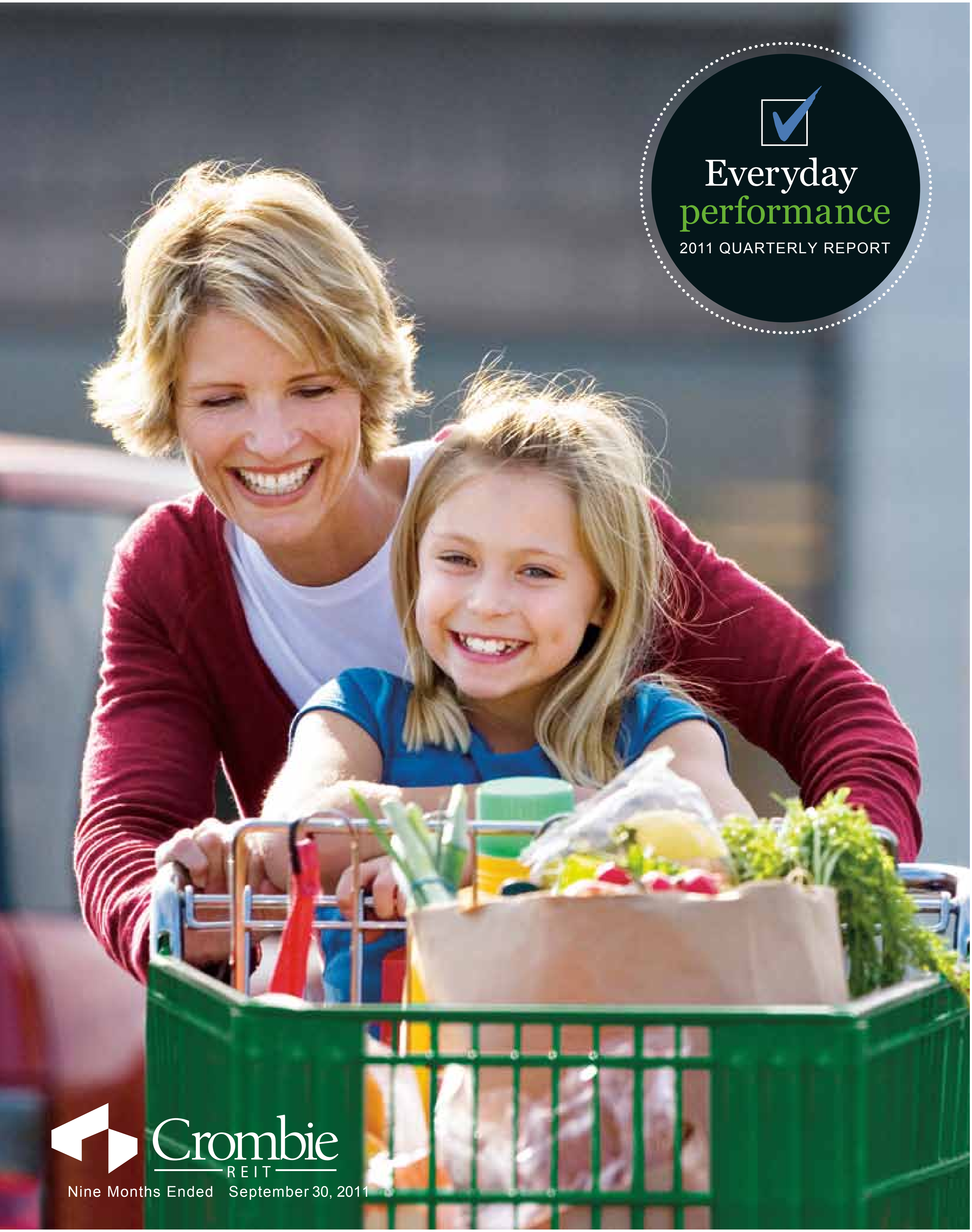

Everyday performance

2011 QUARTERLY REPORT

Crombie REIT

Nine Months Ended September 30, 2011

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. The trust invests in income-producing retail, office and mixed-use properties in Canada, with a future growth strategy focused primarily on the acquisition of retail properties. Crombie currently owns a portfolio of 136 commercial properties in eight provinces, comprising approximately 12.3 million square feet of rentable space.

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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 will provide additional details concerning its second quarter results on a conference call held Wednesday, November 9, 2011. 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 2010 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 results for the third quarter ended September 30, 2011. The financial results are prepared in accordance with International Financial Reporting Standards ("IFRS").

2011 Highlights

- Property revenue for the quarter ended September 30, 2011 of $54.8 million; an increase of $3.3 million or 6.5% over the $51.5 million for the quarter ended September 30, 2010 and for the nine months ended September 30, 2011 was $167.5 million; an increase of $13.7 million or 8.9% over the nine months ended September 30, 2010.
- Same-asset cash net operating income ("NOI") for the quarter ended September 30, 2011 of $30.0 million; a decrease of $0.1 million or 0.5%, compared to $30.1 million for the quarter ended September 30, 2010 and for the nine months ended September 30, 2011, same-asset cash NOI of $90.8 million; an increase of $0.9 million or 1.0% over the same period in 2010.
- Property occupancy was 94.7% at September 30, 2011 compared with 94.9% at June 30, 2011, and 95.5% at September 30, 2010.
- Average rent per square foot from year to date leasing activity increased to $16.31 compared to an expiring rent per square foot of $14.15, an increase of 15.3%.
- Crombie completed leasing activity on 815,000 square feet of GLA during the first nine months of 2011, which represents approximately 74.6% of the 2011 expiring lease square footage.
- Funds from operations ("FFO") for the quarter ended September 30, 2011 was $0.27 per unit (payout ratio 84.2%) compared to $0.26 per unit (payout ratio 85.9%) for the same period in 2010. For the nine months ended September 30, 2011, FFO was $0.82 per unit (payout ratio 81.7%) compared to $0.79 per unit (payout ratio 84.8%) for the same period in 2010.
- Adjusted funds from operations ("AFFO") for the quarter ended September 30, 2011 was $0.22 per unit (payout ratio 101.9%) compared to $0.21 per unit (payout ratio 104.3%) for the same period in 2010. For the nine months ended September 30, 2011, AFFO was $0.65 per unit (payout ratio 102.7%) compared to $0.64 per unit (payout ratio 104.2%) for the same period in 2010. Excluding the impact of the second quarter settlement of the delayed start interest rate swap, AFFO for the nine months ended September 30, 2011 was $0.68 per unit (payout ratio 98.8%).
- Crombie renewed its $150.0 million revolving credit facility at the end of the second quarter for a three year period.

Other Performance Measures

Crombie's FFO and AFFO had the following results during the third quarter and nine months ended September 30th:

	Quarter Ended September 30		Nine Months Ended September 30	
(In millions of CAD dollars, except per unit amounts)	2011	2010	2011	2010
FFO	$17.977	$16.584	$54.763	$48.793
FFO Per Unit – basic	$0.27	$0.26	$0.82	$0.79
FFO Per Unit – diluted	$0.26	$0.25	$0.78	$0.75
FFO Payout ratio	84.2%	85.9%	81.7%	84.8%
AFFO	$14.851	$13.668	$43.566	$39.724
AFFO Per Unit – basic	$0.22	$0.21	$0.65	$0.64
AFFO Per Unit – diluted	$0.22	$0.21	$0.64	$0.63
AFFO Payout ratio	101.9%	104.3%	102.7%	104.2%
AFFO Payout ratio – Adjusted for swap settlement	N/A	N/A	98.8%	104.2%

The increase in FFO for the quarter ended September 30, 2011 of $1.4 million was primarily due to growth in acquisition property NOI, net of finance cost increases related to the acquisitions. The increase in FFO for the nine months ended September 30, 2011 was primarily due to growth in same-asset NOI and higher NOI from 2010 and 2011 acquisition properties offset in part by higher finance costs related to those acquisitions.

AFFO for the quarter ended September 30, 2011 of $14.9 million was an increase of $1.2 million over the same period in 2010 due primarily to the improved FFO results. AFFO for the nine months ended September 30, 2011 was $43.6 million, an increase of $3.8

million or 9.7% over the same period in 2010, due primarily to the improved FFO results, offset in part by the negative impact of settlement. During the second quarter of 2011, Crombie settled the last of its forward rate interest rate swaps for $1.7 million. Excluding the swap settlement, AFFO Per Unit – basic would have been $0.68 and AFFO Payout ratio would have been 98.8%; a significant improvement over the 104.2% payout ratio for the same period in 2010.

Financial Overview

Same-asset property revenue of $144.4 million for the nine months ended September 30, 2011 was 2.0% higher than the nine months ended September 30, 2010 due to increased base rent and recoveries as a result of renewals at above average rates and higher recoverable property expenses. Acquisition and redevelopment property revenue growth of $10.9 million or 89.7% is due to acquisition activity in 2010 and 2011. Same-asset property revenue for the quarter ended September 30, 2011 remained virtually unchanged. The property revenue variance was impacted by increases in rental rates offset by lower occupancy rates.

Same-asset property expenses of $54.7 million for the nine months ended September 30, 2011 increased by $2.2 million or 4.1% from the nine months ended September 30, 2010 due primarily to increased recoverable property taxes and snow clearing costs offset in part by reduced non-recoverable costs. Same-asset property operating expenses of $17.4 million for the quarter ended September 30, 2011 were $0.1 million or 0.7% higher than the quarter ended September 30, 2010 due primarily to increased recoverable property taxes.

Closing Remarks

We are satisfied with the continued improvement in year over year FFO per unit results and the AFFO payout ratio achieved in the third quarter of 2011.

The contribution from our acquisition and redevelopment programs continue to improve our portfolio and cash flow. We are pleased to announce that we have signed definitive asset purchase agreements on two retail properties in Nova Scotia and one in Ontario, which we expect to close in the fourth quarter of 2011, subject to completion of due diligence. The total purchase price is $67.3 million, which along with the $24.8 million of acquisitions completed in the third quarter, brings our acquisition total for 2011 to $141.5 million. The estimated average cap rate of the pending acquisitions is 7.1%, while the average cap rate for the third quarter acquisitions was 7.2%, resulting in an average cap rate for 2011 acquisitions of 7.2%. The pending acquisitions and the completed third quarter acquisitions are reflective of the preferential right Crombie enjoys through our relationship with Empire Company Limited and its subsidiaries.

The acquisition activity and other pending growth opportunities will be funded with mortgage financing and proceeds from the $75.1 million unit issuance which closed on October 20th. Crombie issued 3.51 million REIT Units at $12.85 per unit for gross proceeds of $45.1 million and concurrent with the issuance, Crombie Limited Partnership issued 2.33 million Class B LP Units to ECL Developments Limited at the same unit price of $12.85 for gross proceeds of $30.0 million.

Donald E. Clow, FCA
President & Chief Executive Officer

November 8, 2011

Management's Discussion and Analysis

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 quarter and nine months ended September 30, 2011, with a comparison to the financial condition and results of operations for the comparable periods in 2010.

This MD&A should be read in conjunction with Crombie's interim consolidated financial statements and accompanying notes for the period ended September 30, 2011 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, 2010, which were prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), and the related MD&A. Information about Crombie can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This MD&A 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 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. There can be no assurance that the expectations of management of Crombie will prove to be correct.

In particular, certain statements in this document discuss Crombie's anticipated outlook of future events. These statements include, but are not limited to:

(i) the development of new properties under development agreements, which development activities are 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;

(ii) the acquisition of accretive 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;

(iii) reinvesting to make improvements to existing properties, which could be impacted by the availability of labour, capital resource allocation decisions and actual redevelopment costs;

(iv) 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;

(v) 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;

(vi) overall indebtedness levels and terms, which could be impacted by the level of acquisition activity Crombie is able to achieve and future financing opportunities;

(vii) 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;

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

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

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

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

(xii) the assumed estimated impact per unit upon future settlement of any interest rate swap agreements which may be impacted by changes in Canadian bond yields and swap spreads, as well as the timing and type of financing available and the related amortization period thereon;

(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) the expected completion and method of financing for agreed additional acquisitions from Empire, which may be impacted by due diligence matters and debt market conditions.

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.

NON-IFRS FINANCIAL MEASURES

There are financial measures included in this MD&A that do not have a standardized meaning under International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standards Board ("IASB"). These measures are property net operating income ("NOI"), same-asset NOI and same-asset cash NOI, operating income attributable to Unitholders, adjusted funds from operations ("AFFO"), debt to gross book value, funds from operations ("FFO"), 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 November 8, 2011, except as otherwise noted.

Financial and Operational Summary

(in thousands of CAD dollars, except per unit amounts and as otherwise noted)	Quarter Ended Sep. 30, 2011	Quarter Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2011	Nine Months Ended Sep. 30, 2010
Property revenue	$54,781	$51,450	$167,456	$153,744
Operating income attributable to Unitholders	$9,090	$8,107	$27,542	$22,833
Basic and diluted operating income attributable to Unitholders per unit	$0.13	$0.13	$0.41	$0.37
FFO	$17,977	$16,584	$54,763	$48,793
FFO per unit - basic	$0.27	$0.26	$0.82	$0.79
FFO per unit - diluted(1)	$0.26	$0.25	$0.78	$0.75
FFO payout ratio (%)	84.2%	85.9%	81.7%	84.8%
AFFO	$14,851	$13,668	$43,566	$39,724
AFFO per unit- basic	$0.22	$0.21	$0.65	$0.64
AFFO per unit-diluted(1)	$0.22	$0.21	$0.64	$0.63
AFFO payout ratio (%)(2)	101.9%	104.3%	102.7%	104.2%

(1) The diluted weighted average number of total Units and Class B LP Units with attached Special Voting Units includes the conversion of all series of convertible debentures outstanding during the period, excluding any series that is anti-dilutive. For both the quarter ended and nine months ended September 30, 2011 and September 30, 2010, the Series A Debentures and Series C Debentures are anti-dilutive for AFFO per unit calculations. For both September 30, 2011 and September 30, 2010, all series of convertible debentures are anti-dilutive for operating income attributable to Unitholders per unit calculations.

(2) AFFO payout ratio is calculated using a per square foot charge of $1.10 for maintenance expenditures (see "AFFO" section).

Adoption of IFRS

This MD&A reflects the adoption of IFRS effective from January 1, 2010, with information for 2010 being restated from that which was previously issued under Canadian GAAP. Periods prior to January 1, 2010 have not been restated.

Note 26 of Crombie's consolidated financial statements for the period ended September 30, 2011 provides a description of Crombie's transition to IFRS and the detailed impact on the previously reported Canadian GAAP financial information for 2010.

Classification of Crombie REIT Units and Class B LP Units with attached Special Voting Units (collectively the "Units")

On transition to IFRS, Crombie determined that in accordance with IAS 32 Financial Instruments: Presentation, Crombie's Units are to be classified as financial liabilities on the Balance Sheet. Each of the REIT Units and Class B LP Units are puttable by the respective holder and meet the definition of financial liabilities under IFRS. IAS 32 provides an exception test which, if met, would result in either, or both, of the Units being classified as equity instruments. Crombie has determined that the exception test has not been met for either the REIT Units or Class B LP Units and as such, Crombie has no instrument meeting the definition of equity instruments within the IFRS standard. In addition, whereas the Units are classified as financial liabilities on the Balance Sheet, distributions on the Units are recognized as a finance charge on the Statements of Comprehensive Income (Loss). Prior to the transition to IFRS, distributions to holders of equity instruments were recognized as a reduction of Unitholders Equity and Non-controlling Interest, respectively.

Overview of the Business and Recent Developments

Crombie is an unincorporated, open-ended real estate investment trust established pursuant to a 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 retail properties. At September 30, 2011, Crombie owned a portfolio of 136 investment properties in eight provinces, comprising approximately 12.3 million square feet of gross leaseable area ("GLA"). Empire Company Limited ("Empire" or "ECL"), through its subsidiary ECLD, holds a 45.0% economic and voting interest in Crombie at September 30, 2011.

Significant developments during 2011 include:

- On January 1, 2011, Crombie transitioned to IFRS from Canadian GAAP.
- On May 2, 2011, Crombie completed the acquisition of Gaetz South Plaza, Red Deer, Alberta from a third party. The purchase price of the property was $21,850, excluding closing and transaction costs. Crombie assumed a mortgage of $10,708 with the balance being financed with Crombie's existing credit facility.
- On May 10, 2011, Crombie completed the acquisition of 500 Riddell Road, Orangeville, Ontario and Penhorn Plaza, Dartmouth, Nova Scotia from subsidiaries of Empire. The purchase price of the properties was $27,490, excluding closing and transaction costs. Crombie financed the acquisitions with mortgages of $7,100 and $13,000, with 20 year terms, 25 year amortization and fixed interest rates of 5.06% and 5.04% respectively. The balance was financed with Crombie's existing credit facility.
- On June 28, 2011, Crombie renewed its $150,000 floating rate revolving credit facility, extending the term to June 30, 2014.
- On June 29, 2011, Crombie settled the last remaining forward rate interest rate swap agreement at a cost of $1,731. This cost represents a charge of $0.03 against AFFO in the nine months ended September 30, 2011.
- On September 15, 2011, Crombie completed the acquisition of a Sobeys grocery anchored plaza in Shawinigan, Quebec from subsidiaries of Empire. The purchase of the property was $13,040, excluding closing and transaction costs. Crombie financed the acquisition with a $9,130 mortgage, with a ten year term, 25 year amortization and fixed interest rate of 4.23%. The balance was financed with Crombie's existing credit facility.
- On September 28, 2011, Crombie completed the acquisition of two freestanding Sobeys stores in Bradford and Parry Sound, Ontario from subsidiaries of Empire. The purchase price of the properties was $11,780, excluding closing and transaction costs. Crombie financed the acquisitions with mortgages of $4,200 and $3,800, with 20 year terms, 25 year amortization and fixed interest rates of 4.80%. The balance was financed with Crombie's existing credit facility.
- On October 20, 2011, Crombie completed a public offering of 3,510,000 REIT Units, at a price of $12.85 per REIT Unit for gross proceeds of $45,104. Concurrent with the public offering, in satisfaction of its pre-emptive right, ECLD subscribed for 2,334,630 Class B LP Units and the attached Special Voting Units, on a private placement basis, at the same issue price of $12.85 per Class B LP Unit for gross proceeds of $30,000.

Significant developments during 2010 included:

- On February 1, 2010, Crombie completed the refinancing for the office and retail portfolio known as Halifax Developments. The principal amount of the maturing Halifax Developments mortgages was approximately $106,079 with a weighted average fixed interest rate of 5.43%. The new Halifax Developments mortgages are for a total of $141,000, with a ten year term, 25 year amortization and a weighted average fixed interest rate of 6.48%.

- On February 8, 2010, Crombie issued $45,000 of convertible unsecured subordinated debentures (the "Series C Debentures"). The Series C Debentures have an interest rate of 5.75%, a conversion price of $15.30 per unit and a maturity date of June 30, 2017.
- On February 22, 2010, Crombie completed the acquisition of five retail properties from subsidiaries of Empire. The cost of the five properties was $31,530, excluding closing and transaction costs, and was partially financed by the assumption of $8,358 of mortgages with a weighted average term of 8.6 years, 25 year amortization and a weighted average interest rate of 6.26%. The balance was financed with Crombie's existing credit facility.
- On February 26, 2010, Crombie completed $33,850 of mortgage financing on five properties. The mortgages have an eight year term, a fixed interest rate of 5.70% and a weighted average amortization period of 21.6 years.
- On March 24, 2010, Crombie completed the acquisition of three retail properties from subsidiaries of Empire. The purchase price of the three properties was $27,746 and was financed with Crombie's existing credit facility.
- On April 22, 2010, and May 20, 2010, Crombie completed three mortgage financings totalling $19,000 in principal; all with ten year terms; interest rates ranging from 5.75% to 6.80%; and amortization periods from 15 to 25 years.
- On August 4, 2010, Crombie completed a public offering of 2,670,000 REIT Units, at a price of $11.05 per REIT Unit for gross proceeds of $29,504. Concurrent with the public offering, in satisfaction of its pre-emptive right, ECLD subscribed for 1,855,000 Class B LP Units and the attached Special Voting Units, on a private placement basis, at the same issue price of $11.05 per Class B LP Unit for gross proceeds of $20,498.
- On September 28, 2010, Crombie completed the acquisition of nine properties from a subsidiary of Empire. The cost of the nine properties was $84,297, excluding closing and transaction costs, and was partially financed with mortgage financing on seven of the nine properties. The mortgages total $51,570 at the time of acquisition and an additional $8,200 subsequently with terms ranging from nine to 15 years, amortization periods between 15 and 25 years, and interest rates between 4.53% and 5.19%. The properties acquired total approximately 400,000 square feet of GLA and include six properties in Alberta, one in Saskatchewan, one in Ontario and one in Nova Scotia.
- On October 28, 2010, Crombie completed the acquisition of one retail property, and on November 22, 2010 the acquisition of two retail properties, all located in Quebec. The cost of the three properties was $28,250, excluding closing and transaction costs, and was partially financed with $19,600 of mortgage financings with the balance funded with proceeds from the August 2010 equity offering. The mortgages have terms from nine to 15 years, fixed interest rates of 4.71% and 4.76% and amortization periods of 25 years.

Business Objectives and Outlook

The objectives of Crombie are threefold:

1. Generate reliable and growing cash distributions;
2. Enhance the value of Crombie's assets and maximize long-term unit value through active asset management; and
3. Expand the asset base of Crombie and increase its cash available for distribution through accretive acquisitions.

<u>Generate reliable and growing cash distributions:</u> Management focuses both on improving the same-asset results while expanding the asset base with accretive acquisitions to grow the cash distributions to unitholders. Crombie's focus on grocery-anchored retail properties, a stable and defensive-oriented asset class, assists in enhancing the reliability of cash distributions.

<u>Enhance value of Crombie's assets:</u> Crombie anticipates reinvesting approximately 3% to 5% of its property revenue each year into its properties to maintain their productive capacity and thus overall value.

Crombie's internal growth strategy focuses on generating greater rental income from its existing properties. Crombie plans to achieve this by strengthening its asset base through judicious expansion and improvement of existing properties, leasing vacant space at competitive market rates with the lowest possible transaction costs, and maintaining good relations with tenants. Management will continue to conduct regular reviews of properties and, based on its experience and market knowledge, assess ongoing opportunities within the portfolio.

<u>Expand asset base with accretive acquisitions:</u> Crombie's external growth strategy focuses primarily on acquisitions of income-producing, grocery-anchored retail properties. Crombie pursues two primary sources of acquisitions which are third party acquisitions and the relationship with ECLD and Sobeys Developments Limited Partnership ("SDLP"). The relationship with ECLD and SDLP includes

currently owned and future development properties, as well as opportunities through the rights of first refusal ("ROFR") that one of Empire's subsidiaries has negotiated in certain of their third party leases. Crombie will seek to identify future property acquisitions using investment criteria that focuses on the strength of anchor tenancies, market demographics, age of properties, terms of tenancies, proportion of revenue from national and regional tenants, opportunities for expansion, security of cash flow, potential for capital appreciation and potential for increasing value through more efficient management of the assets being acquired, including expansion and repositioning.

Crombie continues to work closely with ECLD and SDLP to identify opportunities that further Crombie's external growth strategy. The relationship with ECLD is governed by an agreement described in the Material Contracts section of Crombie's Annual Information Form, and SDLP has confirmed that certain properties now held by SDLP that it acquired from ECLD continue to be governed by that agreement. In addition, Crombie has obtained a right of first offer from Sobeys in other Sobeys' income producing commercial properties, subject to certain exceptions. Through these relationships, Crombie expects to have many of the benefits associated with development while limiting its exposure to the inherent risks of development, such as real estate market cycles, cost overruns, labour disputes, construction delays and unpredictable general economic conditions. The agreements also enable Crombie to avoid the uncertainties associated with property development, such as paying the carrying costs of land, securing construction financing, obtaining development approvals, managing construction projects, marketing in advance of and during construction and earning no return during the construction period.

The agreements provide Crombie with a preferential right to acquire retail properties from ECLD and/or SDLP, subject to approval by Crombie's independent elected trustees. These relationships between Crombie and ECLD and SDLP continue to provide promising opportunities for growth in Crombie's portfolio through future developments on both new and existing sites.

