CROMBIE REAL ESTATE INVESTMENT TRUST
Interim Condensed Consolidated Financial Statements
March 31, 2016
(Unaudited)

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CROMBIE REAL ESTATE INVESTMENT TRUST

Interim Condensed Consolidated Balance Sheets

(In thousands of CAD dollars)

(Unaudited)

	Note	March 31, 2016	December 31, 2015	March 31, 2015
Assets				
Non-current assets				
Investment properties	3	**$ 3,151,889**	$ 3,157,279	$ 3,228,504
Intangible assets	4	**44,671**	45,607	47,595
Other assets	5	**104,067**	100,891	94,807
Long-term receivables	6	**568**	600	12,502
		3,301,195	3,304,377	3,383,408
Current assets				
Cash and cash equivalents		**—**	1,057	—
Other assets	5	**38,749**	33,978	34,231
Long-term receivables	6	**13,471**	13,333	1,185
Investment properties held for sale	7	**7,572**	119,448	—
		59,792	167,816	35,416
Total Assets		**3,360,987**	3,472,193	3,418,824
Liabilities				
Non-current liabilities				
Investment property debt	8	**1,407,191**	1,548,648	1,453,594
Senior unsecured notes	9	**398,207**	398,080	397,747
Convertible debentures	10	**131,672**	131,518	131,055
Deferred taxes	11	**76,200**	74,200	78,600
Employee future benefits obligation		**7,940**	7,736	7,871
Trade and other payables	12	**7,304**	6,661	6,199
		2,028,514	2,166,843	2,075,066
Current liabilities				
Investment property debt	8	**101,684**	92,555	100,520
Employee future benefits obligation		**246**	246	239
Trade and other payables	12	**63,926**	65,319	69,797
		165,856	158,120	170,556
Total liabilities excluding net assets attributable to Unitholders		**2,194,370**	2,324,963	2,245,622
Net assets attributable to Unitholders		**$ 1,166,617**	$ 1,147,230	$ 1,173,202
Net assets attributable to Unitholders represented by:				
Crombie REIT Unitholders		**$ 705,871**	$ 694,484	$ 710,065
Special Voting Units and Class B Limited Partnership Unitholders		**460,746**	452,746	463,137
		$ 1,166,617	$ 1,147,230	$ 1,173,202
Commitments and contingencies	22			
Subsequent events	23			

See accompanying notes to the interim condensed consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

(In thousands of CAD dollars)

(Unaudited)

	Note	Three months ended March 31, 2016	2015
Property revenue	13	**$ 94,944**	$ 92,501
Property operating expenses		**30,641**	30,183
Net property income		**64,303**	62,318
Gain (loss) on disposal of investment properties		**26,260**	(2)
Depreciation of investment properties	3	**(15,139)**	(15,155)
Amortization of deferred leasing costs	3	**(151)**	(149)
Amortization of intangible assets	4	**(1,160)**	(1,218)
General and administrative expenses		**(4,407)**	(3,474)
Operating income before finance costs and taxes		**69,706**	42,320
Finance costs - operations	16	**(24,365)**	(25,418)
Operating income before taxes		**45,341**	16,902
Taxes - current	11	**(23)**	—
Taxes - deferred	11	**(2,000)**	(200)
Operating income attributable to Unitholders		**43,318**	16,702
Finance costs - other			
Distributions to Unitholders		**(29,322)**	(29,076)
Change in fair value of financial instruments	12	**(34)**	(268)
		(29,356)	(29,344)
Increase (decrease) in net assets attributable to Unitholders		**13,962**	(12,642)
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		**618**	637
Net change in derivatives designated as cash flow hedges		**—**	—
Other comprehensive income		**618**	637
Comprehensive income (loss)		**$ 14,580**	$ (12,005)

See accompanying notes to the interim condensed consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST

Interim Condensed Consolidated Statements of Changes in Net Assets Attributable to Unitholders

(In thousands of CAD dollars)

(Unaudited)

	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, 2016	**$ 1,473,885**	**$ (315,750)**	**$ (10,905)**	**$ 1,147,230**	**$ 694,484**	**$ 452,746**
Adjustments related to EUPP	**17**	**13**	**—**	**30**	**30**	**—**
Statements of comprehensive income (loss)	**—**	**13,962**	**618**	**14,580**	**8,564**	**6,016**
Units issued under Distribution Reinvestment Plan ("DRIP")	**4,777**	**—**	**—**	**4,777**	**2,793**	**1,984**
Balance, March 31, 2016	**$ 1,478,679**	**$ (301,775)**	**$ (10,287)**	**$ 1,166,617**	**$ 705,871**	**$ 460,746**

	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, 2015	$ 1,462,101	$ (265,010)	$ (13,777)	$ 1,183,314	$ 716,025	$ 467,289
Adjustments related to EUPP	20	10	—	30	30	—
Conversion of debentures	205	—	—	205	205	—
Statements of comprehensive income (loss)	—	(12,642)	637	(12,005)	(7,165)	(4,840)
Units issued under DRIP	1,658	—	—	1,658	970	688
Balance, March 31, 2015	$ 1,463,984	$ (277,642)	$ (13,140)	$ 1,173,202	$ 710,065	$ 463,137

