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

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

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

See accompanying notes to the interim consolidated financial statements.

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

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

See accompanying notes to the interim consolidated financial statements.

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

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

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

See accompanying notes to the interim consolidated financial statements.

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

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

See accompanying notes to the interim consolidated financial statements.

1) GENERAL INFORMATION AND NATURE OF OPERATIONS

Crombie Real Estate Investment Trust ("Crombie") is an unincorporated "open-ended" real estate investment trust created pursuant to the Declaration of Trust dated January 1, 2006, as amended. The principal business of Crombie is the acquisition of retail and office properties for purposes of leasing. Crombie is registered in Canada and the address of its registered office is 115 King Street, Stellarton, Nova Scotia, Canada, B0K 1S0. The interim consolidated financial statements for the three months and nine months ended September 30, 2013 and September 30, 2012 include the accounts of Crombie and all of its subsidiary entities. The units of Crombie are traded on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

The consolidated financial statements were authorized for issue by the Board of Trustees on November 8, 2013.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and do not contain all of the information required by IAS 1, Presentation of Financial Statements. Therefore, they should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012.

(b) Basis of presentation

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

(c) Presentation of financial statements

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

(d) Basis of consolidation

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

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

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

(e) Significant accounting policies

The Company describes its significant accounting policies in its audited consolidated financial statements for the year ended December 31, 2012.

New standards adopted

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

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

The effects of applying these standards are described below.

(i) IFRS 10 - Consolidated Financial Statements

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

(ii) IFRS 11 - Joint Arrangements

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

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

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

(iv) IFRS 13 - Fair Value Measurement

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

(v) IAS 19R - Employee Future Benefits

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

(f) Comparative figures

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

3) RESTATEMENT OF FINANCIAL STATEMENTS

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

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

The comparative Consolidated Balance Sheets have been restated as follows:

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

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

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

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

4) INVESTMENT PROPERTIES

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

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

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

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

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

Carrying value consists of the net carrying value of:

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

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

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

Investment Property Acquisitions and Dispositions

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

2013

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

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

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

2012

Acquisition/Disposition Date	Properties Acquired (Disposed)	Approximate Square Footage	Initial Purchase (Disposition) Price	Assumed Mortgages	New Mortgages
March 9, 2012	1	40,000	$ 13,800	$ 7,604	$ 1,356
April 10, 2012	22	886,000	254,647	95,754	23,700
June 26, 2012	5	107,000	42,801	—	29,100
August 16, 2012	1	41,000	9,600	5,126	—
August 31, 2012	1	135,000	20,000	—	—
		1,209,000	**$ 340,848**	**$ 108,484**	**$ 54,156**

All of the above properties acquired during 2012 were from third parties. The initial purchase prices stated above exclude closing and transaction costs. The April acquisitions, after deducting assumed and new mortgage proceeds, were funded with proceeds from the March 29, 2012, $120,000 REIT and Class B LP Units offering and the floating rate revolving credit facility. The other acquisitions, after deducting assumed and new mortgage proceeds, were funded through Crombie's floating rate revolving credit facility.

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

	Three months ended September 30,		Nine months ended September 30,		Year Ended
Investment property acquired, net:	2013	2012	2013	2012	December 31, 2012
Land	$ 6,240	$ 9,490	$ 53,325	$ 76,712	$ 89,573
Buildings	38,118	19,412	172,239	262,729	302,597
Intangible assets	627	1,512	6,079	11,756	13,205
Fair value debt adjustment on assumed mortgages	—	(283)	(412)	(4,807)	(4,807)
Net purchase price	44,985	30,131	231,231	346,390	400,568
Assumed mortgages	—	(5,126)	(10,744)	(108,484)	(108,484)
	$ 44,985	$ 25,005	$ 220,487	$ 237,906	$ 292,084
Consideration funded by:					
Revolving credit facility	$ 44,985	$ 25,005	$ 209,737	$ 66,825	$ 81,713
Mortgage financing	—	—	10,750	54,156	93,446
Cash from REIT Unit offering	—	—	—	116,925	116,925
Total consideration paid	$ 44,985	$ 25,005	$ 220,487	$ 237,906	$ 292,084

5) INTANGIBLE ASSETS

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

6) OTHER ASSETS

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

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

7) NOTES RECEIVABLE

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

8) INVESTMENT PROPERTY DEBT

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

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

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

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

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

Specific investment properties with a carrying value of $2,182,581 as at September 30, 2013 (December 31, 2012 - $2,001,074; September 30, 2012 - $1,944,781) are currently pledged as security for mortgages or provided as security for the floating rate revolving credit facility. Carrying value includes investment properties, intangible assets, as well as accrued straight-line rent and tenant incentives which are included in other assets.

Mortgage Activity During 2013

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

Floating Rate Revolving Credit Facility

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

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

See Note 20(a) for fair value information.

9) CONVERTIBLE DEBENTURES

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

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

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

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

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

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

change of control of Crombie, Series E Debenture holders have the right to put the Series E Debentures to Crombie at a price equal to 101% of the principal amount plus accrued and unpaid interest.