The following table outlines the property transactions completed since the initial public offering ("IPO") which highlight the growth opportunities provided through the Empire /Sobeys/ ECLD relationship.

Property	Date Acquired	Property Type	GLA (sq. ft.)	Acquisition Cost[(1)]	Vendor
Brampton Plaza, Brampton, Ontario	Oct. 2, 2006	Retail - Plaza	66,000	$13,160	Empire Subsidiaries
Taunton & Wilson Plaza, Oshawa, Ontario	Oct. 2, 2006	Retail - Plaza	83,000	$18,725	Empire Subsidiaries
Burlington Plaza, Burlington, Ontario	Dec. 20, 2006	Retail - Plaza	56,000	$14,200	3rd party
The Mews of Carleton Place, Carleton Place, Ontario	Jan. 17, 2007	Retail - Plaza	80,000	$11,800	3rd party
Perth Mews Shopping Mall, Perth, Ontario	Mar. 7, 2007	Retail - Plaza	103,000	$17,900	3rd party
International Gateway Centre, Fort Erie, Ontario	Jul. 26, 2007	Retail - Plaza	93,000	$19,200	3rd party ROFR
Brossard-Longueuil, Brossard, Quebec	Aug. 24, 2007	Retail - Freestanding	39,000	$7,300	3rd party ROFR
Town Centre, LaSalle, Ontario	Oct. 15, 2007	Retail - Plaza	88,000	$12,700	3rd party
61 property portfolio (the "Portfolio Acquisition")	Apr. 22, 2008	Retail – Freestanding	1,589,000	$428,500	Empire Subsidiaries
		Retail – Plaza	1,571,000		
		Retail – Enclosed	128,000		
River City Centre, Saskatoon, Saskatchewan	Jun. 12, 2008	Retail – Plaza	160,000	$27,200	3rd party
5 property portfolio	Feb. 22, 2010	Retail - Plaza	186,000	$31,530	Empire Subsidiaries
3 property portfolio	Mar. 24, 2010	Retail - Plaza	101,000	$27,746	Empire Subsidiaries
		Retail - Freestanding	46,000		
9 property portfolio	Sep. 28, 2010	Retail - Freestanding	359,000	$84,297	Empire Subsidiaries
		Retail - Plaza	41,000		
McMasterville, Quebec	Oct. 28, 2010	Retail - Plaza	47,000	$11,250	Empire Subsidiaries
St Augustin, Quebec	Nov. 22, 2010	Retail - Plaza	38,000	$7,368	Joint venture, in which ECLD was a partner

St Charles de Drummond, Quebec	Nov. 22, 2010	Retail - Plaza	48,000	$9,632	Joint venture, in which ECLD was a partner
Gaetz South Plaza, Red Deer, Alberta	May 2, 2011	Retail – Plaza	74,000	$21,850	3rd party
500 Riddell Road, Orangeville, Ontario	May 10, 2011	Retail – Freestanding	46,000	$10,040	Empire Subsidiaries
Penhorn Plaza, Dartmouth, Nova Scotia	May 10, 2011	Retail – Plaza	91,000	$17,450	Empire Subsidiaries
Panavista Drive, Dartmouth, Nova Scotia	May 20, 2011	Retail – Freestanding	48,000	$7,400	Empire Subsidiaries
West Royalty, Charlottetown, Prince Edward Island		Retail - Freestanding	(54,000)	$(7,400)	
1440-1510 Trudel Street, Shawinigan, Quebec	Sep. 15, 2011	Retail - Plaza	60,000	$13,043	Empire Subsidiaries
40 Melbourne Drive, Bradford, Ontario	Sep. 28, 2011	Retail – Freestanding	35,000	$6,235	Empire Subsidiaries
25 Pine Drive, Parry Sound, Ontario	Sep. 28, 2011	Retail – Freestanding	36,000	$5,545	Empire Subsidiaries
Total			5,258,000	$816,671	

(1) Excluding closing and transaction costs.

Through its relationships with SDLP and ECLD, Crombie is provided a preferential right to acquire properties developed by these entities. There is currently approximately $300-$500 million of properties in various stages of development which is anticipated to be made available to Crombie over the next four years. The properties are primarily retail plazas with approximately 70% of the GLA located outside of Atlantic Canada.

Business Environment

During the latter half of 2009 and throughout 2010 and 2011, the Canadian economy continued to display strengthening results in a number of key economic areas, which indicate that a modest economic recovery has taken place. However, concerns still exist as to the sustainability of the recovery as debt levels of both governments and consumers continue to rise and unemployment levels remain high. Also, during this 2009 - 2011 period, the credit and equity markets experienced a dramatic improvement in their liquidity which occurred almost as quickly as the contraction did in late 2008. This liquidity expansion has helped reduce credit spreads to more historically normal levels and resulted in attractive overall financing costs which many Canadian real estate investment trusts ("REITs") and real estate companies, including Crombie, have taken advantage of to strengthen their financial position, improve liquidity and lower their weighted average cost of capital. In the second half of 2010, Crombie sourced nine and 15 year mortgage debt at rates between 4.53% and 5.19%. In the first nine months of 2011, Crombie sourced 20 year mortgage debt in the low 5% range and ten year mortgage debt as low as 4.23%.

In light of the improving economic conditions and improved access to capital, capitalization rates began to contract after their expansion during the recession. This capitalization rate contraction has resulted in a positive impact to the unit prices of many REITs and the recent improvement in both the credit and equity markets have improved Crombie's cost of capital to the level where accretive acquisitions are available. As a result, Crombie was able to complete acquisitions of eight retail properties from subsidiaries of Empire during the first quarter of 2010, an additional nine properties in the third quarter of 2010 and three properties in the fourth quarter of 2010. During 2011, Crombie acquired three additional properties in the second quarter and three properties in the third quarter. Crombie will only pursue acquisitions that are accretive and provide an acceptable return, including acquisitions from relationships between Crombie and ECLD and Crombie and SDLP.

2011 HIGHLIGHTS

- Crombie completed leasing activity on 815,000 square feet of GLA during the first nine months of 2011, which represents approximately 74.6% of the 2011 expiring lease square footage.
- Average rent per square foot from the leasing activity increased to $16.31 compared to an expiring rent per square foot of $14.15, an increase of 15.3%.

- Property occupancy was 94.7% at September 30, 2011 compared with 94.9% at June 30, 2011, and 95.5% at September 30, 2010.
- Property revenue for the quarter ended September 30, 2011 was $54,781, an increase of $3,331, or 6.5% over the $51,450 for the quarter ended September 30, 2010.
- Same-asset cash NOI for the quarter ended September 30, 2011 of $29,959, a decrease of $150, or 0.5%, compared to $30,109 for the quarter ended September 30, 2010.
- The FFO payout ratio for the quarter ended September 30, 2011 was 84.2% compared to the payout ratio of 85.9% for the same period in 2010.
- The AFFO payout ratio for the quarter ended September 30, 2011 was 101.9% compared to 104.3% for the same period in 2010.
- Debt to gross book value was 56.5% at September 30, 2011 compared with 57.1% at June 30, 2011 and 56.4% at September 30, 2010.
- Crombie's interest service coverage for the nine months ended September 30, 2011 was 2.45 times EBITDA and debt service coverage was 1.73 times EBITDA, compared to 2.39 times EBITDA and 1.72 times EBITDA, respectively, for the same period in 2010.
- Crombie completed the renewal of its $150,000 revolving credit facility for a three year period.

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Profile

At September 30, 2011 the property portfolio consisted of 136 investment properties that contain approximately 12.3 million square feet of GLA in eight provinces.

As at September 30, 2011, the portfolio distribution of the GLA by province was as follows:

Province	Number of Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Occupancy(1)
Nova Scotia	44	5,209,000	42.2%	37.2%	94.3%
Ontario	27	1,893,000	15.3%	17.1%	95.0%
New Brunswick	23	1,783,000	14.5%	12.1%	90.2%
Newfoundland and Labrador	13	1,492,000	12.1%	15.6%	95.8%
Quebec	18	1,102,000	8.9%	9.6%	98.0%
Alberta	7	348,000	2.8%	4.3%	100.0%
Prince Edward Island	2	317,000	2.6%	2.3%	97.6%
Saskatchewan	2	198,000	1.6%	1.8%	100.0%
Total	136	12,342,000	100.0%	100.0%	94.7%

(1) For purposes of calculating occupancy percentage, Crombie considers GLA covered by the head lease agreements in favour of ECLD as occupied as there is head lease revenue being earned on the GLA.

During the third quarter of 2011, there was an increase in GLA of 147,000 square feet primarily due to the acquisition of three new properties, two located in Ontario and one in Quebec, as well as changes related to occupied space being remeasured.

The decrease in overall occupancy to 94.7% at September 30, 2011 compared with 94.9% at June 30, 2011 was due mainly to a number of tenant lease expirations or terminations totalling approximately 71,000 square feet of GLA. The decrease was partially offset by new tenancies occupying approximately 42,000 square feet of GLA during the third quarter of 2011. Crombie had 252,000 square feet of GLA in new leasing activity for 2011, however not all tenant leases commenced by September 30, 2011; therefore are excluded from the period end occupancy rate.

Crombie looks to diversify its geographic composition through growth opportunities, as evidenced by seven property acquisitions in Alberta, 12 in Ontario, six in Quebec, two in Saskatchewan, three in New Brunswick, two in Nova Scotia and the Portfolio Acquisition 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.

On a regular basis, Crombie will commence redevelopment work on properties to enhance the economic viability of a location when the environment in which it operates warrants. Crombie currently has one property under redevelopment: Sydney Shopping Centre in Sydney, Nova Scotia is being converted from a retail - enclosed property to a retail - plaza.

The following table outlines properties under redevelopment:

Province	Property	Current GLA	Redevelopment	Estimated Cost	Incurred To Date	Estimated Completion
Nova Scotia	Sydney Shopping Centre	176,000	Convert from retail - enclosed to retail - plaza	$12,400	$6,622	January 2012

During the second quarter of 2010, Crombie commenced redevelopment work on Sydney Shopping Centre. A portion of the GLA was vacated for the initial phases of the redevelopment, scheduled for completion in January 2012.

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

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 September 30, 2011.

Tenant	% of Annual Minimum Rent	Average Remaining Lease Term
Sobeys (1)	36.9%	15.1 years
Empire Theatres Limited	1.9%	7.2 years
Zellers	1.9%	6.2 years
Shoppers Drug Mart	1.8%	7.4 years
CIBC	1.5%	18.8 years
Good Life Fitness	1.5%	8.1 years
Lawtons/Sobeys Pharmacy	1.4%	12.1 years
Nova Scotia Power Inc.	1.3%	0.5 years
Province of Nova Scotia	1.3%	4.6 years
Bell (Aliant)	1.2%	7.2 years
Total	50.7%	

(1) Excludes Lawtons and Fast Fuel locations.

Crombie's portfolio is leased to a wide variety of tenants. Other than Sobeys, which accounts for 36.9% of the annual minimum rent, no other tenant accounts for more than 1.9% of Crombie's minimum rent. Nova Scotia Power Inc. ("NSPI") leased approximately 185,000 square feet in Barrington Tower, Halifax, Nova Scotia, under a long-term lease that expired March 31, 2011. NSPI did not renew their long-term lease; however they continue to occupy approximately 115,000 square feet of that space under a short-term lease. Of the remaining approximately 70,000 square feet, 47,000 square feet has been leased as of April 1, 2011 and approximately 23,000 square feet is currently vacant. Crombie has entered into committed long-term leases for approximately 103,000 square feet to commence mid 2012. Crombie continues to work on leasing the remainder of the space.

Lease Maturities

The following table sets out as of September 30, 2011 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. The weighted average remaining term of all leases is approximately 10.0 years. This extended remaining lease term is reflective of the average Sobeys remaining lease term of 15.1 years.

Year	Number of Leases	Renewal Area (sq. ft.)	% of Total GLA	Average Rent per Sq. Ft. at Expiry ($)
Remainder of 2011	104	318,000	2.5%	$13.13
2012	187	1,044,000	8.5%	$12.07
2013	186	933,000	7.6%	$12.08
2014	178	592,000	4.8%	$17.37
2015	136	645,000	5.2%	$14.63
Thereafter	528	8,152,000	66.1%	$13.66
Total	1,319	11,684,000	94.7%	$13.62

2011 Portfolio Lease Expiries and Leasing Activity

As at September 30, 2011, the portfolio lease expiries and leasing activity for the year ending December 31, 2011 were as follows:

	Retail - Freestanding	Retail – Plazas	Retail - Enclosed	Office	Mixed-use	Total
Expiries (sq. ft.)	4,000	328,000	174,000	334,000	252,000	1,092,000
Average rent per sq. ft.	$28.00	$14.60	$15.77	$14.31	$12.09	$14.15
Committed renewals (sq. ft.)	4,000	189,000	76,000	206,000	88,000	563,000
Average rent per sq. ft.	$35.00	$14.75	$20.09	$18.53	$12.88	$16.72
New leasing (sq. ft.)	--	82,000	16,000	125,000	29,000	252,000
Average rent per sq. ft.	$--	$18.56	$32.95	$11.66	$12.97	$15.40
Total renewals/new leasing (sq. ft.)	4,000	271,000	92,000	331,000	117,000	815,000
Total average rent per sq. ft.	$35.00	$15.90	$22.29	$15.93	$12.91	$16.31

Leasing activity during the nine months ended September 30, 2011 had tenant renewals or new lease tenants of approximately 815,000 square feet at an average rent of $16.31 per square foot, compared with total year expiries for 2011 of 1,092,000 square feet at an average rent of $14.15 per square foot. Of the 1,092,000 square feet of expiries, approximately 160,000 square feet involve tenants that are still paying rent on a holdover basis.

Total committed renewals were completed at an average rate of $16.72 per square foot, an increase of 18.2% compared to the average expiry rate of $14.15. The total committed renewal rate during the first nine months is impacted by the renewal of kiosk space and other tenants at Avalon Mall in St. John's, Newfoundland and Labrador which were completed at rates exceeding the overall portfolio average as well as office renewals year to date at rates exceeding the average expiring rate. New leasing was completed at an average rate of $15.40 per square foot, an increase of 8.8% compared to the average expiry rate mainly due to the above average rental rates of kiosk space.

The committed renewal rate and new leasing rate within specific sectors of the portfolio is impacted by the timing of leasing activity of specific space within a reporting period such as kiosks and food court 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 September 30, 2011, 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	Occupancy(1)
Retail – Freestanding	54	2,220,000	18.0%	18.8%	99.8%
Retail – Plazas	57	4,913,000	39.8%	41.1%	96.1%
Retail – Enclosed	12	2,441,000	19.8%	20.9%	93.3%
Portfolio sub-totals for retail	123	9,574,000	77.6%	80.8%	96.2%
Office	5	1,051,000	8.5%	7.5%	81.6%
Mixed-Use	8	1,717,000	13.9%	11.7%	94.1%
Total	136	12,342,000	100.0%	100.0%	94.7%

(1) For purposes of calculating occupancy percentage, Crombie considers GLA covered by the head lease agreements in favour of ECLD as occupied.

As at September 30, 2010, 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	Occupancy(1)
Retail – Freestanding	51	2,095,000	17.7%	18.7%	100.0%
Retail – Plazas	51	4,549,000	38.3%	38.7%	96.2%
Retail – Enclosed	12	2,460,000	20.7%	22.1%	94.6%
Portfolio sub-totals for retail	114	9,104,000	76.7%	79.5%	96.6%
Office	5	1,049,000	8.8%	8.0%	86.7%
Mixed-Use	8	1,717,000	14.5%	12.5%	94.8%
Total	127	11,870,000	100.0%	100.0%	95.5%

(1) For purposes of calculating occupancy percentage, Crombie considers GLA covered by the head lease agreements in favour of ECLD as occupied.

Retail properties represent 77.6% of Crombie's GLA and 80.8% of annual minimum rent at September 30, 2011 versus 76.7% and 79.5% respectively at September 30, 2010. This year-over-year increase is reflective of Crombie's growth strategy to focus primarily on retail properties.

Occupancy in retail properties of 96.2% at September 30, 2011, is slightly lower than 96.6% at September 30, 2010, while occupancy in non-retail properties decreased to 89.4% from 91.7% primarily as a result of the expiring of the NSPI lease in Barrington Tower and the resulting vacancy of approximately 23,000 square feet and an early lease termination of approximately 14,000 in Cogswell Tower in the third quarter of 2010.

The following table sets out as of September 30, 2011, the square feet under lease subject to lease maturities during the periods indicated.

Year	Retail – Freestanding		Retail – Plazas		Retail – Enclosed	
	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
2011	--	--%	114,000	2.3%	42,000	1.7%
2012	5,000	0.2%	282,000	5.8%	154,000	6.3%
2013	--	--%	410,000	8.3%	214,000	8.8%
2014	--	--%	235,000	4.8%	172,000	7.0%
2015	9,000	0.4%	314,000	6.4%	80,000	3.3%
Thereafter	2,201,000	99.2%	3,364,000	68.5%	1,616,000	66.2%
Total	2,215,000	99.8%	4,719,000	96.1%	2,278,000	93.3%
Year	**Office**		**Mixed – Use**		**Total**	
	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
2011	41,000	3.9%	121,000	7.1%	318,000	2.5%
2012	256,000	24.4%	347,000	20.2%	1,044,000	8.5%
2013	104,000	9.9%	205,000	11.9%	933,000	7.6%
2014	94,000	8.9%	91,000	5.3%	592,000	4.8%
2015	31,000	2.9%	211,000	12.3%	645,000	5.2%
Thereafter	331,000	31.6%	640,000	37.3%	8,152,000	66.1%
Total	857,000	81.6%	1,615,000	94.1%	11,684,000	94.7%

Of the 9,212,000 square feet of retail properties under lease, 7,181,000 square feet, or 78.0% is scheduled for maturity after 2015. This long-term stability in lease maturities is primarily driven by the extended term nature of the Sobeys leases.

In the office and mixed-use properties, lease maturities after 2015 represents 39.3% of the leased square footage.

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

Year	Retail – Freestanding	Retail – Plazas	Retail - Enclosed	Office	Mixed – Use	Total
2011	$--	$15.55	$12.35	$15.35	$10.39	$13.13
2012	$25.00	$11.90	$17.77	$13.35	$8.52	$12.07
2013	$--	$9.61	$15.26	$13.82	$12.82	$12.08
2014	$--	$15.12	$25.06	$12.50	$13.67	$17.37
2015	$25.32	$15.19	$22.47	$11.93	$10.79	$14.63
Thereafter	$13.90	$14.36	$12.42	$12.34	$13.03	$13.66
Sep. 2011 Total	$13.97	$13.92	$14.35	$12.97	$11.58	$13.62
Sep. 2010 Total	$13.97	$13.42	$14.16	$12.66	$11.58	$13.35

FINANCIAL RESULTS

Comparison to Previous Years

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	As At		
	September 30,2011	December 31, 2010	September 30, 2010
Total assets	$1,660,165	$1,589,236	$1,574,510
Total investment property debt and convertible debentures	$1,003,527	$947,560	$932,183
Debt to gross book value[1]	56.5%	56.5%	56.4%

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

(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	Nine Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Variance
Property revenue	$167,456	$153,744	$13,712
Property operating expenses	61,674	57,630	(4,044)
Property NOI	105,782	96,114	9,668
NOI margin percentage	63.2%	62.5%	0.7%
Other items:			
Lease terminations	163	347	(184)
Depreciation and amortization	(23,085)	(23,297)	212
General and administrative expenses	(7,848)	(8,153)	305
Operating income before finance costs and income taxes	75,012	65,011	10,001
Finance costs – operations	(47,170)	(42,878)	(4,292)
Operating income before income taxes	27,842	22,133	5,709
Income taxes – deferred	(300)	700	(1,000)
Operating income attributable to Unitholders	27,542	22,833	4,709
Finance costs – distributions to Unitholders	(44,753)	(41,388)	(3,365)
Decrease in net assets attributable to Unitholders	$(17,211)	$(18,555)	$1,344
Operating income attributable to Unitholders per Unit, Basic and Diluted	$0.41	$0.37	$0.04
Basic weighted average Units outstanding (in 000's)	66,685	61,772	
Diluted weighted average Units outstanding (in 000's)	66,865	61,942	
Distributions per Unit to Unitholders	$0.67	$0.67	

Operating income attributable to Unitholders for the nine months ended September 30, 2011 of $27,542 increased by $4,709 or 20.6% from $22,833 for the nine months ended September 30, 2010. The increase was primarily due to:

- higher property NOI on increased average rental rates and the impact of property acquisitions during 2010 and 2011, offset in part by:
- higher finance costs in 2011 related to property acquisitions.

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 was being redeveloped during either the current or comparative period.

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Same-asset property revenue	$144,387	$141,581	$2,806
Acquisition and redevelopment property revenue	23,069	12,163	10,906
Property revenue	$167,456	$153,744	$13,712

Same-asset property revenue of $144,387 for the nine months ended September 30, 2011 was 2.0% higher than the nine months ended September 30, 2010 due to increased base rent and recoveries as a result of renewals at above average rates and higher recoverable property expenses. Acquisition and redevelopment property revenue growth of $10,906 or 89.7% is due to acquisition activity in 2010 and 2011.

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Same-asset property operating expenses	$54,691	$52,540	$(2,151)
Acquisition and redevelopment property operating expenses	6,983	5,090	(1,893)
Property operating expenses	$61,674	$57,630	$(4,044)

Same-asset property expenses of $54,691 for the nine months ended September 30, 2011 increased by $2,151 or 4.1% from the nine months ended September 30, 2010 due primarily to increased recoverable property taxes and snow clearing costs offset in part by reduced non-recoverable costs.

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Same-asset property NOI	$89,696	$89,041	$655
Acquisition and redevelopment property NOI	16,086	7,073	9,013
Property NOI	$105,782	$96,114	$9,668

Property NOI is calculated as property revenue less property operating expenses. Property NOI for the nine months ended September 30, 2011 increased by $9,668 or 10.1% from the nine months ended September 30, 2010. Same-asset property NOI for the nine months ended September 30, 2011 increased by $655 or 0.7% from the nine months ended September 30, 2010. Crombie's acquisition activity accelerated in the second half of 2010 and year to date in 2011 resulting in significant growth in property operating results in the nine months ended September 30, 2011 compared to the same period in 2010. Several redevelopment projects completed during 2010 also resulted in improved property NOI in the nine months ended September 30, 2011 compared to the same period in 2010.

Property NOI on a cash basis is as follows:

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Property NOI	$105,782	$96,114	$9,668
Non-cash straight-line rent	(2,615)	(2,612)	(3)
Non-cash tenant incentive amortization	3,836	3,363	473
Property cash NOI	107,003	96,865	10,138
Acquisition and redevelopment property cash NOI	16,198	6,985	9,213
Same-asset property cash NOI	$90,805	$89,880	$925

Property NOI, on a cash basis, excludes straight-line rent recognition and amortization of tenant incentive amounts. The $925 or 1.0% increase in same-asset cash NOI for the nine months ended September 30, 2011 over September 30, 2010 is primarily the result of increased average rent per square foot results from 2011 leasing activity, reduced in part by the lower occupancy rate in 2011.

Management emphasizes property NOI on a cash basis as it reflects the cash generated by the properties period-over-period. This excludes non-cash items, straight-line rent and amortization of tenant incentives, which are impacting property NOI.

Acquisition and redevelopment property cash NOI is as follows:

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Acquisition property cash NOI	$11,319	$2,204	$9,115
Redevelopment property cash NOI	4,879	4,781	98
	$16,198	$6,985	$9,213

The significant growth in acquisition property NOI reflects the property acquisitions in 2010 as well year to date in 2011.

Cash NOI for redevelopment properties increased $98 or 2.0% for the nine months ended September 30, 2011 over the nine months ended September 30, 2010 as a result of completed redevelopment properties offset in part by redevelopment work at Sydney Shopping Centre in Sydney, Nova Scotia which includes short-term displacement of GLA and tenants. Excluding Sydney Shopping Centre, cash NOI for redevelopment properties increased $227 year to date in 2011 over the same period in 2010

Change in cash NOI from redevelopment properties period-over-period is impacted by the timing of commencement and completion of each redevelopment project. The nature and extent of redevelopment projects results in operations being impacted minimally in some instances and a significant disruption in others, thus affecting the comparability of period-over-period redevelopment operating results. Crombie undertakes redevelopment of properties to position them for long-term sustainability and growth in cash NOI resulting in improvement in value.

