Crombie REIT

2014
First Quarter Report
Three Months Ended March 31

ADVANCING OUR STRATEGY

Quarterly Report to Unitholders

Crombie Real Estate Investment Trust (“Crombie") is an open-ended real estate investment trust established under, and governed by, the laws of the Province of Ontario. At May 14, 2014, Crombie owned a portfolio of 250 commercial properties across Canada, comprising approximately 17.6 million square feet, with a strategy to own and operate a portfolio of high quality grocery and drug store anchored shopping centres and freestanding stores in Canada’s top 36 markets.

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

Crombie provided additional details concerning its first quarter results on a conference call held Wednesday, May 14, 2014. Replay of the call is available on Crombie’s website www.crombiereit.com for a period of approximately 90 days.

Forward-looking Statements

This quarterly report contains forward-looking statements that reflect the current expectations of management of Crombie about Crombie's future results, performance, achievements, prospects and opportunities. Wherever possible, words such as "may", "will", "estimate", "anticipate", "believe", "expect", "intend" and similar expressions have been used to identify these forward-looking statements. These statements reflect current beliefs and are based on information currently available to management of Crombie. Forward-looking statements necessarily involve known and unknown risks and uncertainties. A number of factors, including those discussed in the annual Management’s Discussion and Analysis under "Risk Management” in the 2013 Annual Report, could cause actual results, performance, achievements, prospects or opportunities to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and a reader should not place undue reliance on the forward-looking statements. There can be no assurance that the expectations of management of Crombie will prove to be correct.

Readers are cautioned that such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from these statements. Crombie can give no assurance that actual results will be consistent with these forward-looking statements.

Letter to Unitholders

Crombie Real Estate Investment Trust ("Crombie") (TSX: CRR.UN) is pleased to report its financial results for the first quarter ended March 31, 2014.

First Quarter 2014 Highlights (In thousands of CAD dollars, except per unit amounts and as otherwise noted)

- Portfolio fair value of $3.9 billion.
- Funds From Operations ("FFO"):
  - FFO per unit fully diluted remained stable at $0.28, unchanged from the same period in 2013.
  - FFO grew by 34.1% over the same period in 2013 ($34,494 vs. $25,721).
  - FFO payout ratio decreased slightly to 79.3% compared to 79.5% for the same period in 2013.
- Adjusted Funds From Operations ("AFFO"):
  - AFFO per unit fully diluted remained stable at $0.23, unchanged from the same period in 2013.
  - AFFO grew by 33.2% over the same period in 2013 ($28,769 vs. $21,606).
  - AFFO payout ratio increased slightly to 95.1% compared to 94.6% for the same period in 2013.
- Same-asset Cash Net Operating Income ("NOI") showed strong 2.5% growth over the same period in 2013.
- Property revenue of $90,913, an increase of $20,331 or 28.8% over the $70,582 for Q1 2013.
- Occupancy, on a committed basis, was 93.1% at March 31, 2014, compared with 93.2% at December 31, 2013.
- Crombie completed leasing activity on a total of 260,000 square feet during the quarter, including:
    - Renewals on 149,000 square feet of 2014 expiring leases at an average rate of $16.52 per square foot, an increase of 8.7% over the expiring lease rate; and
    - New leases on 111,000 square feet of space, at an average rate of $14.61 per square foot.
- Weighted average lease term of 11.8 years and weighted average mortgage term of 7.9 years; amongst the longest and most defensive in the REIT industry.
- Weighted average interest rate on mortgages reduced to 4.79% from 4.82% at December 31, 2013 and 5.09% at March 31, 2013. Strong 2.53 times interest coverage.
- Debt to Gross Book Value (fair value basis) of 53.1%.

Other Performance Measures

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

	Three Months Ended March 31,	
(In thousands of CAD dollars, except per unit amounts)	2014	2013
FFO	$ 34,494	$ 25,721
FFO Per Unit – basic	$ 0.28	$ 0.28
FFO Per Unit – diluted	$ 0.28	$ 0.28
FFO Payout ratio (%)	79.3%	79.5%
AFFO	$ 28,769	$ 21,606
AFFO Per Unit – basic	$ 0.23	$ 0.24
AFFO Per Unit – diluted	$ 0.23	$ 0.23
Distributions	$ 0.22	$ 0.22
AFFO Payout ratio (%)	95.1%	94.6%

The increase in FFO and AFFO for the three months ended March 31, 2014 was primarily due to the 70 property Sobeys / Safeway acquisition during the fourth quarter of 2013 and completed development and land use intensification projects during 2013, resulting in significant growth in property NOI, offset in part by higher finance costs - operations.

Financial Overview

Same-asset property revenue of $64,723 for the three months ended March 31, 2014 was 3.9% higher than the three months ended March 31, 2013 due to increased base rent driven by lease renewal activity, land use intensifications at several properties and increased recoveries as a result of higher recoverable property expenses. Acquisition, disposition and development property revenue growth of $17,897 is primarily due to higher acquisition activity throughout 2013.

Same-asset property expenses of $24,549 for the three months ended March 31, 2014 increased by $1,940 or 8.6% from the three months ended March 31, 2013 due primarily to higher recoverable property expenses; primarily property taxes.

Closing Remarks

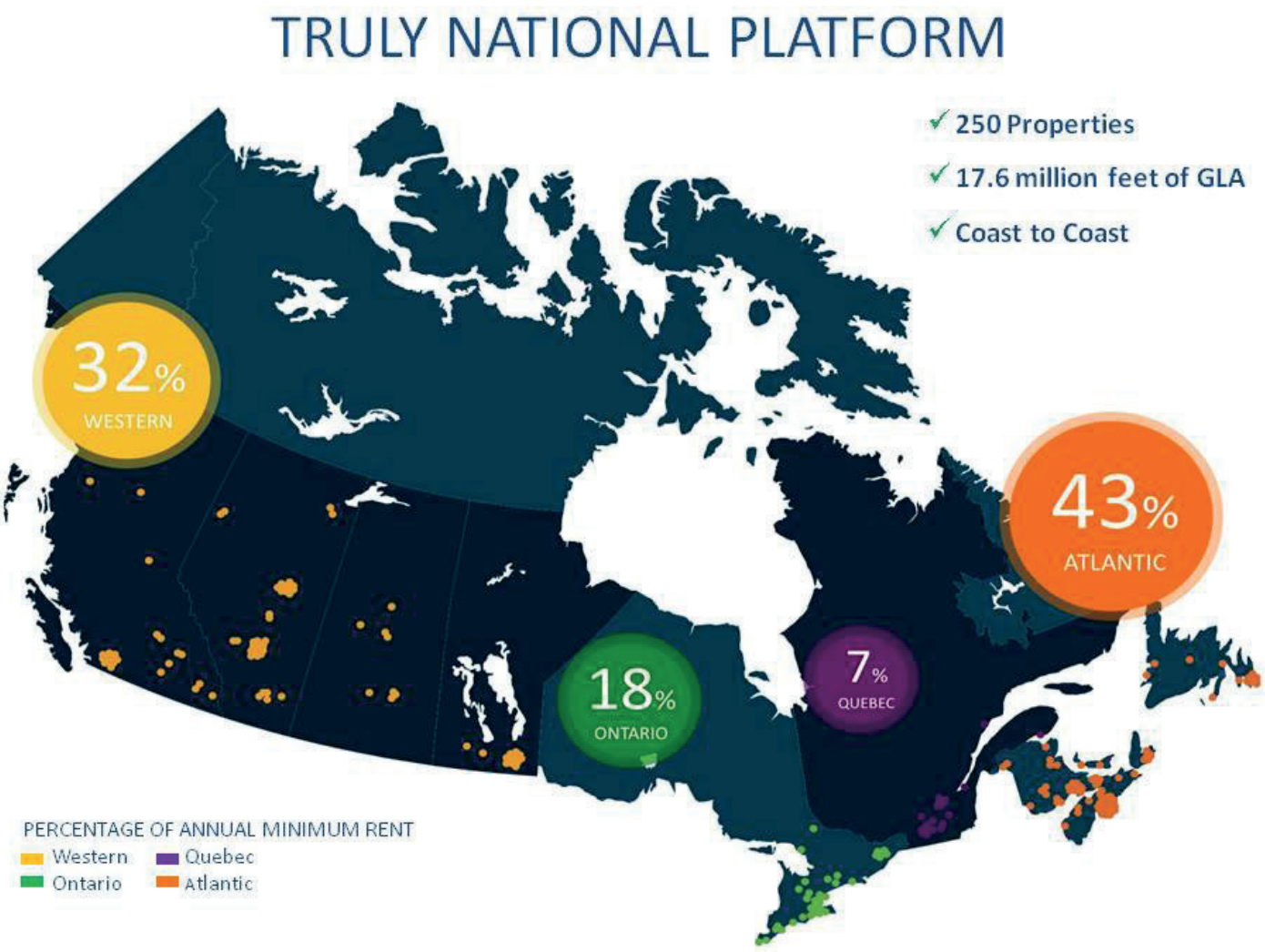
We are pleased with our progress on the integration of the Safeway portfolio; our continued access to new sources of capital; and the enhancement of our national platform, including the improved focus of our senior leadership team and the addition of a new regional vice-president position in Western Canada.

Donald E. Clow, FCA
President & Chief Executive Officer

May 14, 2014

Crombie REIT Profile

Crombie Real Estate Investment Trust (“Crombie”) (TSX: CRR.UN) is one of Canada's leading owners and managers of retail and office properties with a future growth strategy focused primarily on the acquisition of grocery and drug store anchored retail properties in Canada's top 36 markets. As of May 14, 2014, Crombie owns a portfolio of 250 commercial properties in ten provinces, comprising approximately 17.6 million square feet of gross leaseable area.



Financial Highlights

Financial Highlights for the three months ended March 31, 2014 and 2013 are as follows:

AT MARCH 31	**2014**	**2013**
Number of properties	249	175
Gross leaseable area (square feet)	17,541,000	14,452,000
Debt to gross book value - fair value basis	53.1%	48.3%
Diluted number of units for AFFO purposes	130,220,328	96,414,761

THREE MONTHS ENDED MARCH 31				
(In thousands of CAD dollars, except per unit amounts and as otherwise noted)				
Property revenue	$	90,913	$	70,582
Property net operating income	$	61,359	$	43,764
FFO	$	34,494	$	25,721
FFO per unit – diluted	$	0.28	$	0.28
FFO payout ratio (%)		79.3%		79.5%
AFFO	$	28,769	$	21,606
AFFO per unit – diluted	$	0.23	$	0.23
Distributions per unit	$	0.22	$	0.22
AFFO payout ratio (%)[(1)]		95.1%		94.6%

(1) AFFO payout ratio is calculated using a per square foot charge of $0.87 for maintenance expenditures (see “AFFO” section).

2014 Highlights

- FFO for the three months ended March 31, 2014 increased 34.1% to $34,494; or $0.28 per unit Diluted, unchanged from the same period in 2013.
- AFFO for the three months ended March 31, 2014 increased 33.2% to $28,769; or $0.23 per unit Diluted, unchanged from the same period in 2013.
- FFO payout ratio of 79.3% for the three months ended March 31, 2014 improved from 79.5% for the same period in 2013. AFFO payout ratio of 95.1% increased slightly compared to 94.6% for the three months ended March 31, 2013.
- 28.8% growth of property revenue for the three months ended March 31, 2014 ($90,913 versus $70,582 for the three months ended March 31, 2013).
- Solid growth of same-asset cash NOI for the three months ended March 31, 2014 of 2.5% ($41,201 compared to $40,200 for the three months ended March 31, 2013).
- Committed occupancy was 93.1% at March 31, 2014 compared with 93.2% at December 31, 2013 and 93.5% at March 31, 2013.
- Crombie completed leasing activity on a total of 260,000 square feet during the three months ended March 31, 2014, including:
    - Renewals on 149,000 square feet of 2014 expiring leases at an average rate of $16.52 per square foot, an increase of 8.7% over the expiring lease rate;
    - New leases on 111,000 square feet of space, at an average rate of $14.61 per square foot.
- Debt to gross book value (fair value basis) was 53.1% at March 31, 2014, compared with 48.3% at March 31, 2013.
- Crombie's interest service coverage for the three months ended March 31, 2014 was 2.53 times EBITDA and debt service coverage was 1.69 times EBITDA, compared to 2.79 times EBITDA and 1.85 times EBITDA, respectively, for the same period in 2013.

Management's Discussion and Analysis

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

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Crombie Real Estate Investment Trust ("Crombie") for the three months ended March 31, 2014, with a comparison to the financial condition and results of operations for the comparable period in 2013.

This MD&A should be read in conjunction with Crombie's interim consolidated financial statements and accompanying notes for the period ended March 31, 2014, prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. This MD&A should also be read in conjunction with Crombie's audited consolidated financial statements and accompanying notes for the year ended December 31, 2013, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Information about Crombie can be found on SEDAR at www.sedar.com.

NON-IFRS FINANCIAL MEASURES

There are financial measures included in this MD&A that do not have a standardized meaning under IFRS as prescribed by the IASB. These measures are property net operating income ("NOI"), same-asset NOI and same-asset cash NOI, operating income attributable to Unitholders, funds from operations ("FFO"), adjusted funds from operations ("AFFO"), debt to gross book value, and earnings before interest, taxes, depreciation and amortization ("EBITDA"). Management includes these measures because it believes certain investors use these measures as a means of assessing relative financial performance.

Introduction

Date of MD&A

The information contained in the MD&A, including forward-looking statements, is based on information available to management as of May 14, 2014, except as otherwise noted.

Financial and Operational Summary

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Three months ended March 31,	
	2014	2013
Property revenue	$ 90,913	$ 70,582
Operating income attributable to Unitholders	$ 15,900	$ 12,959
Basic operating income attributable to Unitholders per unit	$ 0.13	$ 0.14
Diluted operating income attributable to Unitholders per unit	$ 0.13	$ 0.14
FFO	$ 34,494	$ 25,721
FFO per unit – basic	$ 0.28	$ 0.28
FFO per unit – diluted	$ 0.28	$ 0.28
FFO payout ratio (%)	79.3%	79.5%
AFFO	$ 28,769	$ 21,606
AFFO per unit – basic	$ 0.23	$ 0.24
AFFO per unit – diluted	$ 0.23	$ 0.23
Distributions per unit	$ 0.22	$ 0.22
AFFO payout ratio (%)[(1)]	95.1%	94.6%

(1) AFFO payout ratio is calculated using a per square foot charge of $0.87 for maintenance expenditures (see "AFFO" section).

Overview of the Business and Recent Developments

Crombie is an unincorporated, “open-ended” real estate investment trust established pursuant to the Declaration of Trust dated January 1, 2006, as amended and restated (the “Declaration of Trust”) under, and governed by, the laws of the Province of Ontario. The REIT Units of Crombie trade on the Toronto Stock Exchange (“TSX”) under the symbol “CRR.UN”.

Crombie invests in income-producing retail, office and mixed use properties in Canada, with a future growth strategy focused primarily on the acquisition of grocery-anchored and drug store-anchored retail properties in Canada's top 36 markets. At March 31, 2014, Crombie owned a portfolio of 249 investment properties in ten provinces, comprising approximately 17.5 million square feet of gross leaseable area (“GLA”). Empire Company Limited (“Empire” or “ECL”), through a subsidiary, holds a 41.6% (fully diluted 39.3%) economic and voting interest in Crombie at March 31, 2014.

Significant Developments during 2014 include:

On March 31, 2014, Crombie exchanged properties in Canmore, Alberta with a subsidiary of Empire. Whereas these properties were determined to be economically equivalent, the acquired property was measured at the carrying value of the disposed property.

On March 5, 2014 Crombie issued, on a private placement basis, $100,000 Series B Notes (senior unsecured) with a maturity date of June 1, 2021 and an effective interest rate of 3.90%.

Business Objectives and Outlook

Crombie describes its business objectives and outlook in the MD&A for the year ended December 31, 2013.

Business Environment

Crombie describes its business environment in the MD&A for the year ended December 31, 2013.

