CROMBIE REAL ESTATE INVESTMENT TRUST
Interim Consolidated Financial Statements
June 30, 2013
(Unaudited)

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

	Note	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Assets	3			**(As Restated)**	**(As Restated)**
Non-current assets					
Investment properties	4	$ 2,169,082	$ 1,999,225	$ 1,921,632	$ 1,622,083
Intangible assets	5	35,387	33,549	33,895	26,232
Other assets	6	77,801	73,313	67,252	56,436
Notes receivable	7	1,401	1,716	2,064	2,440
		2,283,671	2,107,803	2,024,843	1,707,191
Current assets					
Cash and cash equivalents		-	-	142	54
Other assets	6	43,249	26,988	32,904	20,610
Notes receivable	7	768	829	882	927
		44,017	27,817	33,928	21,591
Total Assets		**2,327,688**	**2,135,620**	**2,058,771**	**1,728,782**
Liabilities					
Non-current liabilities					
Investment property debt	8	1,142,942	997,953	1,047,229	847,201
Convertible debentures	9	118,123	120,529	90,622	124,351
Deferred taxes	10	82,600	82,500	81,500	82,400
Employee future benefits obligation		7,057	6,920	7,206	7,069
Trade and other payables	11	2,249	10,689	18,570	18,621
		1,352,971	1,218,591	1,245,127	1,079,642
Current liabilities					
Investment property debt	8	126,262	67,458	49,723	30,806
Employee future benefits obligation		225	225	214	214
Trade and other payables	11	73,674	67,345	60,820	49,262
		200,161	135,028	110,757	80,282
Total liabilities excluding net assets attributable to Unitholders		**1,553,132**	**1,353,619**	**1,355,884**	**1,159,924**
Net assets attributable to Unitholders		**$ 774,556**	**$ 782,001**	**$ 702,887**	**$ 568,858**
Net assets attributable to Unitholders represented by:					
Crombie REIT Unitholders		$ 467,846	$ 470,747	$ 409,310	$ 321,288
Special Voting Units and Class B Limited Partnership Unitholders		306,710	311,254	293,577	247,570
		$ 774,556	**$ 782,001**	**$ 702,887**	**$ 568,858**
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 June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
	3		(As Restated)		(As Restated)
Property revenue	12	$ 71,188	$ 63,646	$ 142,194	$ 123,093
Property operating expenses		25,696	23,035	52,514	46,537
Net property income		**45,492**	**40,611**	**89,680**	**76,556**
Lease terminations		88	-	94	113
Depreciation of investment properties	4	(9,958)	(9,771)	(19,240)	(17,012)
Amortization of deferred leasing costs	4	(142)	(138)	(278)	(284)
Amortization of intangible assets	5	(1,885)	(1,443)	(3,589)	(2,581)
General and administrative expenses		(3,366)	(2,688)	(6,572)	(5,208)
Operating income before finance costs and taxes		**30,229**	**26,571**	**60,095**	**51,584**
Finance costs - operations	15	(17,648)	(16,735)	(34,455)	(32,485)
Operating income before taxes		**12,581**	**9,836**	**25,640**	**19,099**
Taxes - deferred	10	-	600	(100)	900
Operating income attributable to Unitholders		**12,581**	**10,436**	**25,540**	**19,999**
Finance costs - other					
Distributions to Unitholders		(20,480)	(18,760)	(40,918)	(35,927)
Change in fair value of financial instruments	3,11	1,585	(3,675)	2,202	(1,815)
		(18,895)	(22,435)	(38,716)	(37,742)
Decrease in net assets attributable to Unitholders		**(6,314)**	**(11,999)**	**(13,176)**	**(17,743)**
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		959	1,042	1,924	2,084
Net change in derivatives designated as cash flow hedges		8	(60)	10	(60)
Other comprehensive income		**967**	**982**	**1,934**	**2,024**
Comprehensive income (loss)		**$ (5,347)**	**$ (11,017)**	**$ (11,242)**	**$ (15,719)**