Property NOI for the nine months ended September 30, 2011 by province was as follows:

	2011				2010	
(In thousands of CAD dollars)	Property Revenue	Property Expenses	Property NOI	NOI % of revenue	NOI % of revenue	Variance
Nova Scotia	$70,121	$30,423	$39,698	56.6%	57.0%	(0.4)%
Ontario	26,524	8,881	17,643	66.5%	64.9%	1.6%
New Brunswick	20,254	8,469	11,785	58.2%	58.9%	(0.7)%
Newfoundland and Labrador	24,677	7,401	17,276	70.0%	70.5%	(0.5)%
Quebec	15,079	4,393	10,686	70.9%	72.4%	(1.5)%
Alberta	4,613	441	4,172	90.4%	N/A%	N/A%
Prince Edward Island	3,521	967	2,554	72.5%	74.7%	(2.2)%
Saskatchewan	2,667	699	1,968	73.8%	71.2%	2.6%
Total	$167,456	$61,674	$105,782	63.2%	62.5%	0.7%

The increase in NOI as a percentage of revenue in Saskatchewan is due to increased base rents as a result of renewals and an acquisition of a freestanding property in the third quarter of 2010. The increase in NOI as a percentage of revenue in Ontario is primarily due to the acquisitions in the third quarter of 2010 and 2011 of higher margin freestanding properties. The decrease in NOI as a percentage of revenue in Quebec is due to an increase in recoverable expenses. The decrease in NOI as a percentage of revenue in Prince Edward Island is due to the exchange of one freestanding property for a freestanding property in Nova Scotia during the second quarter of 2011.

Depreciation and Amortization

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Same-asset depreciation and amortization	$19,620	$22,392	$2,772
Acquisition and redevelopment depreciation and amortization	3,465	905	(2,560)
Depreciation and amortization	$23,085	$23,297	$212

Same-asset depreciation and amortization of $19,620 for the nine months ended September 30, 2011 was $2,772 or 12.4% lower than the nine months ended September 30, 2010 due primarily to intangible assets related to tenant relationships and components of the buildings associated with properties purchased at the date of IPO being fully amortized. Depreciation and amortization consists of:

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Depreciation of investment properties	$19,040	$18,080	$(960)
Amortization of intangible assets	3,675	4,931	1,256
Amortization of deferred leasing costs	370	286	(84)
Depreciation and amortization	$23,085	$23,297	$212

General and Administrative Expenses

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

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Salaries and benefits	$4,131	$4,486	$355
Professional fees	1,233	1,299	66
Public company costs	966	950	(16)
Rent and occupancy	703	610	(93)
Other	815	808	(7)
General and administrative expenses	$7,848	$8,153	$305
As a percentage of property revenue	4.7%	5.3%	0.6%

General and administrative expenses, as a percentage of property revenue decreased by 0.6% for the nine months ended September 30, 2011 when compared to the same period in 2010. The decrease primarily relates to:

- salaries and benefits decreased due to the costs associated with the departure of Crombie's Chief Financial Officer during the second quarter of 2010.; and
- increased property revenue.

Finance Costs - Operations

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Same-asset finance costs	$35,181	$35,621	$440
Acquisition and redevelopment finance costs	6,373	2,539	(3,834)
Amortization of effective swaps and deferred financing charges	5,616	4,718	(898)
Finance costs – operations	$47,170	$42,878	$(4,292)

Same-asset finance costs for the nine months ended September 30, 2011 decreased by $440 or 1.2% compared to the nine months ended September 30, 2010 primarily due to the conversions of Series B Convertible Debentures, one mortgage matured and was refinanced with the revolving credit facility at a lower interest rate and one mortgage was refinanced at a lower interest rate.

There is an agreement between ECLD and Crombie whereby ECLD provides a monthly interest rate subsidy to Crombie to reduce the effective interest rates to 5.54% for the remaining term of certain mortgages that were assumed at Crombie's IPO. The remaining mortgage terms mature through April 2022, and management expects to realize a further $5,121 over that period. The amount of interest rate subsidy received during the nine months ended September 30, 2011 was $984 (nine months ended September 30, 2010 - $1,261).

Growth in acquisition and redevelopment finance costs is consistent with Crombie's significant acquisition activity in 2010 and 2011.

Amortization of effective swaps and deferred financing charges has been impacted by the increase in amortization of deferred financing charges from $1,746 in 2010 to $2,480 in 2011, partially the result of the conversion of Series B Convertible Debentures.

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 the 2009 and 2010 fiscal years. 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 income tax liability represents the future tax provision for Crombie Developments Limited ("CDL"), the wholly-owned corporate subsidiary which is subject to 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.

Retail - Freestanding Properties

	Nine Months Ended September 30, 2011			Nine Months Ended September 30, 2010		
(In thousands of CAD dollars, except as otherwise noted)	Same-Asset	Acquisitions & Redevelopments	Total	Same-Asset	Acquisitions & Redevelopments	Total
Property revenue	$19,131	$5,626	$24,757	$18,830	$355	$19,185
Property operating expenses	3,699	495	4,194	3,374	78	3,452
Property NOI	$15,432	$5,131	$20,563	$15,456	$277	$15,733
NOI Margin %	80.7%	91.2%	83.1%	82.1%	78.0%	82.0%
Occupancy %	99.7%	100%	99.8%	100%	100%	100%

Same-asset property revenue and property operating expenses increased due to an increase in the amount of property taxes being paid by Crombie and recovered from tenants.

Retail - Plaza Properties

	Nine Months Ended September 30, 2011			Nine Months Ended September 30, 2010		
(In thousands of CAD dollars, except as otherwise noted)	Same-Asset	Acquisitions & Redevelopments	Total	Same-Asset	Acquisitions & Redevelopments	Total
Property revenue	$53,680	$11,284	$64,964	$51,848	$5,357	$57,205
Property operating expenses	17,758	3,358	21,116	16,962	1,798	18,760
Property NOI	$35,922	$7,926	$43,848	$34,886	$3,559	$38,445
NOI Margin %	66.9%	70.2%	67.5%	67.3%	66.4%	67.2%
Occupancy %	95.4%	99.1%	96.1%	95.9%	98.3%	96.2%

Same-asset property revenue increased compared with 2010 as a result of higher recoverable expenses. Same-asset property operating expenses increased primarily due to increases in direct tenant costs and recoverable expenses.

Retail - Enclosed Properties

	Nine Months Ended September 30, 2011			Nine Months Ended September 30, 2010		
(In thousands of CAD dollars, except as otherwise noted)	Same-Asset	Acquisitions & Redevelopments	Total	Same-Asset	Acquisitions & Redevelopments	Total
Property revenue	$31,505	$3,100	$34,605	$31,263	$3,510	$34,773
Property operating expenses	11,456	1,768	13,224	11,275	1,913	13,188
Property NOI	$20,049	$1,332	$21,381	$19,988	$1,597	$21,585
NOI Margin %	63.6%	43.0%	61.8%	63.9%	45.5%	62.1%
Occupancy %	93.7%	90.8%	93.3%	94.9%	92.9%	94.6%

Same-asset property revenue increased due to increased base rent. The decrease in acquisition and redevelopment NOI margin percent to 43.0% is mainly due to the ongoing redevelopment work at Sydney Shopping Centre in Sydney, Nova Scotia scheduled for completion by early 2012.

Office Properties

	Nine Months Ended September 30, 2011			Nine Months Ended September 30, 2010		
(In thousands of CAD dollars, except as otherwise noted)	Same-Asset	Acquisitions & Redevelopments	Total	Same-Asset	Acquisitions & Redevelopments	Total
Property revenue	$16,132	$--	$16,132	$15,889	$--	$15,889
Property operating expenses	9,525	--	9,525	8,873	--	8,873
Property NOI	$6,607	$--	$6,607	$7,016	$--	$7,016
NOI Margin %	41.0%	--%	41.0%	44.2%	--%	44.2%
Occupancy %	81.6%	-%	81.6%	86.7%	--%	86.7%

Same-asset property revenue increased due to higher tenant recoveries as a result of increased recoverable expenses. This was offset by a decrease in base rent as a result of the decrease in occupancy primarily at Barrington Tower and Cogswell Tower in Halifax, Nova Scotia.

Mixed - Use Properties

	Nine Months Ended September 30, 2011			Nine Months Ended September 30, 2010		
(In thousands of CAD dollars, except as otherwise noted)	Same-Asset	Acquisitions & Redevelopments	Total	Same-Asset	Acquisitions & Redevelopments	Total
Property revenue	$23,939	$3,059	$26,998	$23,751	$2,941	$26,692
Property operating expenses	12,253	1,362	13,615	12,056	1,301	13,357
Property NOI	$11,686	$1,697	$13,383	$11,695	$1,640	$13,335
NOI Margin %	48.8%	55.5%	49.6%	49.2%	55.8%	50.0%
Occupancy %	93.1%	97.1%	94.1%	94.5%	95.7%	94.8%

Same-asset property revenue increased primarily due to improved rental revenue at Scotia Square Mall and Brunswick Place in Halifax, Nova Scotia and increases in recoveries. Same-asset property operating expenses increased due to property tax increases primarily at the Halifax Developments properties and increases in other recoverable expenses.

OTHER 2011 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:

	Nine Months Ended September 30	
(In thousands of CAD dollars, except as otherwise noted)	2011	2010
Operating income attributable to Unitholders	$27,542	$22,833
Operating income attributable to Unitholders per unit – Basic	$0.41	$0.37
Operating income attributable to Unitholders per unit – Diluted	$0.41	$0.37
FFO – Basic	$54,763	$48,793
FFO – Diluted	$61,559	$55,996
FFO per Unit – Basic	$0.82	$0.79
FFO per Unit – Diluted	$0.78	$0.75
AFFO – Basic	$43,566	$39,724
AFFO – Diluted	$46,838	$43,684
AFFO per Unit – Basic (1)	$0.65	$0.64
AFFO per Unit – Diluted (1)	$0.64	$0.63

(1) Excluding the impact of settling the forward rate swap agreement in the second quarter of 2011, AFFO per unit would have been $0.68 Basic and $0.66 Diluted for the nine months ended September 30, 2011.

Operating income attributable to Unitholders is determined before deducting financing costs-distributions to Unitholders and represents the most equivalent measure to net income available to all Unitholders, had the Units been classified as equity instruments.

The diluted FFO and AFFO are adjusted 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:

	Nine Months Ended September 30	
	2011	2010
Basic number of Units for all measures	66,685,211	61,771,721
Diluted for operating income attributable to Unitholders purposes	66,865,325	61,941,822
Diluted for FFO purposes	78,477,482	74,505,233
Diluted for AFFO purposes	73,229,767	69,665,759

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.

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:

	Nine Months Ended September 30	
(In thousands of CAD dollars)	2011	2010
Operating income attributable to Unitholders	$27,542	$22,833
Finance costs – distributions to Unitholders	(44,753)	(41,388)
Decrease in net assets attributable to Unitholders	$(17,211)	$(18,555)

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 gains or losses from sales of investment properties, depreciation and amortization expense, deferred income taxes, impairment losses (or reversals) on investment properties and transaction costs expensed on an investment property acquisition accounted for as a business combination. 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. A calculation of FFO for the nine months ended September 30, 2011 and September 30, 2010 is as follows:

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Decrease in net assets attributable to Unitholders	$(17,211)	$(18,555)	$1,344
Add (deduct):			
Finance costs – distributions to Unitholders	44,753	41,388	3,365
Amortization of tenant incentives	3,836	3,363	473
Depreciation of investment properties	19,040	18,080	960
Amortization of intangible assets	3,675	4,931	(1,256)
Amortization of deferred leasing costs	370	286	84
Income taxes – deferred	300	(700)	1,000
FFO	$54,763	$48,793	$5,970

The increase in FFO for the nine months ended September 30, 2011 was primarily due to higher NOI from 2010 and 2011 acquisition properties and growth in same-asset cash NOI offset in part by higher finance costs related to those acquisitions.

Adjusted Funds from Operations (AFFO)

Crombie considers AFFO to be a measure useful 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 distribution after the provision for non-cash adjustments to revenue, 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

Crombie's policy had been to track actual expenditures on these three cost categories and assess whether there was productive capacity enhancement from the costs incurred. To the extent that the expenditures did not provide productive capacity enhancement, they were charged against AFFO. This had led to volatility in reported AFFO from quarter to quarter as costs are generally not incurred on a consistent basis during the year, or from year to year. In addition, the costs incurred in one reporting period do not necessarily reflect the period of benefit derived from that cost.

In order to better reflect the ongoing impact of maintenance costs on AFFO, Crombie charges AFFO with a normalized rate per square foot for all of these expenditures. Crombie uses a rate of $1.10 per square foot to be charged against AFFO for 2010 and 2011. 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 for comparative purposes.

The calculation of AFFO for the nine months ended September 30, 2011 and 2010 is as follows:

(In thousands of CAD dollars)	Nine Months Ended September 30, 2011	September 30, 2010	Variance
FFO	$54,763	$48,793	$5,970
Add:			
Amortization of effective swap agreements	3,136	2,972	164
Deduct:			
Straight-line rent adjustment	(2,615)	(2,612)	(3)
Settlement of effective swap agreement	(1,731)	--	(1,731)
Maintenance expenditures on a square footage basis	(9,987)	(9,429)	(558)
AFFO	$43,566	$39,724	$3,842

The AFFO for the nine months ended September 30, 2011 was $43,566, an increase of $3,842 or 9.7% over the same period in 2010, due primarily to the improved FFO results as previously discussed, offset in part by the negative impact of settlement of the swap agreement. Excluding the impact of the swap settlement, AFFO for the nine months ended September 30, 2011 would have been $45,297, an increase of $5,573 or 14.0% over the same period in 2010.

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:

(In thousands of CAD dollars)	Nine Months Ended September 30, 2011	September 30, 2010	Variance
Cash provided by operating activities	$13,504	$17,463	$(3,959)
Add back (deduct):			
Finance costs – distributions to Unitholders	44,753	41,388	3,365
Settlement of effective swap agreement	(1,731)	--	(1,731)
Change in other non-cash operating items	(454)	(7,890)	7,436
Unit-based compensation expense	(39)	(62)	23
Amortization of deferred financing charges	(2,480)	(1,746)	(734)
Maintenance expenditures on a square footage basis	(9,987)	(9,429)	(558)
AFFO	$43,566	$39,724	$3,842

The following provides an analysis of the impact of the transition to IFRS on previously reported non-IFRS measures included in this MD&A.

(In thousands of CAD dollars)	**Nine Months Ended September 30, 2010**
FFO, as previously reported	$50,841
Adjustments:	
Amortization of above-market leases	2,324
Amortization of below-market leases	(4,668)
Accretion of Notes receivable	296
FFO, as currently reported	$48,793
AFFO, as previously reported	$37,977
Adjustments:	
Maintenance expenditures on a square footage basis	(9,429)
Maintenance capital expenditures, actual	4,503
Maintenance TI and leasing costs, actual	6,377
Accretion of Notes receivable	296
AFFO, as currently reported	$39,724

Amortization of above-market and below-market leases was previously included in the determination of property revenue, and thus impacted the calculation of FFO. Under IFRS, these amounts are not recognized as separate intangible assets and liabilities and their amount, if any, is included in the determination of the total value of investment properties with their depreciation included in depreciation of investment properties. These amounts do not impact the calculation of AFFO.

On transition to IFRS, Crombie present valued the long-term note receivable. The note receivable is being accreted with the interest income being recognized as an offset to finance costs – operations. The accretion increases the previously reported FFO and AFFO.

As previously discussed, Crombie is now charging AFFO with a rate per square foot for maintenance expenditures. The impact of this change on previously reported AFFO for the nine months ended September 30, 2010 is as follows:

AFFO increase	$1,451
AFFO per unit, basic	$0.03
AFFO per unit, diluted	$0.02
AFFO payout ratio	4.0%

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Funds

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. In addition, Crombie has the following sources of financing available to finance future growth: secured short-term financing through an authorized revolving credit facility of up to $150,000, of which $99,716 was drawn at September 30, 2011, and the issue of new units, mortgage debt on unencumbered assets, and unsecured convertible debentures pursuant to the Declaration of Trust.

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Cash provided by (used in):			
Operating activities	$13,504	$17,463	$(3,959)
Financing activities	$65,688	$156,082	$(90,394)
Investing activities	$(84,362)	$(155,006)	$70,644

Operating Activities

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Cash provided by (used in):			
Net assets attributable to Unitholders and non-cash items	$13,050	$9,573	$3,477
Non-cash operating items	454	7,890	(7,436)
Cash provided by operating activities	$13,504	$17,463	$(3,959)

Fluctuations in cash provided by operating activities are largely influenced by the change in non-cash working capital which can be affected by the timing of receipts and payments.

Financing Activities

	Nine Months Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Cash provided by (used in):			
Net issue of loans and borrowings	$66,853	$63,670	$3,183
Net issue of convertible debentures	--	42,713	(42,713)
Net issue of units	--	48,322	(48,322)
Settlement of interest rate swap agreement	(1,731)	--	(1,731)
Other items (net)	566	1,377	(811)
Cash provided by financing activities	$65,688	$156,082	$(90,394)

Cash from financing activities in the nine months ended September 30, 2011 decreased by $90,394 over the nine months ended September 30, 2010. During the nine months ended September 30, 2010, Crombie raised cash through the issuance of convertible debentures, mortgage refinancing and the issuance of units to finance the acquisitions of investment properties. The primary source of cash from financing activities during the nine months ended September 30, 2011 was an increase in the floating rate revolving credit facility and proceeds from mortgage financings.

Investing Activities

(In thousands of CAD dollars)	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Variance
Cash provided by (used in):			
Acquisition of investment properties	$(64,570)	$(136,701)	$72,131
Additions to investment properties	(12,266)	(11,843)	(423)
Additions to tenant incentives	(7,085)	(6,183)	(902)
Additions to deferred leasing costs	(596)	(424)	(172)
Other items (net)	155	145	10
Cash used in investing activities	$(84,362)	$(155,006)	$70,644

Cash used in investing activities for the nine months ended September 30, 2011 was $84,362. The decrease of $70,644 from the same period in 2010 is reflective of the reduced cash used in investment property acquisitions.

Tenant Improvement 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 revenues over their useful lives and deducted when calculating AFFO.

Productive capacity enhancement expenditures are costs incurred that increase the property level 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 new 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.

(In thousands of CAD dollars)	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Total additions to investment properties	$12,266	$11,843
Less: amounts recoverable from ECLD	--	--
Net additions to investment properties	12,266	11,843
Less: productive capacity enhancements	(7,672)	(5,162)
Maintenance capital expenditures	$4,594	$6,681

(In thousands of CAD dollars)	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Total additions to TI and leasing costs	$7,681	$6,607
Less: amounts recoverable from ECLD	--	(209)
Net additions to TI and leasing costs	7,681	6,398
Less: productive capacity enhancements	(1,077)	(21)
Maintenance TI and leasing costs	$6,604	$6,377

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 nine months ended September 30, 2011 are primarily payments for completion of parking deck and structural repairs at the Scotia Square parkade in Halifax, Nova Scotia, roof replacements, and building interior and exterior maintenance.

Maintenance TI and leasing costs are the result of both lease renewals and new leases and is reflective of the leasing activity during the first nine months of 2011.

Productive capacity enhancements during the nine months ended September 30, 2011 consisted primarily of redevelopment work on Sydney Shopping Centre in Sydney, Nova Scotia; GLA expansion underway at Taunton & Wilson Plaza in Oshawa, Ontario and expansion underway at Baie Comeau, Quebec.

Capital Structure

(In thousands of CAD dollars)	September 30, 2011		December 31, 2010		September 30, 2010	
Investment property debt	$879,195	57.9%	$799,127	55.1%	$779,288	54.4%
Convertible debentures	124,332	8.2%	148,433	10.3%	152,895	10.7%
Special Voting Units and Class B Limited Partnership Unitholders	227,806	15.0%	233,774	16.1%	235,614	16.4%
Crombie REIT Unitholders	286,407	18.9%	268,201	18.5%	265,588	18.5%
	$1,517,740	100.0%	$1,449,535	100.0%	$1,433,385	100.0%

Bank Credit Facilities and Investment Property Debt

Crombie has in place an authorized floating rate revolving credit facility of up to $150,000 (the "Revolving Credit Facility"), of which $99,716 was drawn as at September 30, 2011. 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 or specified margins over prime rate. The 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 September 30, 2011, Crombie had sufficient Borrowing Base to permit $150,000 of funds to be drawn pursuant to the revolving credit facility, subject to certain other financial covenants. See "Borrowing Capacity and Debt Covenants".

As of September 30, 2011, Crombie had fixed rate mortgages outstanding of $779,474 ($786,188 after including the fair value debt adjustment of $6,714), carrying a weighted average interest rate of 5.73% (after giving effect to the interest rate subsidy from ECLD under an omnibus subsidy agreement) and a weighted average term to maturity of 7.6 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"). Crombie currently has no outstanding swap agreements.

Principal repayments of the debt are scheduled as follows:

(In thousands of CAD dollars)	Maturing Debt Balances						
12 Months ending	Fixed Rate Debt	Floating Rate Debt	Total	% of Total	Payments of Principal	Total Required Payments	% of Total
September 30, 2012	$3,228	$--	$3,228	0.5%	$24,868	$28,096	3.2%
September 30, 2013	3,897	--	3,897	0.6%	26,451	30,348	3.5%
September30, 2014	93,803	99,716	193,519	29.5%	25,110	218,629	24.9%
September 30, 2015	38,813	--	38,813	5.9%	23,974	62,787	7.1%
September 30, 2016	47,940	--	47,940	7.3%	22,268	70,208	8.0%
Thereafter	367,802	--	367,802	56.2%	101,320	469,122	53.3%
Total (1)	$555,483	$99,716	$655,199	100.0%	$223,991	$879,190	100.0%

(1) Excludes fair value debt adjustment of $7,069 and deferred financing costs of $6,709.

Of the maturing debt balances, 18.2% of fixed rate debt, and 30.6% of total maturing debt balances matures over the next three years. This prudent debt management, coupled with the long-term nature of our lease portfolio, provides stability to Crombie's cash flow and minimizes interest rate risk on maturing debt.

Convertible debentures

(In thousands of CAD dollars)	Series A	Series B	Series C
Issue value	$30,000	$85,000	$45,000
Outstanding amount as at September 30, 2011	$29,985	$52,683	$45,000
Annual interest rate (payable semi-annually)	7.00%	6.25%	5.75%
Conversion price per Unit	$13.00	$11.00	$15.30
Issue date	March 20, 2008	September 30, 2009	February 8, 2010
Maturity date	March 20, 2013	June 30, 2015	June 30, 2017
Trading symbol	CRR.DB	CRR.DB.B	CRR.DB.C

On February 8, 2010, Crombie issued $45,000 in convertible unsecured subordinated debentures (the "Series C Debentures"). The proceeds were used to reduce the Revolving Credit Facility.

The Series A Debentures, the Series B Debentures and the Series C Debentures (collectively the "Debentures") pay interest semi-annually on June 30 and December 31 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.

The Debentures are convertible into REIT Units at the option of the debenture holder at any time up to the maturity date, at the conversion price indicated in the table above, being a conversion rate of approximately 76.9231 REIT Units per one thousand dollars principal amount of Series A Debentures, 90.9091 REIT Units per one thousand dollars principal amount of Series B Debentures, and 65.3595 REIT Units per one thousand dollars principal amount of Series C Debentures. If all conversion rights attaching to the September 30, 2011 outstanding Series A Debentures, Series B Debentures and the Series C Debentures are exercised, Crombie would be required to issue approximately 2,306,538 REIT Units, 4,789,363 REIT Units and 2,941,176 REIT Units respectively, subject to anti-dilution adjustments.