See accompanying notes to the interim condensed consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST

Interim Condensed Consolidated Statements of Cash Flows

(In thousands of CAD dollars)

(Unaudited)

	Note	Three months ended March 31, 2016	2015
Cash flows provided by (used in)			
Operating Activities			
Increase (decrease) in net assets attributable to Unitholders		**$ 13,962**	$ (12,642)
Items not affecting operating cash	18	**(1,801)**	20,354
Change in other non-cash operating items	18	**(7,352)**	3,507
Cash provided by (used in) operating activities		**4,809**	11,219
Financing Activities			
Issue of investment property debt		**17,170**	5,484
Deferred financing charges - investment property debt		**(403)**	(86)
Advance (repayment) of investment property debt		**(149,619)**	(81,558)
Issue of senior unsecured notes		**—**	125,000
Deferred financing charges - senior unsecured notes		**—**	(939)
Redemption of convertible debentures		**—**	(44,795)
Repayment of EUPP loans receivable		**—**	20
Collection of (increase in) long-term receivables		**(106)**	(56)
Cash provided by (used in) financing activities		**(132,958)**	3,070
Investing Activities			
Acquisition of investment properties and intangible assets		**(5,558)**	(7,505)
Additions to investment properties		**(6,936)**	(7,819)
Proceeds on disposal of investment properties		**141,650**	2,770
Additions to tenant incentives		**(1,899)**	(2,315)
Additions to deferred leasing costs		**(165)**	(31)
Cash provided by (used in) investing activities		**127,092**	(14,900)
Net change in cash and cash equivalents		**(1,057)**	(611)
Cash and cash equivalents, beginning of period		**1,057**	611
Cash and cash equivalents, end of period		**$ —**	$ —

See accompanying notes to the interim condensed 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 investing in income-producing retail, office and mixed use properties in Canada. Crombie is registered in Canada and the address of its registered office is 610 East River Road, Suite 200, New Glasgow, Nova Scotia, Canada, B2H 3S2. The interim condensed consolidated financial statements for the three months ended March 31, 2016 and March 31, 2015 include the accounts of Crombie and all of its subsidiary entities. The units of Crombie are traded on the Toronto Stock Exchange (“TSX”) under the symbol “CRR.UN”.

The interim condensed consolidated financial statements were authorized for issue by the Board of Trustees on May 4, 2016.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These interim condensed 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, 2015.

(b) Basis of presentation

The interim condensed consolidated financial statements are presented in Canadian dollars ("CAD"); Crombie's functional and reporting currency, rounded to the nearest thousand. The interim condensed 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, 2016. Subsidiaries are all entities over which Crombie has control. All subsidiaries have a reporting date of March 31, 2016.

All intercompany transactions, balances, income and expenses are eliminated in preparing the interim condensed 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, 2015.

New standards adopted

There has been no change in the Company’s significant accounting policies since December 31, 2015.

Future changes in accounting standards

The IASB has issued a number of standards and interpretations with an effective date after the date of these financial statements. Set out below are only those standards that may have a material impact on the interim condensed consolidated financial statements in future periods. Management is currently evaluating the impact of these future policies on its consolidated financial statements.

(i) IFRS 9 - Financial Instruments

In July 2014, the IASB issued IFRS 9 Financial Instruments which replaces IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 has three main phases: classification and measurement, impairment and general hedging.

The new standard requires assets to be classified based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets will be measured at FVTPL unless certain conditions are met which permit measurement at amortized cost or fair value through other comprehensive income. The classification and measurement of financial liabilities remain generally unchanged, with the exception of financial liabilities recorded at FVTPL. For financial liabilities designated at FVTPL, IFRS 9 requires the presentation of the effects of changes in our own credit risk in other comprehensive income instead of decrease in net assets attributable to Unitholders. IFRS 9 also introduces an impairment model for financial instruments not measured at FVTPL that requires recognition of expected losses at initial recognition of a financial instrument and the recognition of full lifetime expected losses if certain criteria are met. A new model for hedge accounting expands the scope of eligible hedged items and risks eligible for hedge accounting and aligns hedge accounting more closely with risk management. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management is currently assessing the impact the adoption of this standard will have on Crombie's consolidated financial statements.

(ii) IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 which replaces IAS 11 Construction Contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted and is to be applied retrospectively. Management is currently assessing the impact the adoption of this standard will have on Crombie's consolidated financial statements.

(iii) IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 which replaces IAS 17, "Leases" and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. Management is currently assessing the impact of IFRS 16 on Crombie's consolidated financial statements.