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 16)					
Balance, January 1, 2013		$ 977,112	$ (175,124)	$ (19,987)	$ 782,001	$ 470,747	$ 311,254
Adjustments related to EUPP		453	(30)	-	423	423	-
Conversion of debentures		2,763	-	-	2,763	2,763	-
Conversion feature of debentures	11	611	-	-	611	611	-
Statements of comprehensive income (loss)		-	(13,176)	1,934	(11,242)	(6,698)	(4,544)
Balance, June 30, 2013		**$ 980,939**	**$ (188,330)**	**$ (18,053)**	**$ 774,556**	**$ 467,846**	**$ 306,710**

	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 16)					
	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		286	(12)	-	274	274	-
Conversion of debentures		30,777	-	-	30,777	30,777	-
Conversion feature of debentures	11	1,772	-	-	1,772	1,772	-
Statements of comprehensive income (loss)		-	(17,743)	2,024	(15,719)	(8,936)	(6,783)
Unit issue proceeds, net of costs of $3,210		116,925	-	-	116,925	64,135	52,790
Balance, June 30, 2012		**$ 881,676**	**$ (155,664)**	**$ (23,125)**	**$ 702,887**	**$ 409,310**	**$ 293,577**

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 June 30, 2013	Three Months Ended June 30, 2012 (As Restated)	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012 (As Restated)
Operating Activities					
Decrease in net assets attributable to Unitholders		$ (6,314)	$ (11,999)	$ (13,176)	$ (17,743)
Items not affecting operating cash	17	12,698	16,619	25,045	25,220
Change in other non-cash operating items	17	(11,391)	7,176	(10,881)	(930)
Cash provided by (used in) operating activities		**(5,007)**	**11,796**	**988**	**6,547**
Financing Activities					
Issue of investment property debt		79,800	131,800	342,195	136,056
Increase in deferred financing charges		(1,345)	(1,048)	(2,720)	(1,273)
Repayment of investment property debt		(44,623)	(7,730)	(147,680)	(24,535)
Redemption of convertible debentures		-	(3,707)	-	(3,707)
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		14	14	403	257
Decrease in liabilities related to derecognized property		(47)	(45)	(94)	(89)
Collection of notes receivable		185	208	376	421
Cash provided by financing activities		**33,984**	**119,492**	**192,480**	**224,055**
Investing Activities					
Acquisition of investment properties and intangible assets	4	(20,951)	(206,645)	(175,502)	(212,901)
Additions to investment properties		(4,936)	(3,230)	(8,756)	(9,548)
Proceeds on disposal of investment properties		-	-	1,700	-
Additions to tenant incentives		(3,381)	(4,041)	(10,694)	(7,926)
Additions to deferred leasing costs		(218)	(137)	(362)	(278)
Decrease in assets related to derecognized property		123	116	146	139
Cash used in investing activities		**(29,363)**	**(213,937)**	**(193,468)**	**(230,514)**
Net change in cash and cash equivalents		**(386)**	**(82,649)**	**-**	**88**
Cash and cash equivalents, beginning of period		**386**	**82,791**	**-**	**54**
Cash and cash equivalents, end of period		**$ -**	**$ 142**	**$ -**	**$ 142**

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 six months ended June 30, 2013 and June 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 August 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 June 30, 2013. Subsidiaries are all entities over which Crombie has control. All subsidiaries have a reporting date of June 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 June 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 19 - 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 six months ended June 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:

	June 30, 2012	January 1, 2012
Increase in Trade and other payables	$ 12,846	$ 12,803
Decrease in Net assets attributable to Unitholders	(12,846)	(12,803)
Decrease in Net assets attributable to Crombie REIT Unitholders	(4,438)	(5,199)
Decrease in Net assets attributable to Special Voting Units and Class B Limited Partnership Unitholders	(8,408)	(7,604)

The consolidated Statement of Comprehensive Income (Loss) for the three months and six months ended June 30, 2012 has been restated as follows:

	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012
Decrease in Change in fair value of financial instruments	(3,675)	(1,815)
Decrease in Net assets attributable to Unitholders	(3,675)	(1,815)
Decrease in Comprehensive Income (Loss)	(3,675)	(1,815)

