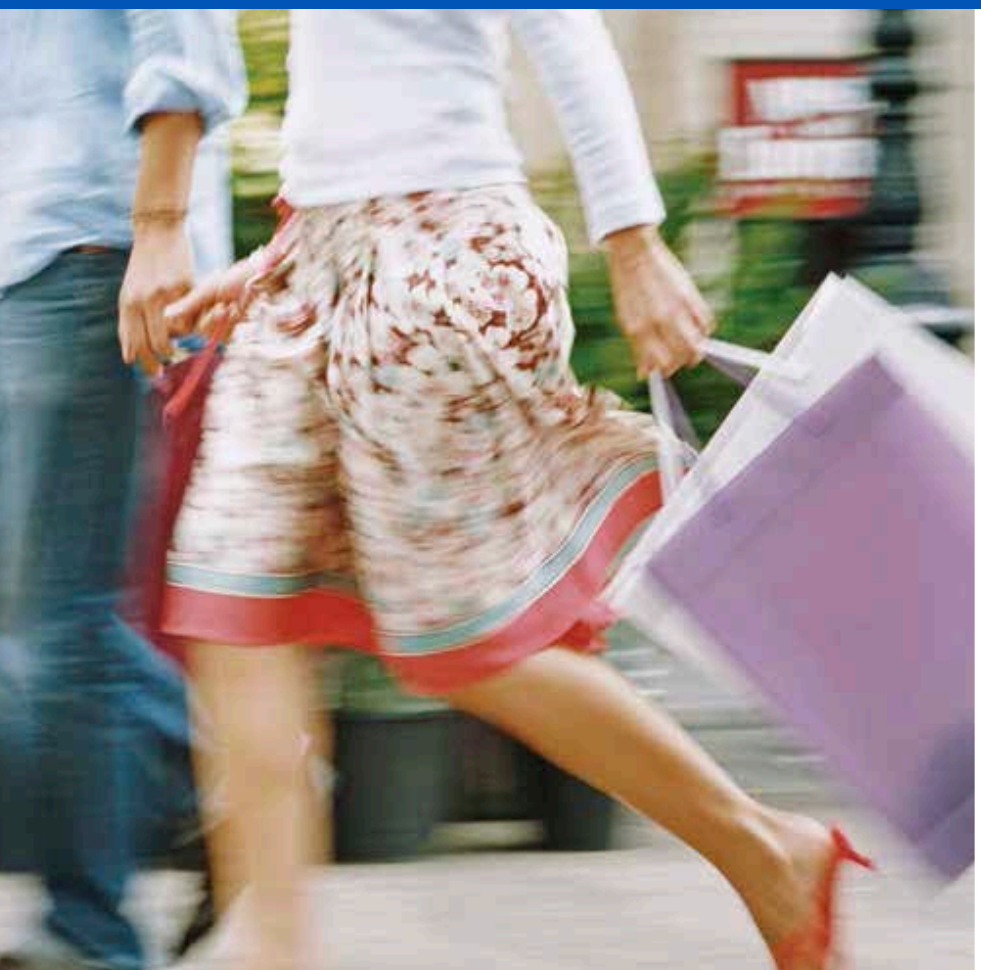
DOLLARAMA


Scotiabank




CANADIAN TIRE