FORWARD-LOOKING INFORMATION

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

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

(i) the accretive acquisition of properties and the anticipated extent of the accretion of any acquisitions, which could be impacted by demand for properties and the effect that demand has on acquisition capitalization rates and changes in interest rates;

(ii) asset growth and reinvesting to redevelop or otherwise make improvements to existing properties, which could be impacted by the availability of labour, capital resource allocation decisions and actual development costs;

(iii) the cost and timing of new properties under development and right of first offer agreements, which development activities are primarily undertaken by related parties and thus are not under the direct control of Crombie and whose activities could be impacted by real estate market cycles, the availability of labour and general economic conditions;

(iv) the disposition of properties and the anticipated reinvestment of net proceeds, which could be impacted by the availability of accretive property acquisitions;

(v) generating improved rental income and occupancy levels, which could be impacted by changes in demand for Crombie’s properties, tenant bankruptcies, the effects of general economic conditions and supply of competitive locations in proximity to Crombie locations;

(vi) the anticipated rate of general and administrative expenses as a percentage of property revenue, which could be impacted by changes in property revenue and/or changes in general and administrative expenses;

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

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

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

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

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

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

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

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

These forward looking-statements are presented for the purpose of assisting Crombie's Unitholders and financial analysts in understanding Crombie's operating environment, and may or may not be appropriate for other purposes. These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on Crombie's current estimates and assumptions. Crombie can give no assurance that actual results will be consistent with these forward-looking statements. A number of factors, including those discussed under "Risk Management" could cause actual results, performance, achievements, prospects or opportunities to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and a reader should not place undue reliance on the forward-looking statements.

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

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Profile

At March 31, 2014, Crombie's property portfolio consisted of 249 investment properties that contain approximately 17.5 million square feet of GLA in all ten provinces.

As at March 31, 2014, the portfolio distribution of the GLA by province was as follows:

	GLA (sq. ft.)						
Province	January 1, 2014	Acquisitions (Dispositions)	Other	March 31, 2014	Number of Properties	% of GLA	% of Annual Minimum Rent
AB	2,015,000	—	—	2,015,000	40	11.5%	17.1%
BC	1,275,000	—	—	1,275,000	30	7.3%	8.7%
MB	492,000	—	—	492,000	13	2.8%	3.4%
NB	1,733,000	—	4,000	1,737,000	22	9.8%	7.1%
NL	1,657,000	—	(12,000)	1,645,000	14	9.4%	11.0%
NS	5,543,000	(18,000)	2,000	5,527,000	47	31.5%	24.1%
ON	2,914,000	—	10,000	2,924,000	51	16.7%	17.7%
PE	261,000	—	(3,000)	258,000	2	1.5%	1.1%
QC	1,214,000	—	—	1,214,000	22	6.9%	7.0%
SK	454,000	—	—	454,000	8	2.6%	2.8%
Total	17,558,000	(18,000)	1,000	17,541,000	249	100.0%	100.0%

Since January 1, 2014, Crombie's GLA has a net decrease of 18,000 square feet from acquisition and disposition activity. Crombie exchanged a property in Alberta for another Alberta property, resulting in no net change in GLA. In addition, Crombie disposed of part of an existing property in Nova Scotia, resulting in a 25,000 square foot reduction in GLA and acquired additional development of 7,000 square feet on an existing property.

Crombie continues to diversify its geographic concentration from its Atlantic Canadian roots through growth opportunities, as evidenced by 30 property acquisitions in British Columbia, 41 in Alberta, 36 in Ontario, 10 in Quebec, 13 in Manitoba, and eight in Saskatchewan since Crombie's 2006 IPO. Crombie believes this diversification adds stability to the portfolio while reducing vulnerability to economic fluctuations that may affect any particular region.

DEVELOPMENT

On a regular basis, Crombie will complete development work on properties to enhance the economic viability of a location when the environment in which it operates warrants. As at March 31, 2014, Crombie properties currently under development include: Downsview Plaza and Downsview Mall in Halifax, Nova Scotia, Aberdeen Business Centre in New Glasgow, Nova Scotia, Amherst Centre in Amherst, Nova Scotia and County Fair Mall in Summerside, Prince Edward Island are being reconfigured to accommodate new tenancies; 1234 Main Street (Terminal Centres) in Moncton, New Brunswick is being refurbished and upgraded, including GLA expansion; and County Fair Mall in New Minas, Nova Scotia has been designated for development which has not yet commenced.

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

The following table outlines properties designated for development:

Province	Property	Current GLA	Development	Estimated Development Cost[1]	Incurred To Date[2]	Estimated Completion
NB	1234 Main Street (Terminal Centres)	206,000	Refurbish and upgrade, including GLA expansion to accommodate future leasing	$ 15,820	$ 15,125	Substantially complete first quarter 2014
NS	Aberdeen Business Centre	395,000	Reconfigure space to accommodate future leasing	In planning	$ 768	To be determined
NS	Amherst Centre	228,000	Reconfigure space to accommodate future leasing	In planning	$ 511	To be determined
NS	County Fair Mall- New Minas	268,000	To be determined	In planning	$ —	To be determined
NS	Downsview Plaza	239,000	Reconfigure space to accommodate future leasing	Phase II - $ 2,500	$ 2,369	First quarter 2014
NS	Downsview Mall	142,000	To be determined	In planning	$ —	To be determined
PE	County Fair Mall- Summerside	233,000	Reconfigure space to accommodate future leasing	$ 2,520	$ 2,451	Substantially complete first quarter 2014

(1) (2) Costs exclude direct tenant amounts.

During the third quarter of 2012, Crombie commenced the development of 1234 Main Street (Terminal Centres) to accommodate current and future leasing. Construction is now substantially complete with the balance of costs expected to be incurred primarily related to specific tenant requirements.

Aberdeen Business Centre is undergoing development to accommodate new tenant leasing requirements and initial work for future tenants. Planning and design work is currently underway and is subject to management review and approval. Work has commenced to reconfigure space to accommodate new tenants; however, the estimated cost is subject to specific tenant requirements. Total GLA for this property has decreased as a result of the development work.

Amherst Centre has been designated for development. Planning and design work is currently underway and is subject to management review and approval. Work has commenced to reconfigure space to accommodate new tenants; however, the estimated cost is subject to specific tenant requirements.

County Fair Mall - New Minas has been designated for development. Initial planning and design work is currently underway and is subject to management review and approval.

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

Development work on County Fair Mall - Summerside, to accommodate the requirements of new tenants and initial work for future tenants is now substantially complete. New tenants are scheduled to open in Spring 2014. Total GLA for this property has decreased as a result of the development work.

Largest Tenants

The following table illustrates the ten largest tenants in Crombie's portfolio of income-producing properties as measured by their percentage contribution to total annual minimum base rent as at March 31, 2014.

Tenant	% of Annual Minimum Rent	Average Remaining Lease Term
Sobeys [(1)]	49.7%	16.0 years
Shoppers Drug Mart	6.0%	13.0 years
Cineplex	1.8%	11.2 years
Province of Nova Scotia	1.5%	4.2 years
CIBC	1.2%	16.0 years
Lawtons/Sobeys Pharmacy	1.1%	12.4 years
GoodLife Fitness	1.1%	12.7 years
Best Buy Canada Ltd.	1.0%	7.4 years
Bank of Nova Scotia	0.9%	3.7 years
Dollarama	0.8%	4.8 years
Total	65.1%	

(1) Excludes Lawtons/Sobeys Pharmacy.

Crombie's portfolio is leased to a wide variety of tenants. Other than Sobeys which accounts for 49.7% of annual minimum rent and Shoppers Drug Mart which accounts for 6.0% of annual minimum rent, no other tenant accounts for more than 1.8% of Crombie's annual minimum rent.

Lease Maturities

The following table sets out as of March 31, 2014, the number of leases maturing during the periods indicated (assuming tenants do not holdover on a month-to-month basis or exercise renewal options or termination rights), the renewal area, the percentage of the total GLA of the properties represented by such maturities and the estimated average rent per square foot at the time of expiry.

Year	Number of Leases	Renewal Area (sq. ft.)	% of Total GLA	Average Rent per sq. ft. at Expiry
Remainder of 2014	197	495,000	2.8%	$ 16.71
2015	183	800,000	4.6%	14.02
2016	186	862,000	4.9%	14.24
2017	179	854,000	4.9%	17.99
2018	165	721,000	4.1%	18.50
Thereafter	673	12,595,000	71.8%	17.40
Total	1,583	16,327,000	93.1%	$ 17.13

The weighted average remaining term of all leases is approximately 11.8 years. This lengthy remaining lease term is influenced by the average Sobeys and Shoppers Drug Mart remaining lease terms of 16.0 years and 13.0 years, respectively.

During the three months ended March 31, 2014, Crombie's 2014 lease renewals were completed at an average rate of $16.52 per square foot; while new leasing activity was completed at an average rate of $14.61 per square foot. The lease renewal rate compares favourably with the average rent per square foot on full year 2014 lease maturities of $15.90 per square foot. The rate applicable to new leasing activity is impacted by a lower rate per square foot on space leased in some secondary markets.

2014 Portfolio Occupancy and Committed Activity

The portfolio occupancy and committed activity for the three months ended March 31, 2014 were as follows:

	Occupied space (sq. ft.)								
Province	January 1, 2014	Acquisitions (Dispositions)	New Leases[1]	Lease Expiries	Other Changes[2]	March 31, 2014	Committed Space (sq. ft.)[3]	Total Leased Space (sq. ft.)	Leased March 31, 2014
AB	2,005,000	—	—	—	—	2,005,000	3,000	2,008,000	99.7%
BC	1,275,000	—	—	—	—	1,275,000	—	1,275,000	100.0%
MB	492,000	—	—	—	—	492,000	—	492,000	100.0%
NB	1,477,000	—	3,000	(16,000)	(14,000)	1,450,000	5,000	1,455,000	83.8%
NF	1,545,000	—	—	(6,000)	(8,000)	1,531,000	1,000	1,532,000	93.1%
NS	4,888,000	(18,000)	12,000	(39,000)	8,000	4,851,000	69,000	4,920,000	89.0%
ON	2,717,000	—	24,000	(5,000)	—	2,736,000	26,000	2,762,000	94.5%
PE	194,000	—	—	—	—	194,000	37,000	231,000	89.5%
QC	1,208,000	—	1,000	(5,000)	—	1,204,000	—	1,204,000	99.2%
SK	439,000	—	9,000	—	—	448,000	—	448,000	98.7%
Total	16,240,000	(18,000)	49,000	(71,000)	(14,000)	16,186,000	141,000	16,327,000	93.1%

(1) New leases include: new leases and expansions to existing properties.
(2) Other changes include: amendments to existing leases; lease terminations and surrenders; bankruptcies; and space certifications.
(3) Committed space represents lease contracts for future occupancy of currently vacant space. Management believes such reporting, along with reported lease maturities, provides more balanced reporting of potential pending overall vacant space. Committed space increased from 130,000 square feet at December 31, 2013 to 141,000 square feet at March 31, 2014.

Overall leased space (occupied plus committed) decreased from 93.2% at December 31, 2013 to 93.1% at March 31, 2014. During the quarter, Crombie had a net reduction from acquisitions and dispositions of 18,000 square feet of fully leased space; had lease expiries exceed new leases by 22,000 square feet; and, had an increase of 11,000 square feet in committed space.

SECTOR INFORMATION

While Crombie does not distinguish or group its operations on a geographical or other basis, Crombie provides the following sector information as supplemental disclosure.

As at March 31, 2014, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Leased[1]
Retail Enclosed	10	2,112,000	12.1%	11.9%	81.7%
Retail Freestanding	119	4,584,000	26.1%	30.0%	100.0%
Retail Plazas	106	7,932,000	45.2%	46.5%	94.5%
Portfolio sub-totals for retail	235	14,628,000	83.4%	88.4%	94.4%
Mixed Use	9	1,855,000	10.6%	7.3%	89.5%
Office	5	1,058,000	6.0%	4.3%	81.6%
Total	249	17,541,000	100.0%	100.0%	93.1%

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

As at March 31, 2013, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Leased[1]
Retail Enclosed	11	2,290,000	15.9%	16.4%	86.7%
Retail Freestanding	67	2,516,000	17.4%	18.8%	99.9%
Retail Plazas	83	6,741,000	46.6%	49.0%	95.0%
Portfolio sub-totals for retail	161	11,547,000	79.9%	84.2%	94.4%
Mixed Use	9	1,852,000	12.8%	9.9%	93.6%
Office	5	1,053,000	7.3%	5.9%	82.7%
Total	175	14,452,000	100.0%	100.0%	93.5%

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

Retail properties represent 83.4% of Crombie's GLA and 88.4% of annual minimum rent at March 31, 2014 compared to 79.9% of GLA and 84.2% of annual minimum rent at March 31, 2013 reflecting Crombie's strategy to focus growth primarily on retail properties including the impact of a 70 property acquisition during the fourth quarter of 2013.

Leased space in retail properties of 94.4% at March 31, 2014, has remained stable from 94.4% at March 31, 2013.

The following table sets out as of March 31, 2014, the square feet under lease subject to lease maturities during the periods indicated.

Year	Retail Enclosed		Retail Freestanding		Retail Plazas	
	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
2014	122,000	5.8%	—	0.0%	189,000	2.4%
2015	110,000	5.2%	5,000	0.1%	308,000	3.9%
2016	192,000	9.1%	3,000	0.1%	414,000	5.2%
2017	264,000	12.5%	5,000	0.1%	281,000	3.5%
2018	147,000	7.0%	10,000	0.2%	428,000	5.4%
Thereafter	890,000	42.1%	4,561,000	99.5%	5,875,000	74.1%
Total	1,725,000	81.7%	4,584,000	100.0%	7,495,000	94.5%

Year	Mixed Use		Office		Total	
	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
2014	108,000	5.8%	76,000	7.2%	495,000	2.8%
2015	308,000	16.6%	69,000	6.5%	800,000	4.6%
2016	186,000	10.0%	67,000	6.4%	862,000	4.9%
2017	172,000	9.3%	132,000	12.5%	854,000	4.8%
2018	81,000	4.4%	55,000	5.2%	721,000	4.1%
Thereafter	805,000	43.4%	464,000	43.8%	12,595,000	71.9%
Total	1,660,000	89.5%	863,000	81.6%	16,327,000	93.1%

Of the 13,804,000 square feet of retail properties under lease, 11,326,000 square feet, or 82.0% is scheduled for maturity after 2018. This long-term stability in lease maturities is primarily driven by the longer term nature of the Sobeys and Shoppers Drug Mart leases.

In the office and mixed use properties, lease maturities after 2018 represents 50.3% of the leased square footage for these sectors.

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

Year	Retail Enclosed	Retail Freestanding	Retail Plazas	Mixed Use	Office	Total
2014	$ 23.09	$ —	$ 15.78	$ 14.03	$ 12.63	$ 16.71
2015	$ 25.77	$ 16.47	$ 15.12	$ 9.54	$ 12.07	$ 14.08
2016	$ 18.06	$ 29.00	$ 15.15	$ 8.39	$ 13.19	$ 14.24
2017	$ 18.58	$ 26.00	$ 19.93	$ 13.24	$ 18.56	$ 17.99
2018	$ 23.37	$ 15.45	$ 18.33	$ 14.48	$ 13.17	$ 18.50
Thereafter	$ 15.92	$ 19.30	$ 17.27	$ 12.63	$ 11.42	$ 17.40
March 31, 2014 Total	$ 18.33	$ 19.30	$ 17.19	$ 11.82	$ 12.92	$ 17.13
March 31, 2013 Total	$ 16.53	$ 16.62	$ 15.64	$ 11.44	$ 12.94	$ 15.06
December 31, 2013 Total	$ 18.46	$ 19.31	$ 17.23	$ 11.66	$ 13.06	$ 17.16

FINANCIAL RESULTS YEAR TO DATE

Comparison to Previous Year

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	As At		
	March 31, 2014	December 31, 2013	March 31, 2013
Total assets	$ 3,344,963	$ 3,345,165	$ 2,298,085
Total investment property debt and unsecured debt	$ 2,052,790	$ 2,043,066	$ 1,354,330
Debt to gross book value - fair value basis[(1)]	53.1%	53.0%	48.3%

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

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Three months ended March 31,		
	2014	2013	Variance
Property revenue	$ 90,913	$ 70,582	$ 20,331
Property operating expenses	29,554	26,818	(2,736)
Property NOI	61,359	43,764	17,595
NOI margin percentage	67.5%	62.0%	5.5%
Other items:			
Gain (loss) on derecognition of investment properties	(157)	430	(587)
Depreciation and amortization	(16,525)	(11,122)	(5,403)
General and administrative expenses	(3,756)	(3,206)	(550)
Operating income before finance costs and taxes	40,921	29,866	11,055
Finance costs – operations	(25,246)	(16,807)	(8,439)
Operating income before taxes	15,675	13,059	2,616
Taxes – deferred	225	(100)	325
Operating income attributable to Unitholders	15,900	12,959	2,941
Finance costs – distributions to Unitholders	(27,355)	(20,438)	(6,917)
Finance income (costs) – change in fair value of financial instruments	55	617	(562)
Decrease in net assets attributable to Unitholders	$ (11,400)	$ (6,862)	$ (4,538)
Operating income attributable to Unitholders per Unit, Basic and Diluted	$ 0.13	$ 0.14	
Basic weighted average Units outstanding (in 000's)	122,723	91,629	
Diluted weighted average Units outstanding (in 000's)	122,906	91,815	
Distributions per Unit to Unitholders	$ 0.22	$ 0.22	

Comparative Figures

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

Operating Results

Operating income attributable to Unitholders for the three months ended March 31, 2014 of $15,900 increased by $2,941 or 22.7% from $12,959 for the three months ended March 31, 2013. The increase was primarily due to:

- higher property revenue primarily from acquisitions, including the 70 property portfolio acquisition in the fourth quarter of 2013; and
- higher property NOI resulting from increased average rental rates, improved expense recovery rates and the impact of property acquisitions during the fourth quarter of 2013 wherein the tenant is directly responsible for all property operating expenses.