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	47,085	134,121	-	181,206
Additions	40	9,028	388	9,456
Dispositions	(806)	(1,573)	-	(2,379)
Balance, June 30, 2013	591,656	1,749,852	5,249	2,346,757
Accumulated depreciation and amortization				
Opening balance, January 1, 2013	-	157,009	2,240	159,249
Depreciation and amortization	-	19,240	278	19,518
Dispositions	-	(1,092)	-	(1,092)
Balance, June 30, 2013	-	175,157	2,518	177,675
Net carrying value, June 30, 2013	$ 591,656	$ 1,574,695	$ 2,731	$ 2,169,082

	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	67,222	243,317	-	310,539
Additions	5	6,037	264	6,306
Balance, June 30, 2012	522,940	1,532,386	4,169	2,059,495
Accumulated depreciation and amortization				
Opening balance, January 1, 2012	-	118,914	1,653	120,567
Depreciation and amortization	-	17,012	284	17,296
Balance, June 30, 2012	-	135,926	1,937	137,863
Net carrying value, June 30, 2012	$ 522,940	$ 1,396,460	$ 2,232	$ 1,921,632

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

	Fair Value	Carrying Value
June 30, 2013	$ 2,814,000	$ 2,290,457
December 31, 2012	$ 2,574,000	$ 2,107,280
June 30, 2012	$ 2,334,000	$ 2,022,798

Carrying value consists of the net carrying value of:

	Note	June 30, 2013	December 31, 2012	June 30, 2012
Investment properties	4	$ 2,169,082	$ 1,999,225	$ 1,921,632
Intangible assets	5	35,387	33,549	33,895
Accrued straight-line rent receivable	6	25,161	22,594	20,100
Tenant incentives	6	60,827	51,912	47,171
Total carrying value		$ 2,290,457	$ 2,107,280	$ 2,022,798

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
June 30, 2013	6.42%	$ (105,000)	$ 114,000
December 31, 2012	6.60%	$ (96,000)	$ 101,000
June 30, 2012	6.87%	$ (83,000)	$ 89,000

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	-	-
		490,000	**185,320**	**10,744**	**10,750**
February 4, 2013	(1)	(31,000)	(1,700)	-	-
		459,000	**$ 183,620**	**$ 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 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
		1,033,000	**311,248**	**103,358**	**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 June 30,		Six Months Ended June 30,		Year Ended
Investment property acquired, net:	2013	2012	2013	2012	December 31, 2012
Land	$ 3,920	$ 64,615	$ 47,085	$ 67,222	$ 89,573
Buildings	16,562	232,326	134,121	243,317	302,597
Intangible assets	469	9,901	5,452	10,244	13,205
Fair value debt adjustment on assumed mortgages	-	(4,443)	(412)	(4,524)	(4,807)
Net purchase price	20,951	302,399	186,246	316,259	400,568
Assumed mortgages	-	(95,754)	(10,744)	(103,358)	(108,484)
	$ 20,951	$ 206,645	$ 175,502	$ 212,901	$ 292,084
Consideration funded by:					
Revolving credit facility	$ 20,951	$ 36,920	$ 164,752	$ 41,820	$ 81,713
Mortgage financing	-	52,800	10,750	54,156	93,446
Cash from REIT Unit offering	-	116,925	-	116,925	116,925
Total consideration paid	$ 20,951	$ 206,645	$ 175,502	$ 212,901	$ 292,084

5) INTANGIBLE ASSETS

Tenant Relationships	**Cost**	**Accumulated Amortization**	**Net Carrying Value**
Balance, January 1, 2013	$ 73,853	$ 40,304	$ 33,549
Acquisitions	5,452	-	5,452
Dispositions	(283)	(258)	(25)
Amortization	-	3,589	(3,589)
Balance, June 30, 2013	**$ 79,022**	**$ 43,635**	**$ 35,387**
Balance, January 1, 2012	$ 60,648	$ 34,416	$ 26,232
Acquisitions	10,244	-	10,244
Amortization	-	2,581	(2,581)
Balance, June 30, 2012	**$ 70,892**	**$ 36,997**	**$ 33,895**

