CROMBIE REAL ESTATE INVESTMENT TRUST
Interim Consolidated Financial Statements
March 31, 2012
(Unaudited)

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

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

See accompanying notes to the interim consolidated financial statements.

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

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

See accompanying notes to the interim consolidated financial statements.

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

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

See accompanying notes to the interim consolidated financial statements.

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

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

See accompanying notes to the interim consolidated financial statements.

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

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

See accompanying notes to the interim consolidated financial statements.

1) GENERAL INFORMATION AND NATURE OF OPERATIONS

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

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

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

(b) Basis of presentation

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

(c) Presentation of financial statements

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

(d) Basis of consolidation

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

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

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

(e) Significant accounting policies

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

3) INVESTMENT PROPERTIES

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

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

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

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

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

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

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

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

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

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

Investment Property Acquisitions

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

2012

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

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

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

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

4) INTANGIBLE ASSETS

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

5) OTHER ASSETS

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

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

6) NOTES RECEIVABLE

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

The balance of each note is as follows:

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

7) INVESTMENT PROPERTY DEBT

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

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

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

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

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

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

Mortgage activity during 2012

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

Floating Rate Revolving Credit Facility

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

See Note 19(a) for fair value information.

8) CONVERTIBLE DEBENTURES

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

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

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

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

9) INCOME TAXES

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

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

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

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

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

10) EMPLOYEE FUTURE BENEFITS

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

11) TRADE AND OTHER PAYABLES

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

12) PROPERTY REVENUE

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

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

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

13) OPERATING LEASES

Crombie as a Lessor

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

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

Crombie as a Lessee

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

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

14) EMPLOYEE BENEFIT EXPENSE

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

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

15) FINANCE COSTS – OPERATIONS

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

16) UNITS OUTSTANDING

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

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

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

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

17) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

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

b) Change in other non-cash operating items

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

18) RELATED PARTY TRANSACTIONS

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

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

Crombie's transactions with related parties are as follows:

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

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

(b) For various periods, ECL Developments Limited has an obligation to provide rental income and interest rate subsidies pursuant to an Omnibus Subsidy Agreement dated March 23, 2006 between Crombie Developments Limited, Crombie Limited Partnership and ECL Developments Limited. The rental income is included in Property revenue and the interest rate subsidy is netted against Finance costs – operations.

(c) Certain executive management individuals and other employees of Crombie provide general management, financial, leasing, administrative, and other administration support services to certain real estate subsidiaries of Empire Company Limited on a cost sharing basis pursuant to a Management Cost Sharing Agreement, dated March 23, 2006, between Crombie Developments Limited, a subsidiary of Crombie, and ECL Developments Limited, a subsidiary of Empire Company Limited.

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

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

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

In addition to the above:

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

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

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

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

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

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

Key management personnel compensation

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

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

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

19) FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

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

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

The fair value of other financial instruments is based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts Crombie might pay or receive in actual market transactions.

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

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

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

Level 1 - quoted prices in active markets

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

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

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

Level 1:

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

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

Level 3:

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

b) Risk Management

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

Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. Crombie's credit risk is limited to the recorded amount of tenant receivables. A provision for doubtful accounts is taken for all anticipated collectability risks (Note 5).

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

Interest rate risk

A fluctuation in interest rates would have had an impact on Crombie's operating income. Based on the previous year's rate changes, a 0.5% interest rate change would reasonably be considered possible. The changes would have had the following impact:

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

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

Liquidity risk

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

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

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

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

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

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

20) CAPITAL MANAGEMENT

Crombie's objective when managing capital on a long-term basis is to maintain overall indebtedness, including convertible debentures, in the range of 50% to 60% of gross book value, utilize staggered debt maturities, minimize long-term exposure to excessive levels of floating rate debt and maintain conservative payout ratios.

Crombie's capital structure consists of the following:

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

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

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

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

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

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

Other assets are calculated as follows:

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

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

21) COMMITMENTS AND CONTINGENCIES

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

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

Crombie obtains letters of credit to support its obligations with respect to construction work on its Investment properties, defeasing Investment property debt and satisfying mortgage financing requirements. Crombie has $418 in standby letters of credit for construction work that is being performed on its investment properties. In connection with the defeasance of the derecognized property investment property debt, Crombie has issued a standby letter of credit in the amount of $1,715 in favour of the mortgage lender. In addition, to satisfy the requirements of mortgage financings, Crombie has issued standby letters of credit in the amount of $9,400 in favour of mortgage lenders. Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

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

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

22) SUBSEQUENT EVENTS

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

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

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

23) SEGMENT DISCLOSURE

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

24) INDEMNITIES

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