3) INVESTMENT PROPERTIES

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2016	**$ 976,002**	**$ 2,500,700**	**$ 6,780**	**$ 3,483,482**
Acquisitions	**1,768**	**3,550**	**—**	**5,318**
Additions	**254**	**4,665**	**226**	**5,145**
Transfer to investment properties held for sale (Note 7)	**(164)**	**(468)**	**—**	**(632)**
Balance, March 31, 2016	**977,860**	**2,508,447**	**7,006**	**3,493,313**
Accumulated depreciation and amortization and impairment				
Opening balance, January 1, 2016	**—**	**322,625**	**3,578**	**326,203**
Depreciation and amortization	**—**	**15,139**	**151**	**15,290**
Transfer to investment properties held for sale (Note 7)	**—**	**(69)**	**—**	**(69)**
Balance, March 31, 2016	**—**	**337,695**	**3,729**	**341,424**
Net carrying value, March 31, 2016	**$ 977,860**	**$ 2,170,752**	**$ 3,277**	**$ 3,151,889**

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2015	$ 977,895	$ 2,479,018	$ 5,540	$ 3,462,453
Acquisitions	20,503	74,229	—	94,732
Additions	3,537	23,155	1,118	27,810
Disposition	(1,453)	(706)	—	(2,159)
Transfer to investment properties held for sale (Note 7)	(31,619)	(103,315)	(332)	(135,266)
Transfer from investment properties held for sale (Note 7)	7,139	28,319	454	35,912
Balance, December 31, 2015	976,002	2,500,700	6,780	3,483,482
Accumulated depreciation and amortization and impairment				
Opening balance, January 1, 2015	—	263,391	2,965	266,356
Depreciation and amortization	—	60,498	598	61,096
Disposition	—	(23)	—	(23)
Impairment	—	12,575	—	12,575
Transfer to investment properties held for sale (Note 7)	—	(18,424)	(217)	(18,641)
Transfer from investment properties held for sale (Note 7)	—	4,608	232	4,840
Balance, December 31, 2015	—	322,625	3,578	326,203
Net carrying value, December 31, 2015	$ 976,002	$ 2,178,075	$ 3,202	$ 3,157,279

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2015	$ 977,895	$ 2,479,018	$ 5,540	$ 3,462,453
Acquisitions	4,465	7,513	—	11,978
Additions	2,700	3,804	—	6,504
Disposition	(1,160)	(706)	—	(1,866)
Transfer from investment properties held for sale (Note 7)	7,139	28,319	454	35,912
Balance, March 31, 2015	991,039	2,517,948	5,994	3,514,981
Accumulated depreciation and amortization and impairment				
Opening balance, January 1, 2015	—	263,391	2,965	266,356
Depreciation and amortization	—	15,155	149	15,304
Disposition	—	(23)	—	(23)
Transfer from investment properties held for sale (Note 7)	—	4,608	232	4,840
Balance, March 31, 2015	—	283,131	3,346	286,477
Net carrying value, March 31, 2015	$ 991,039	$ 2,234,817	$ 2,648	$ 3,228,504

Crombie's total fair value of investment properties, including properties held for sale, exceeds carrying value by $790,169 at March 31, 2016 (March 31, 2015 - $621,097). Crombie uses the cost method for accounting for investment properties, and increases in fair value over carrying value are not recognized until realized through disposition or derecognition of properties, while impairment is recognized at the time of impairment.

During the year ended December 31, 2015, Crombie recorded an impairment of $12,575 on three retail properties and an office property. The impairments were the result of the fair value impact of tenant departures during the year; lower occupancy rates; and slower than expected leasing activity. Impairment was measured on a per property basis and was determined as the amount by which carrying value, using the cost method, exceeded the recoverable amount for that property. The recoverable amount was determined to be each property's fair value which is the higher of the economic benefits of the continued use of the asset or the selling price less costs to sell.

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

	Fair Value	Carrying Value
March 31, 2016	**$ 4,109,000**	**$ 3,318,831**
December 31, 2015	$ 4,143,000	$ 3,434,051
March 31, 2015	$ 4,002,000	$ 3,380,903

Carrying value consists of the net carrying value of:

	Note	March 31, 2016	December 31, 2015	March 31, 2015
Investment properties	3	**$ 3,151,889**	$ 3,157,279	$ 3,228,504
Intangible assets	4	**44,671**	45,607	47,595
Accrued straight-line rent receivable	5	**50,271**	50,050	41,602
Tenant incentives	5	**64,428**	61,667	63,202
Investment properties held for sale	7	**7,572**	119,448	—
Total carrying value		**$ 3,318,831**	$ 3,434,051	$ 3,380,903

The fair value of investment properties is a Level 3 fair value measurement. The fair value represents the estimated 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, 2016	**5.97%**	**$ (167,000)**	**$ 182,000**
December 31, 2015	6.15%	$ (163,000)	$ 177,000
March 31, 2015	6.18%	$ (157,000)	$ 170,000

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.

2016

Transaction Date		Properties Acquired (Disposed)	Approximate Square Footage	Initial Acquisition (Disposition) Price	Assumed Mortgages
February 5, 2016	Third party	1	21,000	$ 5,500	$ —
March 10, 2016	Third party	(10)	(791,000)	(143,400)	—
			(770,000)	**$ (137,900)**	**$ —**

The acquisition of a retail property on February 5, 2016 was transacted with a third party. The disposition of 10 retail properties on March 10, 2016 was also transacted with a third party. The initial acquisition (disposition) prices stated above exclude closing and transaction costs.