6) OTHER ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012
Trade receivables	$ 12,341	$ 10,538	$ 13,529
Provision for doubtful accounts	(402)	(439)	(891)
Net trade receivables	11,939	10,099	12,638
Accrued straight-line rent receivable	25,161	22,594	20,100
Tenant incentives	60,827	51,912	47,171
Prepaid expenses and deposits	16,401	8,851	12,605
Restricted cash	748	725	1,380
Assets related to derecognized property	5,974	6,120	6,262
	$ 121,050	**$ 100,301**	**$ 100,156**

Tenant Incentives	Cost	Accumulated Amortization	Net Carrying Value
Balance, January 1, 2013	$ 76,762	$ 24,850	$ 51,912
Additions	12,815	-	12,815
Amortization	-	3,900	(3,900)
Balance, June 30, 2013	**$ 89,577**	**$ 28,750**	**$ 60,827**
Balance, January 1, 2012	$ 56,413	$ 18,518	$ 37,895
Additions	12,348	-	12,348
Amortization	-	3,072	(3,072)
Balance, June 30, 2012	**$ 68,761**	**$ 21,590**	**$ 47,171**

7) NOTES RECEIVABLE

	June 30, 2013	December 31, 2012	June 30, 2012
Capital expenditure program	$ 105	$ 105	$ 105
Interest rate subsidy	2,064	2,440	2,841
	$ 2,169	**$ 2,545**	**$ 2,946**

8) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	June 30, 2013
Fixed rate mortgages	3.12 - 6.90%	5.00%	7.7 years	$ 1,163,195
Floating rate revolving credit facility		3.07%	2 years	115,146
Deferred financing charges				(9,137)
				$ 1,269,204

	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	June 30, 2012
Fixed rate mortgages	3.33 - 6.90%	5.35%	7.3 years	$ 995,893
Floating rate revolving credit facility		3.08%	3 years	109,000
Deferred financing charges				(7,941)
				$ 1,096,952

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

12 Months Ending	Fixed Rate Principal Payments	Fixed Rate Maturities	Floating Rate Maturities	Total
June 30, 2014	$ 36,322	$ 87,762	$ -	$ 124,084
June 30, 2015	35,315	45,887	115,146	196,348
June 30, 2016	34,901	56,596	-	91,497
June 30, 2017	29,748	47,489	-	77,237
June 30, 2018	28,691	61,176	-	89,867
Thereafter	159,915	531,665	-	691,580
	$ 324,892	$ 830,575	$ 115,146	1,270,613
Deferred financing charges				(9,137)
Unamortized fair value debt adjustment				7,728
				$ 1,269,204

Specific investment properties with a carrying value of $2,159,565 as at June 30, 2013 (December 31, 2012 - $2,001,074; June 30, 2012 - $1,921,302) 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
						$ 233,450

Floating Rate Revolving Credit Facility

The floating rate revolving credit facility has a maximum principal amount of $285,000 (December 31, 2012 - $200,000; June 30, 2012 - $200,000) and matures June 30, 2015. The facility is used by Crombie for working capital purposes and to provide temporary financing for future 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 (June 30, 2013 – borrowing base of $212,578). 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 19(a) for fair value information.

9) CONVERTIBLE DEBENTURES

	Conversion Price	Maturity Date	Interest Rate	June 30, 2013	December 31, 2012	June 30, 2012
Series B (CRR.DB.B)	$ 11.00	June 30, 2015	6.25%	$ 15,916	$ 18,679	$ 47,980
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	-
Deferred financing charges				(2,793)	(3,150)	(2,358)
				$ 118,123	**$ 120,529**	**$ 90,622**

Debenture Conversions	**Conversion Price**	**Six Months Ended June 30, 2013**	**Year Ended December 31, 2012**	**Six Months Ended June 30, 2012**
7%	$ 13.00	$ -	$ 26,278	$ 26,278
Series B	$ 11.00	2,763	33,800	4,499
		$ 2,763	**$ 60,078**	**$ 30,777**
REIT Units Issued		251,173	5,094,081	2,430,366