The following represents debentures converted from date of issue to October 31, 2011:

(In thousands of CAD dollars) Conversion date	Convertible debenture series	Debentures face value	Units issued
January through December 2010	Series A	$15	1,153
January through December 2010	Series B	6,737	612,448
Conversions to December 31, 2010		6,752	613,601
January through March 2011	Series B	2,514	228,540
April 2011 through June 2011	Series B	7,645	694,993
July 2011	Series B	3,326	302,361
August 2011	Series B	10,085	916,817
September 2011	Series B	2,010	182,727
Conversions to September 30, 2011		32,332	2,939,039
October 2011	Series B	--	--
Conversions to October 31, 2011		$32,332	2,939,039

For the first three years from the date of issue, there is no ability to redeem the Debentures, after which, each series of Debentures has a period, lasting one year, during which the 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 on redemption is given exceeds 125% of the conversion price. After the end of the four year period from the date of issue, and to the maturity date, the Debentures may be redeemed, in whole or in part, at anytime at the redemption price equal to the principal amount thereof plus accrued and unpaid interest. Provided that there is not a current event of default, Crombie will have the option to satisfy its obligation to pay the principal amount of the Debentures at maturity or upon redemption, in whole or in part, by issuing the number of REIT units equal to the principal amount of the Debentures then outstanding divided by 95% of the volume-weighted average trading price of the REIT units for a stipulated period prior to the date of redemption or maturity, as applicable. Upon change of control of Crombie, Debenture holders have the right to put the Debentures to Crombie at a price equal to 101% of the principal amount plus accrued and unpaid interest.

Transaction costs related to the Debentures have been deferred and are being amortized into finance costs – operations over the term of the Debentures using the effective interest method.

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

On October 20, 2011, Crombie closed a public offering, on a bought deal basis, of 3,510,000 REIT Units at a price of $12.85 per REIT Unit for gross proceeds of $45,104. Concurrently with the issue of the REIT Units, in satisfaction of its pre-emptive right, ECLD subscribed for 2,334,630 Class B LP Units and the attached Special Voting Units at a price of $12.85 per Class B LP Unit for gross proceeds of $30,000, on a private placement basis.

In March 2011 there were 21,417 REIT Units awarded as part of the Employee Unit Purchase Plan (March 2010 – 17,157 REIT Units). For the nine months ended September 30, 2011, a total of $25,580 of 6.25% Series B Convertible Unsecured Subordinated Debentures were converted for a total of 2,325,438 REIT units.

On August 4, 2010, Crombie closed a public offering, on a bought deal basis, of 2,670,000 REIT Units at a price of $11.05 per REIT Unit for gross proceeds of $29,504. Concurrently with the issue of the REIT Units, in satisfaction of its pre-emptive right, ECLD subscribed for 1,855,000 Class B LP Units and the attached Special Voting Units at a price of $11.05 per Class B LP Unit for gross proceeds of $20,498, on a private placement basis.

Total units outstanding at October 31, 2011 were as follows:

Units	41,163,338
Special Voting Units (1)	33,115,360

(1) Crombie Limited Partnership, a subsidiary of Crombie, has also issued 33,115,360 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.

On March 31, 2011, Crombie announced a normal course issuer bid ("NCIB") where Crombie may purchase for cancellation up to 100,000 of its REIT units, which represented approximately 0.28% of the outstanding REIT units, during the period April 4, 2011 to April 3, 2012. The purchases have to be made through the facilities of the TSX. The price that Crombie will pay for any such REIT units will be the market price at the time of acquisition. Under the TSX policies, Crombie is entitled to purchase a maximum of 14,387 REIT units per trading day. Crombie had a previous NCIB which expired March 25, 2011. Under that NCIB, Crombie acquired a total of 50,547 units. During the period ended September 30, 2011, Crombie acquired 21,417 REIT units under the NCIB which expires April 3, 2012 for total consideration of $281.

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 history of the taxation of distributions from Crombie:

Taxation Year	Return of Capital	Investment Income	Capital Gains
2006 per $ of distribution	40.0%	60.0%	--
2007 per $ of distribution	25.5%	74.4%	0.1%
2008 per $ of distribution	27.2%	72.7%	0.1%
2009 per $ of distribution	51.0%	49.0%	--
2010 per $ of distribution	64.7%	35.3%	--

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 coverage ratios above prescribed levels:

- 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 September 30, 2011, the remaining amount available under the revolving credit facility was $50,284 (prior to reduction for standby letters of credit outstanding ($9,323) and negative mark-to-market position on any interest rate swap agreements ($NIL)) and was not limited by the Aggregate Coverage Amount.

At September 30, 2011, Crombie remained in compliance with all debt covenants.

Debt to Gross Book Value

When calculating debt to gross book value, debt is defined under the terms of the Declaration of Trust as bank loans plus investment property debt and convertible debentures. 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) less (i) the amount of any receivable reflecting interest rate subsidies on any debt assumed by Crombie and (ii) the amount of deferred income 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.

The debt to gross book value was 56.5% at September 30, 2011 compared to 56.4% at September 30, 2010. This leverage ratio is below the maximum 60%, or 65% including convertible debentures, as outlined 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 60% of gross book value, depending upon Crombie's future acquisitions and financing opportunities.

(In thousands of CAD dollars, except as otherwise noted)	As at Sep. 30, 2011	As at Jun. 30, 2011	As at Mar. 31, 2011	As at Dec. 31, 2010	As at Sep. 30, 2010
Fixed rate mortgages	$786,188	$763,875	$749,657	$755,665	$733,520
Convertible debentures	127,668	143,089	150,734	153,248	158,469
Revolving credit facility payable	99,716	100,159	50,000	50,000	52,000
Total debt outstanding	1,013,572	1,007,123	950,391	958,913	943,989
Less: Applicable fair value debt adjustment	(5,121)	(5,414)	(5,747)	(6,106)	(6,472)
Debt	$1,008,451	$1,001,709	$944,644	$952,807	$937,517
Investment properties, cost	$1,670,531	$1,639,364	$1,586,419	$1,583,210	$1,547,618
Intangible assets, cost	58,438	57,291	55,776	55,776	54,709
Notes receivable	3,585	3,806	4,065	4,343	4,623
Other assets, cost	85,513	86,526	74,668	72,153	71,056
Cash and cash equivalents	--	--	1,480	5,170	18,539
Deferred financing charges	10,045	10,711	10,770	11,353	11,806
Interest rate subsidy	(5,121)	(5,414)	(5,747)	(6,106)	(6,472)
Fair value adjustment to deferred taxes	(39,245)	(39,245)	(39,245)	(39,245)	(39,245)
Gross book value	$1,783,746	$1,753,039	$1,688,186	$1,686,654	$1,662,634
Debt to gross book value	56.5%	57.1%	56.0%	56.5%	56.4%

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

As a result of a classification change on transitions to IFRS, Crombie's Debt to Gross Book Value ratio was negatively impacted. The change resulted in previously recorded Intangible liabilities for below-market leases being included in the carrying value of Investment properties for IFRS. Therefore, as permitted by the Declaration of Trust, the cost of Investment properties used in the calculation has been reduced by the cost of the reclassified below-market leases.

Debt to Gross Book Value, excluding the below-market lease amounts, which are now included as a component of Buildings, would be:

Restatement impact on D/GBV	As at Sep. 30, 2011	As at Jun. 30, 2011	As at Mar. 31, 2011	As at Dec. 31, 2010	As at Sep. 30, 2010
Gross book value above	$1,783,746	$1,753,039	$1,688,186	$1,686,654	$1,662,634
Cost of below-market lease component	56,606	55,885	52,148	52,148	51,791
Revised Gross book value	$1,840,352	$1,808,924	$1,740,334	$1,738,802	$1,714,425
Revised Debt to gross book value	54.8%	55.4%	54.3%	54.8%	54.7%
Maximum borrowing capacity(1)	65%	65%	65%	65%	65%

(1) Maximum permitted by the Declaration of Trust

Debt and Interest Service Coverage

Crombie's interest and debt service coverage ratios for the nine months ended September 30, 2011 were 2.45 times EBITDA and 1.73 times EBITDA. This compares to 2.39 times EBITDA and 1.72 times EBITDA respectively for the nine months ended September 30, 2010. 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. EBITDA may not be calculated in a comparable measure reported by other entities.

	Nine Months Ended	
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010
Property revenue	$167,456	$153,744
Amortization of tenant incentives	3,836	3,363
Adjusted property revenue	171,292	157,107
Property operating expenses	(61,674)	(57,630)
General and administrative expenses	(7,848)	(8,153)
EBITDA (1)	$101,770	$91,324
Finance costs – operations	$47,170	$42,878
Amortization of deferred financing charges	(2,480)	(1,746)
Amortization of effective swap agreements	(3,136)	(2,972)
Adjusted interest expense (2)	$41,554	$38,160
Debt repayments	$26,520	$179,410
Amortization of fair value debt premium	(78)	61
Payments relating to interest rate subsidy	(984)	(1,261)
Payments relating to Revolving Credit Facility	--	(54,160)
Balloon payments on mortgages	(8,204)	(109,240)
Adjusted debt repayments (3)	$17,254	$14,810
Interest service coverage ratio {(1)/(2)}	2.45	2.39
Debt service coverage ratio {(1)/((2)+(3))}	1.73	1.72

Distributions and Distribution Payout Ratios

Distribution Policy

Pursuant to Crombie's Declaration of Trust, cash distributions are to be determined by the trustees in 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:

	Nine Months Ended	
(In thousands of CAD dollars, except as otherwise noted)	September 30, 2011	September 30, 2010
Distributions to Unitholders	$24,206	$21,804
Distributions to Special Voting Unitholders	20,547	19,584
Total distributions	$44,753	$41,388
FFO payout ratio	81.7%	84.8%
AFFO payout ratio (target ratio = 95%)	102.7%	104.2%

THIRD QUARTER RESULTS

Comparison to Previous Year

	Quarter Ended September 30,		
(In thousands of CAD dollars, except per unit amounts and as otherwise noted)	2011	2010	Variance
Property revenue	$54,781	$51,450	$3,331
Property operating expenses	19,611	18,936	(675)
Property NOI	35,170	32,514	2,656
NOI margin percentage	64.2%	63.2%	1.0%
Other items:			
Lease terminations	--	162	(162)
Depreciation and amortization	(7,718)	(7,536)	(182)
General and administrative expenses	(2,487)	(2,627)	140
Operating income before finance costs and income taxes	24,965	22,513	2,452
Finance costs – operations	(16,075)	(14,706)	(1,369)
Operating income before income taxes	8,890	7,807	1,083
Income taxes – deferred	200	300	(100)
Operating income attributable to Unitholders	9,090	8,107	983
Finance costs – distributions to Unitholders	(15,132)	(14,251)	(881)
Decrease in net assets attributable to Unitholders	$(6,042)	$(6,144)	$102
Operating income attributable to Unitholders per Unit, Basic and Diluted	$0.13	$0.13	$--
Basic weighted average Units outstanding (in 000's)	67,500	63,663	
Diluted weighted average Units outstanding (in 000's)	67,682	63,837	
Distributions per Unit to Unitholders	$0.22	$0.22	

Operating income attributable to Unitholders for the quarter ended September 30, 2011 of $9,090 increased by $983 from $8,107 for the quarter ended September 30, 2010. The increase was primarily due to:

- increased property revenue and property NOI as a result of 2011 and 2010 property acquisitions; offset in part by
- higher finance costs in 2011 as a result of property acquisitions.

Property Revenue and Property Expenses

	Quarter Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Same-asset property revenue	$46,855	$46,875	$(20)
Acquisition and redevelopment property revenue	7,926	4,575	3,351
Property revenue	$54,781	$51,450	$3,331

Same-asset property revenue for the quarter ended September 30, 2011 remained virtually unchanged. The property revenue variance was impacted by increases in rental rates offset by lower occupancy rates.

	Quarter Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Same-asset property operating expenses	$17,403	$17,286	$117
Acquisition and redevelopment property operating expenses	2,208	1,650	558
Property operating expenses	$19,611	$18,936	$675

Same-asset property operating expenses of $17,403 for the quarter ended September 30, 2011 were $117 or 0.7% higher than the quarter ended September 30, 2010 due primarily to increased recoverable property taxes.

	Quarter Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Same-asset property NOI	$29,452	$29,589	$(137)
Acquisition and redevelopment property NOI	5,718	2,925	2,793
Property NOI	$35,170	$32,514	$2,656

Same-asset NOI for the quarter ended September 30, 2011 decreased slightly by $137 or 0.5% from the quarter ended September 30, 2010, primarily due to lower occupancy rates.

Property NOI on a cash basis is as follows:

	Quarter Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Property NOI	$35,170	$32,514	$2,656
Non-cash straight-line rent	(800)	(829)	29
Non-cash tenant incentive amortization	1,369	1,241	128
Property cash NOI	35,739	32,926	2,813
Acquisition and redevelopment property cash NOI	5,780	2,817	2,963
Same-asset property cash NOI	$29,959	$30,109	$(150)

Property NOI, on a cash basis, excludes straight-line rent recognition and amortization of tenant incentives. The $150 or 0.5% decrease in same-asset cash NOI for the quarter ended September 30, 2011 over September 30, 2010 is primarily the result of slight decreases in occupancy rates.

Property NOI for the quarter ended September 30, 2011 by province was as follows:

	2011				2010	
(In thousands of CAD dollars, except as otherwise noted)	Property Revenue	Property Expenses	Property NOI	NOI % of revenue	NOI % of revenue	Variance
Nova Scotia	$23,236	$10,055	$13,181	56.7%	56.5%	0.2%
Ontario	8,582	2,704	5,878	68.5%	64.9%	3.6%
New Brunswick	6,181	2,441	3,740	60.5%	61.8%	(1.3)%
Newfoundland and Labrador	8,031	2,291	5,740	71.5%	73.4%	(1.9)%
Quebec	4,965	1,372	3,593	72.4%	72.6%	(0.2)%
Alberta	1,794	198	1,596	89.0%	97.4%	(8.4)%
Prince Edward Island	1,063	299	764	71.9%	78.5%	(6.6)%
Saskatchewan	929	251	678	73.0%	72.0%	1.0%
Total	$54,781	$19,611	$35,170	64.2%	63.2%	1.0%

The increase in NOI as a percentage of revenue in Ontario is primarily due to the acquisitions in the third quarter of 2010 and in 2011 of higher margin freestanding properties. The decrease in NOI as a percentage of revenue in Prince Edward Island is due to the exchange of one freestanding property for a freestanding property in Nova Scotia during the second quarter of 2011. The decrease in NOI as a percentage of revenue in Alberta is primarily due to these properties being acquired within the last few days of the third quarter of 2010.

Depreciation and Amortization

	Quarter Ended		
(In thousands of CAD dollars)	September 30, 2011	September 30, 2010	Variance
Same-asset depreciation and amortization	$6,292	$7,166	$874
Acquisition and redevelopment depreciation and amortization	1,426	370	(1,056)
Depreciation and amortization	$7,718	$7,536	$(182)

Same-asset depreciation and amortization of $6,292 for the quarter ended September 30, 2011 was $874 or 12.2% lower than the quarter ended September 30, 2010 due primarily to intangible assets related to tenant relationships and certain components of buildings being fully amortized. Depreciation and amortization consists of:

(In thousands of CAD dollars)	Quarter Ended September 30, 2011	Quarter Ended September 30, 2010	Variance
Depreciation of investment properties	$6,435	$5,992	$(443)
Amortization of intangible assets	1,146	1,444	298
Amortization of deferred leasing costs	137	100	(37)
Depreciation and amortization	$7,718	$7,536	$(182)

General and Administrative Expenses

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

(In thousands of CAD dollars)	Quarter Ended September 30, 2011	Quarter Ended September 30, 2010	Variance
Salaries and benefits	$1,407	$1,349	$(58)
Professional fees	307	502	195
Public company costs	293	279	(14)
Rent and occupancy	206	207	1
Other	274	290	16
General and administrative expenses	$2,487	$2,627	$140
As a percentage of property revenue	4.5%	5.1%	0.6%

Professional fees have decreased due to lower general legal expenses during the quarter.

Finance Costs - Operations

(In thousands of CAD dollars)	Quarter Ended September 30, 2011	Quarter Ended September 30, 2010	Variance
Same-asset finance costs	$11,771	$12,036	$265
Acquisition and redevelopment finance costs	2,276	1,004	(1,272)
Amortization of effective swaps and deferred financing charges	2,028	1,666	(362)
Finance costs – operations	$16,075	$14,706	$(1,369)

Same-asset finance costs have decreased by $265 or 2.2% primarily due to the conversion of Series B Convertible Debentures and one mortgage matured and was temporarily refinanced using the revolving credit facility at a lower interest rate.

The weighted average contractual interest rate on fixed rate mortgages decreased to 5.73% at September 30, 2011 from 5.81% at September 30, 2010, as a result of refinancings and acquisitions since September 30, 2010.

Floating rate debt increased from $52,000 at September 30, 2010 to $99,716 at September 30, 2011 related to increased utilization of the revolving credit facility to temporarily fund certain property acquisitions.

There is an agreement between ECLD and Crombie whereby ECLD provides a monthly interest rate subsidy to Crombie to reduce the effective interest rates to 5.54% on certain mortgages that were assumed at Crombie's IPO for their remaining term. The remaining mortgage terms mature through April 2022. The amount of the interest rate subsidy received during the quarter ended September 30, 2011 was $292 (quarter ended September 30, 2010 - $373). The interest rate subsidy is received by Crombie through monthly repayments by ECLD of amounts due under one of the demand notes issued by ECLD to CDL.

Growth in acquisition and redevelopment interest expense is consistent with Crombie's significant acquisition activity in 2010 and 2011.

Amortization of effective swaps and deferred financing charges has been impacted by the increase in amortization of deferred financing charges from $597 in 2010 to $990 in 2011, partially the result of the conversion of Series B Convertible Debentures.

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.

Retail - Freestanding Properties

	Quarter Ended September 30, 2011			Quarter Ended September 30, 2010		
(In thousands of CAD dollars,		Acquisitions &			Acquisitions &	
except as otherwise noted)	Same-Asset	Redevelopments	Total	Same-Asset	Redevelopments	Total
Property revenue	$6,351	$1,965	$8,316	$6,238	$259	$6,497
Property operating expenses	1,232	165	1,397	1,118	39	1,157
Property NOI	$5,119	$1,800	$6,919	$5,120	$220	$5,340
NOI Margin %	80.6%	91.6%	83.2%	82.1%	84.9%	82.2%
Occupancy %	99.7%	100%	99.8%	100%	100%	100%

Same-asset property revenue and property operating expenses increased in 2011 compared to 2010 due to an increase in the amount of property taxes being paid by Crombie and recovered from tenants.

Retail - Plaza Properties

	Quarter Ended September 30, 2011			Quarter Ended September 30, 2010		
(In thousands of CAD dollars,		Acquisitions &			Acquisitions &	
except as otherwise noted)	Same-Asset	Redevelopments	Total	Same-Asset	Redevelopments	Total
Property revenue	$17,001	$4,079	$21,080	$16,970	$2,042	$19,012
Property operating expenses	5,539	1,110	6,649	5,589	601	6,190
Property NOI	$11,462	$2,969	$14,431	$11,381	$1,441	$12,822
NOI Margin %	67.4%	72.8%	68.5%	67.1%	70.6%	67.4%
Occupancy %	95.4%	99.1%	96.1%	95.9%	98.3%	96.2%

Same-asset property revenue has remained virtually unchanged on increased rental rates offset by lower occupancy rates. Same-asset property operating expenses have decreased less than 1%.

Retail - Enclosed Properties

	Quarter Ended September 30, 2011			Quarter Ended September 30, 2010		
(In thousands of CAD dollars,		Acquisitions &			Acquisitions &	
except as otherwise noted)	Same-Asset	Redevelopments	Total	Same-Asset	Redevelopments	Total
Property revenue	$10,134	$982	$11,116	$10,271	$1,210	$11,481
Property operating expenses	3,529	513	4,042	3,419	590	4,009
Property NOI	$6,605	$469	$7,074	$6,852	$620	$7,472
NOI Margin %	65.2%	47.8%	63.6%	66.7%	51.2%	65.1%
Occupancy %	93.7%	90.8%	93.3%	94.9%	92.9%	94.6%

Same-asset retail enclosed property revenue decreased by 1.3% during the third quarter of 2011 compared to 2010 due to decreased occupancy. Same-asset enclosed property operating expenses increased by 3.2% compared to 2010, while NOI margin percentage decreased slightly due to an increase in non-recoverable expenses in specific properties.

Office Properties

	Quarter Ended September 30, 2011			Quarter Ended September 30, 2010		
(In thousands of CAD dollars,		Acquisitions &			Acquisitions &	
except as otherwise noted)	Same-Asset	Redevelopments	Total	Same-Asset	Redevelopments	Total
Property revenue	$5,420	$--	$5,420	$5,283	$--	$5,283
Property operating expenses	3,085	--	3,085	2,995	--	2,995
Property NOI	$2,335	$--	$2,335	$2,288	$--	$2,288
NOI Margin %	43.1%	--%	43.1%	43.3%	--%	43.3%
Occupancy %	81.6%	--%	81.6%	86.7%	--%	86.7%

Property revenue increased slightly due to increased recoverable expenses offset by decreased base rent as a result of lower occupancy rates primarily at Barrington Tower and Cogswell Tower as previously discussed. Property operating expenses increased due to property tax expenses in Nova Scotia and fuel costs in New Brunswick in a property with a low occupancy rate.

Mixed-Use Properties

(In thousands of CAD dollars, except as otherwise noted)	Quarter Ended September 30, 2011			Quarter Ended September 30, 2010		
	Same-Asset	Acquisitions & Redevelopments	Total	Same-Asset	Acquisitions & Redevelopments	Total
Property revenue	$7,949	$900	$8,849	$8,113	$1,064	$9,177
Property operating expenses	4,018	420	4,438	4,164	421	4,585
Property NOI	$3,931	$480	$4,411	$3,949	$643	$4,592
NOI Margin %	49.5%	53.3%	49.8%	48.7%	60.4%	50.0%
Occupancy %	93.1%	97.1%	94.1%	94.5%	95.7%	94.8%

Same-asset property revenue and property operating expenses decreased slightly. The revenue decrease is primarily attributable to the lower occupancy rate while the expense decrease relates to lower recoverable costs.

OTHER THIRD QUARTER 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:

(In thousands of CAD dollars, except as otherwise noted)	Quarter Ended September 30, 2011	2010
Operating income attributable to Unitholders	$9,090	$8,107
Operating income attributable to Unitholders per unit – Basic	$0.13	$0.13
Operating income attributable to Unitholders per unit – Diluted	$0.13	$0.13
FFO – Basic	$17,977	$16,584
FFO – Diluted	$20,138	$19,060
FFO per Unit – Basic	$0.27	$0.26
FFO per Unit – Diluted	$0.26	$0.25
AFFO – Basic	$14,851	$13,668
AFFO – Diluted	$15,831	$14,972
AFFO per Unit – Basic (1)	$0.22	$0.21
AFFO per Unit – Diluted (1)	$0.22	$0.21

Operating income attributable to Unitholders is determined before deducting financing costs-distributions to Unitholders and represents the most equivalent measure to net income available to all Unitholders, had the Units been classified as equity instruments.

The diluted FFO and AFFO are adjusted 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:

	Quarter Ended September 30, 2011	2010
Basic number of Units for all measures	67,500,366	63,663,073
Diluted for operating income attributable to Unitholders purposes	67,681,506	63,837,293
Diluted for FFO purposes	78,471,151	76,804,331
Diluted for AFFO purposes	73,223,436	71,555,462

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.

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:

(In thousands of CAD dollars)	Quarter Ended September 30, 2011	2010
Operating income attributable to Unitholders	$9,090	$8,107
Finance costs – distributions to Unitholders	(15,132)	(14,251)
Decrease in net assets attributable to Unitholders	$(6,042)	$(6,144)

Funds from Operations (FFO)

FFO is as previously defined in this MD&A. A calculation of FFO for the quarter ended September 30, 2011 and 2010 is as follows:

(In thousands of CAD dollars)	Quarter Ended September 30, 2011	2010	Variance
Decrease in net assets attributable to Unitholders	$(6,042)	$(6,144)	$102
Add (deduct):			
Finance costs – distributions to Unitholders	15,132	14,251	881
Amortization of tenant incentives	1,369	1,241	128
Depreciation of investment properties	6,435	5,992	443
Amortization of intangible assets	1,146	1,444	(298)
Amortization of deferred leasing costs	137	100	37
Income taxes – deferred	(200)	(300)	100
FFO	$17,977	$16,584	$1,393

The increase in FFO for the quarter ended September 30, 2011 was primarily due to growth in acquisition property NOI, net of finance cost increases related to the acquisitions.