Offset in part by:

- higher depreciation and amortization expense and finance costs in 2014 primarily related to property acquisitions; and
- higher general and administrative expenses including costs associated with hiring of additional staff related to continued growth.

Property Revenue and Property Operating Expenses

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

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Same-asset property revenue	$ 64,723	$ 62,289	$ 2,434
Acquisition, disposition and development property revenue	26,190	8,293	17,897
Property revenue	$ 90,913	$ 70,582	$ 20,331

Same-asset property revenue of $64,723 for the three months ended March 31, 2014 was 3.9% higher than the three months ended March 31, 2013 due to increased base rent driven by lease renewal activity, land use intensifications at several properties and increased recoveries as a result of higher recoverable property expenses. Acquisition, disposition and development property revenue growth of $17,897 is primarily due to higher acquisition activity throughout 2013.

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Same-asset property operating expenses	$ 24,549	$ 22,609	$ 1,940
Acquisition, disposition and development property operating expenses	5,005	4,209	796
Property operating expenses	$ 29,554	$ 26,818	$ 2,736

Same-asset property expenses of $24,549 for the three months ended March 31, 2014 increased by $1,940 or 8.6% from the three months ended March 31, 2013 due primarily to higher recoverable property expenses; primarily property taxes.

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Same-asset property NOI	$ 40,174	$ 39,680	$ 494
Acquisition, disposition and development property NOI	21,185	4,084	17,101
Property NOI	$ 61,359	$ 43,764	$ 17,595

Property NOI is calculated as property revenue less property operating expenses. Property NOI for the three months ended March 31, 2014 increased by $17,595 or 40.2% from the three months ended March 31, 2013 due primarily to acquisitions and completed development activity during the fourth quarter of 2013.

Property NOI on a cash basis is as follows:

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Property NOI	$ 61,359	$ 43,764	$ 17,595
Non-cash straight-line rent	(2,754)	(1,359)	(1,395)
Non-cash tenant incentive amortization	2,137	1,970	167
Property cash NOI	60,742	44,375	16,367
Acquisition, disposition and development property cash NOI	19,541	4,175	15,366
Same-asset property cash NOI	$ 41,201	$ 40,200	$ 1,001

Property NOI, on a cash basis, excludes non-cash straight-line rent recognition and amortization of tenant incentive amounts. The $1,001 or 2.5% increase in same-asset cash NOI for the three months ended March 31, 2014 over the same period in 2013 is primarily the result of increased average rent per square foot from leasing activity and rental rate increases in existing leases as well as improved recovery rates and revenues from land use intensifications at several properties. Acquisition, disposition and development property cash NOI increased $15,366 for the three months ended March 31, 2014 over the same period in 2013 primarily due to acquisitions and development activity completed during the fourth quarter of 2013.

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

Same-asset property cash NOI is as follows:

	Three months ended March 31,			
(In thousands of CAD dollars)	2014	2013	Variance	Percent
Retail Enclosed	$ 6,492	$ 6,061	$ 431	7.1 %
Retail Freestanding	8,533	8,181	352	4.3 %
Retail Plaza	20,045	19,882	163	0.8 %
Retail total	35,070	34,124	946	2.8 %
Mixed Use	3,155	3,166	(11)	(0.3)%
Office	2,976	2,910	66	2.3 %
Same-asset property cash NOI	$ 41,201	$ 40,200	$ 1,001	2.5 %

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

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Acquisition and disposition property cash NOI	$ 17,998	$ 1,926	$ 16,072
Development property cash NOI	1,543	2,249	(706)
Total acquisition, disposition and development property cash NOI	$ 19,541	$ 4,175	$ 15,366

The significant growth in acquisition and disposition property cash NOI reflects the level of property acquisitions throughout 2013, primarily in the fourth quarter of 2013.

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

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

Property NOI for the three months ended March 31, 2014 by province was as follows:

	2014			2013	
(In thousands of CAD dollars)	Property Revenue	Property Expenses	Property NOI	Property NOI	Variance
AB	$ 12,913	$ 1,510	$ 11,403	$ 2,755	$ 8,648
BC	6,085	—	6,085	—	6,085
MB	2,395	4	2,391	164	2,227
NB	6,705	3,167	3,538	3,802	(264)
NL	11,322	4,400	6,922	6,537	385
NS	25,915	12,393	13,522	14,034	(512)
ON	16,032	5,135	10,897	10,785	112
PE	871	399	472	720	(248)
QC	6,472	2,081	4,391	4,049	342
SK	2,203	465	1,738	918	820
Total	$ 90,913	$ 29,554	$ 61,359	$ 43,764	$ 17,595

The variances in property NOI from 2013 to 2014 primarily relate to:

- Property acquisitions during 2013, in particular the acquisition of 70 properties in Western Canada during the fourth quarter of 2013 which significantly impacted the property NOI in the four western provinces;
- Ongoing status of various development properties in New Brunswick, Nova Scotia and Prince Edward Island;
- Land use intensification projects; and
- Increased base rent due to lease renewal activity.

Depreciation and Amortization

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Same-asset depreciation and amortization	$ 9,986	$ 10,190	$ 204
Acquisition, disposition and development depreciation and amortization	6,539	932	(5,607)
Depreciation and amortization	$ 16,525	$ 11,122	$ (5,403)

Depreciation and amortization increased by $5,403 for the three months ended March 31, 2014 compared to the same period in 2013. The increase in depreciation is primarily related to Crombie's increased acquisition and development activity in the fourth quarter of 2013.

Depreciation and amortization consists of:

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Depreciation of investment properties	$ 14,448	$ 9,282	$ (5,166)
Amortization of intangible assets	1,946	1,704	(242)
Amortization of deferred leasing costs	131	136	5
Depreciation and amortization	$ 16,525	$ 11,122	$ (5,403)

Crombie's total fair value of investment properties exceeds carrying value by $576,554 at March 31, 2014 (March 31, 2013 - $559,862). Crombie uses the cost method for accounting for investment properties, and such change in fair value over carrying value is not recognized until realized through disposition or derecognition of properties, while impairment is recognized on a property by property basis when circumstances indicate that fair value is less than carrying value.

General and Administrative Expenses

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

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Salaries and benefits	$ 2,404	$ 1,749	$ (655)
Professional fees	286	372	86
Public company costs	395	424	29
Rent and occupancy	316	282	(34)
Other	355	379	24
General and administrative expenses	$ 3,756	$ 3,206	$ (550)
As a percentage of property revenue	4.1%	4.5%	0.4%

General and administrative expenses, as a percentage of property revenue, decreased by 0.4% for the three months ended March 31, 2014 compared to the same period in 2013 with expenses increasing $550 or 17.2% and property revenue increasing 28.8%. Salaries and benefits increased due to the hiring of additional staff related to continued growth as well as higher incentive payments.

Finance Costs - Operations

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Same-asset finance costs	$ 13,528	$ 13,911	$ 383
Acquisition, disposition and development finance costs	10,115	1,344	(8,771)
Amortization of effective swaps and deferred financing charges	1,603	1,552	(51)
Finance costs – operations	$ 25,246	$ 16,807	$ (8,439)

Acquisition, disposition and development finance costs for the three months ended March 31, 2014 increased by $8,771 compared to the same period in 2013 primarily due to the significant acquisition activity during the fourth quarter of 2013. Development finance costs are impacted by the timing of the commencement and completion of major development projects.

Income Taxes

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

Crombie has organized its assets and operations to satisfy the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT. Crombie's management and its advisors have completed an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it met the REIT criteria throughout 2013 and continues to do so. The relevant tests apply throughout the taxation year of Crombie and as such the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

The deferred tax liability of $80,600 represents the future tax provision for Crombie's wholly-owned corporate subsidiaries which are subject to corporate income taxes.

SECTOR INFORMATION

While Crombie does not distinguish or group its operations on a geographical or other basis, Crombie provides the following sector information as supplemental disclosure.

Non-cash adjustments in the tables below remove the impact of non-cash straight-line rent and amortization of tenant incentive amounts.

Retail Enclosed Properties

	Three months ended March 31, 2014			Three months ended March 31, 2013		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Developments	Total	Same-asset	Acquisitions, Dispositions & Developments	Total
Property NOI	$ 6,145	$ 623	$ 6,768	$ 5,678	$ 1,357	$ 7,035
Non-cash adjustments	347	52	399	383	14	397
Property Cash NOI	$ 6,492	$ 675	$ 7,167	$ 6,061	$ 1,371	$ 7,432
NOI Margin %	59.1%	34.0%	55.4%	58.2%	50.2%	56.5%
Actual occupancy %	90.3%	65.2%	81.7%	90.6%	80.3%	86.5%

Same-asset NOI increased primarily due to rental rate increases, higher percentage rent and land use intensification development. Acquisitions, dispositions and development results decreased primarily due to the early termination of Zellers leases in Summerside, Prince Edward Island and New Minas, Nova Scotia as well as a property disposition in the fourth quarter of 2013.

Retail Freestanding Properties

	Three months ended March 31, 2014			Three months ended March 31, 2013		
(In thousands of CAD dollars, except as otherwise noted)	Same-asset	Acquisitions, Dispositions & Developments	Total	Same-asset	Acquisitions, Dispositions & Developments	Total
Property NOI	$ 8,764	$ 11,189	$ 19,953	$ 8,643	$ 13	$ 8,656
Non-cash adjustments	(231)	(1,230)	(1,461)	(462)	—	(462)
Property Cash NOI	$ 8,533	$ 9,959	$ 18,492	$ 8,181	$ 13	$ 8,194
NOI Margin %	79.2%	100.0%	89.6%	80.9%	100.0%	81.0%
Actual occupancy %	100.0%	100.0%	100.0%	99.9%	100.0%	99.9%

Same-asset Property Cash NOI increased $352 or 4.3% primarily due to step rent increases in several Sobeys leases during the second quarter of 2013 resulting in higher cash rent during the three months ended March 31, 2014. Same-asset Property NOI Margin % decreased as a result of higher recoverable and non-recoverable property operating expenses. Acquisitions, dispositions and development results increased significantly from 2013 primarily due to the acquisition of 54 freestanding properties in 2013.

Retail Plaza Properties

(In thousands of CAD dollars, except as otherwise noted)	Three months ended March 31, 2014			Three months ended March 31, 2013		
	Same-asset	Acquisitions, Dispositions & Developments	Total	Same-asset	Acquisitions, Dispositions & Developments	Total
Property NOI	$ 19,845	$ 8,785	$ 28,630	$ 19,970	$ 1,513	$ 21,483
Non-cash adjustments	200	(647)	(447)	(88)	(84)	(172)
Property Cash NOI	$ 20,045	$ 8,138	$ 28,183	$ 19,882	$ 1,429	$ 21,311
NOI Margin %	63.9%	85.8%	69.3%	65.9%	64.1%	65.8%
Actual occupancy %	94.7%	93.9%	94.5%	95.0%	88.3%	94.1%

Same-asset Property NOI Margin % decreased as a result of higher non-recoverable costs offset in part by increased rental rates. Acquisitions, dispositions and development results increased significantly from 2013 primarily due to the acquisition completed in the fourth quarter of 2013.

Mixed Use Properties

(In thousands of CAD dollars, except as otherwise noted)	Three months ended March 31, 2014			Three months ended March 31, 2013		
	Same-asset	Acquisitions, Dispositions & Developments	Total	Same-asset	Acquisitions, Dispositions & Developments	Total
Property NOI	$ 3,054	$ 833	$ 3,887	$ 3,061	$ 1,354	$ 4,415
Non-cash adjustments	101	162	263	105	129	234
Property Cash NOI	$ 3,155	$ 995	$ 4,150	$ 3,166	$ 1,483	$ 4,649
NOI Margin %	44.8%	32.3%	41.4%	46.7%	46.4%	46.6%
Actual occupancy %	89.7%	89.1%	89.5%	90.5%	97.4%	93.0%

Acquisitions, dispositions and development results decreased primarily due to the expiry of the Zellers lease in Aberdeen Business Centre, New Glasgow, Nova Scotia.

Office Properties

(In thousands of CAD dollars, except as otherwise noted)	Three months ended March 31, 2014			Three months ended March 31, 2013		
	Same-asset	Acquisitions, Dispositions & Developments	Total	Same-asset	Acquisitions, Dispositions & Developments	Total
Property NOI	$ 2,366	$ (245)	$ 2,121	$ 2,328	$ (153)	$ 2,175
Non-cash adjustments	610	19	629	582	32	614
Property Cash NOI	$ 2,976	(226)	$ 2,750	$ 2,910	$ (121)	$ 2,789
NOI Margin %	44.0%	(71.4)%	37.1%	46.4%	(51.0)%	40.9%
Actual occupancy %	93.2%	33.3 %	81.6%	93.0%	33.4 %	81.6%

Acquisitions, dispositions and development property results reflect the low occupancy and related non-recoverable property operating expenses at 1234 Main Street (Terminal Centres) in Moncton, New Brunswick.

OTHER 2014 PERFORMANCE MEASURES

Per Unit Measures

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

	Three months ended March 31,	
(In thousands of CAD dollars, except as otherwise noted)	2014	2013
Operating income attributable to Unitholders	$ 15,900	$ 12,959
Operating income attributable to Unitholders per unit – Basic	$ 0.13	$ 0.14
Operating income attributable to Unitholders per unit – Diluted	$ 0.13	$ 0.14
FFO – Basic	$ 34,494	$ 25,721
FFO – Diluted	$ 36,841	$ 27,380
FFO per Unit – Basic	$ 0.28	$ 0.28
FFO per Unit – Diluted	$ 0.28	$ 0.28
AFFO – Basic	$ 28,769	$ 21,606
AFFO – Diluted	$ 30,372	$ 22,521
AFFO per Unit – Basic	$ 0.23	$ 0.24
AFFO per Unit – Diluted	$ 0.23	$ 0.23

Operating income attributable to Unitholders is determined before finance costs associated with distributions to Unitholders and change in fair value of financial instruments.

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

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

	Three months ended March 31,	
	2014	2013
Basic number of Units for all measures	122,722,607	91,628,740
Diluted for operating income attributable to Unitholders purposes	122,905,974	91,814,774
Diluted for FFO purposes	133,205,403	99,399,836
Diluted for AFFO purposes	130,220,328	96,414,761

The diluted weighted average number of Units outstanding does not include the impact of any series of convertible debentures that would be anti-dilutive for that calculation. For operating income attributable to Unitholders, all series of convertible debentures are anti-dilutive. For FFO purposes, all series of convertible debentures are dilutive. For AFFO purposes, all series of convertible debentures are dilutive excluding Series D Debentures.

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

	Three months ended March 31,	
(In thousands of CAD dollars)	2014	2013
Operating income attributable to Unitholders	$ 15,900	$ 12,959
Finance costs – distributions to Unitholders	(27,355)	(20,438)
Finance income (costs) – change in fair value of financial instruments	55	617
Decrease in net assets attributable to Unitholders	$ (11,400)	$ (6,862)

FFO AND AFFO

FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. As such, these non-IFRS financial measures should not be considered as an alternative to cash provided by operating activities or any other measure prescribed under IFRS. FFO represents a supplemental non-IFRS industry-wide financial measure of a real estate organization's operating performance. AFFO is presented in this MD&A because management believes this non-IFRS measure is relevant to the ability of Crombie to earn and distribute returns to Unitholders. FFO and AFFO as computed by Crombie may differ from similar computations as reported by other REIT's and, accordingly, may not be comparable to other such issuers.