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

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

10) INCOME TAXES

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

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

The tax recovery (expense) consists of the following:

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

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

11) TRADE AND OTHER PAYABLES

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

Fair value of embedded derivatives in convertible debentures:

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

12) SUBSCRIPTION RECEIPTS PAYABLE

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

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

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

13) PROPERTY REVENUE

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

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

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

14) OPERATING LEASES

Crombie as a Lessor

Crombie's operations include leasing commercial real estate. Future minimum rental income under non-cancellable tenant leases as at September 30, 2013, is as follows:

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

Crombie as a Lessee

Operating lease payments primarily represent rentals payable by Crombie for all of its land leases. These land leases have varying terms ranging from 12 to 71 years including renewal options:

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

15) EMPLOYEE BENEFIT EXPENSE

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

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

16) FINANCE COSTS – OPERATIONS

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

17) UNITS OUTSTANDING

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

	Crombie REIT Units		Class B LP Units and attached Special Voting Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
		(As Restated)				(As Restated)
Balance, January 1, 2012 (As Restated)	41,181,881	$ 407,452	33,115,360	$ 324,464	74,297,241	$ 731,916
Units issued (proceeds are net of issue costs)	4,630,000	64,135	3,655,200	52,790	8,285,200	116,925
Units issued under EUPP	28,893	409	—	—	28,893	409
Units released under EUPP	—	29	—	—	—	29
Net change in EUPP loans receivable	—	(136)	—	—	—	(136)
Conversion of debentures	4,974,722	58,765	—	—	4,974,722	58,765
Conversion feature of debentures	—	9,236	—	—	—	9,236
Balance, September 30, 2012	**50,815,496**	**$ 539,890**	**36,770,560**	**$ 377,254**	**87,586,056**	**$ 917,144**

18) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

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

b) Change in other non-cash operating items

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

19) RELATED PARTY TRANSACTIONS

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

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

Crombie's transactions with related parties are as follows:

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

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

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

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

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

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

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

In addition to the above:

- During the second quarter of 2013, Crombie acquired one property from a subsidiary of Empire for a total purchase price of $20,875 excluding closing and transaction costs.
- During the first quarter of 2013, Crombie acquired two properties and acquired one development addition to an existing property from subsidiaries of Empire for a total purchase price of $32,555 excluding closing and transaction costs.
- During the fourth quarter of 2012, Crombie acquired two properties and acquired development additions to two existing properties from subsidiaries of Empire for a total purchase price of $53,099 excluding closing and transaction costs.
- On December 14, 2012, concurrent with a public offering of units, ECL Developments Limited purchased 1,659,661 Class B LP Units and the attached SVUs at a price of $14.75 per Class B LP Unit for proceeds of $24,332 net of issue costs, on a private placement basis.
- On September 17, 2012, Empire exercised its right to convert its $10,000 Series B Convertible Debentures with an annual interest rate of 6.25%, into 909,090 Units.
- On July 3, 2012, Empire acquired $24,000 Series D Convertible Debentures with an annual interest rate of 5.00% in satisfaction of wholly-owned ECL Developments Limited's pre-emptive right with respect to the Debenture offering.
- On March 29, 2012, concurrently with a public offering of units, ECL Developments Limited purchased 3,655,200 Class B LP Units and the attached SVUs at a price of $14.50 per Class B LP Unit for proceeds of $52,810 net of issue costs, on a private placement basis.

Key management personnel compensation

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

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

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

20) FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

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

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

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

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

Level 3 - unobservable inputs for the asset or liability.

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

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

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

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

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

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

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

b) Risk Management

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

Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. Crombie's credit risk is limited to the recorded amount of tenant receivables. A provision for doubtful accounts is taken for all anticipated collectability risks (Note 6).

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

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

Interest rate risk

Interest rate risk is the potential for financial loss arising from increases in interest rates. Crombie mitigates this risk by utilizing staggered debt maturities and limiting the use of permanent floating rate debt. A fluctuation in interest rates would have had an impact on Crombie's operating income related to the use of floating rate debt. Based on the previous year's rate changes, a 0.5% interest rate change would reasonably be considered possible. The changes would have had the following impact:

	Impact of a 0.5% interest rate change	
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility	Decrease in rate	Increase in rate
Three months ended September 30, 2013	$ 96	$ (96)
Three months ended September 30, 2012	$ 79	$ (79)
Nine months ended September 30, 2013	$ 457	$ (457)
Nine months ended September 30, 2012	$ 255	$ (255)

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

Liquidity risk

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

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

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

(1) Contractual cash flows include principal and interest and ignore extension options.
(2) Reduced by the interest rate subsidy payments to be received from ECL Developments Limited.

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

21) CAPITAL MANAGEMENT

Crombie's objective when managing capital on a long-term basis is to maintain overall indebtedness, including convertible debentures, in the range of 50% to 55% of gross book value, utilize staggered debt maturities, minimize long-term exposure to excessive levels of floating rate debt and maintain conservative payout ratios.

Crombie's capital structure consists of the following:

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

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

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

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

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

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

Other assets are calculated as follows:

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

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

22) COMMITMENTS AND CONTINGENCIES

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

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

Crombie has entered into a management cost sharing agreement with a subsidiary of Empire. Details of this agreement are disclosed in "Related Party Transactions" (Note 19).Crombie obtains letters of credit to support its obligations with respect to construction work on its investment properties, defeasing investment property debt and satisfying mortgage financing requirements. As at September 30, 2013, Crombie has a total of $4,129 in outstanding letters of credit related to:

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

Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

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

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

23) SUBSEQUENT EVENTS

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

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

In conjunction with funding the acquisition, Crombie has:

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

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

24) SEGMENT DISCLOSURE

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