Adjusted Funds from Operations (AFFO)

AFFO is as previously defined in this MD&A. The calculation of AFFO for the quarter ended September 30, 2011 and 2010 is as follows:

(In thousands of CAD dollars)	Quarter Ended September 30, 2011	2010	Variance
FFO	$17,977	$16,584	$1,393
Add (deduct):			
Amortization of effective swap agreements	1,038	1,069	(31)
Straight-line rent adjustment	(800)	(829)	29
Maintenance expenditures on a square footage basis	(3,364)	(3,156)	(208)
AFFO	$14,851	$13,668	$1,183

The AFFO for the quarter ended September 30, 2011 was $14,851, an increase of $1,183 or 8.7% over the same period in 2010 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:

(In thousands of CAD dollars)	Quarter Ended September 30, 2011	2010	Variance
Cash used in operating activities	$10,454	$13,159	$(2,705)
Add (deduct):			
Finance costs – distributions to Unitholders	15,132	14,251	881
Change in other non-cash operating items	(6,371)	(9,953)	3,582
Unit-based compensation expense	(10)	(36)	26
Amortization of deferred financing charges	(990)	(597)	(393)
Maintenance expenditures on a square footage basis	(3,364)	(3,156)	(208)
AFFO	$14,851	$13,668	$1,183

The following provides an analysis of the impact of the transition to IFRS on previously reported non-IFRS measures included in this MD&A.

	Quarter Ended September 30, 2010
FFO, as previously reported	$17,216
Adjustments:	
Amortization of above-market leases	768
Amortization of below-market leases	(1,494)
Accretion of Notes receivable	94
FFO, as currently reported	$16,584
AFFO, as previously reported	$12,123
Maintenance expenditures on a square footage basis	(3,156)
Maintenance capital expenditures, actual	1,331
Maintenance TI and leasing costs, actual	3,276
Accretion of Notes receivable	94
AFFO, as currently reported	$13,668

Amortization of above-market and below-market leases was previously included in the determination of property revenue, and thus impacted the calculation of FFO. Under IFRS, these amounts are not recognized as separate intangible assets and liabilities and their amount, if any, is included in the determination of the total value of investment properties with their depreciation included in depreciation of investment properties. These amounts do not impact the calculation of AFFO.

On transition to IFRS, Crombie present valued the long-term note receivable. The note receivable is being accreted with the interest income being recognized as an offset to finance costs – operations. The accretion increases the previously reported FFO and AFFO.

As previously discussed, Crombie is now charging AFFO using a rate per square foot for maintenance expenditures. The impact of this change on previously reported AFFO for the quarter ended September 30, 2010 is as follows:

AFFO increase	$1,451
AFFO per unit, basic	$0.02
AFFO per unit, diluted	$0.02
AFFO payout ratio	12.6%

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Funds

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. In addition, Crombie has the following sources of financing available to finance future growth: secured short-term financing through an authorized revolving credit facility of up to $150,000, of which $99,716 was drawn at September 30, 2011, and the issue of new units, mortgage debt on unencumbered assets, and unsecured convertible debentures pursuant to the Declaration of Trust.

	Quarter Ended September 30,		
(In thousands of CAD dollars)	2011	2010	Variance
Cash provided by (used in):			
Operating activities	$10,454	$13,159	$(2,705)
Financing activities	$21,740	$94,908	$(73,168)
Investing activities	$(32,194)	$(90,900)	$58,706

Operating Activities

	Quarter Ended September 30,		
(In thousands of CAD dollars)	2011	2010	Variance
Cash provided by (used in):			
Net assets attributable to Unitholders and non-cash items	$4,083	$3,206	$877
Non-cash operating items	6,371	9,953	(3,582)
Cash provided by operating activities	$10,454	$13,159	$(2,705)

Fluctuations in cash used in operating activities are largely influenced by the change in non-cash working capital which can be affected by the timing of receipts and payments.

Financing Activities

	Quarter Ended September 30,		
(In thousands of CAD dollars)	2011	2010	Variance
Cash provided by (used in):			
Net issue of loans and borrowings	$21,546	$46,065	$(24,519)
Net issue of units	--	48,322	(48,322)
Other items (net)	194	521	(327)
Cash provided by financing activities	$21,740	$94,908	$(73,168)

Cash from financing activities in the quarter ended September 30, 2011 decreased by $73,168 over the quarter ended September 30, 2010. During the quarter ended September 30, 2010 Crombie raised cash through the mortgage refinancings to finance the acquisitions of investment properties, and the net issuance of units. The primary source of cash from financing activities during the quarter ended September 30, 2011 was proceeds from mortgage financings.

Investing Activities

	Quarter Ended September 30,		
(In thousands of CAD dollars)	2011	2010	Variance
Cash provided by (used in):			
Acquisition of investment properties	$(25,419)	$(85,091)	$59,672
Additions to investment properties	(4,213)	(2,514)	(1,699)
Additions to tenant incentives	(2,351)	(3,167)	816
Additions to deferred leasing costs	(233)	(144)	(89)
Other items (net)	22	16	6
Cash used in investing activities	$(32,194)	$(90,900)	$58,706

In the third quarter of 2011, Crombie acquired retail properties with a net cash outlay of $24,820 excluding closing and transaction costs. In the third quarter of 2010, Crombie acquired retail properties with a net cash outlay of $84,297 excluding closing and transaction costs.

Tenant Improvement and Capital Expenditures

	Quarter Ended September 30,	
(In thousands of CAD dollars)	2011	2010
Total additions to investment properties	$4,213	$2,514
Less: amounts recoverable from ECLD	--	--
Net additions to investment properties	4,213	2,514
Less: productive capacity enhancements	(2,182)	(554)
Maintenance capital expenditures	**$2,031**	**$1,960**

(In thousands of CAD dollars)	Quarter Ended September 30, 2011	2010
Total additions to TI and leasing costs	$2,584	$3,311
Less: amounts recoverable from ECLD	--	(35)
Net additions to TI and leasing costs	2,584	3,276
Less: productive capacity enhancements	(240)	--
Maintenance TI and leasing costs	**$2,344**	**$3,276**

As maintenance capital expenditures and TI and leasing costs are not incurred evenly throughout the fiscal year, there can be volatility on a quarterly basis. The quarterly comparison is also impacted by the timing of the cost incurrence and related payments.

Productive capacity enhancements during the quarter ended September 30, 2011 consisted primarily of redevelopment work on Sydney Shopping Centre in Sydney, Nova Scotia; and expansion underway at Baie Comeau, Quebec.

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. Crombie uses the exchange amount as the measurement basis for related party transactions.

As at September 30, 2011, Empire through its wholly-owned subsidiary ECLD, holds a 45.0% (fully diluted 40.4%) indirect interest in Crombie.

Crombie's transactions with related parties are as follows:

	Note	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
		2011	**2010**	**2011**	**2010**
Property revenue	(a)	$ 19,344	$17,007	$59,716	$50,742
Head lease income	(b)	$90	$141	$446	$462
Management support services provided	(c)	$163	$226	$690	$694
Property management services	(d)	$136	$224	$697	$764
Rental expense	(e)	$47	$46	$141	$140
Interest rate subsidy	(b)	$292	$373	$984	$1,261
Finance costs - operations	(f)	$207	$235	$671	$706
Finance costs - distributions to Unitholders		$6,849	$6,712	$20,547	$19,584

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

(b) For various periods, ECLD has an obligation to provide rental income and interest rate subsidies pursuant to an Omnibus Subsidy Agreement dated March 23, 2006 between CDL, Crombie Limited Partnership ("CLP") and ECLD. 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 CDL and ECLD.

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

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

(f) As of September 30, 2011, Crombie had $5,622 fixed rate second mortgage financings outstanding with Empire. The mortgages have a weighted average interest rate of 5.38% and a maturity date of March 2014. In addition, $10,000 of Series B Convertible Debentures with an annual interest rate of 6.25% are held by a subsidiary of Empire.

In addition to the above:

- On October 20, 2011, concurrently with a public offering of units, in satisfaction of its pre-emptive right, ECLD purchased 2,334,630 Class B LP Units and the attached Special Voting Units at a price of $12.85 per Class B LP Unit for gross proceeds of $30,000, on a private placement basis.

- During the third quarter of 2011, Crombie acquired three retail properties for a purchase price of $24,820, excluding closing and transaction costs. The properties, containing approximately 131,000 square feet, were acquired from subsidiaries of Empire.

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

- During fiscal 2010, Crombie acquired 18 retail properties for a purchase price of $154,823, excluding closing and transaction costs. The properties, contain approximately 780,000 square feet, were acquired from subsidiaries of Empire. In addition to the above acquisitions, on November 22, 2010, Crombie acquired two retail properties for a purchase price of $17,000, excluding closing and transaction costs. The properties, containing approximately 87,000 square feet, were acquired from a joint venture of which a subsidiary of Empire was a 50% partner.

- On February 22, 2010 Crombie repaid $3,471 to ECL General Partner Limited to retire a loan as required under the terms of the agreement.

- On August 4, 2010, concurrently with a public offering of units, in satisfaction of its pre-emptive right, ECLD purchased 1,855,000 Class B LP Units and the attached Special Voting Units at a price of $11.05 per Class B LP Unit for proceeds of $20,381 net of issue costs, on a private placement basis.

Key Management Personnel Compensation

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

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

	Three Months Ended Sep. 30, 2011	Three Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2011	Nine Months Ended Sep. 30, 2010
Salary, bonus and other short-term employee benefits	$514	$351	$1,537	$1,583
Other long-term benefits	21	5	126	74
	$535	$356	$1,663	$1,657

Critical Accounting Estimates

Critical accounting estimates are discussed in the Summary of Significant Accounting Policies note to the September 30, 2011, Interim Consolidated Financial Statements and under the section "Critical Accounting Estimates" in the 2010 Annual Report.

Financial Instruments

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

Crombie has classified its financial instruments in the following categories:

- Held to maturity investments – assets related to discontinued operations
- Loans and receivables – restricted cash, cash and cash equivalents, notes receivable and trade receivable

- Other financial liabilities – investment property debt, liabilities related to discontinued operations, convertible debentures, tenant improvements and capital expenditures payable, property operating costs payable and finance costs payable
- Available for sale – derivative instruments.

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

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

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

	September 30, 2011		September 30, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets related to discontinued operations	$6,515	$6,707	$6,784	$7,008
Investment property debt	$885,904	$979,702	$785,520	$845,978
Convertible debentures	$127,668	$138,047	$158,469	$173,444
Liabilities related to discontinued operations	$6,043	$6,336	$6,212	$6,582

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

Level 1 - quoted prices in active markets

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

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

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

Level 1:

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

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

Level 3:

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

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. Details of this agreement are disclosed in "Related Party Transactions".

Crombie obtains letters of credit to support its obligations with respect to construction work on its Investment properties, defeasing Investment property debt and satisfying mortgage financing requirements. Crombie has $408 in standby letters of credit for construction work that is being performed on its Investment properties. In connection with the defeasance of the discontinued operations Investment property debt, Crombie has issued a standby letter of credit in the amount of $1,715 in favour of the mortgage lender. In addition, to satisfy the requirements of mortgage financings, Crombie has issued standby letters of credit in the amount of $7,200 in favour of mortgage lenders. Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

Land leases have varying terms ranging from 14 to 73 years including renewal options. For the three and nine months ended September 30, 2011, Crombie paid $294 and $882 in land lease payments to third party landlords (three and nine months ended September 30, 2010 - $243 and $730 respectively).

As at September 30, 2011, Crombie has signed construction contracts totalling $6,113 of which $4,418 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, and the action taken to manage them, are as set out in Crombie's 2010 annual report, subject to updates as follows:

Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. Crombie's credit risk is limited to the recorded amount of tenant receivables. A provision for doubtful accounts is taken for all anticipated collectibility 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 September 30, 2011:

- Excluding Sobeys (which accounts for 36.9% of Crombie's minimum rent), no other tenant accounts for more than 1.9% of Crombie's minimum rent; and
- Over the next five years, leases on no more than 8.5% of the GLA area of Crombie will expire in any one year.

Crombie earned property revenue of $19,344 for the three months ended September 30, 2011 and $59,716 for the nine months ended September 30, 2011 (three months ended and nine months ended September 30, 2010 - $17,007 and $50,742 respectively) from subsidiaries of Empire.

Receivables are substantially comprised of current balances due from tenants. The balance of accounts receivables past due is not significant. Generally, rents are due the first of each month and other tenant billings are due 30 days after invoices, 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.

	Nine Months Ended	
	September 30, 2011	September 30, 2010
Provision for doubtful accounts, beginning of period	$699	$326
Additional provision	293	366
Recoveries	(242)	(76)
Write-offs	(258)	(123)
Provision for doubtful accounts, end of period	$492	$493

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, limiting the use of permanent floating rate debt and utilizing interest rate swap agreements. As at September 30, 2011:

- Crombie's weighted average term to maturity of the fixed rate mortgages was 7.6 years; and
- Crombie's has a floating rate revolving credit facility available to a maximum of $150,000, with a balance of $99,716 at September 30, 2011. Crombie's exposure to floating rate debt was reduced by a fixed interest rate swap agreement discussed below. Crombie did not renew or replace the fixed interest rate agreements which expired July 4, 2011.

Crombie had entered into an interest rate swap agreement to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount. The unfavourable mark-to-market exposure was included in payables and the change in the mark-to-market adjustment has been recognized in other comprehensive income (loss). The mark-to-market amount of the fixed interest rate swap reduced to $Nil upon maturity of the swap on July 4, 2011.

Crombie estimates that $1,072 of accumulated other comprehensive income (loss) will be reclassified to finance costs during the remaining quarter of 2011, based on all settled swap agreements.

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

	Impact of a 0.5% interest rate change	
Impact on operating income attributable to Unitholders of interest changes on the floating rate revolving credit facility	Decrease in rate	Increase in rate
Three months ended September 30, 2011	$186	$(186)
Three months ended September 30, 2010	$128	$(128)
Nine months ended September 30, 2011	$482	$(482)
Nine months ended September 30, 2010	$399	$(399)

Impact on other comprehensive income due to changes in fair value of derivatives designated as a cash flow hedge	Decrease in rate	Increase in rate
September 30, 2011	$NIL	$(NIL)
September 30, 2011	$(561)	$(541)

Crombie does not enter into interest rate swap transactions on a speculative basis. Crombie is prohibited by its Declaration of Trust in purchasing, selling or trading in interest rate future contracts other than for hedging purposes.

Liquidity risk

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

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 into the portfolio through capital expenditures, as well as fund tenant improvement 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 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 unfavourable mark-to-market position on any interest rate swap agreements and cannot exceed the 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:

	Contractual Cash Flows(1)	Twelve months ending September 30,					
		2012	2013	2014	2015	2016	Thereafter
Fixed rate mortgages(2)	$1,034,250	$71,281	$72,136	$156,048	$95,784	$99,034	$539,967
Convertible debentures	157,980	7,980	36,849	5,881	57,741	2,588	46,941
	1,192,230	79,261	108,985	161,929	153,525	101,622	586,908
Floating rate revolving credit	108,491	3,191	3,191	102,109	--	--	--
Total	$1,300,721	$82,452	$112,176	$264,038	$153,525	$101,622	$586,908

(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

On October 20, 2011, Crombie closed a public offering, on a bought deal basis, of 3,510,000 Units, at a price of $12.85 per Unit for gross proceeds of $45,104. Concurrently with the issuance of the Units, in satisfaction of its pre-emptive right, ECLD subscribed for 2,334,630 Class B LP Units and the attached Special Voting Units at a price of $12.85 per Class B LP Unit for gross proceeds of $30,000 on a private placement basis.

On October 20, 2011, Crombie declared distributions of 7.417 cents per unit for the period from October 1, 2011 to and including, October 31, 2011. The distributions of $5,509 will be payable on November 15, 2011 to Unitholders of record as at October 31, 2011.

On October 31, 2011, Crombie completed the disposition of a 49,300 square foot freestanding retail property in Riverview, New Brunswick, to a subsidiary of Empire, a related party. The disposition price was $7,000, which approximated the carrying value of the property. Crombie paid out the first mortgage on the property of $2,449 and the second mortgage of $513 on disposition. The second mortgage was held by a subsidiary of Empire. Crombie also paid out another $5,109 in additional second mortgage financing with a weighted average interest rate of 5.38% held by a subsidiary of Empire.

Crombie has entered into asset purchase agreements related to the acquisition of three retail properties from subsidiaries of Empire, a related party. The properties contain approximately 260,000 square feet and two are located in Nova Scotia and one in Ontario. The total price of the three acquisitions is approximately $67,278, excluding closing and transaction costs, and represents an effective capitalization rate of 7.1%. Crombie expects the transactions to close in the fourth quarter of 2011, subject to normal due diligence.

CONTROLS AND PROCEDURES

Crombie maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings made pursuant to National Instrument 52-109 is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Administrators' rules and forms. Our Chief Executive Officer and Chief Financial Officer have evaluated the design and effectiveness of our disclosure controls and procedures as of September 30, 2011. They have concluded that our current disclosure controls and procedures are designed to provide, and do operate to provide, reasonable assurance that (i) information required to be disclosed by Crombie in its annual filings or other reports filed or submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the prescribed time periods, and (ii) material information regarding Crombie is accumulated and communicated to Crombie's management, including its Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosure.

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. 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, net income (Canadian GAAP), AFFO, FFO, distributions and per unit amounts for the eight most recently completed quarters.

	Quarter Ended							
(In thousands of CAD dollars, except per unit amounts)	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2010	Sep. 30, 2010	Jun. 30, 2010	Mar. 31, 2010	Dec. 31, 2009
								Prepared under Canadian GAAP
Property revenue	$54,781	$56,357	$56,318	$55,693	$51,451	$50,935	$51,358	$52,378
Property operating expenses	19,611	20,639	21,424	21,670	18,936	18,686	20,008	19,948
Property net operating income	35,170	35,718	34,894	34,023	32,515	32,249	31,350	32,430
Expenses:								
General and administrative	(2,487)	(2,861)	(2,500)	(1,609)	(2,627)	(3,003)	(2,523)	(2,102)
Finance costs - operations	(16,075)	(15,684)	(15,411)	(15,530)	(14,709)	(14,641)	(13,530)	(12,722)
Depreciation and amortization	(7,718)	(7,610)	(7,757)	(7,948)	(7,534)	(7,642)	(8,122)	(11,705)
Operating income before other items and income taxes	8,890	9,563	9,226	8,936	7,645	6,963	7,175	5,901
Other items	--	163	--	--	162	185	--	500
Operating income before income taxes	8,890	9,726	9,226	8,936	7,807	7,148	7,175	6,401
Income taxes - deferred	200	(600)	100	300	300	400	--	300
Operating income	9,090	9,126	9,326	9,236	8,107	7,548	7,175	6,701
Finance costs – distributions to Unitholders	(15,132)	(14,870)	(14,751)	(14,702)	(14,251)	(13,569)	(13,568)	
Increase (decrease) in net assets attributable to Unitholders	$(6,042)	$(5,744)	$(5,425)	$(5,466)	$(6,144)	$(6,021)	$(6,393)	
Non-controlling interest								(3,178)
Net income								$3,523
Basic and diluted operating income (net income for GAAP) per unit	$0.13	$0.14	$0.14	$0.12	$0.13	$0.12	$0.12	$0.11

	Quarter Ended							
(In thousands of CAD dollars, except per unit amounts)	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2010	Sep. 30, 2010	Jun. 30, 2010	Mar. 31, 2010	Dec. 31, 2009
AFFO	$14,851	$13,456	$15,259	$15,062	$13,668	$12,969	$13,087	$(7,511)
FFO	$17,977	$18,457	$18,329	$18,012	$16,584	$15,886	$16,323	$18,106
Distributions	$15,132	$14,870	$14,751	$14,702	$14,251	$13,569	$13,568	$13,567
AFFO per unit – basic	$0.22	$0.20	$0.23	$0.23	$0.21	$0.21	$0.22	$(0.12)
AFFO per unit – diluted(1)	$0.22	$0.20	$0.22	$0.22	$0.21	$0.21	$0.21	$(0.12)
FFO per unit – basic	$0.27	$0.28	$0.28	$0.27	$0.26	$0.26	$0.27	$0.30
FFO per unit - diluted(1)	$0.26	$0.26	$0.26	$0.26	$0.25	$0.25	$0.26	$0.28
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 includes 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.

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

- Property acquisitions – during the third quarter of 2011, Crombie acquired three retail properties for a purchase price of $24,820; during the quarter ended June 30, 2011, acquired three retail properties for a total purchase price of $49,340; during the quarter ended December 31, 2010, acquired three retail properties for $28,250; during the quarter ended September 30, 2010, acquired nine retail properties for $84,297; and during the quarter ended March 31, 2010, Crombie acquired eight retail properties for a total purchase price of $59,276. The purchase prices exclude closing and transaction costs.

- Property revenue and property operating expenses - Crombie's business is not subject to significant seasonal fluctuations. However, property operating expenses during winter months include such expenses 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 such expenses as paving and roof repairs.
- General and administrative expenses - for the quarter ended June 30, 2010, general and administrative expenses increased due to costs associated with the departure of Crombie's Chief Financial Officer.
- Finance costs - operating – finance costs increased quarter over quarter from March 31, 2009, with pronounced changes in quarters commencing June 30, 2009 through December 31, 2010. In April 2008, Crombie acquired a portfolio of properties for $428,500, increasing lower cost floating rate debt by $343,437 from March 31, 2008 to June 30, 2008. Since that time, Crombie had been replacing the floating rate debt with higher rate fixed rate debt in the form of long-term mortgages and convertible debentures. New mortgage financing and refinancing, as well as the issuance of Series B and Series C Convertible Debentures have brought stability and certainty to Crombie's interest rates and minimized exposure to floating rate debt over the long-term.

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 $48,322 in the quarter ended September 30, 2010.