2015

Transaction Date	Properties Acquired (Disposed)	Approximate Square Footage	Initial Acquisition (Disposition) Price	Assumed Mortgages
February 2, 2015	—	51,000	$ 12,650	$ 5,479
		51,000	$ 12,650	$ 5,479

The acquisition of an addition to an existing retail property on February 2, 2015 was transacted with a third party. The initial acquisition prices stated above exclude closing and transaction costs.

During the first quarter of 2015, Crombie disposed of a portion of one property's land and building through a partial expropriation. The carrying value of the portion disposed was derecognized at that time.

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:	**2016**	2015	December 31, 2015
Land	**$ 1,768**	$ 4,465	$ 20,503
Buildings	**3,550**	7,513	74,229
Intangible assets	**240**	707	3,457
Fair value debt adjustment on assumed mortgages	**—**	299	(679)
Net purchase price	**5,558**	12,984	97,510
Assumed mortgages	**—**	(5,479)	(17,556)
	$ 5,558	$ 7,505	$ 79,954

4) INTANGIBLE ASSETS

Tenant Relationships	**Cost**	**Accumulated Amortization**	**Net Carrying Value**
Balance, January 1, 2016	**$ 98,136**	**$ 52,529**	**$ 45,607**
Acquisitions	**240**	**—**	**240**
Amortization	**—**	**1,160**	**(1,160)**
Transfer to investment properties held for sale (Note 7)	**(26)**	**(10)**	**(16)**
Balance, March 31, 2016	**$ 98,350**	**$ 53,679**	**$ 44,671**
Balance, January 1, 2015	$ 99,019	$ 50,913	$ 48,106
Acquisitions	707	—	707
Amortization	—	1,218	(1,218)
Transfer from investment properties held for sale (Note 7)	92	92	—
Balance, March 31, 2015	$ 99,818	$ 52,223	$ 47,595

5) OTHER ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
Trade receivables	**$ 12,444**	$ 10,624	$ 5,700
Provision for doubtful accounts	**(38)**	(60)	(51)
Net trade receivables	**12,406**	10,564	5,649
Marketable securities	**1,922**	1,965	2,168
Prepaid expenses and deposits	**8,288**	10,548	9,932
Restricted cash	**5,501**	75	6,485
Accrued straight-line rent receivable	**50,271**	50,050	41,602
Tenant incentives	**64,428**	61,667	63,202
	$ 142,816	$ 134,869	$ 129,038

Tenant Incentives	**Cost**	**Accumulated Amortization**	**Net Carrying Value**
Balance, January 1, 2016	**$ 107,122**	**$ 45,455**	**$ 61,667**
Additions	**5,216**	**—**	**5,216**
Amortization	**—**	**2,453**	**(2,453)**
Transfer to investment properties held for sale (Note 7)	**(3)**	**(1)**	**(2)**
Balance, March 31, 2016	**$ 112,335**	**$ 47,907**	**$ 64,428**
Balance, January 1, 2015	$ 94,825	$ 35,574	$ 59,251
Additions	3,770	—	3,770
Amortization	—	2,346	(2,346)
Disposition	—	(21)	21
Transfer from investment properties held for sale (Note 7)	4,413	1,907	2,506
Balance, March 31, 2015	$ 103,008	$ 39,806	$ 63,202

See Note 20(a) for fair value information.

6) LONG-TERM RECEIVABLES

	March 31, 2016	December 31, 2015	March 31, 2015
Capital expenditure program	**$ 105**	$ 105	$ 105
Interest rate subsidy	**646**	717	1,007
Amount receivable from related party	**13,288**	13,111	12,575
	$ 14,039	$ 13,933	$ 13,687

During March 2014, Crombie advanced $11,856 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

	Land	Buildings	Deferred Leasing Costs	Tenant Relationships	Tenant Incentives	Total
Opening balance, January 1, 2016	**$ 31,619**	**$ 84,891**	**$ 115**	**$ 476**	**$ 2,347**	**$ 119,448**
Additions	**2**	**—**	**4**	**—**	**(28)**	**(22)**
Assets transferred to held for sale	**164**	**399**	**—**	**16**	**2**	**581**
Derecognition through disposition	**(29,743)**	**(79,778)**	**(119)**	**(476)**	**(2,319)**	**(112,435)**
Net carrying value, March 31, 2016	**$ 2,042**	**$ 5,512**	**$ —**	**$ 16**	**$ 2**	**$ 7,572**

	Land	Buildings	Deferred Leasing Costs	Tenant Relationships	Tenant Incentives	Total
Opening balance, January 1, 2015	$ 7,139	$ 23,711	$ 222	$ —	$ 2,506	$ 33,578
Assets transferred to held for sale	31,619	84,891	115	476	2,347	119,448
Assets transferred from held for sale	(7,139)	(23,711)	(222)	—	(2,506)	(33,578)
Net carrying value, December 31, 2015	$ 31,619	$ 84,891	$ 115	$ 476	$ 2,347	$ 119,448

	Land	Buildings	Deferred Leasing Costs	Tenant Relationships	Tenant Incentives	Total
Opening balance, January 1, 2015	$ 7,139	$ 23,711	$ 222	$ —	$ 2,506	$ 33,578
Assets transferred from held for sale	(7,139)	(23,711)	(222)	—	(2,506)	(33,578)
Net carrying value, March 31, 2015	$ —	$ —	$ —	$ —	$ —	$ —

On March 10, 2016, Crombie disposed of 10 retail properties to a third party. The remaining property which was classified as held for sale as at December 31, 2015 continues to meet the criteria for classification as held for sale. During the first quarter of 2016, Crombie determined that an additional retail property met the classification as held for sale as at March 31, 2016.