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

12 Months Ending	Series B	Series C	Series D	Total
June 30, 2014	$ -	$ -	$ -	$ -
June 30, 2015	15,916	-	-	15,916
June 30, 2016	-	-	-	-
June 30, 2017	-	45,000	-	45,000
June 30, 2018	-	-	-	-
Thereafter	-	-	60,000	60,000
	$ 15,916	$ 45,000	$ 60,000	120,916
Deferred financing charges				(2,793)
				$ 118,123

10) INCOME TAXES

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

	June 30, 2013	December 31, 2012	June 30, 2012
Tax liabilities relating to difference in tax and book value	$ 95,239	$ 94,892	$ 93,507
Tax asset relating to non-capital loss carry-forward	(12,639)	(12,392)	(12,007)
Deferred tax liability	**$ 82,600**	**$ 82,500**	**$ 81,500**

The tax recovery (expense) consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Provision for income taxes at the expected rate	$ (3,740)	$ (3,073)	$ (7,622)	$ (5,968)
Tax effect of income attribution to Crombie's Unitholders	3,740	3,673	7,522	6,868
Taxes - deferred	**$ -**	**$ 600**	**$ (100)**	**$ 900**

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

11) TRADE AND OTHER PAYABLES

	June 30, 2013	December 31, 2012	June 30, 2012
			(As Restated)
Tenant incentives and capital expenditures	$ 25,159	$ 22,795	$ 19,986
Property operating costs	25,670	27,908	26,500
Advance rents	5,039	3,083	3,678
Finance costs on investment property debt and debentures	5,220	6,518	4,102
Distributions payable	6,829	6,807	6,308
Fair value of interest rate swap agreements	33	43	60
Fair value of embedded derivatives in convertible debentures	2,249	5,062	12,846
Liabilities related to derecognized property	5,724	5,818	5,910
	$ 75,923	**$ 78,034**	**$ 79,390**

Fair value of embedded derivatives in convertible debentures:

Balance, beginning of period	$ 5,062	$ 12,803	$ 12,803
Change in fair value of financial instruments	(2,202)	1,878	1,815
Impact of debentures converted	(611)	(9,619)	(1,772)
Balance, end of period	**$ 2,249**	**$ 5,062**	**$ 12,846**

12) PROPERTY REVENUE

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Rental revenue contractually due from tenants	$ 71,356	$ 63,420	$ 142,276	$ 122,672
Contingent rental revenue	554	491	1,251	1,178
Straight-line rent recognition	1,208	1,294	2,567	2,315
Tenant incentive amortization	(1,930)	(1,559)	(3,900)	(3,072)
	$ 71,188	**$ 63,646**	**$ 142,194**	**$ 123,093**

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2013		2012		2013		2012	
	Revenue	Percentage	Revenue	Percentage	Revenue	Percentage	Revenue	Percentage
Sobeys Inc.	$ 26,394	37.1%	$ 24,421	38.4%	$ 45,485	32.0%	$ 41,201	33.5%

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 June 30, 2013, is as follows:

	Remaining	Year Ending December 31,					
	2013	2014	2015	2016	2017	Thereafter	Total
Future minimum rental income	$ 92,304	$ 177,923	$ 168,541	$ 157,665	$ 144,958	$1,154,739	$ 1,896,130

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 72 years including renewal options:

	Remaining	Year Ending December 31,					
	2013	2014	2015	2016	2017	Thereafter	Total
Future minimum lease payments	$ 644	$ 1,235	$ 1,236	$ 1,238	$ 1,292	$ 46,179	$ 51,824

14) EMPLOYEE BENEFIT EXPENSE

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Wages and salaries	$ 4,777	$ 3,965	$ 12,007	$ 10,017
Post-employment benefits	154	126	319	260
	$ 4,931	**$ 4,091**	**$ 12,326**	**$ 10,277**