Variations in quarterly results influenced by the change in accounting standards

Effective from January 1, 2010, Crombie's results are reported using IFRS, while reported results prior to that date are prepared using Canadian GAAP. The most significant impacts of the change in accounting standards on the quarterly information are:

- Finance costs – distributions to Unitholders - On transition to IFRS, Crombie's REIT Units and Class B LP Units are classified as financial liabilities, whereas under Canadian GAAP the REIT Units were classified as equity and the Class B LP Units were classified as Non-controlling interest within the equity section. The impact of this change in classification is that distributions paid to Unitholders are considered a finance cost on the financial liabilities.
- Depreciation and amortization - Crombie has chosen the cost method under IFRS for valuation of its investment properties. Crombie elected to adjust certain properties and components of properties to fair value as deemed cost on transition to IFRS. As a result of the election, depreciation and amortization for the quarters reported under IFRS is less than that for the quarters reported under Canadian GAAP. The impact of the change on total depreciation and amortization for the year ended December 31, 2010 was a decrease of $4,562 from the amount previously reported under Canadian GAAP. This decrease is primarily the result of increased land values on transition offset by decreased values for depreciable components of investment properties.
- In addition, the presentation of amortization has changed under IFRS. Previously, amortization of above-market and below-market lease intangibles was included in Property revenue, while Amortization of tenant incentives was included in depreciation expenses. Under IFRS, the amounts previously considered above-market and below-market lease intangibles are now included in the cost of the building component of Investment properties and a separate Intangible asset is recognized for Tenant relationships. The building is depreciated through Depreciation of investment properties and the Amortization of tenant incentives is included in Property revenue versus previously being included in Depreciation and Amortization expense.
- Property revenue - As a result of the change in the presentation of amortization of above-market and below-market lease intangibles and the Amortization of tenant incentives, Property revenue decreased from the amounts previously reported as follows:

Three months ended:	
March 31, 2010	$1,863
June 30, 2010	$1,876
September 30, 2010	$1,968
December 31, 2010	$1,852

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: November 8, 2011
Stellarton, Nova Scotia, Canada

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

	Note	Sep. 30, 2011	Dec. 31, 2010	Sep. 30, 2010	Jan. 1, 2010
Assets					
Non-current assets					
Investment properties	3	$1,556,428	$1,487,992	$1,458,845	$1,329,196
Intangible assets	4	25,309	26,258	26,590	27,167
Other assets	5	47,288	42,500	38,924	36,504
Notes receivable	6	2,743	3,368	3,586	4,673
Assets related to discontinued operations	7	6,515	6,670	6,784	6,929
		1,638,283	1,566,788	1,534,729	1,404,469
Current assets					
Cash and cash equivalents		-	5,170	18,539	-
Other assets	5	21,040	16,303	20,205	17,641
Notes receivable	6	842	975	1,037	1,248
		21,882	22,448	39,781	18,889
Total Assets		**1,660,165**	**1,589,236**	**1,574,510**	**1,423,358**
Liabilities					
Non-current liabilities					
Investment property debt	8	849,768	698,539	677,454	581,989
Convertible debentures	9	124,332	148,433	152,895	110,858
Deferred income tax	10	83,000	82,700	83,000	83,700
Employee future benefits obligation	11	6,347	6,087	6,303	5,994
Liabilities related to discontinued operations	7	5,864	5,999	6,043	6,171
		1,069,311	941,758	925,695	788,712
Current liabilities					
Trade and other payables	12	47,035	44,743	45,610	43,745
Investment property debt	8	29,427	100,588	101,834	124,380
Liabilities related to discontinued operations	7	179	172	169	163
		76,641	145,503	147,613	168,288
Total liabilities excluding net assets attributable to Unitholders		**1,145,952**	**1,087,261**	**1,073,308**	**957,000**
Net assets attributable to Unitholders		**$514,213**	**$501,975**	**$501,202**	**$466,358**
Net assets attributable to Unitholders represented by					
Crombie REIT Unitholders		$286,407	$268,201	$265,588	$243,846
Special Voting Units and Class B Limited Partnership Unitholders		227,806	233,774	235,614	222,512
		$514,213	**$501,975**	**$501,202**	**$466,358**
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 Sep. 30, 2011	Three Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2011	Nine Months Ended Sep. 30, 2010
Property revenue	13	$54,781	$51,450	$167,456	$153,744
Property operating expenses		19,611	18,936	61,674	57,630
Net property income		**35,170**	**32,514**	**105,782**	**96,114**
Lease terminations		-	162	163	347
Depreciation of investment properties		(6,435)	(5,992)	(19,040)	(18,080)
Amortization of intangible assets		(1,146)	(1,444)	(3,675)	(4,931)
Amortization of deferred leasing costs		(137)	(100)	(370)	(286)
General and administrative expenses		(2,487)	(2,627)	(7,848)	(8,153)
Operating income before finance costs and income taxes		**24,965**	**22,513**	**75,012**	**65,011**
Finance costs - operations	16	(16,075)	(14,706)	(47,170)	(42,878)
Operating income before income taxes		**8,890**	**7,807**	**27,842**	**22,133**
Income taxes - deferred	10	200	300	(300)	700
Operating income attributable to Unitholders		**9,090**	**8,107**	**27,542**	**22,833**
Finance costs - distributions to Unitholders		(15,132)	(14,251)	(44,753)	(41,388)
Decrease in net assets attributable to Unitholders		**(6,042)**	**(6,144)**	**(17,211)**	**(18,555)**
Other Comprehensive Income					
Costs incurred on derivatives designated as cash flow hedges transferred to finance costs - operations		1,038	1,069	3,136	2,972
Net change in derivatives designated as cash flow hedges		400	(16)	758	311
Other comprehensive income		**1,438**	**1,053**	**3,894**	**3,283**
Comprehensive income (loss)		**$(4,604)**	**$(5,091)**	**$(13,317)**	**$(15,272)**

See accompanying notes to the interim consolidated financial statements.

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

	REIT Units, Special Voting Units and Class B LP Units	Operating Income	Finance Costs - Distributions	Accumulated Other Comprehensive Income (Loss)	Contributed Surplus	Total	Attributable To: REIT Units	Attributable To: Class B LP Units
	(Note 17)							
Balance, January 1, 2011	$629,709	$113,389	$(212,001)	$(29,264)	$142	$501,975	$268,201	$233,774
Units issued under EUPP	281	-	-	-	-	281	281	-
Loans receivable under EUPP	(281)	-	-	-	-	(281)	(281)	-
EUPP compensation	-	-	-	-	39	39	39	-
Repayment of EUPP loans receivable	217	-	-	-	-	217	217	-
Conversion of debentures	25,580	-	-	-	-	25,580	25,580	-
Units acquired and cancelled under NCIB	(281)	-	-	-	-	(281)	(281)	-
Statements of comprehensive income (loss)	-	27,542	(44,753)	3,894	-	(13,317)	(7,349)	(5,968)
Balance, September 30, 2011	**$655,225**	**$140,931**	**$(256,754)**	**$(25,370)**	**$181**	**$514,213**	**$286,407**	**$227,806**

See accompanying notes to the interim consolidated financial statements.

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

	REIT Units, Special Voting Units and Class B LP Units	Operating Income	Finance Costs - Distributions	Accumulated Other Comprehensive Income (Loss)	Contributed Surplus	Total	Attributable To REIT Units	Attributable To Class B LP Units
	(Note 17)							
Balance, January 1, 2010	$574,608	$81,323	$(155,911)	$(33,735)	$73	$466,358	$243,846	$222,512
Units released under EUPP	8	-	-	-	(8)	-	-	-
Units issued under EUPP	565	-	-	-	-	565	565	-
Loans receivable under EUPP	(565)	-	-	-	-	(565)	(565)	-
EUPP compensation	-	-	-	-	62	62	62	-
Repayment of EUPP loans receivable	395	-	-	-	-	395	395	-
Conversion of debentures	1,531	-	-	-	-	1,531	1,531	-
Units acquired and cancelled under NCIB	(194)	-	-	-	-	(194)	(194)	-
Statements of comprehensive income (loss)	-	22,833	(41,388)	3,283	-	(15,272)	(8,081)	(7,191)
Unit issue proceeds, net of costs of $1,680	48,322	-	-	-	-	48,322	28,029	20,293
Balance, September 30, 2010	**$624,670**	**$104,156**	**$(197,299)**	**$(30,452)**	**$127**	**$501,202**	**$265,588**	**$235,614**

See accompanying notes to the interim consolidated financial statements.

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

	REIT Units, Special Voting Units and Class B LP Units	Operating Income	Finance Costs - Distributions	Accumulated Other Comprehensive Income (Loss)	Contributed Surplus	Total	Attributable To REIT Units	Attributable To Class B LP Units
	(Note 17)							
Balance, January 1, 2010	$574,608	$81,323	$(155,911)	$(33,735)	$73	$466,358	$243,846	$222,512
Units released under EUPP	8	-	-	-	(8)	-	-	-
Units issued under EUPP	565	-	-	-	-	565	565	-
Loans receivable under EUPP	(565)	-	-	-	-	(565)	(565)	-
EUPP compensation	-	-	-	-	77	77	77	-
Repayment of EUPP loans receivable	409	-	-	-	-	409	409	-
Conversion of debentures	6,752	-	-	-	-	6,752	6,752	-
Units acquired and cancelled under NCIB	(604)	-	-	-	-	(604)	(604)	-
Statements of comprehensive income (loss)	-	32,066	(56,090)	4,471	-	(19,553)	(10,434)	(9,119)
Unit issue proceeds, net of costs of $1,466	48,536	-	-	-	-	48,536	28,155	20,381
Balance, December 31, 2010	**$629,709**	**$113,389**	**$(212,001)**	**$(29,264)**	**$142**	**$501,975**	**$268,201**	**$233,774**

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 Sep. 30, 2011	Three Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2011	Nine Months Ended Sep. 30, 2010
Operating Activities					
Decrease in net assets attributable to Unitholders		$(6,042)	$(6,144)	$(17,211)	$(18,555)
Items not affecting operating cash	18	10,125	9,350	30,261	28,128
		4,083	3,206	13,050	9,573
Change in other non-cash operating items	18	6,371	9,953	454	7,890
Cash provided by operating activities		**10,454**	**13,159**	**13,504**	**17,463**
Financing Activities					
Issue of investment property debt		36,286	54,070	94,545	245,420
Increase in deferred financing charges		(324)	(203)	(1,172)	(2,340)
Issue of convertible debentures		-	-	-	45,000
Issue costs of convertible debentures		-	-	-	(2,287)
Units and Class B LP Units issued		-	50,002	-	50,002
Units and Class B LP Units issue costs		-	(1,680)	-	(1,680)
Repayment of investment property debt		(14,416)	(7,802)	(26,520)	(179,410)
Settlement of effective interest rate swap agreement		-	-	(1,731)	-
Decrease in liabilities related to discontinued operations		(43)	(41)	(128)	(122)
Collection of notes receivable		221	325	758	1,298
Units acquired and cancelled under NCIB		-	-	(281)	(194)
Repayment of EUPP loans receivable		16	237	217	395
Cash provided by financing activities		**21,740**	**94,908**	**65,688**	**156,082**
Investing Activities					
Acquisition of investment properties	3	(25,419)	(85,091)	(64,570)	(136,701)
Additions to investment properties		(4,213)	(2,514)	(12,266)	(11,843)
Additions to tenant incentives		(2,351)	(3,167)	(7,085)	(6,183)
Additions to deferred leasing costs		(233)	(144)	(596)	(424)
Decrease in assets related to discontinued operations		22	16	155	145
Cash used in investing activities		**(32,194)**	**(90,900)**	**(84,362)**	**(155,006)**
Net change in cash and cash equivalents		**-**	**17,167**	**(5,170)**	**18,539**
Cash and cash equivalents, beginning of period		**-**	**1,372**	**5,170**	**-**
Cash and cash equivalents, end of period		**$Nil**	**$18,539**	**$Nil**	**$18,539**

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 space 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 nine months and three months ended September 30, 2011 and September 30, 2010 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 financial statements were authorized for issue by the Board of Trustees on November 8, 2011.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. These financial statements reflect part of the period covered by Crombie's first International Financial Reporting Standards ("IFRS") financial statements for the year ending December 31, 2011 and are covered by IFRS 1, First-time Adoption of IFRS. These interim consolidated financial statements may not include all of the information required in annual financial statements in accordance with IFRS.

An explanation of how the transition to IFRS has affected the previously reported balance sheet, total comprehensive income and cash flows of Crombie is provided in Note 26.

(b) Basis of presentation

The interim consolidated financial statements are presented in Canadian dollars ("CAD"); Crombie's reporting currency, rounded to the nearest thousand. The interim consolidated financial statements are prepared on an historical cost basis except for financial assets and liabilities classified as fair value through operating income ("FVTPL") or designated as available for sale, ("AFS") that have been measured at fair value. On transition from Canadian generally accepted accounting principles ("GAAP") to IFRS, effective January 1, 2010, certain investment properties, or components thereof, were re-measured to their fair value, and this fair value was used as the deemed cost of the property on that date.

(c) Presentation of financial statements

In accordance with IFRS 1, Crombie presents an opening balance sheet in its first IFRS financial statements as at the date of transition to IFRS (January 1, 2010). In subsequent periods, when Crombie: (i) applies an accounting policy retrospectively, (ii) makes a retrospective restatement of items in its financial statements, or (iii) reclassifies items on the balance sheet; it will present an additional balance sheet as at the beginning of the earliest comparative period.

(d) Basis of consolidation

Crombie's financial statements consolidate those of Crombie and all of its subsidiary entities as at September 30, 2011. Subsidiaries are all entities over which Crombie has the power to control the financial and operating policies so as to benefit from its activities. All subsidiaries have a reporting date of September 30, 2011.

All intercompany transactions, balances, income and expenses are eliminated in preparing the 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) Investment properties

Investment properties are properties which are held to earn rental income. Investment properties include land, buildings and intangible assets. Investment properties are carried at cost less accumulated depreciation and are reviewed periodically for impairment as described in Note 2(w).

Depreciation of buildings is calculated using the straight-line method with reference to each property's cost, the estimated useful life of the building (not exceeding 40 years) and its components, significant parts and residual value.

Repair and maintenance improvements are expensed as incurred or, in the case of major items that constitute a capital asset, are capitalized to the building and amortized on a straight-line basis over the expected useful life of the improvement.

Upon acquisition, Crombie performs an assessment of investment properties being acquired to determine whether the acquisition is to be accounted for as an asset acquisition or a business combination. A transaction is considered to be a business combination if the acquired property meets the definition of a business; being an integrated set of activities and assets that are capable of being managed for the purpose of providing a return to the Unitholders.

For acquisitions, Crombie allocates the purchase price based on the following:

Land – The amount allocated to land is based on an appraisal estimate of its fair value.

Buildings – Buildings are recorded at the estimated fair value of the building and its components and significant parts.

Intangible Assets - Intangible assets are recorded for tenant relationships, based on estimated costs avoided should the respective tenants renew their leases at the end of the initial lease time, adjusted for the estimated probability of renewal.

Fair value of debt - Values ascribed to fair value of debt are determined based on the differential between contractual and market interest rates on long term liabilities assumed at acquisition.

(f) Intangible assets

Intangible assets include the value of tenant relationships.

Amortization of the value of tenant relationships is determined using the straight-line method over the terms of the tenant lease agreements and renewal periods where applicable and is recorded as amortization.

Intangible assets are reviewed for impairment as described in Note 2(w).

(g) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and cash in bank and guaranteed investments with a maturity less than 90 days at date of acquisition.

(h) Assets held for sale and discontinued operations

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction. Crombie classifies properties that meet certain criteria as held for sale and separately discloses any operating income and gain (loss) on disposal for current and prior periods as discontinued operations. A property is classified as held for sale at the point in time when it is available for immediate sale, management has committed to a plan to sell the property and is actively locating a purchaser for the property at a sales price that is reasonable in relation to the current estimated fair value of the property, and the sale is expected to be completed within a one year period. Properties held for sale are carried at the lower of their carrying values and estimated fair value less costs to sell. In addition, assets held for sale are no longer depreciated and amortized. A property that is subsequently reclassified as held in use is measured at the lower of its carrying value amount before it was classified as held for sale, adjusted for any depreciation and amortization expense that would have been recognized had it been continuously classified as held and in use, and its estimated fair value at the date of the subsequent decision not to sell.

Assets that are classified as held for sale and that constitute a component of Crombie are presented as discontinued operations and are presented separately in the statement of comprehensive income (loss). A component of Crombie includes a property type or geographic area of operations.

(i) Convertible debentures

Debentures with conversion features are assessed at inception as to the value of both the conversion feature and the debt component. Crombie applies the residual method in determining the values of the conversion feature of the debt component and the debt component. Interest payments to debenture holders are presented as finance costs - operations. Issue costs on convertible debentures are netted against the convertible debentures and amortized over the original life of the convertible debentures using the effective interest method.

(j) Employee future benefits obligation

The cost of Crombie's pension benefits for defined contribution plans are expensed for employees in respect of the period in which they render the services. The cost of defined benefit pension plans and other benefit plans is accrued based on estimates, using actuarial techniques, of the amount of benefits employees have earned in return for their services in the current and prior periods. The present value of the defined benefit obligation and current service cost is determined by discounting the estimated benefits using the projected unit credit method to determine the fair value of the plan assets and total actuarial gains and losses and the proportion thereof which will be recognized. Other factors considered for other benefit plans include assumptions regarding salary escalation, retirement ages and expected growth rate of health care costs. The fair value of the plan assets is based on current market values. The present value of defined benefit obligation is based on the discount rate determined by reference to the yield of high quality corporate bonds of similar currency, having terms of maturity which align closely with the period of maturity of the obligation. The defined benefit plan and post-retirement benefit plan are unfunded.

The impact of changes in plan provisions will be recognized in benefit costs on a straight-line basis over a period not exceeding the average period until the benefit becomes vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to the plan, the past service cost will be recognized immediately.

In measuring its defined benefit liability, Crombie recognizes unamortized actuarial gains and losses directly to other comprehensive income (loss).

(k) Employee unit purchase plan

Crombie has a unit purchase plan for certain employees, which is described in Note 17. Loans granted to employees to purchase units under the plan are accounted for as a reduction to net assets attributable to Unitholders.

(l) Revenue recognition

Property revenue includes rents earned from tenants under lease agreements, percentage rent, realty tax and operating cost recoveries, and other incidental income. Certain leases have rental payments that change over their term due to changes in rates. Crombie records the rental revenue from leases on a straight-line basis over the term of the lease. Accordingly, an accrued rent receivable is recorded for the difference between the straight-line rent recorded as property revenue and the rent that is contractually due from the tenants. In addition, tenant incentives are amortized on a straight-line basis over the term of existing leases and the amortization is shown as a reduction in property revenue. Percentage rents are recognized when tenants are obligated to pay such rent under the terms of the related lease agreements. Realty tax and other operating cost recoveries, and other incidental income, are recognized on an accrual basis.

(m) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases

i. Crombie as lessor

Crombie has determined that all of its leases with its tenants are operating leases. Revenue is recorded in accordance with Crombie's revenue recognition policy (Note 2(l)).

ii. Crombie as lessee

Operating leases consist mainly of land leases which are expensed to property operating costs as incurred. Crombie also has a small amount of equipment and vehicle leases that are expensed to general and administrative costs as incurred.

(n) Deferred financing charges

Amortization of deferred financing charges is calculated using the effective interest method over the terms of the related debt.

(o) Finance costs - operations

Finance costs - operations primarily comprise interest on Crombie's borrowings. Finance costs directly attributable to the acquisition, redevelopment, construction or production of a qualifying asset are capitalized as a component of the cost of the asset to which it is related. All other finance costs - operations are expensed in the period in which they are incurred. As of September 30, 2011, Crombie has not capitalized any borrowing costs.

(p) Finance costs – distributions to Unitholders

The determination to declare and make payable distributions from Crombie is at the discretion of the Board of Trustees and, until declared payable by the Board of Trustees, Crombie has no contractual requirement to pay cash distributions to Unitholders. During the nine months ended September 30, 2011, $44,753 (nine months ended September 30, 2010 - $41,388) in cash distributions were declared payable by the Board of Trustees to Crombie Unitholders and Crombie Limited Partnership Unitholders (the "Class B LP Units").

(q) Income taxes

Crombie is taxed as a "mutual fund trust" for income tax purposes. It is the intention of Crombie, subject to approval of the trustees, to make distributions not less than the amount necessary to ensure that Crombie will not be liable to pay income tax, except for the amounts incurred in its incorporated subsidiaries.

Deferred income tax assets and/or liabilities of Crombie relate to tax and accounting basis differences of all incorporated subsidiaries of Crombie. Income taxes are accounted for using the liability method. Under this method, deferred income taxes are recognized for the expected deferred tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Deferred income taxes are computed using substantively enacted corporate income tax rates for the years in which tax and accounting basis differences are expected to reverse.

Deferred income tax assets and/or liabilities are offset only when Crombie has a right and intention to set off tax assets and liabilities from the same taxation authority. Changes in deferred income tax assets or liabilities are recognized as a component of income or expense in operations, except where they relate to items that are recognized in other comprehensive income (loss) (such as the unrealized gains and losses on cash flow hedges) or directly in change in net assets, in which case the related deferred tax is also recognized in other comprehensive income (loss) or change in net assets, respectively.

(r) Hedges

Crombie may use cash flow hedges to manage exposures to increases in variable interest rates. Cash flow hedges are recognized on the balance sheet at fair value with the effective portion of the hedging relationship recognized in other comprehensive income (loss). Any ineffective portion of the cash flow hedge is recognized in operating income. Amounts recognized in accumulated other comprehensive income (loss) are reclassified to operating income in the same periods in which the hedged item is recognized in operating income. Fair value hedges and the related hedge items are recognized on the balance sheet at fair value with any changes in fair value recognized in operating income. To the extent the fair value hedge is effective; the changes in the fair value of the hedge and the hedged item will offset each other.

Crombie had a fixed interest rate swap agreement, which expired during the current period, designated as a cash flow hedge. Crombie had identified the hedge against increases in benchmark interest rates and had formally documented all relationships between the derivative financial instrument and hedged items, as well as the risk management strategy and objectives.

Crombie assesses on an ongoing basis whether any existing derivative financial instrument continues to be effective in offsetting changes in interest rates on the hedged items.

Crombie currently has no cash flow or fair value hedges outstanding.

(s) Comprehensive income (loss)

Comprehensive income (loss) is the change in net assets attributable to Unitholders' during a period from transactions and other events and circumstances from non-unitholder sources. Crombie reports a consolidated statement of comprehensive income (loss), comprising changes in net assets attributable to Unitholders and other comprehensive income (loss) for the period. Accumulated other comprehensive income (loss), has been included in the consolidated statements of changes in net assets attributable to Unitholders.

(t) Provisions

Provisions are recognized when Crombie has a present obligation (legal or constructive) as a result of a past event, it is probable that Crombie will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, where the time value of money is material. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Provisions reflect Crombie's best estimate at the reporting date.

Environmental liabilities are recognized when Crombie has an obligation relating to site closure or rehabilitation. The extent of the work required and the associated costs are dependent on the requirements of the relevant authorities and Crombie's environmental policies. Provisions for the cost of each closure and rehabilitation program are recognized at the time that environmental disturbance occurs. Changes in the provision are recognized in the period of the change.

Employee future benefit obligation is Crombie's only material provision and is separately disclosed on the balance sheet. All other provisions are immaterial and are included in trade and other payables.

(u) Financial instruments

Crombie classifies financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purpose of ongoing measurements. Classification choices for financial assets include: a) fair value through operating income ("FVTPL") - measured at fair value with changes in fair value recorded in operating income for the period; b) held to maturity - recorded at amortized cost with gains and losses recognized in operating income in the period that the asset is derecognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in other comprehensive income (loss) for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in operating income in the period that the asset is no longer recognized or impaired. Classification choices for financial liabilities include: a) FVTPL - measured at fair value with changes in fair value recorded in operating income for the period; and b) other - measured at amortized cost with gains and losses recognized in operating income in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as FVTPL as long as its fair value is reliably determinable.

Crombie's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Tenant incentives	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Notes receivable	Loans and receivables	Amortized cost
Derivative financial assets and liabilities	Available-for-sale	Fair value
Bank indebtedness	Other liabilities	Amortized cost
Accounts payable and other liabilities	Other liabilities	Amortized cost
Investment property debt and liabilities related to discontinued operations	Other liabilities	Amortized cost
Convertible debentures	Other liabilities	Amortized cost

Other balance sheet accounts, including, but not limited to, prepaid expenses, investment properties, intangible assets, deferred income taxes and employee future benefits obligation are not financial instruments.

Transaction costs, other than those related to financial instruments classified as fair value through operating income that are expensed as incurred, are added to the fair value of the financial asset or financial liability on initial recognition and amortized using the effective interest method.

Embedded derivatives are required to be separated and measured at fair values if certain criteria are met. Crombie does not currently have any embedded derivatives in its contracts that require separate accounting treatment.

The fair value of a financial instrument is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. To estimate the fair value of each type of financial instrument various market value data and other valuation techniques were used as appropriate. The fair value of any interest rate swap is estimated by discounting net cash flows of the swaps using forward interest rates for swaps of the same remaining maturities.

(v) Net Assets Attributable to Unitholders

(i) Balance Sheet presentation

In accordance with IAS 32 Financial Instruments: Presentation, puttable instruments are generally classified as financial liabilities. Crombie's REIT units and Class B LP units with attached Special Voting Units ("SVU") are both puttable instruments, meeting the definition of financial liabilities in IAS 32. There are exception tests within IAS 32 which could result in classification as equity; however, Crombie's units do not meet the exception requirements. Therefore, Crombie has no instrument qualifying for equity classification on its Balance Sheet pursuant to IFRS. The classification of all units as financial liabilities with presentation as net assets attributable to Unitholders does not alter the underlying economic interest of the Unitholders in the net assets and net operating results attributable to Unitholders.

(ii) Balance Sheet measurement

REIT units and Class B LP units with attached SVUs are carried on the Balance Sheet at net asset value. Although puttable instruments classified as financial liabilities are generally required to be remeasured to fair value at each reporting period, the alternative presentation as net assets attributable to Unitholders reflects that, in total, the interests of the Unitholders is limited to the net assets of Crombie.