During the first quarter of 2015, Crombie determined that an investment property previously classified as held for sale no longer met the criteria and was reclassified to in use. The determination was based on the decision to defer the sale to maximize Crombie's return on the property. As a result, depreciation and amortization totalling $673 was recognized in the first quarter of 2015, representing the depreciation and amortization not recorded during the period the property was classified as held for sale.

8) INVESTMENT PROPERTY DEBT

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	March 31, 2016
Fixed rate mortgages	**2.35 - 6.90%**	**4.59%**	**6.5 years**	**$ 1,509,925**
Floating rate revolving credit facility		**2.50%**	**2.3 years**	**8,706**
Deferred financing charges				**(9,756)**
				$ 1,508,875

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	December 31, 2015
Fixed rate mortgages	2.70 - 6.90%	4.62%	6.6 years	$ 1,521,079
Floating rate revolving credit facility		2.48%	2.5 years	130,000
Deferred financing charges				(9,876)
				$ 1,641,203

	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	March 31, 2015
Fixed rate mortgages	3.12 - 6.90%	4.77%	7.3 years	$ 1,471,482
Floating rate revolving credit facility		2.60%	3.3 years	92,887
Deferred financing charges				(10,255)
				$ 1,554,114

As at March 31, 2016, debt retirements for the next five years are:

12 Months Ending	Fixed Rate Principal Payments	Fixed Rate Maturities	Floating Rate Maturities	Total
March 31, 2017	$ 46,859	$ 53,903	$ —	$ 100,762
March 31, 2018	45,308	49,099	—	94,407
March 31, 2019	44,365	31,268	8,706	84,339
March 31, 2020	43,748	238,425	—	282,173
March 31, 2021	36,853	62,956	—	99,809
Thereafter	133,660	719,788	—	853,448
	$ 350,793	$ 1,155,439	$ 8,706	1,514,938
Deferred financing charges				(9,756)
Unamortized fair value debt adjustment				3,693
				$ 1,508,875

Specific investment properties with a carrying value of $2,634,188 as at March 31, 2016 (December 31, 2015 - $2,686,589; March 31, 2015 - $2,646,386) 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

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, 2016	New	3	2.66%	6.1	24.3	$ 17,170
	Assumed	—	—	—	—	—
	Repayment	4	3.18%	—	—	(15,355)
						$ 1,815

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, 2015	New	1	3.23%	7.3	25.0	$ 5,484
	Assumed	1	5.70%	1.3	25.0	5,555
	Repayment	4	5.16%	—	—	(17,372)
						$ (6,333)

Floating Rate Revolving Credit Facility

The floating rate revolving credit facility has a maximum principal amount of $300,000 (December 31, 2015 - $300,000; March 31, 2015 - $300,000) and matures June 30, 2018. Subsequent to period end, Crombie renewed the facility to a maximum principal amount of $400,000 and a maturity date of June 30, 2019. The facility is used by Crombie for working capital purposes and to provide temporary financing for acquisitions and development activity. It 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, 2016 – borrowing base of $221,000). The floating interest rate is based on bankers' acceptance rates plus a spread or specific margin over prime rate. The specified spread or margin changes depending on Crombie's unsecured bond rating with DBRS and whether the facility remains secured or migrates to an unsecured status.

See Note 20(a) for fair value information.

9) SENIOR UNSECURED NOTES

	Maturity Date	Interest Rate	**March 31, 2016**	December 31, 2015	March 31, 2015
Series A senior unsecured notes	October 31, 2018	3.986%	**$ 175,000**	$ 175,000	$ 175,000
Series B senior unsecured notes	June 1, 2021	3.962%	**100,000**	100,000	100,000
Series C senior unsecured notes	February 10, 2020	2.775%	**125,000**	125,000	125,000
Unamortized Series B issue premium			**281**	294	335
Deferred financing charges			**(2,074)**	(2,214)	(2,588)
			$ 398,207	$ 398,080	$ 397,747

On February 10, 2015 Crombie issued, on a private placement basis, $125,000 Series C Notes (senior unsecured) with a five year term and an annual interest rate of 2.775%. There are no principal repayments until maturity and interest is payable in equal semi-annual installments in arrears on February 10 and August 10.

See Note 20(a) for fair value information.