Funds from Operations (FFO)

Crombie follows the recommendations of the Real Property Association of Canada ("REALpac") in calculating FFO and defines FFO as increase (decrease) in net assets attributable to Unitholders (computed in accordance with IFRS), adjusted for the following applicable amounts:

- Gain or loss on derecognition of investment properties and related tax ;
- Impairment charges and recoveries;
- Depreciation and amortization expense, including amortization of tenant incentives charged against property revenue;
- Deferred taxes;
- Finance costs - distributions on Crombie's REIT and Class B LP Units classified as financial liabilities; and
- Change in fair value of financial instruments;

REALpac provides for other adjustments in determining FFO which are currently not applicable to Crombie, therefore not included in the above list. Crombie's expenditures on tenant incentives are capital in nature. Crombie considers these costs comparable to other capital costs incurred to earn property revenue. Whereas the depreciation and amortization of other capital costs is added back in the calculation of FFO, Crombie also adds back the amortization of tenant incentives. Crombie's method of calculating FFO may differ from other issuers' methods and accordingly may not be directly comparable to FFO reported by other issuers. The calculation of FFO for the three months ended March 31, 2014 and three months ended March 31, 2013 is as follows:

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Decrease in net assets attributable to Unitholders	$ (11,400)	$ (6,862)	$ (4,538)
Add (deduct):			
Finance costs – distributions to Unitholders	27,355	20,438	6,917
Finance (income) costs – change in fair value of financial instruments	(55)	(617)	562
Amortization of tenant incentives	2,137	1,970	167
Depreciation of investment properties	14,448	9,282	5,166
Amortization of intangible assets	1,946	1,704	242
Amortization of deferred leasing costs	131	136	(5)
(Gain) loss on derecognition of investment property	157	(430)	587
Taxes – deferred	(225)	100	(325)
FFO	$ 34,494	$ 25,721	$ 8,773

The $8,773 increase in FFO for the three months ended March 31, 2014 was primarily due to acquisition and completed development activity during the fourth quarter of 2013, resulting in significant growth in property NOI offset in part by higher finance costs - operations.

Adjusted Funds from Operations (AFFO)

Crombie considers AFFO to be a useful measure in evaluating the recurring economic performance of Crombie's operating activities which will be used to support future distribution payments. AFFO reflects cash available for distributions after the provision for non-cash adjustments to revenue, amortization of effective swap agreements, maintenance capital expenditures, maintenance tenant incentives ("TI") and leasing costs and any settlement of effective interest rate swap agreements.

Maintenance Capital Expenditures, Maintenance Tenant Incentives and Leasing Costs ("Maintenance Expenditures")

Crombie's policy is to charge AFFO with a normalized rate per square foot for these maintenance expenditures. Crombie uses an annual rate of $0.87 (2013 - $1.05) per square foot to be charged against AFFO. The significant rate decrease in 2014 relates to the 70 property acquisition in the fourth quarter of 2013 adding 3,105,000 square feet for which Sobeys, as Crombie's tenant, is responsible for all maintenance capital expenditures, maintenance TI and leasing costs; thus lowering Crombie's cost per square foot. The rate will be reviewed periodically and adjusted if required. The rate is a proxy for actual historic costs, anticipated future costs and any significant changes in the nature and age of the properties in the portfolio as it evolves over time. Crombie continues to track and report actual expenditures and the productive capacity enhancement of those expenditures for comparative purposes. This per

square foot charge removes volatility in reported AFFO results from quarter to quarter as costs are not generally incurred on a consistent basis during the year, or from year to year.

The calculation of AFFO for the three months ended March 31, 2014 and 2013 is as follows:

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
FFO	$ 34,494	$ 25,721	$ 8,773
Add (deduct):			
Amortization of effective swap agreements	842	965	(123)
Straight-line rent adjustment	(2,754)	(1,359)	(1,395)
Maintenance expenditures on a square footage basis	(3,813)	(3,721)	(92)
AFFO	$ 28,769	$ 21,606	$ 7,163

AFFO for the three months ended March 31, 2014 was $28,769, an increase of $7,163 or 33.2% over the same period in 2013, due primarily to the improved FFO results as previously discussed.

Pursuant to CSA Staff Notice 52-306 “(Revised) Non-GAAP Financial Measures”, non-GAAP measures such as AFFO should be reconciled to the most directly comparable IFRS measure, which is interpreted to be the cash flow from operating activities. The reconciliation is as follows:

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Cash provided by (used in) operating activities	$ 8,161	$ 5,995	$ 2,166
Add back (deduct):			
Finance costs – distributions to Unitholders	27,355	20,438	6,917
Change in other non-cash operating items	(2,163)	(510)	(1,653)
Unit-based compensation expense	(10)	(8)	(2)
Amortization of deferred financing charges	(761)	(588)	(173)
Maintenance expenditures on a square footage basis	(3,813)	(3,721)	(92)
AFFO	$ 28,769	$ 21,606	$ 7,163

LIQUIDITY AND CAPITAL RESOURCES

The real estate industry is highly capital intensive.

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

Crombie expects to refinance debt obligations as they mature.

Crombie has the following sources of financing available to fund future growth:

(i) secured short-term financing through an authorized three year revolving credit facility, maturing June 30, 2016, of up to $285,000, subject to available borrowing base, of which $50,000 ($54,135 including outstanding letters of credit) was drawn at March 31, 2014;

(ii) mortgage and term debt on unencumbered assets;

(iii) senior unsecured notes;

(iv) unsecured convertible debentures; and,

(v) the issue of new units.

During 2013, Crombie achieved an investment grade credit rating which has further expanded available sources of financing; particularly senior unsecured notes. On October 31, 2013, DBRS Limited ("DBRS") assigned the 3.986% Series A Notes (senior unsecured) (the "Series A Notes") a rating of "BBB (low)", with a "Stable" trend. On March 4, 2014, DBRS assigned the 3.962% Series B Notes (senior unsecured) (the "Series B Notes") a rating of "BBB (low)", with a "Stable" trend. The Series A Notes and Series B Notes are collectively referred to as "Notes". The requests for such credit ratings were initiated by Crombie.

DBRS provides credit ratings of debt securities for commercial entities and the following description has been sourced from information made publicly available by DBRS. DBRS ratings are opinions that reflect the creditworthiness of an issuer, a security, or an obligation. They are opinions based on forward-looking measurements that assess an issuer's ability and willingness to make timely payments on outstanding obligations (whether principal, interest, dividend, or distributions) with respect to the terms of an obligation. Ratings are opinions based on the quantitative and qualitative analysis of information sourced and received by DBRS, which information is not audited or verified by DBRS. DBRS cautions that no two issuers possess exactly the same characteristics, nor are they likely to have the same future opportunities. Consequently, two issuers with the same rating should not be considered to be of exactly the same credit quality. The DBRS long-term rating scale provides an opinion on the risk of default, that is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued.

The BBB (low), with a Stable trend, rating assigned to Crombie and the Notes by DBRS is the fourth highest rating of DBRS' ten rating categories, which range from AAA to D. With the exception of the AAA and D categories, DBRS uses high or low designations to indicate the relative standing of the securities being rated within a particular rating category, and the absence of either a high or low designation indicates the rating is in the middle of the category. Under the DBRS rating system, debt securities rated BBB are of adequate credit quality and the capacity for payment of financial obligations is considered acceptable, but the entity may be vulnerable to future events.

DBRS uses "rating trends" for its ratings in, among other areas, the real estate investment trust sector. DBRS' rating trends provide guidance in respect of DBRS' opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories: "Positive", "Stable" or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue or, in some cases, unless challenges are addressed. In general, DBRS' view is based primarily on an evaluation of the issuer, but may also include consideration of the outlook for the industry or industries in which the issuer operates. A "Positive" or "Negative" trend assigned by DBRS is not an indication that a rating change is imminent, but represents an indication that there is a greater likelihood that the rating could change in the future than would be the case if a "Stable" trend was assigned.

The credit rating assigned to Crombie and the Notes by DBRS is not a recommendation to buy, hold or sell securities of Crombie. A rating is not a comment on the market price of a security nor is it an assessment of ownership given various investment objectives. There is no assurance that any rating will remain in effect for any given period of time and ratings may be upgraded, downgraded, placed under review, confirmed and discontinued. Non-credit risks that can meaningfully impact the value of the securities issued include market risk, trading liquidity risk and covenant risk. DBRS uses rating symbols as a simple and concise method of expressing its opinion to the market, although DBRS ratings usually consist of broader contextual information regarding the security provided by DBRS in rating reports, which generally set out the full rationale for the chosen rating symbol, and in other releases.

Crombie paid to DBRS the customary fee in connection with the ratings assigned to Crombie and the Notes and will continue to make payments to DBRS from time to time in connection with the confirmation of such ratings for purposes of securities offerings, if any, from time to time.

Capital Structure

(In thousands of CAD dollars)	March 31, 2014		December 31, 2013		March 31, 2013	
Investment property debt	$ 1,604,172	50.7%	$ 1,694,200	53.3%	$ 1,234,938	57.9%
Senior unsecured notes	273,493	8.6%	173,937	5.5%	—	—%
Convertible debentures	175,125	5.5%	174,929	5.5%	119,392	5.6%
Crombie REIT Unitholders	675,135	21.3%	680,935	21.6%	469,291	22.0%
Special Voting Units and Class B Limited Partnership Unitholders	439,126	13.9%	443,363	14.1%	308,864	14.5%
	$ 3,167,051	100.0%	$ 3,167,364	100.0%	$ 2,132,485	100.0%

Bank Credit Facilities and Investment Property Debt

Revolving credit facility

Crombie has in place an authorized floating rate revolving credit facility of up to $285,000 (the "revolving credit facility"), of which $50,000 ($54,135 including outstanding letters of credit) was drawn as at March 31, 2014. The revolving credit facility is secured by a pool of first and second mortgages on certain properties. The floating interest rate is based on bankers' acceptance rates plus a spread or specified margins over prime rate. The spread or specified margin increases as Crombie's overall debt leverage increases beyond specific thresholds. Funds available for drawdown pursuant to the revolving credit facility are determined with reference to the value of the Borrowing Base (as defined under "Borrowing Capacity and Debt Covenants") relative to certain financial covenants of Crombie. As at March 31, 2014, Crombie had sufficient Borrowing Base to permit $271,224 of funds to be drawn pursuant to the revolving credit facility, subject to certain other financial covenants. See "Borrowing Capacity and Debt Covenants".

Mortgage debt

As of March 31, 2014, Crombie had fixed rate mortgages outstanding of $1,565,873 ($1,571,927 after including the fair value debt adjustment of $6,054), carrying a weighted average interest rate of 4.79% (after giving effect to the interest rate subsidy from ECLD under an omnibus subsidy agreement) and a weighted average term to maturity of 7.9 years.

From time to time, Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount (see "Risk Management"). As part of a 2012 property acquisition, Crombie assumed a mortgage of approximately $4,000 containing an interest rate swap. The mortgage matured on April 7, 2014.

Principal repayments of the debt are scheduled as follows:

(In thousands of CAD dollars)	Maturing Debt Balances						
12 Months Ending	Fixed Rate	Floating Rate	Total	% of Total	Payments of Principal	Total Required Payments	% of Total
March 31, 2015	$ 73,220	$ —	$ 73,220	6.2%	$ 45,999	$ 119,219	7.4%
March 31, 2016	49,392	—	49,392	4.1%	50,682	100,074	6.2%
March 31, 2017	59,388	50,000	109,388	9.2%	38,147	147,535	9.2%
March 31, 2018	49,071	—	49,071	4.1%	41,052	90,123	5.6%
March 31, 2019	16,298	—	16,298	1.4%	40,708	57,006	3.5%
Thereafter	890,832	—	890,832	75.0%	205,030	1,095,862	68.1%
Total [(1)]	$ 1,138,201	$ 50,000	$ 1,188,201	100.0%	$ 421,618	$ 1,609,819	100.0%

(1) Excludes fair value debt adjustment of $6,054 and deferred financing charges of $11,701.

Of the maturing debt balances, only 16.0% of fixed rate debt, and 19.5% of total maturing debt balances matures over the next three years.

Senior unsecured notes

On March 5, 2014, Crombie issued, on a private placement basis, $100,000 Series B Notes maturing June 1, 2021 with an annual interest rate of 3.962%. The Series B Notes were issued at $100,393, resulting in an effective interest rate of 3.90%. Interest is payable in equal semi-annual installments in arrears on June 1 and December 1. The first semi-annual interest payment date will be June 1, 2014.

Crombie also has outstanding $175,000 Series A Notes maturing October 31, 2018 with an annual interest rate of 3.986%. Interest is payable in equal semi-annual installments in arrears on April 30 and October 31.

There are no required principal payments with the full face value of the Notes due on their respective maturity dates.

Under the terms governing the Notes, Crombie must maintain certain covenants:

- maintain consolidated EBITDA to consolidated interest expense of not less than 1.65 to 1;
- maintain at all times an Adjusted Net Assets Attributable to Unitholders of at least $300,000;
- consolidated indebtedness (excluding any convertible indebtedness) must not exceed 60% of Aggregate Adjusted Assets (including any cash or cash equivalents on hand of a Joint Venture Arrangement, but excluding all other cash or cash equivalents on hand) calculated on a pro forma basis, and consolidated indebtedness (including any convertible indebtedness) must not exceed 65% of Aggregate Adjusted Assets (including any cash or cash equivalents on hand of a Joint Venture Arrangement, but excluding all other cash or cash equivalents on hand) calculated on a pro forma basis; and
- maintain at least one rating on the Notes from any of the Specified Rating Agencies, provided that such rating is available on commercially reasonable terms.

Convertible debentures

(In thousands of CAD dollars, except per unit amounts)	Series C	Series D	Series E
Issue value	$ 45,000	$ 60,000	$ 75,000
Outstanding amount as at March 31, 2014	$ 45,000	$ 60,000	$ 75,000
Annual interest rate (payable semi-annually)	5.75%	5.00%	5.25%
Conversion price per Unit	$ 15.30	$ 20.10	$ 17.15
REIT Units issuable per one thousand dollars principal	65.3595	49.7512	58.3090
Maximum REIT Units issuable at March 31, 2014	2,941,176	2,985,074	4,373,177
Issue date	February 8, 2010	July 3, 2012	August 14, 2013
Maturity date	June 30, 2017	September 30, 2019	March 31, 2021
Trading symbol	CRR.DB.C	CRR.DB.D	CRR.DB.E

The Series C Debentures pay interest semi-annually on June 30 and December 31 of each year; the Series D Debentures and the Series E Debentures pay interest semi-annually on March 31 and September 30 of each year and Crombie has the option to pay interest on any interest payment date by issuing REIT Units and applying the proceeds to satisfy its interest obligation.

There were no debenture conversions or redemptions during the three months ended March 31, 2014 and no debenture conversions or redemptions to April 30, 2014. For the first three years from the date of issue, there is no ability to redeem the convertible debentures, after which, each series of convertible debentures has a period, lasting two years during which the convertible 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 five year period from the date of issue, and to the maturity date, the convertible 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.

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

In March 2014 there were 55,467 REIT Units awarded as part of the Employee Unit Purchase Plan (March 2013 – 43,522 REIT Units).

For the three months ended March 31, 2014, no debentures were converted to REIT Units. For the three months ended March 31, 2013, a total of $1,317 of 6.25% Series B Debentures were converted for a total of 119,723 REIT Units. For the year ended December 31, 2013, a total of $17,115 of 6.25% Series B Debentures were converted for a total of 1,555,887 REIT Units.

Total units outstanding at April 30, 2014 were as follows:

Units	72,717,731
Special Voting Units [(1)]	50,241,245

(1) Crombie Limited Partnership, a subsidiary of Crombie, has also issued 50,241,245 Class B LP Units. These Class B LP Units accompany the Special Voting Units, are the economic equivalent of a Unit, and are convertible into Units on a one-for-one basis.

In addition to the total units outstanding at April 30, 2014, Crombie has convertible debentures which could result in a total of 10,299,427 REIT Units being issued should all outstanding debentures be converted.

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

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Cash provided by (used in):			
Operating activities	$ 8,161	$ 5,995	$ 2,166
Financing activities	$ (2,552)	$ 158,496	$ (161,048)
Investing activities	$ (11,657)	$ (164,105)	$ 152,448

Operating Activities

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Cash provided by (used in):			
Net assets attributable to Unitholders and non-cash items	$ 5,998	$ 5,485	$ 513
Non-cash operating items	2,163	510	1,653
Cash provided by operating activities	$ 8,161	$ 5,995	$ 2,166

Net assets attributable to unitholders increased by $513 or 9.4% due to increased NOI for the quarter driven by acquisition and development activity offset by increases in related finance costs and general and administrative expenses. The increase in non-cash operating items was primarily influenced by the change in non-cash working capital which can be affected by the timing of receipts and payments.

Financing Activities

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Cash provided by (used in):			
Net issue (repayment) of mortgage loans and borrowings	$ (90,517)	$ 157,963	$ (248,480)
Net issue of senior unsecured notes	99,484	—	99,484
Other items (net)	(11,519)	533	(12,052)
Cash provided by (used in) financing activities	$ (2,552)	$ 158,496	$ (161,048)

Cash from financing activities in the three months ended March 31, 2014 decreased by $161,048 over the same period in 2013. During the three months ended March 31, 2014, Crombie raised cash through the issuance of Series B Notes to repay maturing mortgages. In the first quarter of 2014, Crombie entered into a $11,866 loan agreement with Sobeys Developments Limited Partnership ("SDLP") to partially finance SDLP's acquisition of development lands in Langford, British Columbia.