(iii) Statement of Comprehensive Income (Loss) presentation

As a result of the classification of all units as financial liabilities, the statement of comprehensive income (loss) recognizes distributions to Unitholders as a finance cost. In addition, terminology such as Net income has been replaced by Increase (decrease) in net assets attributable to Unitholders to reflect the absence of an equity component on the Balance Sheet.

(iv) Presentation of Per Unit Measures
As a result of the classification of all units as financial liabilities, Crombie has no equity instrument; therefore, in accordance with IAS 33 Earnings per Share, there is no denominator for purposes of calculation of per unit measures.

(v) Allocation of Comprehensive Income (Loss)
The components of Comprehensive income (loss) are allocated between REIT Units and Class B LP Units as follows:

- Operating income – based on the weighted average number of units outstanding during the reporting period
- Finance costs – distributions – based on the actual distributions paid to each separate unit class

Accumulated Other Comprehensive Income (Loss) – increases in accumulated comprehensive income (loss) are allocated based on the weighted average number of units outstanding during the reporting period, decreases in previously accumulated amounts are drawn down based on the average accumulation allocation rate.

(w) Use of estimates and judgments
The preparation of consolidated financial statements, in conformity with IAS 34, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Significant items include impairment, employee future benefits, income taxes, investment properties, purchase price allocations and fair value of financial instruments. These estimates are based on historical experience and management's best knowledge of current events and actions that Crombie may undertake in the future. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the preparation of these financial statements that have significant effect and estimates with a significant risk of material adjustment to the carrying amount of assets and liabilities are as follows:

<u>Impairment of long-lived tangible and definite life intangible assets</u>
Long-lived tangible and definite life intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value in use. Where the asset does not generate cash flows that are independent from other assets, Crombie estimates the recoverable amount of the cash generating unit(s) to which the asset belongs. When the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to the recoverable amount. An impairment loss is recognized as an expense immediately in operating income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate, but is limited to the carrying amount that would have been determined if no impairment loss had been recognized in prior years. A reversal of impairment loss is recognized immediately in operating income.

<u>Defined benefit liability</u>
Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of Crombie's defined benefit liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account Crombie's specific anticipation of future salary increases. Discount factors are determined each reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of Crombie's defined benefit obligations.

Investment property valuation

External, independent valuation companies, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values Crombie's investment property portfolio on a rotating basis over a period of a maximum of four years. The fair values, based on the date of the valuation, represent an estimate of the price that would be agreed upon between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Internal quarterly revaluations are performed using internally generated valuation models prepared by considering the aggregate cash flows received from leasing the property. A yield obtained from an independent valuation company, which reflects the specific risks inherent in the net cash flows, is then applied to the net annual cash flows to arrive at the property valuation.

Deferred income taxes

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on Crombie's latest budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be used without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties are assessed individually by management based on the specific facts and circumstances.

Crombie recognizes expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgment as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on the income tax and deferred tax balances in the period when such determination is made.

Purchase price allocation

Investment properties are properties which are held to earn rental income. Investment properties include land, buildings and intangible assets. Upon acquisition, management allocates the purchase price of the acquisition as described in Note 2(e). This allocation contains a number of estimates and underlying assumptions including, but not limited to, estimated cash flows, discount rates, lease-up rates, inflation rates, renewal rates and leasing costs.

Fair value of financial instruments

The fair value of marketable financial instruments is the estimated amount for which an instrument could be exchanged, or a liability settled, by Crombie and a knowledgeable, willing party in an arm's length transaction.

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

(x) Changes in accounting policies

(i) IFRS 9 - Financial instruments

IFRS 9 Financial Instruments is the first of a multi-phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. It addresses the classification, measurement and derecognition of financial assets and financial liabilities.

IFRS 9 divides all financial assets that are currently in the scope of IAS 39 into two classifications – those measured at amortized cost and those measured at fair value. Classification is made at the time the financial asset is initially recognized when the entity becomes a party to the contractual provisions of the instrument. The transition guidance is complex and mainly requires retrospective application. Most of the requirements in IAS 39 for the classification and measurement of financial liabilities have been carried forward, unchanged to IFRS 9. Where an entity chooses to measure its own debt at fair value, IFRS 9 now requires the amount of the change in fair value due to changes in the issuing entity's own credit risk to be presented in other comprehensive income (loss). An exception to the new approach is made where the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in operating income, in which case all gains or losses on that liability are to be presented in operating income.

This policy is effective for fiscal years after January 1, 2013; however, earlier adoption is permitted. Crombie is currently evaluating the impact of this policy.

(ii) IAS 12 - Deferred Tax: Recovery of Underlying Assets

The International Accounting Standards Board ("IASB") has published some limited scope amendments to IAS 12 Income Taxes, which are relevant only when an entity elects to use the fair value model for measurement in IAS 40 Investment Property. Under IAS 12, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. To provide a practical approach in such cases, the amendment introduces a presumption that an investment property is recovered entirely through sale.

SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets addresses similar issues involving non-depreciable assets measured using the revaluation model in IAS 16 Property, Plant and Equipment. This guidance has been incorporated into IAS 12 as part of the amendments.

This policy is effective for fiscal years after January 1, 2012; however, earlier adoption is permitted. Crombie does not currently use the fair value model for measurement in IAS 40; therefore there is no anticipated impact from the policy.

(iii) IFRS 7 - Financial Instruments: Disclosures

IFRS 7 was issued by the IASB on October 7, 2010 and contains amendments to the existing IFRS 7. The amendments to IFRS 7 enhance disclosure requirements with respect to transfers of financial assets. The amendments of IFRS 7 are effective for fiscal years beginning on or after July 1, 2011. Crombie is currently evaluating the impact of this policy.

(iv) IFRS 10 - Consolidated Financial Statements

IFRS 10 was issued by the IASB on May 12, 2011 and will replace the current IAS 27 Consolidated and Separate Financial Statements. The new standard identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. This new standard is effective for fiscal years beginning January 1, 2013. Crombie is currently evaluating the impact of this policy.

(v) IFRS 11 - Joint Arrangements

IFRS 11 was issued by the IASB on May 12, 2011 and will replace the current IAS 31 Interests in Joint Ventures. IFRS 11 classifies joint arrangements as either joint ventures or joint operations. Interests in joint ventures will be accounted for using equity accounting, eliminating the proportionate consolidation option currently available under IAS 31. The new standard is not expected to have any impact on Crombie. This new standard is effective for fiscal years beginning January 1, 2013.

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

IFRS 12 was issued by the IASB on May 12, 2011 and establishes disclosure requirements for interests in other entities, including joint arrangements, associates, special purpose vehicles, and other off balance sheet vehicles. This new standard is effective for fiscal years beginning January 1, 2013. Crombie is currently evaluating the impact of this policy.

(vii) IFRS 13 - Fair Value Measurement

IFRS 13 was issued by the IASB on May 12, 2011 and is a comprehensive standard for fair value measurement and disclosure of fair value measurements across various IFRS standards. IFRS 13 provides a definition of fair value, sets out a single IFRS framework for measuring fair value, and outlines requirements for disclosures of fair value measurements. The new standard is effective for fiscal years beginning January 1, 2013. Crombie is currently evaluating the impact of this policy.

(In thousands of CAD dollars)

3) INVESTMENT PROPERTIES

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2011	$418,426	$1,161,508	$3,276	$1,583,210
Acquisitions	22,789	58,438	-	81,227
Additions	7	13,379	399	13,785
Derecognition	(966)	(6,725)	-	(7,691)
Balance, September 30, 2011	**440,256**	**1,226,600**	**3,675**	**1,670,531**
Accumulated depreciation and amortization				
Opening balance, January 1, 2011	-	94,077	1,141	95,218
Depreciation and amortization	-	19,040	370	19,410
Derecognition	-	(525)	-	(525)
Balance, September 30, 2011	**-**	**112,592**	**1,511**	**114,103**
Net carrying value, September 30, 2011	**$440,256**	**$1,114,008**	**$2,164**	**$1,556,428**

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2010	$368,037	$1,028,934	$2,781	$1,399,752
Acquisitions	50,319	118,012	-	168,331
Additions	70	14,562	644	15,276
Derecognition	-	-	(149)	(149)
Balance, December 31, 2010	**418,426**	**1,161,508**	**3,276**	**1,583,210**
Accumulated depreciation and amortization				
Opening balance, January 1, 2010	-	69,719	837	70,556
Depreciation and amortization	-	24,358	453	24,811
Derecognition	-	-	(149)	(149)
Balance, December 31, 2010	**-**	**94,077**	**1,141**	**95,218**
Net carrying value, December 31, 2010	**$418,426**	**$1,067,431**	**$2,135**	**$1,487,992**
Net carrying value, January 1, 2010	**$368,037**	**$959,215**	**$1,944**	**$1,329,196**

	Land	Buildings	Deferred Leasing Costs	Total
Cost				
Opening balance, January 1, 2010	$368,037	$1,028,934	$2,781	$1,399,752
Acquisitions	42,781	97,924	-	140,705
Additions	70	6,924	316	7,310
Derecognition	-	-	(149)	(149)
Balance, September 30, 2010	**410,888**	**1,133,782**	**2,948**	**1,547,618**
Accumulated depreciation and amortization				
Opening balance, January 1, 2010	-	69,719	837	70,556
Depreciation and amortization	-	18,080	286	18,366
Derecognition	-	-	(149)	(149)
Balance, September 30, 2010	**-**	**87,799**	**974**	**88,773**
Net carrying value, September 30, 2010	**$410,888**	**$1,045,983**	**$1,974**	**$1,458,845**

(In thousands of CAD dollars)

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

	Fair Value	Carrying Value
September 30, 2011	$1,842,000	$1,634,103
December 31, 2010	$1,739,000	$1,561,992
September 30, 2010	$1,685,000	$1,529,321
January 1, 2010	$1,457,000	$1,397,356

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

Investment properties have been fair valued using the following methods and key assumptions:

(i) The capitalized net operating income method - Under this method, capitalization rates are applied to net operating income (property revenue less property operating expenses). The key assumption is the capitalization rates for each specific property. Crombie receives quarterly capitalization rate reports from external knowledgeable property valuators. The capitalization rate reports provide a range of rates for various geographic regions and for various types and qualities of properties within each region. Management selects the appropriate rate for each property from the range provided. Crombie generally employs this method to determine fair value.

(ii) The discounted cash flow method - Under this method, discount rates are applied to the forecasted cash flows reflecting the initial terms of the lease or leases for that specific property and assumptions as to renewal and new leasing activity. The key assumption is the discount rate applied over the initial term of the lease. Crombie employs this method when the capitalized net operating income method indicates a risk of impairment, or when a property is or will be undergoing redevelopment.

(iii) External appraisals - External independent appraisals were completed on all properties acquired during 2010 and 2011. In addition to the investment properties purchased, three investment properties have been externally appraised since January 1, 2011.

Crombie utilizes capitalization and discount rates within the ranges provided by external valuations. To the extent that the externally provided capitalization rate ranges change from one reporting period to the next; or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

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

	Weighted Average Rate	Impact of a 0.25% change in Capitalization Rate	
		Increase in rate	Decrease in rate
September 30, 2011	7.53%	$(60,000)	$64,000
December 31, 2010	7.70%	$(55,000)	$59,000
September 30, 2010	7.77%	$(50,000)	$53,000
January 1, 2010	8.24%	$(42,000)	$45,000

(In thousands of CAD dollars)

Investment Property Acquisitions

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

2011

Acquisition Date	Properties Acquired	Approximate Square Footage	Initial Purchase Price	Assumed Mortgages	Mortgages
May 2, 2011	1	74,000	$21,850	$10,708	$1,000
May 10, 2011	2	137,000	27,490	-	20,100
May 20, 2011	1	48,000	7,400	-	-
September 15, 2011	1	60,000	13,040	-	9,130
September 28, 2011	2	71,000	11,780	-	-
		390,000	**81,560**	**10,708**	**30,230**
May 20, 2011	(1)	(54,000)	(7,400)	-	-
		336,000	**$74,160**	**$10,708**	**$30,230**

All of the above properties, excluding the property acquired on May 2, 2011, were acquired or exchanged with subsidiaries of Empire Company Limited, a related party. The initial purchase price for the acquired properties stated above excludes closing and transaction costs. The purchase price of the acquired property and the disposal price of the derecognized property on May 20, 2011, were based on the carrying value of the derecognized property, which approximated their respective fair values. No gain or loss on disposal was realized. The balance of the acquisitions, after deducting assumed and new mortgage proceeds, was funded through Crombie's floating rate revolving credit facility.

2010

Acquisition Date	Properties Acquired	Approximate Square Footage	Initial Purchase Price	Assumed Mortgages	Mortgages
February 22, 2010	5	186,000	$31,530	$8,358	$-
March 24, 2010	3	147,000	27,746	-	19,000
September 28, 2010	9	400,000	84,297	-	59,770
October 28, 2010	1	47,000	11,250	-	7,700
November 22, 2010	2	87,000	17,000	-	11,900
		867,000	**$171,823**	**$8,358**	**$98,370**

All of the above properties, excluding the properties acquired on November 22, 2010, were acquired from subsidiaries of Empire Company Limited, a related party. The two retail properties acquired on November 22, 2010 were acquired from a joint venture of which a subsidiary of Empire Company Limited was a partner. The initial purchase price stated above excludes closing and transaction costs. The balance of the February and March 2010 acquisitions, after deducting assumed and new mortgage proceeds, was funded through Crombie's floating rate revolving credit facility. The September 28, 2010 acquisition was financed with new mortgage proceeds and the balance was funded with proceeds from the August 4, 2010 $50,000 REIT and Class B LP units offering. The balance of the October and November 2010 acquisitions, after deducting new mortgage proceeds, was funded with proceeds from the August 4, 2010 $50,000 REIT and Class B LP units offering.

(In thousands of CAD dollars)

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

Investment property acquired, net:	**Three Months Ended Sep. 30, 2011**	**Three Months Ended Sep. 30, 2010**	**Nine Months Ended Sep. 30, 2011**	**Nine Months Ended Sep. 30, 2010**	**Year Ended Dec. 31, 2010**
Land	$8,172	$32,861	$22,789	$42,781	$50,319
Buildings	16,100	49,665	58,438	97,924	118,012
Intangible assets	1,147	2,565	2,901	4,354	5,421
Fair value debt adjustment on assumed mortgage	-	-	(1,506)	-	-
Net purchase price	25,419	85,091	82,622	145,059	173,752
Assumed mortgages	-	-	(10,708)	(8,358)	(8,358)
	$25,419	$85,091	$71,914	$136,701	$165,394
Consideration, at acquisition date, funded by:					
Revolving credit facility	$16,289	$-	$41,684	$51,610	$51,610
Mortgage financing	9,130	51,570	30,230	51,570	71,170
Cash from REIT unit offering	-	33,521	-	33,521	42,614
Total consideration paid	$25,419	$85,091	$71,914	$136,701	$165,394

4) INTANGIBLE ASSETS

Tenant Relationships	**Cost**	**Accumulated amortization**	**Net carrying value**
Balance, January 1, 2011	$55,776	$29,518	$26,258
Acquisitions	2,901	-	2,901
Amortization	-	3,675	(3,675)
Derecognition	(239)	(64)	(175)
Balance, September 30, 2011	**$58,438**	**$33,129**	**$25,309**
Balance, January 1, 2010	$50,355	$23,188	$27,167
Acquisitions	5,421	-	5,421
Amortization	-	6,330	(6,330)
Balance, December 31, 2010	**$55,776**	**$29,518**	**$26,258**
Balance, January 1, 2010	$50,355	$23,188	$27,167
Acquisitions	4,354	-	4,354
Amortization	-	4,931	(4,931)
Balance, September 30, 2010	**$54,709**	**$28,119**	**$26,590**

5) OTHER ASSETS

	Sep. 30, 2011	**Dec. 31, 2010**	**Sep. 30, 2010**	**Jan. 1, 2010**
Trade receivables	$8,428	$5,965	$7,552	$7,732
Provision for doubtful accounts	(492)	(699)	(493)	(326)
Net trade receivables	7,936	5,266	7,059	7,406
Accrued straight-line rent receivable	16,846	14,294	13,560	10,948
Tenant incentives	35,520	33,448	30,326	30,045
Prepaid expenses	8,026	5,568	8,154	5,531
Restricted cash	-	227	30	215
	$68,328	**$58,803**	**$59,129**	**$54,145**

(In thousands of CAD dollars)

Tenant incentives	**Cost**	**Accumulated amortization**	**Net carrying value**
Balance, January 1, 2011	$46,798	$13,350	$33,448
Additions	5,910	-	5,910
Amortization	-	3,836	(3,836)
Derecognition	(3)	(1)	(2)
Balance, September 30, 2011	**$52,705**	**$17,185**	**$35,520**
Balance, January 1, 2010	$40,006	$9,961	$30,045
Additions	8,189	-	8,189
Amortization	-	4,786	(4,786)
Derecognition	(1,397)	(1,397)	-
Balance, December 31, 2010	**$46,798**	**$13,350**	**$33,448**
Balance, January 1, 2010	$40,006	$9,961	$30,045
Additions	3,644	-	3,644
Amortization	-	3,363	(3,363)
Derecognition	(1,397)	(1,397)	-
Balance, September 30, 2010	**$42,253**	**$11,927**	**$30,326**

6) NOTES RECEIVABLE

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

The balance of each note is as follows:

	Sep. 30, 2011	**Dec. 31, 2010**	**Sep. 30, 2010**	**Jan. 1, 2010**
Capital expenditure program	$105	$105	$105	$436
Interest rate subsidy	3,480	4,238	4,518	5,485
	$3,585	**$4,343**	**$4,623**	**$5,921**

7) ASSETS AND LIABILITIES RELATED TO DISCONTINUED OPERATIONS

During the fourth quarter of 2008, Crombie defeased the mortgage associated with a property classified as discontinued operations. The transaction did not qualify for defeasance accounting, therefore the defeased loan and related asset have not been removed from the balance sheet. The defeased loan is payable in monthly payments of $42 and bears interest at 5.46%, was originally amortized over 25 years and is due April 1, 2014. Crombie purchased Government of Canada bonds and treasury bills and Canada mortgage bonds and pledged them as security to the mortgage company. The bonds have maturity dates to September 15, 2013, have a weighted average interest rate of 3.62% and have been placed in escrow. The assets and liabilities related to discontinued operations are measured at amortized cost using the effective interest method, until April 1, 2014 at which time they will be extinguished.

(In thousands of CAD dollars)

8) INVESTMENT PROPERTY DEBT

	Range	Weighted average interest rate	Weighted average term to maturity	Sep. 30, 2011
Fixed rate mortgages	4.23-7.30%	5.73%	7.6 years	$786,188
Floating rate revolving credit facility		3.20%	2.8 years	99,716
Deferred financing charges				(6,709)
				$879,195

	Range	Weighted average interest rate	Weighted average term to maturity	Dec. 31, 2010
Fixed rate mortgages	4.53-7.30%	5.77%	7.4 years	$755,665
Floating rate revolving credit facility		2.32%	0.5 years	50,000
Deferred financing charges				(6,538)
				$799,127

	Range	Weighted average interest rate	Weighted average term to maturity	Sep. 30, 2010
Fixed rate mortgages	4.80-7.30%	5.81%	7.5 years	$733,520
Floating rate revolving credit facility		2.31%	0.8 years	52,000
Deferred financing charges				(6,232)
				$779,288

	Range	Weighted average interest rate	Weighted average term to maturity	Jan. 1, 2010
Fixed rate mortgages	4.82-8.00%	5.66%	5.8 years	$604,992
Floating rate revolving credit facility		1.53%	1.5 years	106,160
Deferred financing charges				(4,783)
				$706,369

As at September 30, 2011, debt retirements for the next 5 years are:

12 Months ending	Fixed Rate Principal Payments	Fixed Rate Maturities	Floating Rate Maturities	Total
September 30, 2012	$24,868	$3,228	$-	$28,096
September 30, 2013	26,451	3,897	-	30,348
September 30, 2014	25,110	93,803	99,716	218,629
September 30, 2015	23,974	38,813	-	62,787
September 30, 2016	22,268	47,940	-	70,208
Thereafter	101,320	367,802	-	469,122
	$223,991	$555,483	$99,716	879,190
Deferred financing charges				(6,709)
Unamortized fair value debt adjustment				6,714
				$879,195

Specific investment properties with a carrying value of $1,536,890 as at September 30, 2011 (December 31, 2010 – $1,463,705; September 30, 2010 - $1,430,884) are currently pledged as security for mortgages or provided as security for the floating rate revolving credit facility. Carrying value includes Investment properties, Intangible assets, and Accrued straight-line rent and Tenant incentives which are included in other assets.

(In thousands of CAD dollars)

Mortgage activity during 2011

Date		Number of mortgages	Rates	Terms in years	Amortization periods in years	Proceeds (repayments)
May 2, 2011	Assumed	1	6.66%	8	25	$10,708
May 2, 2011	New	1	5.78%	8	25	1,000
May 10, 2011	Refinancing	1	5.36%	15	20	15,283
May 10, 2011	Refinancing	(1)	5.35%	3	23	(15,283)
June 29, 2011	New	1	5.06%	20	25	7,100
July 4, 2011	Matured	(1)	7.85%	-	-	(8,204)
July 29, 2011	New	1	5.04%	20	25	13,000
August 24, 2011	New	1	5.18%	20	25	7,600
September 15, 2011	New	1	4.23%	10	25	9,130
September 29, 2011	New	1	4.46%	15	20	7,000
						$47,334

The floating rate revolving credit facility has a maximum principal amount of $150,000 and is used by Crombie for working capital purposes and to provide financing for future acquisitions. It is secured by a pool of first and second mortgages on certain properties. The floating interest rate is based on bankers' acceptance rates or specific margins over prime rate. The specified margin increases as Crombie's overall debt leverage increases beyond specific thresholds. During the second quarter of 2011, the floating rate revolving credit facility was extended and matures June 30, 2014.

See Note 20(a) for fair value information.

9) CONVERTIBLE DEBENTURES

	Conversion Price	Maturity Date	Interest Rate	Sep. 30, 2011	Dec. 31, 2010	Sep. 30, 2010	Jan. 1, 2010
Series A (CRR.DB)	$13.00	Mar. 20, 2013	7.00%	$29,985	$29,985	$30,000	$30,000
Series B (CRR.DB.B)	$11.00	Jun. 30, 2015	6.25%	52,683	78,263	83,469	85,000
Series C (CRR.DB.C)	$15.30	Jun. 30, 2017	5.75%	45,000	45,000	45,000	-
Deferred financing charges				(3,336)	(4,815)	(5,574)	(4,142)
				$124,332	**$148,433**	**$152,895**	**$110,858**

Debenture Conversions	**Conversion Price**	**Nine Months Ended Sep. 30, 2011**	**Year Ended Dec. 31, 2010**	**Nine Months Ended Sep. 30, 2010**	**To Jan. 1, 2010**
Series A (CRR.DB)	$13.00	$-	$15	$-	$-
Series B (CRR.DB.B)	$11.00	25,580	6,737	1,531	-
		$25,580	**$6,752**	**$1,531**	**$-**
REIT Units Issued		2,325,438	613,601	139,180	-

(In thousands of CAD dollars)

As at September 30, 2011, debenture retirements for the next 5 years are:

12 Months ending	Series A	Series B	Series C	Total
September 30, 2012	$-	$-	$-	$-
September 30, 2013	29,985	-	-	29,985
September 30, 2014	-	-	-	-
September 30, 2015	-	52,683	-	52,683
September 30, 2016	-	-	-	-
Thereafter	-	-	45,000	45,000
	$29,985	$52,683	$45,000	127,668
Deferred financing charges				(3,336)
				$124,332

The Series A, Series B, and Series C Convertible Debentures, (collectively the "Debentures") pay interest semi-annually on June 30 and December 31 of each year and Crombie has the option to pay interest on any interest payment date by selling REIT units and applying the proceeds to satisfy its interest obligation.