10) CONVERTIBLE DEBENTURES

	Conversion Price	Maturity Date	Interest Rate	March 31, 2016	December 31, 2015	March 31, 2015
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%	**74,400**	74,400	74,400
Deferred financing charges				**(2,728)**	(2,882)	(3,345)
				$ 131,672	$ 131,518	$ 131,055

Debenture Conversions	Conversion Price	Three months ended March 31, 2016	Year ended December 31, 2015	Three months ended March 31, 2015
Series C	$ 15.30	**$ —**	$ 205	$ 205
		$ —	$ 205	$ 205
REIT Units Issued		**—**	13,398	13,398

On January 15, 2015, Crombie exercised its right to redeem the remaining outstanding principal amount of its Series C Unsecured Subordinated Debentures ("Series C Debentures") maturing June 30, 2017, in accordance with the terms of the Trust Indenture. Holders of the Series C Debentures were entitled to convert their Series C Debentures to Units based on the conversion price of $15.30 per Unit until February 17, 2015. The redemption of the then outstanding Series C Debentures was completed on February 18, 2015, for a principal payment of $44,795 plus interest, while $205 of principal was converted to 13,398 REIT Units.

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, 2016	December 31, 2015	March 31, 2015
Tax liabilities relating to difference in tax and book value	**$ 84,497**	$ 85,815	$ 88,102
Tax asset relating to non-capital loss carry-forward	**(8,297)**	(11,615)	(9,502)
Deferred tax liability	**$ 76,200**	$ 74,200	$ 78,600

The tax recovery (expense) consists of the following:

	Three months ended March 31, 2016	2015
Taxes - current		
Taxes - gains on disposal of investment properties	**$ —**	$ —
Taxes - operating income earned in corporate subsidiaries	**(23)**	—
Total current taxes	**$ (23)**	$ —
Taxes - deferred		
Provision for income taxes at the expected rate	**$ (13,631)**	$ (5,066)
Tax effect of income attribution to Crombie's Unitholders	**11,631**	4,866
	(2,000)	(200)
Taxes - gains on disposal of investment properties	**—**	—
Total deferred taxes	**$ (2,000)**	$ (200)

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, 2016	December 31, 2015	March 31, 2015
Tenant incentives and capital expenditures	**$ 17,021**	$ 16,648	$ 15,990
Property operating costs	**21,037**	23,858	29,701
Prepaid rents	**5,731**	4,782	4,009
Finance costs on investment property debt, notes and debentures	**10,188**	10,163	10,289
Distributions payable	**9,783**	9,755	9,696
Unit based compensation plans	**2,614**	1,947	1,056
Fair value of embedded derivatives in convertible debentures	**—**	—	371
Deferred revenue	**4,856**	4,827	4,884
	$ 71,230	$ 71,980	$ 75,996

Change in fair value of financial instruments:

	Three months ended March 31, 2016	Year ended December 31, 2015	Three months ended March 31, 2015
Change in fair value of Deferred Unit ("DU") Plan	**$ (50)**	$ (18)	$ —
Change in fair value of embedded derivatives in convertible debentures	**—**	—	(371)
Change in fair value of marketable securities	**16**	74	103
Change in fair value of financial instruments	**$ (34)**	$ 56	$ (268)

13) PROPERTY REVENUE

	Three months ended March 31,	
	2016	2015
Rental revenue contractually due from tenants	**$ 93,950**	$ 91,373
Contingent rental revenue	**723**	608
Straight-line rent recognition	**2,724**	2,694
Tenant incentive amortization	**(2,453)**	(2,346)
Lease terminations	**—**	172
	$ 94,944	$ 92,501

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

	Three months ended March 31,			
	2016		2015	
	Revenue	**Percentage**	Revenue	Percentage
Sobeys Inc.	**$ 36,450**	**38.4%**	$ 35,090	37.9%

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, 2016, is as follows:

	Remaining 2016	Year Ending December 31, 2017	2018	2019	2020	Thereafter	Total
Future minimum rental income	$ 185,750	$ 236,877	$ 226,996	$ 216,682	$ 204,721	$ 1,892,880	$ 2,963,906

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 9 to 74 years including renewal options:

	Remaining 2016	Year Ending December 31, 2017	2018	2019	2020	Thereafter	Total
Future minimum lease payments	$ 1,100	$ 1,522	$ 1,549	$ 1,550	$ 1,552	$ 64,353	$ 71,626

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, 2016	2015
Wages and salaries	**$ 8,465**	$ 7,864
Post-employment benefits	**205**	156
	$ 8,670	$ 8,020

16) FINANCE COSTS – OPERATIONS

	Three months ended March 31, 2016	2015
Fixed rate mortgages	**$ 18,187**	$ 18,290
Floating rate term, revolving and demand facilities	**607**	979
Senior unsecured notes	**3,705**	3,256
Convertible debentures	**1,866**	2,893
Finance costs - operations	**24,365**	25,418
Amortization of fair value debt adjustment and accretion income	**276**	411
Change in accrued finance costs	**(25)**	(1,398)
Amortization of effective swap agreements	**(618)**	(637)
Amortization of issue premium on senior unsecured notes	**13**	13
Amortization of deferred financing charges	**(828)**	(1,418)
Finance costs - operations, paid	**$ 23,183**	$ 22,389

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, 2016	**77,857,608**	**$ 877,581**	**53,658,302**	**$ 596,304**	**131,515,910**	**$ 1,473,885**
Net change in EUPP loans receivable	**—**	**17**	**—**	**—**	**—**	**17**
Units issued under DRIP	**222,201**	**2,793**	**157,573**	**1,984**	**379,774**	**4,777**
Balance, March 31, 2016	**78,079,809**	**$ 880,391**	**53,815,875**	**$ 598,288**	**131,895,684**	**$ 1,478,679**