Investing Activities

	Three months ended March 31,		
(In thousands of CAD dollars)	2014	2013	Variance
Cash provided by (used in):			
Acquisition of investment properties and intangible assets	$ (1,505)	$ (154,551)	$ 153,046
Additions to investment properties	(7,727)	(3,820)	(3,907)
Proceeds on disposal of investment properties	1,200	1,700	(500)
Additions to tenant incentives	(3,678)	(7,313)	3,635
Additions to deferred leasing costs	(69)	(144)	75
Other items (net)	122	23	99
Cash used in investing activities	$ (11,657)	$ (164,105)	$ 152,448

Cash used in investing activities for the three months ended March 31, 2014 was $11,657. The decrease of $152,448 is reflective of a decrease in cash required to fund investment property acquisitions in the first three months of 2014 as compared to the same period in 2013 offset in part by increased additions to investment properties during the first three months of 2014.

Tenant Incentives ("TI") and Capital Expenditures

There are two types of TI and capital expenditures:

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

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

Productive capacity enhancement expenditures are costs incurred that increase the property NOI, or expand the GLA of a property by a minimum threshold, or otherwise enhance the property's overall value. Productive capacity enhancement expenditures are capitalized and depreciated or charged against revenue over their useful lives, but not deducted when calculating AFFO.

Obligations for expenditures for TI's occur when renewing existing tenant leases or for new tenants occupying a space. Typically, leasing costs for existing tenants are lower on a per square foot basis than for new tenants. However, new tenants may provide more overall cash flow to Crombie through higher rents or improved traffic to a property. The timing of such expenditures fluctuates depending on the satisfaction of contractual terms contained in the leases.

	Three months ended March 31,	
(In thousands of CAD dollars)	2014	2013
Total additions to investment properties	$ 7,727	$ 3,820
Less: productive capacity enhancements and recoverable amounts	(4,494)	(2,379)
Maintenance capital expenditures	$ 3,233	$ 1,441

	Three months ended March 31,	
(In thousands of CAD dollars)	2014	2013
Total additions to TI and deferred leasing costs	$ 3,747	$ 7,457
Less: productive capacity enhancements	(1,526)	(5,832)
Maintenance TI and deferred leasing costs	$ 2,221	$ 1,625

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

Maintenance capital expenditures for the three months ended March 31, 2014, are primarily payments for costs associated with building interior and exterior maintenance, roof repairs and ongoing parking deck and structural maintenance.

Maintenance TI and deferred leasing costs are the result of both lease renewals and new leases and is reflective of the leasing activity during 2013 and 2014.

Productive capacity enhancements during the three months ended March 31, 2014, consisted primarily of development work and GLA expansions at Millwoods Common, Edmonton, Alberta and Woodstock Plaza, Woodstock, Ontario; and development work at Aberdeen Shopping Centre, New Glasgow, Nova Scotia, Amherst Centre, Amherst, Nova Scotia, Barrington Place, Halifax, Nova Scotia, County Fair Mall, Summerside, Prince Edward Island, Scotia Square Mall, Halifax, Nova Scotia, Tantallon Plaza, Tantallon, Nova Scotia and 1234 Main Street (Terminal Centres), Moncton, New Brunswick.

Taxation of Distributions

Crombie, through its subsidiaries, has a large asset base that is depreciable for Canadian income tax purposes. Consequently, certain of the distributions from Crombie are treated as returns of capital and are not taxable to Canadian resident Unitholders for Canadian income tax purposes. The composition for tax purposes of distributions from Crombie may change from year to year, thus affecting the after-tax return to Unitholders.

The following table summarizes the last five years of the taxation of distributions from Crombie:

Taxation Year	Return of Capital	Investment Income	Capital Gains
2013 per $ of distribution	90.2%	9.8%	0.0%
2012 per $ of distribution	67.1%	32.9%	0.0%
2011 per $ of distribution	62.5%	37.5%	0.0%
2010 per $ of distribution	64.7%	35.3%	0.0%
2009 per $ of distribution	51.0%	49.0%	0.0%

Borrowing Capacity and Debt Covenants

Under the amended terms governing the revolving credit facility, Crombie is entitled to borrow a maximum of 70% of the fair market value of assets subject to a first security position and 60% of the excess of fair market value over first mortgage financing of assets subject to a second security position or a negative pledge (the “Borrowing Base”). The revolving credit facility provides Crombie with flexibility to add or remove properties from the Borrowing Base, subject to compliance with certain conditions. The terms of the revolving credit facility also require that Crombie must maintain certain covenants:

- annualized NOI for the prescribed properties must be a minimum of 1.4 times the coverage of the related annualized debt service requirements;
- annualized NOI on all properties must be a minimum of 1.4 times the coverage of all annualized debt service requirements; and
- distributions to Unitholders are limited to 100% of distributable income as defined in the revolving credit facility.

The revolving credit facility also contains a covenant limiting the amount which may be utilized under the revolving credit facility at any time. This covenant provides that the aggregate of amounts drawn under the revolving credit facility plus any negative mark-to-market position on any interest rate swap agreements or other hedging instruments plus any outstanding letters of credit, may not exceed the “Aggregate Coverage Amount”, which is based on a modified calculation of the Borrowing Base, as defined in the revolving credit facility.

At March 31, 2014, the remaining amount available under the revolving credit facility was $221,224 (prior to reduction for standby letters of credit outstanding of $4,135) and was not limited by the Aggregate Coverage Amount.

At March 31, 2014, Crombie remained in compliance with all debt covenants.

Debt to Gross Book Value - Fair Value Basis

When calculating debt to gross book value, debt is defined under the terms of the Declaration of Trust as obligations for borrowed money including obligations incurred in connection with acquisitions, excluding specific deferred taxes payable, trade payables and accruals in the ordinary course of business and distributions payable. Gross book value means, at any time, the book value of the assets of Crombie and its consolidated subsidiaries plus deferred financing charges, accumulated depreciation and amortization in respect of Crombie's properties (and related intangible assets) and cost of any below-market component of properties less (i) the amount of any receivable reflecting interest rate subsidies on any debt assumed by Crombie and (ii) the amount of deferred tax liability arising out of the fair value adjustment in respect of the indirect acquisitions of certain properties. If approved by a majority of the independent trustees, the appraised value of the assets of Crombie and its consolidated subsidiaries may be used instead of book value.

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

The debt to gross book value on a fair value basis was 53.1% and 48.3% at March 31, 2014 and March 31, 2013, respectively. These leverage ratios are below the maximum 60%, or 65% including convertible debentures, as permitted by Crombie's Declaration of Trust. On a long-term basis, Crombie intends to maintain overall indebtedness, including convertible debentures, in the range of 50% to 55% of gross book value, depending upon Crombie's future acquisitions and financing opportunities.

(In thousands of CAD dollars, except as otherwise noted)	As at				
	Mar. 31, 2014	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013
Fixed rate mortgages	$ 1,565,873	$ 1,585,960	$ 1,170,801	$ 1,163,195	$ 1,098,165
Senior unsecured notes	275,000	175,000	—	—	—
Convertible debentures	180,000	180,000	188,563	120,916	122,362
Revolving credit facility payable	50,000	120,000	81,134	115,146	145,000
Total debt outstanding	2,070,873	2,060,960	1,440,498	1,399,257	1,365,527
Less: Applicable fair value debt adjustment	(2,709)	(2,903)	(3,109)	(3,326)	(3,553)
Debt	$ 2,068,164	$ 2,058,057	$ 1,437,389	$ 1,395,931	$ 1,361,974
Investment properties, at fair value	$ 3,877,000	$ 3,877,000	$ 2,884,000	$ 2,814,000	$ 2,828,000
Long term receivables	13,532	1,821	1,991	2,169	2,354
Other assets, cost [1]	24,158	21,327	25,783	29,088	21,110
Cash and cash equivalents	1,119	7,167	—	—	386
Deferred financing costs	18,472	17,894	14,811	11,930	11,197
Interest rate subsidy	(2,709)	(2,903)	(3,109)	(3,326)	(3,553)
FV adjustment to deferred taxes	(38,545)	(38,585)	(39,045)	(39,045)	(39,045)
Gross book value - fair value basis	$ 3,893,027	$ 3,883,721	$ 2,884,431	$ 2,814,816	$ 2,820,449
Debt to gross book value - fair value basis	53.1%	53.0%	49.8%	49.6%	48.3%

(1) Other assets exclude Tenant incentives, Accrued straight-line rent receivable and Assets related to derecognized property.

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

Debt and Interest Service Coverage

Crombie's interest and debt service coverage ratios for the three months ended March 31, 2014 were 2.53 times EBITDA and 1.69 times EBITDA. This compares to 2.79 times EBITDA and 1.85 times EBITDA respectively for the three months ended March 31, 2013. EBITDA should not be considered an alternative to operating income attributable to Unitholders, cash provided by operating activities or any other measure of operations as prescribed by IFRS. EBITDA is not an IFRS financial measure; however, Crombie believes it is an indicative measure of its ability to service debt requirements, fund capital projects and acquire properties. Crombie's measurement of EBITDA may not be comparable to that used by other entities.

	Three months ended March 31,	
(In thousands of CAD dollars, except as otherwise noted)	2014	2013
Property revenue	$ 90,913	$ 70,582
Amortization of tenant incentives	2,137	1,970
Adjusted property revenue	93,050	72,552
Property operating expenses	(29,554)	(26,818)
General and administrative expenses	(3,756)	(3,206)
EBITDA (1)	$ 59,740	$ 42,528
Finance costs – operations	$ 25,246	$ 16,807
Amortization of deferred financing charges	(761)	(588)
Amortization of effective swap agreements	(842)	(965)
Adjusted interest expense (2)	$ 23,643	$ 15,254
Debt repayments	$ 130,703	$ 103,057
Amortization of fair value debt premium	(344)	(446)
Payments relating to interest rate subsidy	(194)	(238)
Payments relating to credit facilities	(70,000)	(92,695)
Lump sum payments on mortgages	(48,495)	(1,900)
Adjusted debt repayments (3)	$ 11,670	$ 7,778
Interest service coverage ratio {(1)/(2)}	2.53	2.79
Debt service coverage ratio {(1)/((2)+(3))}	1.69	1.85

Distributions and Distribution Payout Ratios

Distribution Policy

Pursuant to Crombie's Declaration of Trust, cash distributions are to be determined by the Trustees at their discretion. Crombie intends, subject to approval of the Board of Trustees, to make distributions to Unitholders of not less than the amount equal to the net income and net realized capital gains of Crombie, to ensure that Crombie will not be liable for income taxes. Crombie, subject to the discretion of the Board of Trustees, targets to make annual cash distributions to Unitholders equal to approximately 95% of its AFFO on an annual basis.

Details of distributions to Unitholders are as follows:

	Three months ended March 31,	
(In thousands of CAD dollars, except as otherwise noted)	2014	2013
Distributions to Unitholders	$ 16,176	$ 11,887
Distributions to Special Voting Unitholders	11,179	8,551
Total distributions	$ 27,355	$ 20,438
FFO payout ratio	79.3%	79.5%
AFFO payout ratio (target ratio = 95%)	95.1%	94.6%

Related Party Transactions

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

As at March 31, 2014, Empire, through its wholly-owned subsidiary ECLD, holds a 41.6% (fully diluted 39.3%) indirect interest in Crombie.

Crombie's transactions with related parties are as follows:

	Note	Three months ended March 31,	
(In thousands of CAD dollars, except as otherwise noted)		2014	2013
Property revenue	(a)	$ 36,269	$ 21,006
Head lease income	(b)	$ 228	$ 203
Management support services provided	(c)	$ 106	$ 118
Property management services	(d)	$ 135	$ 60
Rental expense	(e)	$ 47	$ 47
Property operating expenses		$ 23	$ —
Interest rate subsidy	(b)	$ 194	$ 238
Finance costs – operations	(f)	$ 296	$ 296
Finance costs – distributions to Unitholders		$ 11,381	$ 8,753

(a) Crombie earned property revenue from Sobeys Inc.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 first quarter of 2014 Crombie exchanged properties with a subsidiary of Empire by acquiring 1200 Railway Avenue in Canmore, Alberta in exchange for disposing of 555 Main Street in Canmore, Alberta. Crombie also acquired additional development space from Empire on a pre-existing retail property for $1,490 excluding closing and transaction costs.

- During the first quarter of 2014, Crombie entered into a loan agreement with Sobeys Developments Limited Partnership ("SDLP") to partially finance SDLP's acquisition of development lands in Langford, British Columbia. The $11,866 loan bears interest at a rate of 6% per annum and has no principal repayments until maturity on October 1, 2016.

- During the fourth quarter of 2013, Crombie acquired 70 properties (the "Acquisition Properties") from a wholly-owned subsidiary of Sobeys Inc. ("Sobeys") for an aggregate purchase price of $991,300, excluding closing and transition costs (the "Acquisition"). As part of the closing of the Acquisition, Sobeys and Sobeys West Inc. ("Sobeys West") entered into an omnibus environmental indemnity agreement with Crombie LP, Snowcat Properties Holdings Limited and Crombie providing for an unlimited indemnity by Sobeys and Sobeys West for any issues related to the presence of hazardous materials on the applicable Acquisition Properties identified in the course of Crombie's environmental due diligence and for which any additional work as required or recommended by an independent professional consulting engineering firm retained by Crombie for matters identified up to 90 days after the closing of the acquisition of the Acquisition Properties (the "Omnibus Environmental Indemnity").

- On November 4, 2013 contemporaneously with the closing of the acquisition of 70 properties, a subsidiary of Empire purchased 11,811,024 Class B LP Units and the attached Special Voting Units at a price of $12.70 per Class B LP Unit for proceeds of $149,905, net of issue costs, on a private placement basis.

- During the second quarter of 2013, Crombie acquired one property from a subsidiary of Empire for a total purchase price of $20,875, excluding closing and transaction costs.

- During the first quarter of 2013, Crombie acquired two properties and acquired one development addition to an existing retail property from subsidiaries of Empire for a total purchase price of $32,555 excluding closing and transaction costs.

Key Management Personnel Compensation

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

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

	Three months ended March 31,	
(In thousands of CAD dollars)	2014	2013
Salary, bonus and other short-term employee benefits	$ 1,031	$ 796
Other long-term benefits	26	25
	$ 1,057	$ 821

Critical Accounting Estimates

Critical accounting estimates are discussed under the section "Critical Accounting Estimates" in the 2013 Annual MD&A.

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 March 31, 2014:

	Level 1	Level 2	Level 3	Total
Financial assets				
Marketable securities	$ —	$ —	$ 1,009	$ 1,009
Total financial assets measured at fair value	$ —	$ —	$ 1,009	$ 1,009
Financial liabilities				
Interest rate swaps	$ —	$ 15	$ —	$ 15
Embedded derivatives in convertible debentures	—	—	—	—
Total financial liabilities measured at fair value	$ —	$ 15	$ —	$ 15

There were no transfers between Level 1 and Level 2 during the three months ended March 31, 2014.

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)

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:

	March 31, 2014		December 31, 2013		March 31, 2013	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets						
Assets related to derecognized property	**$ 5,611**	**$ 5,708**	$ 5,733	$ 5,830	$ 6,060	$ 6,097
Long term receivables	**13,537**	**13,532**	1,901	1,821	2,571	2,354
Total other financial assets	**$ 19,148**	**$ 19,240**	$ 7,634	$ 7,651	$ 8,631	$ 8,451
Financial liabilities						
Investment property debt	**$ 1,689,614**	**$ 1,615,873**	$ 1,725,981	$ 1,705,960	$ 1,323,964	$ 1,243,165
Senior unsecured notes	**279,907**	**275,000**	175,035	175,000	—	—
Convertible debentures	**186,375**	**180,000**	183,863	180,000	133,527	122,362
Liabilities related to derecognized property	**5,591**	**5,578**	5,676	5,627	5,920	5,771
Total other financial liabilities	**$ 2,161,487**	**$ 2,076,451**	$ 2,090,555	$ 2,066,587	$ 1,463,411	$ 1,371,298

Commitments and Contingencies

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

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

Crombie has entered into a management cost sharing agreement with a subsidiary of Empire.

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 March 31, 2014, Crombie has a total of $4,135 in outstanding letters of credit related to:

- $720 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 development 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 11 to 76 years including renewal options. For the three months ended March 31, 2014, Crombie paid $309 in land lease payments to third party landlords (three months ended March 31, 2013 – $309).

As at March 31, 2014, Crombie had signed construction contracts totaling $22,061 of which $19,890 has been paid.