15) FINANCE COSTS – OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Fixed rate mortgages	$ 14,860	$ 14,355	$ 28,588	$ 27,655
Floating rate term, revolving and demand facilities	1,128	834	2,548	1,295
Convertible debentures	1,660	1,546	3,319	3,535
Finance costs - operations	**17,648**	**16,735**	**34,455**	**32,485**
Amortization of fair value debt adjustment and accretion income	997	622	1,727	1,026
Change in accrued finance costs	(76)	1,675	1,298	(478)
Amortization of effective swap agreements	(959)	(1,042)	(1,924)	(2,084)
Amortization of deferred financing charges	(612)	(875)	(1,200)	(1,570)
Finance costs - operations, paid	**$ 16,998**	**$ 17,115**	**$ 34,356**	**$ 29,379**

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, 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	-	(230)	-	-	-	(230)
Conversion of debentures	251,173	2,763	-	-	251,173	2,763
Conversion feature of debentures	-	611	-	-	-	611
Balance, June 30, 2013	**53,637,550**	**$ 579,333**	**38,430,221**	**$ 401,606**	**92,067,771**	**$ 980,939**

	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	-	(152)	-	-	-	(152)
Conversion of debentures	2,430,366	30,777	-	-	2,430,366	30,777
Conversion feature of debentures	-	1,772	-	-	-	1,772
Balance, June 30, 2012	**48,271,140**	**$ 504,422**	**36,770,560**	**$ 377,254**	**85,041,700**	**$ 881,676**

17) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Items not affecting operating cash:				
Accrued straight-line rent	$ (1,208)	$ (1,294)	$ (2,567)	$ (2,315)
Amortization of tenant incentives	1,930	1,559	3,900	3,072
Depreciation of investment properties	9,958	9,771	19,240	17,012
Amortization of deferred leasing costs	142	138	278	284
Amortization of intangible assets	1,885	1,443	3,589	2,581
Unit based compensation	11	10	19	17
Gain on derecognition of investment property	(6)	-	(436)	-
Amortization of effective swap agreements	959	1,042	1,924	2,084
Amortization of deferred financing charges	612	875	1,200	1,570
Taxes - deferred	-	(600)	100	(900)
Change in fair value of financial instruments	(1,585)	3,675	(2,202)	1,815
	$ 12,698	**$ 16,619**	**$ 25,045**	**$ 25,220**

b) Change in other non-cash operating items

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Cash provided by (used in):				
Trade receivables	$ (856)	$ (4,924)	$ (1,840)	$ (5,272)
Prepaid expenses and deposits and other assets	(7,122)	4,825	(7,573)	(6,386)
Payables and other liabilities	(3,413)	7,275	(1,468)	10,728
	$ (11,391)	**$ 7,176**	**$ (10,881)**	**$ (930)**

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 June 30, 2013, Empire, through its wholly-owned subsidiary ECL Developments Limited, holds a 42.7% (fully diluted 40.8%) indirect interest in Crombie.

Crombie's transactions with related parties are as follows:

		Three Months Ended June 30,		Six Months Ended June 30,	
		2013	**2012**	**2013**	**2012**
Property revenue	(a)	$ 29,137	$ 26,669	$ 50,143	$ 45,405
Head lease income	(b)	$ 150	$ 260	$ 353	$ 663
Management support services provided	(c)	$ 87	$ 143	$ 205	$ 346
Property management services	(d)	$ 48	$ 181	$ 108	$ 389
Rental expense	(e)	$ 47	$ 47	$ 94	$ 94
Interest rate subsidy	(b)	$ 227	$ 267	$ 465	$ 542
Finance costs - operations	(f)	$ 299	$ 156	$ 595	$ 312
Finance costs - distributions to Unitholders		$ 8,754	$ 8,181	$ 17,507	$ 15,821

(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 June 30,		Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Salary, bonus and other short-term employee benefits	$ 878	$ 671	$ 1,674	$ 1,314
Other long-term benefits	25	25	50	49
	$ 903	$ 696	$ 1,724	$ 1,363