	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, 2015	77,304,079	$ 870,578	53,275,266	$ 591,523	130,579,345	$ 1,462,101
Net change in EUPP loans receivable	—	20	—	—	—	20
Units issued under DRIP	75,283	970	53,393	688	128,676	1,658
Conversion of debentures	13,398	205	—	—	13,398	205
Balance, March 31, 2015	77,392,760	$ 871,773	53,328,659	$ 592,211	130,721,419	$ 1,463,984

Crombie REIT Units

During the three months ended March 31, 2015, $205 of Series C Convertible Debentures were converted for a total of 13,398 REIT Units at the conversion price of $15.30 per unit.

18) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three months ended March 31,	
	2016	2015
Items not affecting operating cash:		
Straight-line rent recognition	**$ (2,724)**	$ (2,694)
Amortization of tenant incentives	**2,453**	2,346
Loss (gain) on disposal of investment properties	**(26,260)**	2
Depreciation of investment properties	**15,139**	15,155
Amortization of deferred leasing costs	**151**	149
Amortization of intangible assets	**1,160**	1,218
Unit based compensation	**13**	10
Amortization of effective swap agreements	**618**	637
Amortization of deferred financing charges	**828**	1,418
Amortization of issue premium on senior unsecured notes	**(13)**	(13)
Non-cash distributions to Unitholders in the form of DRIP Units	**4,777**	1,658
Taxes - deferred	**2,000**	200
Income tax expense	**23**	—
Change in fair value of financial instruments	**34**	268
	$ (1,801)	$ 20,354

b) Change in other non-cash operating items

	Three months ended March 31,	
	2016	2015
Cash provided by (used in):		
Trade receivables	**$ (1,842)**	$ 1,707
Prepaid expenses and deposits and other assets	**(3,166)**	(2,664)
Payables and other liabilities	**(2,344)**	4,464
	$ (7,352)	$ 3,507

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, 2016, Empire, through its wholly-owned subsidiary ECL Developments Limited ("ECLD"), holds a 41.5% (fully diluted 40.2%) indirect interest in Crombie.

Crombie's transactions with related parties are as follows:

	Three months ended March 31,	
	2016	2015
Property revenue	**$ 37,343**	$ 35,964
Head lease income	**$ 122**	$ 289
Management support services provided	**$ 27**	$ 96
Property management services	**$ 291**	$ 200
Lease termination income	**$ —**	$ —
Property operating expenses	**$ 34**	$ 34
General and administrative expenses	**$ 50**	$ 127
Interest rate subsidy	**$ 84**	$ 141
Interest income	**$ 177**	$ 175
Finance costs - operations	**$ 299**	$ 296
Finance costs - distributions to Unitholders	**$ 12,166**	$ 12,064

Crombie provides property management, leasing services and environmental management to specific properties owned by certain subsidiaries of Empire on a fee for service basis pursuant to a Management Agreement effective January 1, 2016. Revenue generated from the Management Agreement is being recognized in general and administrative expenses. This Agreement replaces the previous cost sharing arrangement covered by a Management Cost Sharing Agreement.

In addition to the above:

- During the three months ended March 31, 2016, Crombie issued 157,573 (March 31, 2015 - 53,393) Class B LP Units to ECLD under the DRIP (Note 17).
- During the first quarter of 2015, Crombie acquired development lands in British Columbia with Sobeys Developments Limited Partnership ("SDLP"). Crombie's 50% portion of the acquisition cost was $2,676, including 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,	
	2016	2015
Salary, bonus and other short-term employee benefits	**$ 818**	$ 647
Other long-term benefits	**30**	28
	$ 848	$ 675

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, 2016:

	Level 1	Level 2	Level 3	Total
Financial assets				
Marketable securities	$ —	$ —	$ 1,922	$ 1,922
Total financial assets measured at fair value	$ —	$ —	$ 1,922	$ 1,922
Financial liabilities				
Unit based compensation plans	$ 994	$ —	$ —	$ 994
Total financial liabilities measured at fair value	$ 994	$ —	$ —	$ 994

There were no transfers between Level 1 and Level 2 during the three months ended March 31, 2016.

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, 2016		December 31, 2015		March 31, 2015	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets						
Long-term receivables	**$ 14,076**	**$ 14,039**	$ 13,968	$ 13,933	$ 13,729	$ 13,687
Total other financial assets	**$ 14,076**	**$ 14,039**	$ 13,968	$ 13,933	$ 13,729	$ 13,687
Financial liabilities						
Investment property debt	**$ 1,656,442**	**$ 1,518,631**	$ 1,782,776	$ 1,651,079	$ 1,725,963	$ 1,564,369
Senior unsecured notes	**408,454**	**400,000**	405,348	400,000	413,807	400,000
Convertible debentures	**137,982**	**134,400**	138,360	134,400	139,709	134,400
Total other financial liabilities	**$ 2,202,878**	**$ 2,053,031**	$ 2,326,484	$ 2,185,479	$ 2,279,479	$ 2,098,769

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 embedded derivatives).

b) Risk Management

In the normal course of business, Crombie is exposed to a number of financial risks that can affect its operating performance. There has been no significant change in Crombie's risk management during the three months ended March 31, 2016. The more significant risks and the actions 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, 2015.