RISK MANAGEMENT

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. These risks are discussed more fully under the section "Risk Management" in the 2013 Annual MD&A. There has been no significant change in Crombie's risk management since that time other than the following updates:

Credit Risk

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

Crombie mitigates credit risk by geographical diversification, utilizing staggered lease maturities, diversifying both its tenant mix and asset mix and conducting credit assessments for new and renewing tenants. As at March 31, 2014:

- Excluding Sobeys and Shoppers Drug Mart (which accounts for 49.7% and 6.0%, respectively of Crombie's minimum rent), no other tenant accounts for more than 1.8% of Crombie's minimum rent; and
- Over the next five years, leases on no more than 4.9% of the GLA area of Crombie will expire in any one year.

Crombie earned property revenue for the three months ended March 31, 2014 of $36,269 (three months ended March 31, 2013 - $21,006) from subsidiaries of Empire.

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

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

There have been no significant changes to Crombie's credit risk since December 31, 2013.

	Three months ended March 31,	
(In thousands of CAD dollars)	2014	2013
Provision for doubtful accounts, beginning of period	$ 47	$ 439
Additional provision	56	131
Recoveries	(10)	(47)
Write-offs	—	(102)
Provision for doubtful accounts, end of period	$ 93	$ 421

Interest Rate Risk

Interest rate risk is the potential for financial loss arising from increases in interest rates. Crombie mitigates interest rate risk by utilizing staggered debt maturities and limiting the use of permanent floating rate debt. As at March 31, 2014:

- Crombie's weighted average term to maturity of its fixed rate mortgages was 7.9 years;
- Crombie had a floating rate revolving credit facility available to a maximum of $285,000, subject to available borrowing base of $271,224, with a balance of $50,000.

Crombie estimates that $1,940 of accumulated other comprehensive income (loss) will be reclassified to finance costs during the remaining three quarters of 2014, based on all settled swap agreements to March 31, 2014.

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

(In thousands of CAD dollars)	Impact of a 0.5% interest rate change	
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate credit facilities	Decrease in rate	Increase in rate
Three months ended March 31, 2014	$ 113	$ (113)
Three months ended March 31, 2013	$ 213	$ (213)

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

There have been no significant changes to Crombie's interest rate risk since December 31, 2013.

Liquidity Risk

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

Cash flow generated from operating the property portfolio represents the primary source of liquidity used to service the interest on debt, fund general and administrative expenses, reinvest in the portfolio through capital expenditures, as well as fund tenant incentive costs and make distributions to Unitholders. Debt repayment requirements are primarily funded from refinancing Crombie's maturing debt obligations. Property acquisition funding requirements are funded through a combination of accessing the debt and equity capital markets.

There is a risk that the debt capital markets may not refinance maturing fixed rate and floating rate debt on terms and conditions acceptable to Crombie or at any terms at all. Crombie seeks to mitigate this risk by staggering its debt maturity dates. There is also a risk that the equity capital markets may not be receptive to a REIT unit offering issue from Crombie with financial terms acceptable to Crombie. Crombie mitigates its exposure to liquidity risk utilizing a conservative approach to capital management.

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

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

		Twelve months ending March 31,						
(In thousands of CAD dollars)	Contractual Cash Flows[1]	2015	2016	2017	2018	2019	Thereafter
Fixed rate mortgages[2]	$ 2,049,217	$ 189,715	$ 165,371	$ 158,522	$ 146,931	$ 109,584	$ 1,279,094
Senior unsecured Notes	335,349	10,938	10,938	10,938	10,938	183,052	108,545
Convertible debentures	232,477	9,526	9,526	9,526	52,585	6,938	144,376
	2,617,043	210,179	185,835	178,986	210,454	299,574	1,532,015
Floating rate revolving credit facility	53,353	1,490	1,490	50,373	—	—	—
Total	$ 2,670,396	$ 211,669	$ 187,325	$ 229,359	$ 210,454	$ 299,574	$ 1,532,015

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

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

SUBSEQUENT EVENTS

(a) On April 17, 2014, Crombie declared distributions of 7.417 cents per unit for the period from April 1, 2014 to and including, April 30, 2014. The distribution will be paid on May 15, 2014, to Unitholders of record as of April 30, 2014.

(b) On May 1, 2014 Crombie acquired a retail property from SDLP for approximately $10,200 excluding closing adjustments and transaction costs. The property, located in Ontario, contains approximately 39,000 square feet of fully occupied space.

CONTROLS AND PROCEDURES

Crombie maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by Crombie in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by Crombie in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to Crombie's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. Our Chief Executive Officer and Chief Financial Officer have evaluated the design and effectiveness of our disclosure controls and procedures as of March 31, 2014. They have concluded that our current disclosure controls and procedures are effective.

In addition, our Chief Executive Officer and Chief Financial Officer have designed or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes as defined in National Instrument 52-109. The control framework management used to design and assess the effectiveness of ICFR is "Internal Control-Integrated Framework" published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO),1992. Further, our Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the design and operation of ICFR at the financial quarter end and have concluded that our current ICFR was effective at the financial quarter end based on that evaluation. There have been no material changes to Crombie's internal controls during the quarter.

QUARTERLY INFORMATION

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

	Three Months Ended							
(In thousands of CAD dollars, except per unit amounts)	Mar. 31, 2014	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012
							(As Restated)	
Property revenue	$ 90,913	$ 84,030	$ 71,161	$ 71,270	$ 70,582	$ 71,928	$ 64,732	$ 63,646
Property operating expenses	29,554	28,563	25,596	25,696	26,818	25,804	22,181	23,035
Property net operating income	61,359	55,467	45,565	45,574	43,764	46,124	42,551	40,611
Gain (loss) on derecognition	(157)	2,422	—	6	430	—	—	—
Expenses:								
General and administrative	(3,756)	(4,243)	(2,851)	(3,366)	(3,206)	(3,667)	(2,655)	(2,688)
Finance costs - operations	(25,246)	(29,098)	(18,834)	(17,648)	(16,807)	(16,639)	(20,285)	(16,735)
Depreciation and amortization	(16,525)	(15,045)	(11,876)	(11,985)	(11,122)	(12,493)	(12,200)	(11,352)
Impairment	—	(12,270)	—	—	—	—	—	—
Operating income before taxes	15,675	(2,767)	12,004	12,581	13,059	13,325	7,411	9,836
Taxes - deferred	225	2,275	(500)	—	(100)	(1,500)	500	600
Operating income	15,900	(492)	11,504	12,581	12,959	11,825	7,911	10,436
Finance costs - distributions to Unitholders	(27,355)	(25,157)	(20,545)	(20,480)	(20,438)	(19,809)	(19,343)	(18,760)
Finance income (costs) - change in fair value of financial instruments	55	422	(151)	1,585	617	3,984	(4,047)	(3,675)
Increase (decrease) in net assets attributable to Unitholders	$ (11,400)	$ (25,227)	$ (9,192)	$ (6,314)	$ (6,862)	$ (4,000)	$ (15,479)	$ (11,999)
Operating income per unit - Basic	$ 0.13	$ —	$ 0.13	$ 0.14	$ 0.14	$ 0.13	$ 0.09	$ 0.12
Operating income per unit - Diluted	$ 0.13	$ —	$ 0.12	$ 0.14	$ 0.14	$ 0.13	$ 0.09	$ 0.12

	Three Months Ended							
(In thousands of CAD dollars, except per unit amounts)	Mar. 31, 2014	Dec. 31, 2013 (as adjusted)[2]	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012
AFFO	$ 28,769	$ 25,493	$ 21,993	$ 22,433	$ 21,606	$ 23,407	$ 18,237	$ 18,954
FFO	$ 34,494	$ 30,324	$ 25,841	$ 26,490	$ 25,721	$ 27,351	$ 21,338	$ 22,747
Distributions	$ 27,355	$ 25,157	$ 20,545	$ 20,480	$ 20,438	$ 19,809	$ 19,343	$ 18,760
AFFO per unit - basic	$ 0.23	$ 0.23	$ 0.24	$ 0.24	$ 0.24	$ 0.27	$ 0.21	$ 0.23
AFFO per unit - diluted[1]	$ 0.23	$ 0.23	$ 0.24	$ 0.24	$ 0.23	$ 0.26	$ 0.21	$ 0.22
FFO per unit - basic	$ 0.28	$ 0.27	$ 0.28	$ 0.28	$ 0.28	$ 0.31	$ 0.25	$ 0.27
FFO per unit - diluted[1]	$ 0.28	$ 0.27	$ 0.28	$ 0.28	$ 0.28	$ 0.30	$ 0.24	$ 0.26
Distributions per unit	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22

(1) FFO and AFFO per unit are calculated on a diluted basis. The diluted weighted average number of total Units and Special Voting Units included the conversion of all series of convertible debentures outstanding during the period, excluding any series that is anti-dilutive. Distributions per unit for each period are based on the total distributions per unit declared during the specific period.
(2) FFO and AFFO results for the three months ended December 31, 2013 were as adjusted to add back $6,033 of finance costs related to the arranging of financing for the 70 property acquisition.

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

- Property acquisitions (excluding closing adjustments and transactions costs) for each of the above three month periods were:
    - December 31, 2013 - 70 retail properties for a total purchase price of $991,300;
    - September 30, 2013 - four retail properties for a total purchase price of $44,370;
    - June 30, 2013 - one retail property for a total purchase price of $20,875;
    - March 31, 2013 - six retail properties and one development addition to an existing retail property for a total purchase price of $164,445;
    - December 31, 2012 - two retail plazas for a total purchase price of $43,705;
    - September 30, 2012 - one retail property and one mixed use property for a total purchase price of $29,600;
    - June 30, 2012 - 15 freestanding properties and 12 retail plazas for a total purchase price of $297,448; and

- March 31, 2012 - one freestanding property for a purchase price of $13,800.

- Property revenue and property operating expenses - Crombie's business is not subject to significant seasonal fluctuations. However, property operating expenses during winter months include particular expenses such as snow removal, which is a recoverable expense, thus increasing property revenue during these same periods. Property operating expenses during the summer and fall periods include particular expenses such as paving and roof repairs.

- Per unit amounts for FFO and AFFO are influenced by operating results as detailed above and by the timing of the issuance of REIT Units and Class B LP Units. Crombie had issuances, net of issue costs of $365,621 in the quarter ended December 31, 2013; of $58,256 in the quarter ended December 31, 2012; and of $116,925 in the quarter ended March 31, 2012.

Additional information relating to Crombie, including its latest Annual Information Form, can be found on the SEDAR web site for Canadian regulatory filings at www.sedar.com.

Dated: May 14, 2014
Stellarton, Nova Scotia, Canada

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

	Note	March 31, 2014	December 31, 2013	March 31, 2013
Assets				
Non-current assets				
Investment properties	3	**$ 3,127,285**	$ 3,168,097	$ 2,151,615
Intangible assets	4	**47,364**	49,237	36,803
Other assets	5	**83,525**	77,365	78,159
Long term receivables	6	**12,985**	1,127	1,554
		3,271,159	3,295,826	2,268,131
Current assets				
Cash and cash equivalents		**1,119**	7,167	386
Other assets	5	**38,671**	41,478	28,768
Long term receivables	6	**547**	694	800
Investment properties held for sale	7	**33,467**	—	—
		73,804	49,339	29,954
Total Assets		**3,344,963**	3,345,165	2,298,085
Liabilities				
Non-current liabilities				
Investment property debt	8	**1,483,083**	1,553,297	1,116,489
Senior unsecured notes	9	**273,493**	173,937	—
Convertible debentures	10	**175,125**	174,929	119,392
Deferred taxes	11	**80,600**	80,825	82,600
Employee future benefits obligation		**7,013**	6,945	6,949
Trade and other payables	12	**—**	—	9,689
		2,019,314	1,989,933	1,335,119
Current liabilities				
Investment property debt	8	**121,089**	140,903	118,449
Employee future benefits obligation		**233**	233	225
Trade and other payables	12	**90,066**	89,798	66,137
		211,388	230,934	184,811
Total liabilities excluding net assets attributable to Unitholders		**2,230,702**	2,220,867	1,519,930
Net assets attributable to Unitholders		**$ 1,114,261**	$ 1,124,298	$ 778,155
Net assets attributable to Unitholders represented by:				
Crombie REIT Unitholders		**$ 675,135**	$ 680,935	$ 469,291
Special Voting Units and Class B Limited Partnership Unitholders		**439,126**	443,363	308,864
		$ 1,114,261	$ 1,124,298	$ 778,155
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)

	Note	Three months ended March 31, 2014	2013
Property revenue	13	**$ 90,913**	$ 70,582
Property operating expenses		**29,554**	26,818
Net property income		**61,359**	43,764
Gain (loss) on derecognition of investment properties		**(157)**	430
Depreciation of investment properties	3	**(14,448)**	(9,282)
Amortization of deferred leasing costs	3	**(131)**	(136)
Amortization of intangible assets	4	**(1,946)**	(1,704)
General and administrative expenses		**(3,756)**	(3,206)
Operating income before finance costs and taxes		**40,921**	29,866
Finance costs - operations	16	**(25,246)**	(16,807)
Operating income before taxes		**15,675**	13,059
Taxes - deferred	11	**225**	(100)
Operating income attributable to Unitholders		**15,900**	12,959
Finance costs - other			
Distributions to Unitholders		**(27,355)**	(20,438)
Change in fair value of financial instruments	12	**55**	617
		(27,300)	(19,821)
Decrease in net assets attributable to Unitholders		**(11,400)**	(6,862)
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		**842**	965
Net change in derivatives designated as cash flow hedges		**6**	2
Other comprehensive income		**848**	967
Comprehensive income (loss)		**$ (10,552)**	$ (5,895)

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, 2014	17	$ 1,363,025	$ (222,728)	$ (15,999)	$ 1,124,298	$ 680,935	$ 443,363
Adjustments related to EUPP		569	(54)	—	515	515	—
Conversion of debentures		—	—	—	—	—	—
Conversion feature of debentures	12	—	—	—	—	—	—
Statements of comprehensive income (loss)		—	(11,400)	848	(10,552)	(6,315)	(4,237)
Balance, March 31, 2014		$ 1,363,594	$ (234,182)	$ (15,151)	$ 1,114,261	$ 675,135	$ 439,126

	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		433	(36)	—	397	397	—
Conversion of debentures		1,317	—	—	1,317	1,317	—
Conversion feature of debentures	12	335	—	—	335	335	—
Statements of comprehensive income (loss)		—	(6,862)	967	(5,895)	(3,505)	(2,390)
Balance, March 31, 2013		$ 979,197	$ (182,022)	$ (19,020)	$ 778,155	$ 469,291	$ 308,864

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 March 31, 2014	2013
Operating Activities			
Decrease in net assets attributable to Unitholders		**$ (11,400)**	$ (6,862)
Items not affecting operating cash	18	**17,398**	12,347
Change in other non-cash operating items	18	**2,163**	510
Cash provided by (used in) operating activities		**8,161**	5,995
Financing Activities			
Issue of investment property debt		**40,616**	262,395
Deferred financing charges - investment property debt		**(430)**	(1,375)
Repayment of investment property debt		**(130,703)**	(103,057)
Issue of senior unsecured notes		**100,393**	—
Deferred financing charges - senior unsecured notes		**(909)**	—
Repayment of EUPP loans receivable		**234**	389
Decrease in liabilities related to derecognized property		**(49)**	(47)
Issue of long term receivables		**(11,866)**	—
Collection of long term receivables		**162**	191
Cash provided by (used in) financing activities		**(2,552)**	158,496
Investing Activities			
Acquisition of investment properties and intangible assets		**(1,505)**	(154,551)
Additions to investment properties		**(7,727)**	(3,820)
Proceeds on derecognition of investment properties		**1,200**	1,700
Additions to tenant incentives		**(3,678)**	(7,313)
Additions to deferred leasing costs		**(69)**	(144)
Decrease in assets related to derecognized property		**122**	23
Cash provided by (used in) investing activities		**(11,657)**	(164,105)
Net change in cash and cash equivalents		**(6,048)**	386
Cash and cash equivalents, beginning of period		**7,167**	—
Cash and cash equivalents, end of period		**$ 1,119**	$ 386

See accompanying notes to the interim consolidated financial statements.

1) GENERAL INFORMATION AND NATURE OF OPERATIONS

Crombie Real Estate Investment Trust ("Crombie") is an unincorporated "open-ended" real estate investment trust created pursuant to the Declaration of Trust dated January 1, 2006, as amended. The principal business of Crombie is the acquisition of retail and office properties for purposes of leasing. Crombie is registered in Canada and the address of its registered office is 115 King Street, Stellarton, Nova Scotia, Canada, B0K 1S0. The interim consolidated financial statements for the three months ended March 31, 2014 and March 31, 2013 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 May 14, 2014.

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, 2013.

(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 March 31, 2014. Subsidiaries are all entities over which Crombie has control. All subsidiaries have a reporting date of March 31, 2014.

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, 2013.