19) 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 June 30, 2013:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Interest rate swaps	$ -	$ 33	$ -	$ 33
Embedded derivatives in convertible debentures	-	2,249	-	2,249
Total liabilities	$ -	$ 2,282	$ -	$ 2,282

There were no transfers between Level 1 and Level 2 during the three months and six months ended June 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:

	June 30, 2013		December 31, 2012		June 30, 2012	
	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets						
Assets related to derecognized property	$ 5,900	$ 5,974	$ 6,116	$ 6,120	$ 6,332	$ 6,262
Notes receivable	2,369	2,169	2,781	2,545	3,204	2,946
Total assets	$ 8,269	$ 8,143	$ 8,897	$ 8,665	$ 9,536	$ 9,208
Financial liabilities						
Investment property debt	$1,318,039	$ 1,278,341	$ 1,150,888	$ 1,072,671	$ 1,203,262	$ 1,104,893
Convertible debentures	125,682	120,916	134,276	123,679	111,173	92,980
Liabilities related to derecognized property	5,835	5,724	5,997	5,818	6,167	5,910
Total liabilities	$1,449,556	$ 1,404,981	$ 1,291,161	$ 1,202,168	$ 1,320,602	$ 1,203,783

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
- Trade and other payables (excluding interest rate swaps, embedded derivatives and liabilities related to derecognized property)

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 June 30, 2013	$ 148	$ (148)
Three Months Ended June 30, 2012	$ 128	$ (128)
Six Months Ended June 30, 2013	$ 361	$ (361)
Six Months Ended June 30, 2012	$ 176	$ (176)

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 June 30,					
	Contractual Cash Flows[1]	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**
Fixed rate mortgages[2]	$ 1,514,843	$ 178,835	$ 130,707	$ 136,398	$ 118,056	$ 127,120	$ 823,727
Convertible debentures	152,008	6,583	22,499	5,588	50,588	3,000	63,750
	1,666,851	185,418	153,206	141,986	168,644	130,120	887,477
Floating rate revolving credit facility	122,216	3,535	118,681	-	-	-	-
Total	$ 1,789,067	$ 188,953	$ 271,887	$ 141,986	$ 168,644	$ 130,120	$ 887,477

(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.

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:

	June 30, 2013	**December 31, 2012**	**June 30, 2012**
			(As Restated)
Investment property debt	$ 1,269,204	$ 1,065,411	$ 1,096,952
Convertible debentures	118,123	120,529	90,622
Crombie REIT Unitholders	467,846	470,747	409,310
SVU and Class B LP Unitholders	306,710	311,254	293,577
	$ 2,161,883	$ 1,967,941	$ 1,890,461

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:

	June 30, 2013	December 31, 2012	June 30, 2012
Fixed rate mortgages	$ 1,163,195	$ 949,571	$ 995,893
Convertible debentures	120,916	123,679	92,980
Revolving credit facility	115,146	30,405	109,000
Floating rate term credit facility	-	92,695	-
Total debt outstanding	1,399,257	1,196,350	1,197,873
Less: Applicable fair value debt adjustment	(3,326)	(3,791)	(4,296)
Debt	$ 1,395,931	$ 1,192,559	$ 1,193,577
Investment properties, cost	$ 2,346,757	$ 2,158,474	$ 2,059,495
Below-market lease component, cost [(1)]	70,916	62,753	61,728
Intangible assets, cost	79,022	73,853	70,892
Notes receivable	2,169	2,545	2,946
Other assets, cost (see below)	143,826	119,031	115,484
Cash and cash equivalents	-	-	142
Deferred financing charges	11,930	10,410	10,299
Interest rate subsidy	(3,326)	(3,791)	(4,296)
Fair value adjustment to deferred taxes	(39,045)	(39,245)	(39,245)
	$ 2,612,249	$ 2,384,030	$ 2,277,445
Debt to gross book value	53.4%	50.0%	52.4%

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

Other assets are calculated as follows:

	June 30, 2013	December 31, 2012	June 30, 2012
Other assets per Note 6	$ 121,050	$ 100,301	$ 100,156
Add back (deduct):			
Tenant incentive accumulated amortization	28,750	24,850	21,590
Assets related to derecognized property	(5,974)	(6,120)	(6,262)
Other assets, cost	$ 143,826	$ 119,031	$ 115,484

As at June 30, 2013, 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 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 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. As at June 30, 2013, Crombie has a total of $11,329 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;
- $8,900 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 72 years including renewal options. For the three months and six months ended June 30, 2013, Crombie paid $309 and $618 respectively in land lease payments to third party landlords (three months and six months ended June 30, 2012 - $305 and $605 respectively). Crombie's commitments under the land leases are disclosed in Note 13.

As at June 30, 2013, Crombie had signed construction contracts totaling $17,127 of which $6,777 has been paid.

22) SUBSEQUENT EVENTS

(a) On July 18, 2013, Crombie declared distributions of 7.417 cents per unit for the period from July 1, 2013, to and including, July 31, 2013. The distributions will be paid August 15, 2013, to Unitholders of record as of July 31, 2013.

(b) On July 24, 2013, Crombie announced an agreement to acquire a portfolio of 68 retail properties (the "Properties") representing approximately 3.0 million square feet of gross leasable area. The Properties are being acquired from a wholly-owned subsidiary of Sobeys Inc., a related party, for an aggregate purchase price of $990,000, excluding closing adjustments and transaction costs and the acquisition is expected to close prior to December 12, 2013. Should the acquisition not close by March 12, 2014, the acquisition agreement will terminate unless Crombie agrees to extend the closing date. As a condition to the closing, a wholly-owned subsidiary of Sobeys Inc. will lease each of the Properties on a fully net basis. The Properties are among the assets to be acquired by a wholly-owned subsidiary of Sobeys Inc. from Canada Safeway Limited (the "Canada Safeway Acquisition"), and the acquisition of the Properties is subject to closing of the Canada Safeway Acquisition and receipt of required unitholder and regulatory approvals.

In conjunction with the acquisition, Crombie has:

- Agreed to sell, subject to regulatory approval and on a bought-deal basis, $225,044 of subscription receipts (the "Subscription Receipts") at a price of $12.70 per Subscription Receipt. The Subscription Receipts will be converted into REIT Units on a one for one basis upon the closing of the acquisition and the holders will be entitled to receive a payment equal to the amount per Unit of any cash distributions made by Crombie for which record dates occur during the period that the Subscription Receipts are outstanding. Should the acquisition agreement be terminated or the acquisition not close on or before March 12, 2014, the Subscription Receipts proceeds will be returned to the holders along with any interest earned on the proceeds;

- Agreed to sell, subject to regulatory approval and on a bought deal basis, $75,000 of convertible extendible unsecured subordinated debentures (the "Debentures"), bearing interest at a rate of 5.25% per annum, payable semi-annually. The Debentures will have an initial maturity date of March 12, 2014, which will be extended to March 31, 2021 upon the acquisition closing. The Debentures are convertible to REIT Units at the option of the holder at a conversion price of $17.15 per REIT Unit;

- Agreed to sell $150,000 of Class B LP Units to Empire, on a private placement basis, on the acquisition closing date, at the same $12.70 offering price as the Subscription Receipts; and

- Obtained a commitment from a Canadian chartered bank to provide bridge credit facilities, which consists of three fully-underwritten non-revolving credit facilities totalling $600,000 in aggregate to be used in whole or in part to finance part of the purchase price for the Properties.

(c) Crombie has entered into agreements with third parties to acquire a portfolio of five retail properties with a total gross leasable area of approximately 96,000 sq. ft. The aggregate purchase price is approximately $53,600, excluding closing adjustments and transaction costs. This acquisition is expected to close with respect to four properties and approximately $44,300 on September 12, 2013. The closing of the remaining property is subject to satisfaction of certain additional due diligence requirements which must be completed by September 12, 2015. The purchase price is expected to be initially financed through a draw on the revolving credit facility with mortgage financing completed after closing.

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.