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 recent years' 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, 2016	**$ 122**	**$ (122)**
Three months ended March 31, 2015	$ 133	$ (133)

There have been no significant changes to Crombie's interest rate risk since December 31, 2015.

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]	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**
Fixed rate mortgages[2]	$ 1,883,399	$ 166,800	$ 156,329	$ 132,480	$ 334,218	$ 138,920	$ 954,652
Senior unsecured notes	451,884	14,407	14,407	186,500	131,948	3,962	100,660
Convertible debentures	164,430	6,906	6,906	6,906	65,406	78,306	—
	2,499,713	188,113	177,642	325,886	531,572	221,188	1,055,312
Floating rate revolving credit facility	9,151	217	217	8,717	—	—	—
Total	$ 2,508,864	$ 188,330	$ 177,859	$ 334,603	$ 531,572	$ 221,188	$ 1,055,312

[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.

There have been no significant changes to Crombie's liquidity risk since December 31, 2015.

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, 2016	December 31, 2015	March 31, 2015
Investment property debt	**$ 1,508,875**	$ 1,641,203	$ 1,554,114
Senior unsecured notes	**398,207**	398,080	397,747
Convertible debentures	**131,672**	131,518	131,055
Crombie REIT Unitholders	**705,871**	694,484	710,065
SVU and Class B LP Unitholders	**460,746**	452,746	463,137
	$ 3,205,371	$ 3,318,031	$ 3,256,118

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, 2016	December 31, 2015	March 31, 2015
Fixed rate mortgages	**$ 1,509,925**	$ 1,521,079	$ 1,471,482
Senior unsecured notes	**400,000**	400,000	400,000
Convertible debentures	**134,400**	134,400	134,400
Revolving credit facility	**8,706**	130,000	92,887
Total debt outstanding	**2,053,031**	2,185,479	2,098,769
Less: Applicable fair value debt adjustment	**(1,636)**	(1,721)	(2,061)
Debt	**$ 2,051,395**	$ 2,183,758	$ 2,096,708
Investment properties, cost	**$ 3,493,313**	$ 3,483,482	$ 3,514,981
Below-market lease component, cost [(1)]	**71,174**	72,634	71,379
Intangible assets, cost	**98,350**	98,136	99,818
Long-term receivables	**14,039**	13,933	13,687
Other assets, cost (see below)	**190,723**	180,324	168,844
Cash and cash equivalents	**—**	1,057	—
Deferred financing charges	**14,558**	14,972	16,188
Investment properties held for sale, cost	**8,516**	144,323	—
Interest rate subsidy	**(1,636)**	(1,721)	(2,061)
Fair value adjustment to deferred taxes	**(34,299)**	(34,645)	(34,645)
Gross book value	**$ 3,854,738**	$ 3,972,495	$ 3,848,191
Debt to gross book value	**53.2%**	55.0%	54.5%

[(1)] Below-market lease component is included in the carrying value of investment properties and assets held for sale.

Other assets are calculated as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Other assets per Note 5	**$ 142,816**	$ 134,869	$ 129,038
Add back (deduct):			
Tenant incentive accumulated amortization	**47,907**	45,455	39,806
Other assets, cost	**$ 190,723**	$ 180,324	$ 168,844

As at March 31, 2016, 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 obtains letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at March 31, 2016, Crombie has a total of $1,611 in outstanding letters of credit related to:

	March 31,	
	2016	2015
Construction work being performed on investment properties	**$ 1,611**	$ 979
Total outstanding letters of credit	**$ 1,611**	$ 979

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 9 to 74 years including renewal options. For the three months ended March 31, 2016, Crombie paid $355 in land lease payments to third party landlords (three months ended March 31, 2015 - $360). Crombie's commitments under the land leases are disclosed in Note 14.

As at March 31, 2016, Crombie had signed construction contracts totalling $18,531 of which $8,916 has been paid.

Crombie is a creditor related to three leases vacated in 2015 by Target Canada ("Target") as a result of Target entering CCAA protection. Target has made a proposal to creditors which has been accepted by the courts for presentation to, and voting by, creditors to determine its acceptance. Subject to such acceptance, Crombie could receive a settlement related to the terminations of its leases and the related parent company guarantee of one of those leases. The amount, if any, of such settlement is not determinable and no amount has been recorded as at March 31, 2016 related to the proposed settlement.

23) SUBSEQUENT EVENTS

(a) On April 19, 2016 Crombie declared distributions of 7.417 cents per Unit for the period from April 1, 2016 to and including, April 30, 2016. The distributions will be paid on May 13, 2016, to Unitholders of record as of April 30, 2016.

(b) Subsequent to March 31, 2016, Crombie completed the acquisition of three retail properties from third parties. The properties, totalling 174,800 square feet, were acquired for $61,900, excluding closing and transaction costs.

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.