New standards adopted

There has been no change in the Company's significant accounting policies since December 31, 2013, except for the application of the following standards effective January 1, 2014:

(i) IAS 32 - Financial Instruments Presentation

Amendments were made to IAS 32 to clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of off-set' and 'simultaneous realization and settlement'. The amended standard did not have an impact on Crombie.

(ii) International Financial Reporting Standards Interpretations Committee Interpretation 21- Levies ("IFRIC 21")

In May 2013, IFRIC 21 was issued. IFRIC 21 addresses various accounting issues relating to levies imposed by a government. Crombie has assessed the applicability of IFRIC 21 and has determined there is no impact on the interim consolidated financial statements.

(f) Comparative figures

Certain comparative figures have been reclassified to conform to the current year's consolidated financial statement presentation. The reclassifications did not impact the consolidated balance sheets, consolidated statements of changes in net assets attributable to Unitholders or the consolidated statements of cash flows.

3) INVESTMENT PROPERTIES

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2014	**$ 956,672**	**$ 2,417,780**	**$ 5,621**	**$ 3,380,073**
Acquisitions	**4,294**	**8,992**	**—**	**13,286**
Additions	**79**	**4,397**	**112**	**4,528**
Dispositions	**(5,406)**	**(8,873)**	**—**	**(14,279)**
Transfer to investment properties held for sale (Note 7)	**(7,139)**	**(28,294)**	**(446)**	**(35,819)**
Balance, March 31, 2014	**948,500**	**2,394,002**	**5,287**	**3,347,789**
Accumulated depreciation and amortization and impairment				
Opening balance, January 1, 2014	**—**	**209,218**	**2,758**	**211,976**
Depreciation and amortization	**—**	**14,448**	**131**	**14,579**
Dispositions	**—**	**(1,247)**	**—**	**(1,247)**
Transfer to investment properties held for sale (Note 7)	**—**	**(4,572)**	**(232)**	**(4,804)**
Balance, March 31, 2014	**—**	**217,847**	**2,657**	**220,504**
Net carrying value, March 31, 2014	**$ 948,500**	**$ 2,176,155**	**$ 2,630**	**$ 3,127,285**

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2013	$ 545,337	$ 1,608,276	$ 4,861	$ 2,158,474
Acquisitions	414,666	790,572	—	1,205,238
Additions	195	28,029	829	29,053
Dispositions	(3,526)	(9,097)	(69)	(12,692)
Balance, December 31, 2013	956,672	2,417,780	5,621	3,380,073
Accumulated depreciation and amortization and impairment				
Opening balance, January 1, 2013	—	157,009	2,240	159,249
Depreciation and amortization	—	42,101	544	42,645
Dispositions	—	(2,162)	(26)	(2,188)
Impairment	—	12,270	—	12,270
Balance, December 31, 2013	—	209,218	2,758	211,976
Net carrying value, December 31, 2013	$ 956,672	$ 2,208,562	$ 2,863	$ 3,168,097

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2013	$ 545,337	$ 1,608,276	$ 4,861	$ 2,158,474
Acquisitions	43,165	117,559	—	160,724
Additions	15	2,175	181	2,371
Dispositions	(806)	(1,573)	—	(2,379)
Balance, March 31, 2013	587,711	1,726,437	5,042	2,319,190
Accumulated depreciation and amortization				
Opening balance, January 1, 2013	—	157,009	2,240	159,249
Depreciation and amortization	—	9,282	136	9,418
Dispositions	—	(1,092)	—	(1,092)
Balance, March 31, 2013	—	165,199	2,376	167,575
Net carrying value, March 31, 2013	$ 587,711	$ 1,561,238	$ 2,666	$ 2,151,615

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

	Fair Value	Carrying Value
March 31, 2014	**$ 3,877,000**	**$ 3,300,446**
December 31, 2013	$ 3,877,000	$ 3,309,020
March 31, 2013	$ 2,828,000	$ 2,268,138

Carrying value consists of the net carrying value of:

	Note	March 31, 2014	December 31, 2013	March 31, 2013
Investment properties	3	**$ 3,127,285**	$ 3,168,097	$ 2,151,615
Intangible assets	4	**47,364**	49,237	36,803
Accrued straight-line rent receivable	5	**30,806**	28,052	23,953
Tenant incentives	5	**61,524**	63,634	55,767
Investment properties held for sale	7	**33,467**	—	—
Total carrying value		**$ 3,300,446**	$ 3,309,020	$ 2,268,138

The fair value of investment properties is a Level 3 fair value measurement. The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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
March 31, 2014	**6.18%**	**$ (152,000)**	**$ 165,000**
December 31, 2013	6.18%	$ (152,000)	$ 165,000
March 31, 2013	6.33%	$ (101,000)	$ 110,000

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.

2014

Acquisition/Disposition Date	Properties Acquired (Disposed)	Approximate Square Footage	Initial Purchase (Disposition) Price	Assumed Mortgages
January 31, 2014 [1]	—	6,700	$ 1,490	$ —
March 31, 2014 [3]	1	53,000	12,127	—
		59,700	**13,617**	**—**
January 16, 2014 [2]	—	(25,000)	(1,200)	—
March 31, 2014 [3]	(1)	(53,000)	(12,127)	—
		(18,300)	**$ 290**	**$ —**

[1] Relates to an acquisition of additional development on a pre-existing retail property.
[2] Relates to the partial disposition of a property.
[3] Relates to an exchange of properties in Canmore, Alberta.

All of the properties acquired in January and March and the property disposed in March were transacted with Empire Company Limited ("Empire"), a related party. The partial disposition in January was transacted with a third party. The initial purchase prices stated above exclude closing and transaction costs.

On March 31, 2014, Crombie exchanged properties in Canmore, Alberta with Empire. The acquired property is measured at the carrying value of the disposed property, resulting in no gain or loss on exchange.

2013

Acquisition/Disposition Date	Properties Acquired (Disposed)	Approximate Square Footage	Initial Purchase (Disposition) Price	Assumed Mortgages
February 22, 2013	4	311,000	$ 131,890	$ 10,744
March 22, 2013	1	66,000	14,650	—
March 27, 2013	1	45,000	15,450	—
March 28, 2013[1]	—	9,000	2,455	—
		431,000	164,445	10,744
February 4, 2013	(1)	(31,000)	(1,700)	—
		400,000	$ 162,745	$ 10,744

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

All of the above properties acquired and disposed in February were transacted with third parties. The March acquisitions were acquired from subsidiaries of Empire. 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, 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 March 31,		Year Ended
Investment property acquired, net:	**2014**	2013	December 31, 2013
Land	**$ 4,294**	$ 43,165	$ 414,666
Buildings	**8,992**	117,559	790,572
Intangible assets	**347**	4,983	23,107
Fair value debt adjustment on assumed mortgages	**—**	(412)	(412)
Net purchase price	**13,633**	165,295	1,227,933
Assumed mortgages	**—**	(10,744)	(10,744)
	$ 13,633	$ 154,551	$ 1,217,189

4) INTANGIBLE ASSETS

Tenant Relationships	**Cost**	**Accumulated Amortization**	**Net Carrying Value**
Balance, January 1, 2014	**$ 96,397**	**$ 47,160**	**$ 49,237**
Acquisitions	**347**	**—**	**347**
Dispositions	**(404)**	**(130)**	**(274)**
Amortization	**—**	**1,946**	**(1,946)**
Transfer to investment properties held for sale (Note 7)	**(92)**	**(92)**	**—**
Balance, March 31, 2014	**$ 96,248**	**$ 48,884**	**$ 47,364**
Balance, January 1, 2013	$ 73,853	$ 40,304	$ 33,549
Acquisitions	4,983	—	4,983
Dispositions	(283)	(258)	(25)
Amortization	—	1,704	(1,704)
Balance, March 31, 2013	$ 78,553	$ 41,750	$ 36,803

5) OTHER ASSETS

	March 31, 2014	December 31, 2013	March 31, 2013
Trade receivables	**$ 8,863**	$ 6,389	$ 11,504
Provision for doubtful accounts	**(93)**	(47)	(421)
Net trade receivables	**8,770**	6,342	11,083
Assets related to derecognized property	**5,708**	5,830	6,097
Marketable securities	**1,009**	986	—
Prepaid expenses and deposits	**8,732**	8,356	9,291
Restricted cash	**5,647**	5,643	736
Accrued straight-line rent receivable	**30,806**	28,052	23,953
Tenant incentives	**61,524**	63,634	55,767
	$ 122,196	$ 118,843	$ 106,927

Tenant Incentives	**Cost**	**Accumulated Amortization**	**Net Carrying Value**
Balance, January 1, 2014	**$ 96,213**	**$ 32,579**	**$ 63,634**
Additions	**2,419**	**—**	**2,419**
Amortization	**—**	**2,137**	**(2,137)**
Transfer to investment properties held for sale (Note 7)	**(4,299)**	**(1,907)**	**(2,392)**
Balance, March 31, 2014	**$ 94,333**	**$ 32,809**	**$ 61,524**
Balance, January 1, 2013	$ 76,762	$ 24,850	$ 51,912
Additions	5,825	—	5,825
Amortization	—	1,970	(1,970)
Balance, March 31, 2013	$ 82,587	$ 26,820	$ 55,767

6) LONG TERM RECEIVABLES

	March 31, 2014	December 31, 2013	March 31, 2013
Capital expenditure program	**$ 105**	$ 105	$ 105
Interest rate subsidy	**1,554**	1,716	2,249
Amount receivable from related party	**11,873**	—	—
	$ 13,532	$ 1,821	$ 2,354

During March 2014, Crombie advanced $11,866 to a subsidiary of Empire to partially finance their acquisition of development lands. The loan is repayable October 1, 2016 and bears interest at a rate of 6% per annum.

See Note 20(a) for fair value information.

7) INVESTMENT PROPERTIES HELD FOR SALE

Investment properties held for sale consist of:

	Note	March 31, 2014	December 31, 2013	March 31, 2013
Land	**3**	**$ 7,139**	$ —	$ —
Buildings	**3**	**23,722**	—	—
Deferred leasing costs	**3**	**214**	—	—
Intangible assets	**4**	**—**	—	—
Tenant incentives	**5**	**2,392**	—	—
		$ 33,467	$ —	$ —

In March 2014, Crombie determined that an investment property listed for sale met the criteria for classification as held for sale. The property is carried at its carrying value at the time of classification as held for sale; representing the lesser of carrying value and fair value less costs to sell. No depreciation or amortization will be recorded while the property is classified as held for sale. Crombie expects to complete the sale of the property during the next 12 months.

8) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity		March 31, 2014
Fixed rate mortgages	**3.12 - 6.90%**	**4.79%**	**7.9 years**	**$**	**1,565,873**
Floating rate revolving credit facility		**2.98%**	**2.2 years**		**50,000**
Deferred financing charges					**(11,701)**
				$	**1,604,172**

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity		December 31, 2013
Fixed rate mortgages	3.12 - 6.90%	4.82%	8.0 years	$	1,585,960
Floating rate revolving credit facility		2.97%	2.5 years		120,000
Deferred financing charges					(11,760)
				$	1,694,200

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity		March 31, 2013
Fixed rate mortgages	3.12 - 7.48%	5.09%	7.7 years	$	1,098,165
Floating rate revolving credit facility		3.07%	2.2 years		145,000
Deferred financing charges					(8,227)
				$	1,234,938

As at March 31, 2014, debt retirements for the next five years are:

12 Months Ending		Fixed Rate Principal Payments		Fixed Rate Maturities		Floating Rate Maturities		Total
March 31, 2015	$	45,999	$	73,220	$	—	$	119,219
March 31, 2016		50,682		49,392		—		100,074
March 31, 2017		38,147		59,388		50,000		147,535
March 31, 2018		41,052		49,071		—		90,123
March 31, 2019		40,708		16,298		—		57,006
Thereafter		205,030		890,832		—		1,095,862
	$	421,618	$	1,138,201	$	50,000		1,609,819
Deferred financing charges								(11,701)
Unamortized fair value debt adjustment								6,054
							$	**1,604,172**

Specific investment properties with a carrying value of $2,788,278 as at March 31, 2014 (December 31, 2013 - $2,832,554; March 31, 2013 - $2,068,631) are currently pledged as security for mortgages or provided as security for the floating rate revolving credit facility. Carrying value includes investment properties, investment properties held for sale, intangible assets, as well as accrued straight-line rent and tenant incentives which are included in other assets.

Mortgage Activity During 2014

New mortgages for the three months ended:	Type	Number of Mortgages	Weighted Average Rates	Weighted Average Terms in Years	Weighted Average Amortization Period in Years	Proceeds (Repayments)
March 31, 2014	New	4	4.23%	8.8	25.0	$ 40,616
Other mortgage activity:						
January 2, 2014	Repayment	1	5.47%	—	—	(3,446)
January 6, 2014	Repayment	2	5.15%	—	—	(16,924)
January 31, 2014	Repayment	1	5.73%	—	—	(3,828)
March 3, 2014	Repayment	7	4.89%	—	—	(24,297)
						$ (7,879)

Floating Rate Revolving Credit Facility

The floating rate revolving credit facility has a maximum principal amount of $285,000 (December 31, 2013 - $285,000; March 31, 2013 - $285,000) and matures 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 (March 31, 2014 – borrowing base of $271,224). 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.

See Note 20(a) for fair value information.

9) SENIOR UNSECURED NOTES

	Maturity Date	Interest Rate	**March 31, 2014**	December 31, 2013	March 31, 2013
Series A senior unsecured notes	October 31, 2018	3.986%	**$ 175,000**	$ 175,000	$ —
Series B senior unsecured notes	June 1, 2021	3.962%	**100,000**	—	—
Unamortized Series B issue premium			**389**	—	—
Deferred financing charges			**(1,896)**	(1,063)	—
			$ 273,493	$ 173,937	$ —

On March 5, 2014 Crombie issued, on a private placement basis, $100,000 Series B Notes (senior unsecured) with a seven year three month term and an annual interest rate of 3.962%. The Series B Notes were issued for $100,393, resulting in an effective interest rate of 3.90%. There are no principal repayments until maturity and interest is payable in equal semi-annual installments in arrears on June 1 and December 1. The first semi-annual interest payment date will be June 1, 2014.

As at March 31, 2014, senior unsecured note retirements for the next five years are:

12 Months Ending	Series A	Series B	Total
March 31, 2015	$ —	$ —	$ —
March 31, 2016	—	—	—
March 31, 2017	—	—	—
March 31, 2018	—	—	—
March 31, 2019	175,000		175,000
Thereafter	—	100,000	100,000
	$ 175,000	$ 100,000	275,000
Unamortized Series B issue premium			389
Deferred financing charges			(1,896)
			$ 273,493

See Note 20(a) for fair value information.

10) CONVERTIBLE DEBENTURES

	Conversion Price	Maturity Date	Interest Rate	March 31, 2014	December 31, 2013	March 31, 2013
Series B (CRR.DB.B)	$ 11.00	October 11, 2013	6.25%	$ —	$ —	$ 17,362
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	September 30, 2019	5.00%	60,000	60,000	60,000
Series E (CRR.DB.E)	$ 17.15	March 31, 2021	5.25%	75,000	75,000	—
Deferred financing charges				(4,875)	(5,071)	(2,970)
				$ 175,125	**$ 174,929**	**$ 119,392**

Debenture Conversions	**Conversion Price**	**Three months ended March 31, 2014**	Year Ended December 31, 2013	Three months ended March 31, 2013
Series B	$ 11.00	$ —	$ 17,115	$ 1,317
		$ —	**$ 17,115**	**$ 1,317**
REIT Units Issued		—	1,555,887	119,723

As at March 31, 2014, debenture retirements for the next five years are:

12 Months Ending	Series C	Series D	Series E	Total
March 31, 2015	$ —	$ —	$ —	$ —
March 31, 2016	—	—	—	—
March 31, 2017	—	—	—	—
March 31, 2018	45,000	—	—	45,000
March 31, 2019	—	—	—	—
Thereafter	—	60,000	75,000	135,000
	$ 45,000	$ 60,000	$ 75,000	180,000
Deferred financing charges				(4,875)
				$ 175,125

See Note 20(a) for fair value information.

11) INCOME TAXES

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

	March 31, 2014	December 31, 2013	March 31, 2013
Tax liabilities relating to difference in tax and book value	**$ 91,650**	$ 91,906	$ 95,113
Tax asset relating to non-capital loss carry-forward	**(11,050)**	(11,081)	(12,513)
Deferred tax liability	**$ 80,600**	$ 80,825	$ 82,600

The tax recovery (expense) consists of the following:

	Three months ended March 31,	
	2014	2013
Provision for income taxes at the expected rate	**$ (4,847)**	$ (3,882)
Tax effect of income attribution to Crombie's Unitholders	**5,072**	3,782
Taxes - deferred	**$ 225**	$ (100)

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

12) TRADE AND OTHER PAYABLES

	March 31, 2014	December 31, 2013	March 31, 2013
Tenant incentives and capital expenditures	**$ 25,789**	$ 30,417	$ 19,595
Property operating costs	**31,044**	27,444	30,318
Advance rents	**8,679**	8,514	4,028
Finance costs on investment property debt and debentures	**9,841**	8,659	5,144
Distributions payable	**9,120**	9,116	6,819
Fair value of interest rate swap agreements	**15**	21	41
Fair value of embedded derivatives in convertible debentures	**—**	—	4,110
Liabilities related to derecognized property	**5,578**	5,627	5,771
	$ 90,066	$ 89,798	$ 75,826

Fair value of embedded derivatives in convertible debentures:

	March 31, 2014	December 31, 2013	March 31, 2013
Balance, beginning of period	**$ —**	$ 5,062	$ 5,062
Change in fair value of financial instruments	**—**	(2,368)	(617)
Impact of debentures converted	**—**	(2,694)	(335)
Balance, end of period	**$ —**	$ —	$ 4,110

Change in fair value of financial instruments:

	Note	**March 31, 2014**	December 31, 2013	March 31, 2013
Change in fair value of embedded derivatives in convertible debentures	12	**$ —**	$ 2,368	$ 617
Change in fair value of marketable securities	5	**55**	105	—
Change in fair value of financial instruments		**$ 55**	$ 2,473	$ 617

13) PROPERTY REVENUE

	Three months ended March 31,	
	2014	2013
Rental revenue contractually due from tenants	**$ 89,596**	$ 70,490
Contingent rental revenue	**648**	697
Straight-line rent recognition	**2,754**	1,359
Tenant incentive amortization	**(2,137)**	(1,970)
Lease terminations	**52**	6
	$ 90,913	$ 70,582

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

	Three months ended March 31,			
	2014		2013	
	Revenue	**Percentage**	Revenue	Percentage
Sobeys Inc.	**$ 35,097**	**38.6%**	$ 19,091	26.9%

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 March 31, 2014, is as follows:

	Remaining	Year Ending December 31,					
	2014	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
Future minimum rental income	$ 183,499	$ 236,247	$ 226,284	$ 215,174	$ 204,089	$ 2,071,335	$ 3,136,628

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 11 to 76 years including renewal options:

	Remaining	Year Ending December 31,					
	2014	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
Future minimum lease payments	$ 940	$ 1,236	$ 1,238	$ 1,292	$ 1,320	$ 44,859	$ 50,885

15) EMPLOYEE BENEFIT EXPENSE

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

	Three months ended March 31,	
	2014	2013
Wages and salaries	**$ 8,898**	$ 7,230
Post-employment benefits	**173**	165
	$ 9,071	$ 7,395

16) FINANCE COSTS – OPERATIONS

	Three months ended March 31,	
	2014	2013
Fixed rate mortgages	**$ 20,076**	$ 13,728
Floating rate term, revolving and demand facilities	**844**	1,420
Senior unsecured notes	**1,979**	—
Convertible debentures	**2,347**	1,659
Finance costs - operations	**25,246**	16,807
Amortization of fair value debt adjustment and accretion income	**570**	730
Change in accrued finance costs	**(1,182)**	1,374
Amortization of effective swap agreements	**(842)**	(965)
Amortization of deferred financing charges	**(761)**	(588)
Finance costs - operations, paid	**$ 23,031**	$ 17,358

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, 2014	**72,662,264**	**$ 811,514**	**50,241,245**	**$ 551,511**	**122,903,509**	**$ 1,363,025**
Units issued under EUPP	**55,467**	**738**	**—**	**—**	**55,467**	**738**
Units released under EUPP	**—**	**64**	**—**	**—**	**—**	**64**
Net change in EUPP loans receivable	**—**	**(233)**	**—**	**—**	**—**	**(233)**
Conversion of debentures	**—**	**—**	**—**	**—**	**—**	**—**
Conversion feature of debentures	**—**	**—**	**—**	**—**	**—**	**—**
Balance, March 31, 2014	**72,717,731**	**$ 812,083**	**50,241,245**	**$ 551,511**	**122,958,976**	**$ 1,363,594**

	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	—	44	—	—	—	44
Net change in EUPP loans receivable	—	(245)	—	—	—	(245)
Conversion of debentures	119,723	1,317	—	—	119,723	1,317
Conversion feature of debentures	—	335	—	—	—	335
Balance, March 31, 2013	53,506,100	$ 577,591	38,430,221	$ 401,606	91,936,321	$ 979,197

18) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three months ended March 31,	
	2014	2013
Items not affecting operating cash:		
Accrued straight-line rent	**$ (2,754)**	$ (1,359)
Amortization of tenant incentives	**2,137**	1,970
Loss (gain) on derecognition of investment property	**157**	(430)
Depreciation of investment properties	**14,448**	9,282
Amortization of deferred leasing costs	**131**	136
Amortization of intangible assets	**1,946**	1,704
Unit based compensation	**10**	8
Amortization of effective swap agreements	**842**	965
Amortization of deferred financing charges	**761**	588
Taxes - deferred	**(225)**	100
Change in fair value of financial instruments	**(55)**	(617)
	$ 17,398	$ 12,347

b) Change in other non-cash operating items

	Three months ended March 31,	
	2014	2013
Cash provided by (used in):		
Trade receivables	**$ (2,428)**	$ (984)
Prepaid expenses and deposits and other assets	**(387)**	(451)
Payables and other liabilities	**4,978**	1,945
	$ 2,163	$ 510

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 March 31, 2014, Empire, through its wholly-owned subsidiary ECL Developments Limited, holds a 41.6% (fully diluted 39.3%) indirect interest in Crombie.

Crombie's transactions with related parties are as follows:

	Three months ended March 31,	
	2014	2013
Property revenue	**$ 36,269**	$ 21,006
Head lease income	**$ 228**	$ 203
Management support services provided	**$ 106**	$ 118
Property management services	**$ 135**	$ 60
Rental expense	**$ 47**	$ 47
Property operating expenses	**$ 23**	$ —
Interest rate subsidy	**$ 194**	$ 238
Finance costs - operations	**$ 296**	$ 296
Finance costs - distributions to Unitholders	**$ 11,381**	$ 8,753

In addition to the above:

- During the first quarter of 2014 Crombie exchanged properties with a subsidiary of Empire by acquiring 1200 Railway Avenue in Canmore, Alberta in exchange for disposing of 555 Main Street in Canmore, Alberta. Crombie also acquired additional development space from Empire on a pre-existing retail property for $1,490 excluding closing and transaction costs.
- During the first quarter of 2014, Crombie entered into a loan agreement with Sobeys Developments Limited Partnership ("SDLP") to partially finance SDLP's acquisition of development lands in Langford, British Columbia. The $11,866 loan bears interest at a rate of 6% per annum and has no principal repayments until maturity on October 1, 2016.
- 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.

Key management personnel compensation

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

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

	Three months ended March 31,	
	2014	2013
Salary, bonus and other short-term employee benefits	**$ 1,031**	$ 796
Other long-term benefits	**26**	25
	$ 1,057	$ 821

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 March 31, 2014:

	Level 1	Level 2	Level 3	Total
Financial assets				
Marketable securities	$ —	$ —	$ 1,009	$ 1,009
Total financial assets measured at fair value	$ —	$ —	$ 1,009	$ 1,009
Financial liabilities				
Interest rate swaps	$ —	$ 15	$ —	$ 15
Embedded derivatives in convertible debentures	—	—	—	—
Total financial liabilities measured at fair value	$ —	$ 15	$ —	$ 15

There were no transfers between Level 1 and Level 2 during the three months ended March 31, 2014.

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:

	March 31, 2014		December 31, 2013		March 31, 2013	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets						
Assets related to derecognized property	**$ 5,611**	**$ 5,708**	$ 5,733	$ 5,830	$ 6,060	$ 6,097
Long term receivables	**13,537**	**13,532**	1,901	1,821	2,571	2,354
Total other financial assets	**$ 19,148**	**$ 19,240**	$ 7,634	$ 7,651	$ 8,631	$ 8,451
Financial liabilities						
Investment property debt	**$ 1,689,614**	**$ 1,615,873**	$ 1,725,981	$ 1,705,960	$ 1,323,964	$ 1,243,165
Senior unsecured notes	**279,907**	**275,000**	175,035	175,000	—	—
Convertible debentures	**186,375**	**180,000**	183,863	180,000	133,527	122,362
Liabilities related to derecognized property	**5,591**	**5,578**	5,676	5,627	5,920	5,771
Total other financial liabilities	**$ 2,161,487**	**$ 2,076,451**	$ 2,090,555	$ 2,066,587	$ 1,463,411	$ 1,371,298

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. A provision for doubtful accounts is taken for all anticipated collectability risks (Note 5).

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

There have been no significant changes to Crombie's credit risk since December 31, 2013.

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 and, on occasion, utilizing interest rate swap agreements.

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 March 31, 2014	**$ 113**	**$ (113)**
Three months ended March 31, 2013	$ 213	$ (213)

There have been no significant changes to Crombie's interest rate risk since December 31, 2013.

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 March 31,					
	Contractual Cash Flows[1]	**2015**	**2016**	**2017**	**2018**	**2019**	**Thereafter**
Fixed rate mortgages[2]	$ 2,049,217	$ 189,715	$ 165,371	$ 158,522	$ 146,931	$ 109,584	$ 1,279,094
Senior unsecured Notes	335,349	10,938	10,938	10,938	10,938	183,052	108,545
Convertible debentures	232,477	9,526	9,526	9,526	52,585	6,938	144,376
	2,617,043	210,179	185,835	178,986	210,454	299,574	1,532,015
Floating rate revolving credit facility	53,353	1,490	1,490	50,373	—	—	—
Total	$ 2,670,396	$ 211,669	$ 187,325	$ 229,359	$ 210,454	$ 299,574	$ 1,532,015

(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, 2013.

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:

	March 31, 2014	December 31, 2013	March 31, 2013
Investment property debt	**$ 1,604,172**	$ 1,694,200	$ 1,234,938
Senior unsecured notes	**273,493**	173,937	—
Convertible debentures	**175,125**	174,929	119,392
Crombie REIT Unitholders	**675,135**	680,935	469,291
SVU and Class B LP Unitholders	**439,126**	443,363	308,864
	$ 3,167,051	$ 3,167,364	$ 2,132,485

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:

	March 31, 2014	**December 31, 2013**	**March 31, 2013**
Fixed rate mortgages	$ 1,565,873	$ 1,585,960	$ 1,098,165
Senior unsecured notes	275,000	175,000	—
Convertible debentures	180,000	180,000	122,362
Revolving credit facility	50,000	120,000	145,000
Total debt outstanding	2,070,873	2,060,960	1,365,527
Less: Applicable fair value debt adjustment	(2,709)	(2,903)	(3,553)
Debt	$ 2,068,164	$ 2,058,057	$ 1,361,974
Investment properties, cost	$ 3,347,789	$ 3,380,073	$ 2,319,190
Below-market lease component, cost [(1)]	71,469	71,173	70,877
Intangible assets, cost	96,248	96,397	78,553
Long term receivables	13,532	1,821	2,354
Other assets, cost (see below)	149,297	145,592	127,650
Cash and cash equivalents	1,119	7,167	386
Deferred financing charges	18,472	17,894	11,197
Investment properties held for sale	33,467	—	—
Interest rate subsidy	(2,709)	(2,903)	(3,553)
Fair value adjustment to deferred taxes	(38,545)	(38,585)	(39,045)
Gross book value	$ 3,690,139	$ 3,678,629	$ 2,567,609
Debt to gross book value	56.0%	55.9%	53.0%

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

Other assets are calculated as follows:

	March 31, 2014	December 31, 2013	March 31, 2013
Other assets per Note 5	$ 122,196	$ 118,843	$ 106,927
Add back (deduct):			
Tenant incentive accumulated amortization	32,809	32,579	26,820
Assets related to derecognized property	(5,708)	(5,830)	(6,097)
Other assets, cost	$ 149,297	$ 145,592	$ 127,650

As at March 31, 2014, 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.

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 March 31, 2014, Crombie has a total of $4,135 in outstanding letters of credit related to:

- $720 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; and
- $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 11 to 76 years including renewal options. For the three months ended March 31, 2014, Crombie paid $309 in land lease payments to third party landlords (three months ended March 31, 2013 - $309). Crombie's commitments under the land leases are disclosed in Note 14.

As at March 31, 2014, Crombie had signed construction contracts totaling $22,061 of which $19,890 has been paid.

23) SUBSEQUENT EVENTS

(a) On April 17, 2014, Crombie declared distributions of 7.417 cents per unit for the period from April 1, 2014 to and including, April 30, 2014. The distribution will be paid on May 15, 2014, to Unitholders of record as of April 30, 2014.

(b) On May 1, 2014 Crombie acquired a retail property from SDLP for approximately $10,200 excluding closing adjustments and transaction costs. The property, located in Ontario, contains approximately 39,000 square feet of fully occupied space.

24) SEGMENT DISCLOSURE

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

UNITHOLDERS' INFORMATION

BOARD OF TRUSTEES

Donald E. Clow
Trustee, President and Chief Executive Officer

Frank C. Sobey
Trustee and Chairman

Paul D. Sobey
Trustee

David Leslie
Independent Trustee

J. Michael Knowlton
Independent Trustee

E. John Latimer
Independent Trustee

John Eby
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Kent R. Sobey
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Brian A. Johnson
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Chairman

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President and Chief Executive Officer

Glenn R. Hynes
Executive Vice President, Chief Financial Officer and Secretary

Patrick G. Martin
Executive Vice President, Operations

Trevor Lee
Regional Vice President Western Canada

Gary Finkelstein
Regional Vice President Central Canada

Scott R. MacLean
Regional Vice President Atlantic Canada

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UNIT SYMBOL

REIT Trust Units – CRR.UN

STOCK EXCHANGE LISTING

Toronto Stock Exchange

DISTRIBUTION RECORD AND PAYMENT DATES FOR FISCAL 2014

Record Date	Payment Date
January 31, 2014	February 17, 2014
February 28, 2014	March 17, 2014
March 31, 2014	April 15, 2014
April 30, 2014	May 15, 2014

COUNSEL

Stewart McKelvey
Halifax, Nova Scotia

AUDITORS

Grant Thornton, LLP
New Glasgow, Nova Scotia

INVESTOR RELATIONS AND INQUIRIES

Unitholders, analysts, and investors
should direct their financial inquiries or request to:
Glenn R. Hynes, F.C.A.
Executive Vice President, Chief Financial Officer and Secretary
Email: investing@crombie.ca

Communication regarding investor records, including changes of address or ownership, lost certificates or tax forms, should be directed to the company's transfer agent and registrar, CST Trust Company.

TRANSFER AGENT

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Email: inquiries@canstock.com

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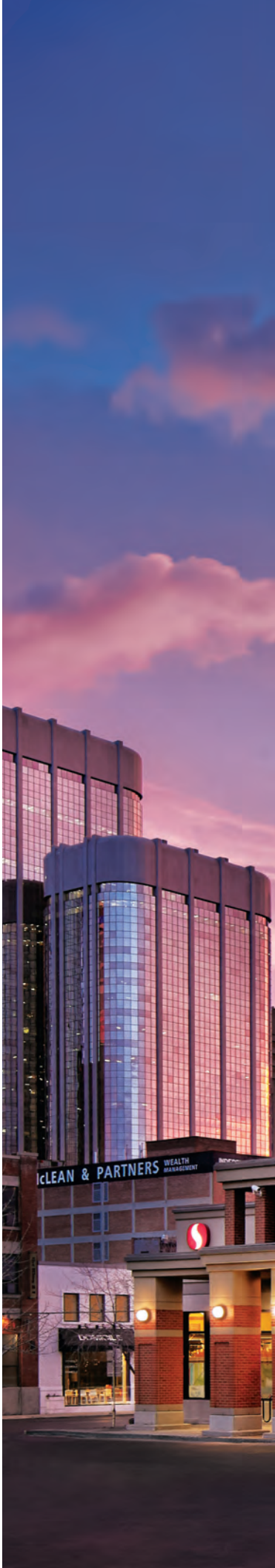
If this occurs, please contact CST Trust Company at (800) 387-0825 or (416) 682-3860 to eliminate multiple mailings.

ADVANCING OUR STRATEGY

Crombie significantly advanced its strategy of retail property growth in Canada's top 36 metropolitan markets in 2013 with $1.2 billion in focused acquisitions. Today:

- 71% of annual minimum rent is produced by grocery- and drugstore-anchored plazas and freestanding stores;
- 57% of annual minimum rent is generated outside Atlantic Canada; and
- 63% of annual minimum rent comes from investment-grade tenants.

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