The Debentures are convertible into REIT Units at the option of the debenture holder at any time up to the maturity date, at the conversion price indicated in the table above, being a conversion rate of approximately 76.9231 REIT Units per one thousand principal amount of Series A Convertible Debentures, 90.9091 REIT Units per one thousand principal amount of Series B Convertible Debentures and 65.3595 REIT Units per one thousand principal amount of Series C Convertible Debentures. If all conversion rights attaching to the Series A Convertible Debentures, the Series B Convertible Debentures and the Series C Convertible Debentures were exercised, as at September 30, 2011, Crombie would be required to issue approximately 2,306,538 REIT Units, 4,789,363 REIT Units, and 2,941,176 REIT Units, respectively, subject to anti-dilution adjustments.

For the first three years from the date of issue, there is no ability to redeem the Debentures, after which, each series of Debentures has a period, lasting one year, during which the 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 on redemption is given exceeds 125% of the conversion price. After the end of the fourth year, and to the maturity date, the Debentures may be redeemed, in whole or in part, at anytime at the redemption price equal to the principal amount thereof plus accrued and unpaid interest. Provided that there is not a current event of default, Crombie will have the option to satisfy its obligation to pay the principal amount of the Debentures at maturity or upon redemption, in whole or in part, by issuing the number of REIT units equal to the principal amount of the Debentures then outstanding divided by 95% of the volume-weighted average trading price of the REIT units for a stipulated period prior to the date of redemption or maturity, as applicable. Upon change of control of Crombie, Debenture holders have the right to put the Debentures to Crombie at a price equal to 101% of the principal amount plus accrued and unpaid interest.

Based on management's assessment, Crombie has determined to date that no amount should be attributed to the conversion feature. Transaction costs related to the Debentures have been deferred and are being amortized into finance costs over the term of the Debentures using the effective interest method.

See 20(a) for fair value information.

10) INCOME TAXES

On September 22, 2007, tax legislation Bill C-52, the Budget Implementation Act, 2007 (the "Act") was passed into law. The Act related to the federal income taxation of publicly traded income trusts and partnerships. The Act subjects all existing income trusts, or specified investment flow-through entities ("SIFTs"), to corporate tax beginning in 2011, subject to an exemption for real estate investment trusts ("REITs"). 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 or be subject to the restrictions on its growth that would apply to SIFTs.

Crombie's management and their advisors have completed an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it meets the REIT technical tests contained in the Act. 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.

(In thousands of CAD dollars)

The deferred income tax liability of the wholly-owned corporate subsidiary which is subject to income taxes consists of the following:

	Sep. 30, 2011	Dec. 31, 2010	Sep. 30, 2010	Jan. 1, 2010
Tax liabilities relating to difference in tax and book value	$94,066	$92,592	$92,261	$91,389
Tax asset relating to non-capital loss carry-forward	(11,066)	(9,892)	(9,261)	(7,689)
Deferred income tax liability	**$83,000**	**$82,700**	**$83,000**	**$83,700**

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

	Three Months Ended Sep. 30, 2011	Three Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2011	Nine Months Ended Sep. 30, 2010
Provision for income taxes at the expected rate	$(2,778)	$(2,568)	$(8,700)	$(7,279)
Tax effect of income attribution to Crombie's Unitholders	2,978	2,868	9,200	6,079
Decreased income tax resulting from a change in the expected rate	-	-	(800)	1,900
Income taxes - deferred	**$200**	**$300**	**$(300)**	**$700**

Components of other comprehensive income are not tax valued as there are no tax implications to Crombie.

11) EMPLOYEE FUTURE BENEFITS

Crombie has a number of defined benefit and defined contribution plans providing pension and other retirement benefits to most of its employees.

Defined contribution pension plans

The contributions required by the employee and the employer are specified. The employee's pension depends on what level of retirement income (for example, annuity purchase) that can be achieved with the combined total of employee and employer contributions and investment income over the period of plan membership, and the annuity purchase rates at the time of the employee's retirement.

Defined benefit pension plans

The ultimate retirement benefit is defined by a formula that provides a unit of benefit for each year of service. Employee contributions, if required, pay for part of the cost of the benefit, and the employer contributions fund the balance. The employer contributions are not specified or defined within the plan text; they are based on the result of actuarial valuations which determine the level of funding required to meet the total obligation as estimated at the time of the valuation. Crombie's defined benefit plans are unfunded.

Crombie uses December 31 as a measurement date for accounting purposes for its defined benefit pension plans.

The net defined contribution pension plans expense for the three months and nine months ended September 30, 2011 were $119 and $454 (three months and nine months ended September 30, 2010 - $76 and $293 respectively).

12) TRADE AND OTHER PAYABLES

	Sep. 30, 2011	Dec. 31, 2010	Sep. 30, 2010	Jan. 1, 2010
Tenant incentives and capital expenditures	$18,812	$19,063	$12,712	$20,209
Property operating costs	14,058	12,967	16,236	10,575
Advance rents	3,457	1,862	2,860	2,069
Finance costs on investment property debt and debentures	5,632	3,460	5,707	2,836
Distributions payable	5,076	4,903	4,871	4,522
Fair value of interest rate swap agreements	-	2,488	3,224	3,534
	$47,035	**$44,743**	**$45,610**	**$43,745**

(In thousands of CAD dollars)

13) PROPERTY REVENUE

	Three Months Ended Sep. 30, 2011	Three Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2011	Nine Months Ended Sep. 30, 2010
Rental revenue contractually due from tenants	$54,882	$51,359	$166,811	$152,538
Contingent rental revenue	468	503	1,866	1,957
Straight-line rent recognition	800	829	2,615	2,612
Tenant incentive amortization	(1,369)	(1,241)	(3,836)	(3,363)
	$54,781	**$51,450**	**$167,456**	**$153,744**

The following tables set out tenants that contribute in excess of 10% of total property revenue:

	Three Months Ended Sep. 30, 2011		Three Months Ended Sep. 30, 2010		Nine Months Ended Sep. 30, 2011		Nine Months Ended Sep. 30, 2010	
	Revenue	**Percentage**	**Revenue**	**Percentage**	**Revenue**	**Percentage**	**Revenue**	**Percentage**
Sobeys	$17,726	32.4%	$15,318	29.8%	$54,371	32.5%	$46,058	30.0%

14) OPERATING LEASES

Crombie as a Lessor

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

	Remaining 2011	Year Ending December 31, 2012	2013	2014	2015	Thereafter	Total
Future minimum rental income	$37,111	$138,969	$130,185	$120,413	$111,503	$942,061	$1,480,242

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 14 to 73 years including renewal options:

	Remaining 2011	Year Ending December 31, 2012	2013	2014	2015	Thereafter	Total
Future minimum lease payments	$294	$1,191	$1,209	$1,210	$1,211	$47,207	$52,322

15) EMPLOYEE BENEFIT EXPENSE

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

	Three Months Ended Sep. 30, 2011	Three Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2011	Nine Months Ended Sep. 30, 2010
Wages and salaries	$3,697	$3,479	$12,436	$11,678
Post employment benefits	119	76	454	293
	$3,816	$3,555	$12,890	$11,971

(In thousands of CAD dollars)

16) FINANCE COSTS – OPERATIONS

	Three Months Ended Sep. 30, 2011	Three Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2011	Nine Months Ended Sep. 30, 2010
Fixed rate mortgages	$12,802	$11,534	$37,678	$33,449
Floating rate term, revolving and demand facilities	1,112	683	2,696	2,235
Convertible debentures	2,161	2,489	6,796	7,194
Finance costs - operations	**16,075**	**14,706**	**47,170**	**42,878**
Amortization of fair value debt adjustment and accretion income	426	405	1,290	1,495
Change in accrued finance costs	(2,122)	(2,495)	(2,172)	(2,871)
Amortization of effective swap agreements	(1,038)	(1,069)	(3,136)	(2,972)
Amortization of deferred financing charges	(990)	(597)	(2,480)	(1,746)
Finance costs - operations, paid	**$12,351**	**$10,950**	**$40,672**	**$36,784**

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, 2011	35,327,900	$335,068	30,780,730	$294,641	66,108,630	$629,709
Units issued under EUPP	21,417	281	-	-	21,417	281
Net change in EUPP loans receivable	-	(64)	-	-	-	(64)
Conversion of debentures	2,325,438	25,580	-	-	2,325,438	25,580
Units acquired and cancelled under NCIB	(21,417)	(281)	-	-	(21,417)	(281)
Balance, September 30, 2011	**37,653,338**	**$360,584**	**30,780,730**	**$294,641**	**68,434,068**	**$655,225**

	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, 2010	32,044,299	$300,348	28,925,730	$274,260	60,970,029	$574,608
Units issued (proceeds are net of issue costs)	2,670,000	28,155	1,855,000	20,381	4,525,000	48,536
Units issued under EUPP	50,547	565	-	-	50,547	565
Units released under EUPP	-	8	-	-	-	8
Net change in EUPP loans receivable	-	(156)	-	-	-	(156)
Conversion of debentures	613,601	6,752	-	-	613,601	6,752
Units acquired and cancelled under NCIB	(50,547)	(604)	-	-	(50,547)	(604)
Balance, December 31, 2010	**35,327,900**	**$335,068**	**30,780,730**	**$294,641**	**66,108,630**	**$629,709**

(In thousands of CAD dollars)

	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, 2010	32,044,299	$300,348	28,925,730	$274,260	60,970,029	$574,608
Units issued (proceeds are net of issue costs)	2,670,000	28,029	1,855,000	20,293	4,525,000	48,322
Units issued under EUPP	50,547	565	-	-	50,547	565
Units released under EUPP	-	8	-	-	-	8
Net change in EUPP loans receivable	-	(170)	-	-	-	(170)
Conversion of debentures	139,180	1,531	-	-	139,180	1,531
Units acquired and cancelled under NCIB	(17,157)	(194)	-	-	(17,157)	(194)
Balance, September 30, 2010	**34,886,869**	**$330,117**	**30,780,730**	**$294,553**	**65,667,599**	**$624,670**

Crombie REIT Units

Crombie is authorized to issue an unlimited number of REIT units and an unlimited number of SVU and Class B LP Units. Issued and outstanding REIT units may be subdivided or consolidated from time to time by the Trustees without the approval of the Unitholders. REIT units are redeemable at any time on demand by the holders at a price per REIT unit equal to the lesser of: (i) 90% of the weighted average price per Crombie REIT unit during the period of the last ten days during which Crombie's REIT units traded; and (ii) an amount equal to the price of Crombie's REIT units on the date of redemption, as defined in the Declaration of Trust.

The aggregate redemption price payable by Crombie in respect of any REIT Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment in Canadian dollars within 30 days after the end of the calendar month in which the REIT Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their REIT Units is subject to the limitation that:

i. the total amount payable by Crombie in respect of such REIT Units and all other REIT Units tendered for redemption, in the same calendar month must not exceed $50 (provided that such limitation may be waived at the discretion of the Trustees);

ii. at the time such REIT Units are tendered for redemption, the outstanding REIT Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the REIT Units;

iii. the normal trading of REIT Units is not suspended or halted on any stock exchange on which the REIT Units are listed (or if not listed on a stock exchange, in any market where the REIT Units are quoted for trading) on the Redemption Date or for more than five trading days during the ten-day trading period commencing immediately after the Redemption Date.

On March 31, 2011, Crombie announced a normal course issuer bid ("NCIB") where Crombie may purchase for cancellation up to 100,000 of its REIT units, which represents approximately 0.28% of the outstanding REIT units, during the period April 4, 2011 to April 3, 2012. The purchases have to be made through the facilities of the TSX. The price that Crombie will pay for any such REIT units will be the market price at the time of acquisition. Under the TSX policies, Crombie is entitled to purchase a maximum of 14,387 REIT units per trading day. Crombie had a previous NCIB which expired March 25, 2011. Under that NCIB, Crombie acquired a total of 50,547 REIT units. During the period ended September 30, 2011, Crombie acquired 21,417 REIT units under the NCIB which expires April 3, 2012.

During the first nine months of 2011, $25,580 in Series B Convertible Debentures was converted to a total of 2,325,438 REIT Units at the conversion price of $11.00 per Unit.

On August 4, 2010, Crombie closed a public offering, on a bought deal basis, of 2,670,000 REIT Units to the public at a price of $11.05 per REIT Unit for proceeds of $28,155 net of issue costs.

Crombie REIT SVU and Class B LP Units

The Declaration of Trust and the Exchange Agreement provide for the issuance of SVUs to the holders of Class B LP Units used solely for providing voting rights proportionate to the votes of Crombie's REIT Units. The SVUs are not transferable separately from the Class B LP Units to which they are attached and will be automatically transferred upon the transfer of such Class B LP Unit. If the Class B LP Units are exchanged in accordance with the Exchange Agreement, a like number of SVUs will be redeemed and cancelled for no consideration by Crombie.

The Class B LP Units issued by a subsidiary of Crombie to ECL Developments Limited are indirectly exchangeable on a one-for-one basis for Crombie's REIT Units at the option of the holder, under the terms of the Exchange Agreement.

(In thousands of CAD dollars)

Each Class B LP Unit entitles the holder to receive distributions from Crombie, pro rata with distributions made by Crombie on REIT Units.

On August 4, 2010, concurrently with the issuance of the REIT Units, in satisfaction of its pre-emptive right, ECL Developments Limited purchased 1,855,000 Class B LP Units and the attached SVUs at a price of $11.05 per Class B LP Unit for proceeds of $20,381 net of issue costs, on a private placement basis.

Employee Unit Purchase Plan ("EUPP")

Crombie provides for REIT unit purchase entitlements under the EUPP for certain senior executives. Awards made under the EUPP will allow executives to purchase REIT units from treasury at the average daily high and low board lot trading prices per REIT unit on the TSX for the five trading days preceding the issuance. Executives are provided non-recourse loans at 3% annual interest by Crombie for the purpose of acquiring REIT Units from treasury and the REIT Units purchased are held as collateral for the loan. The loan is repaid through the application of the after-tax amounts of all distributions received on the REIT Units, as well as the after-tax portion of any Long-Term Incentive Plan ("LTIP") cash awards received, as payments on interest and principal. As at September 30, 2011, there are loans receivable from executives of $1,666 under Crombie's EUPP, representing 181,140 REIT Units, which are classified as a reduction to net assets attributable to Unitholders. Loan repayments will result in a corresponding increase to net assets attributable to Unitholders. Market value of the REIT Units held as collateral at September 30, 2011 was $2,319.

The compensation expense related to the EUPP for the three months ended and nine months ended September 30, 2011 were $10 and $39 (three months ended and nine months ended September 30, 2010 - $36 and $62 respectively).

18) SUPPLEMENTRY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three Months Ended Sep. 30, 2011	Three Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2011	Nine Months Ended Sep. 30, 2010
Items not affecting operating cash:				
Accrued straight-line rent	$(800)	$(829)	$(2,615)	$ (2,612)
Amortization of tenant incentives	1,369	1,241	3,836	3,363
Depreciation of investment properties	6,435	5,992	19,040	18,080
Amortization of intangible assets	1,146	1,444	3,675	4,931
Amortization of deferred leasing costs	137	100	370	286
Unit based compensation	10	36	39	62
Amortization of effective swap agreements	1,038	1,069	3,136	2,972
Amortization of deferred financing charges	990	597	2,480	1,746
Income taxes – deferred	(200)	(300)	300	(700)
	$10,125	**$9,350**	**$30,261**	**$28,128**

b) Change in other non-cash operating items

	Three Months Ended Sep. 30, 2011	Three Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2011	Nine Months Ended Sep. 30, 2010
Cash provided by (used in):				
Trade receivables	$568	$1,827	$(2,670)	$347
Prepaid expenses and other assets	3,289	1,528	(2,167)	(2,438)
Payables and other liabilities	2,514	6,598	5,291	9,981
	$6,371	**$9,953**	**$454**	**$7,890**

(In thousands of CAD dollars)

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. Crombie uses the exchange amount as the measurement basis for related party transactions.

As at September 30, 2011, Empire Company Limited, through its wholly-owned subsidiary ECL Developments Limited, holds a 45.0% (fully diluted 40.4%) indirect interest in Crombie.

Crombie's transactions with related parties are as follows:

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2011	**2010**	**2011**	**2010**
Property revenue	(a)	$19,344	$17,007	$ 59,716	$50,742
Head lease income	(b)	$90	$141	$446	$462
Management support services provided	(c)	$163	$226	$690	$694
Property management services	(d)	$136	$224	$697	$764
Rental expense	(e)	$47	$46	$141	$140
Interest rate subsidy	(b)	$292	$373	$984	$1,261
Finance costs - operations	(f)	$207	$235	$671	$706
Finance costs - distributions to Unitholders		$6,849	$6,712	$20,547	$19,584

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

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

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

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

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

(f) As of September 30, 2011, Crombie had $5,622 fixed rate second mortgage financings outstanding with Empire Company Limited. The mortgages have a weighted average interest rate of 5.38% and a maturity date of March 2014. In addition, $10,000 of Series B Convertible Debentures with an annual interest rate of 6.25% is held by a subsidiary of Empire Company Limited.

In the addition to the above:

- During the third quarter of 2011, Crombie acquired three retail properties for a purchase price of $24,820, excluding closing and transaction costs. The properties, containing approximately 131,000 square feet, were acquired from subsidiaries of Empire Company Limited.

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

(In thousands of CAD dollars)

- During fiscal 2010, Crombie acquired 18 retail properties for a purchase price of $154,823, excluding closing and transaction costs. The properties, containing approximately 780,000 square feet, were acquired from subsidiaries of Empire Company Limited. In addition to the above acquisitions, on November 22, 2010, Crombie acquired two retail properties for a purchase price of $17,000, excluding closing and transaction costs. The properties, containing approximately 87,000 square feet, were acquired from a joint venture of which a subsidiary of Empire Company Limited was a 50% partner.

- On February 22, 2010 Crombie repaid $3,471 to ECL General Partner Limited to retire a loan as required under the terms of the agreement.

- On August 4, 2010, concurrently with a public offering of units, in satisfaction of its pre-emptive right, ECL Developments Limited purchased 1,855,000 Class B LP Units and the attached SVUs at a price of $11.05 per Class B LP Unit for proceeds of $20,381 net of issue costs, on a private placement basis.

Key management personnel compensation

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

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

	Three Months Ended Sep. 30, 2011	Three Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2011	Nine Months Ended Sep. 30, 2010
Salary, bonus and other short-term employee benefits	$514	$351	$1,537	$1,583
Other long-term benefits	21	5	126	74
	$535	**$356**	**$1,663**	**$1,657**

20) FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

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

Crombie has classified its financial instruments in the following categories:

i. Held to maturity investments – assets related to discontinued operations

ii. Loans and receivables - restricted cash, cash and cash equivalents, notes receivable and trade receivables

iii. Other financial liabilities - investment property debt, liabilities related to discontinued operations, convertible debentures, tenant improvements and capital expenditures payable, property operating costs payable and finance costs payable

iv. Available for sale – derivative instruments.

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

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

(In thousands of CAD dollars)

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

	Sep. 30, 2011		**Dec. 31, 2010**		**Sep. 30, 2010**		**Jan. 1, 2010**	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets related to discontinued operations	$6,515	$6,707	$6,670	$6,815	$6,784	$7,008	$6,929	$7,066
Investment property debt	$885,904	$979,702	$805,665	$845,052	$785,520	$845,978	$711,152	$708,401
Convertible debentures	$127,668	$138,047	$153,248	$166,553	$158,469	$173,444	$115,000	$120,200
Liabilities related to discontinued operations	$6,043	$6,336	$6,171	$6,437	$6,212	$6,582	$6,334	$6,270

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

Level 1 - quoted prices in active markets

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

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

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

Level 1:

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

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

Level 3:

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

b) Risk management

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

Credit risk

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

Crombie mitigates credit risk by geographical diversification, utilizing staggered lease maturities, diversifying both its tenant mix and asset mix and conducting credit assessments for new and renewing tenants. As at September 30, 2011:

- Excluding Sobeys (which accounts for 36.9% of Crombie's minimum rent), no other tenant accounts for more than 1.9% of Crombie's minimum rent, and;
- Over the next five years, no more than 8.5% of the gross leasable area of Crombie will expire in any one year.

As outlined in Note 19, Crombie earned property revenue of $19,344 for the three months ended September 30, 2011 and $59,716 for the nine months ended September 30, 2011 (three months ended and nine months ended September 30, 2010 - $17,007 and $50,742) from Sobeys Inc., Empire Theatres and other subsidiaries of Empire Company Limited.

(In thousands of CAD dollars)

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.

The 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.

	Nine Months Ended Sep. 30, 2011	**Year Ended Dec. 31, 2010**	**Nine Months Ended Sep. 30, 2010**
Provision for doubtful accounts, beginning of period	$699	$326	$326
Additional provision	293	624	366
Recoveries	(242)	(86)	(76)
Write-offs	(258)	(165)	(123)
Provision for doubtful accounts, end of period	**$492**	**$699**	**$493**

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, limiting the use of permanent floating rate debt and utilizing interest rate swap agreements. As at September 30, 2011:

- Crombie's weighted average term to maturity of the fixed rate mortgages was 7.6 years, and
- Crombie has a floating rate revolving credit facility available to a maximum of $150,000, with a balance of $99,716 at September 30, 2011. Crombie's exposure to floating rate debt was reduced by a fixed interest rate swap agreement discussed below. Crombie did not renew or replace the fixed interest rate swap agreement expiring July 4, 2011.

Crombie had entered into an interest rate swap agreement to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount. The unfavourable mark-to-market exposure was included in payables and the change in the mark-to-market adjustment has been recognized in other comprehensive income (loss). The mark-to-market amount of the fixed interest rate swap reduced to $Nil upon maturity of the swap on July 4, 2011.

Crombie estimates that $1,072 of accumulated other comprehensive income (loss) will be reclassified to finance costs during the remaining quarter of 2011 based on all settled swap agreements.

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

	Impact of a 0.5% interest rate change	
Impact on operating income attributable to Unitholders of interest rate changes on the floating rate revolving credit facility	**Decrease in rate**	**Increase in rate**
Three Months Ended September 30, 2011	$186	$(186)
Three Months Ended September 30, 2010	$128	$(128)
Nine Months Ended September 30, 2011	$482	$(482)
Nine Months Ended September 30, 2010	$399	$(399)

	Impact of a 0.5% interest rate change	
Impact on other comprehensive income due to changes in fair value of derivatives designated as a cash flow hedge	**Decrease in rate**	**Increase in rate**
September 30, 2011	$Nil	$Nil
September 30, 2010	$(561)	$541

Crombie does not enter into interest rate swap transactions on a speculative basis. 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.

(In thousands of CAD dollars)

Liquidity risk

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

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 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. As discussed in Note 21, Crombie mitigates its exposure to liquidity risk utilizing a conservative approach to capital management.

Access to the revolving credit facility is limited by the amount utilized under the facility, the amount of any outstanding letters of credit, plus any unfavourable mark-to-market position on any interest rate swap agreements, and cannot exceed the security provided by Crombie. Any deterioration in the mark-to-market position may reduce Crombie's available credit under 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 Sep. 30,					
	Contractual Cash Flows(1)	**2012**	**2013**	**2014**	**2015**	**2016**	**Thereafter**
Fixed rate mortgages(2)	$1,034,250	$71,281	$72,136	$156,048	$95,784	$99,034	$539,967
Convertible debentures	157,980	7,980	36,849	5,881	57,741	2,588	46,941
	1,192,230	79,261	108,985	161,929	153,525	101,622	586,908
Floating rate revolving credit	108,491	3,191	3,191	102,109	-	-	-
Total	**$1,300,721**	**$82,452**	**$112,176**	**$264,038**	**$153,525**	**$101,622**	**$586,908**

(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

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 60% of gross book value, utilize staggered debt maturities, minimize long-term exposure to excessive levels of floating rate debt and maintain conservative payout ratios.

Crombie's capital structure consists of the following:

	Sep. 30, 2011	**Dec. 31, 2010**	**Sep. 30, 2010**	**Jan. 1, 2010**
Investment property debt	$879,195	$799,127	$779,288	$706,369
Convertible debentures	124,332	148,433	152,895	110,858
Crombie REIT Unitholders	286,407	268,201	265,588	243,846
SVU and Class B LP Unitholders	227,806	233,774	235,614	222,512
	$1,517,740	$1,449,535	$1,433,385	$1,283,585

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

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

(In thousands of CAD dollars)

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

	Sep. 30, 2011	**Dec. 31, 2010**	**Sep. 30, 2010**	**Jan. 1, 2010**
Fixed rate mortgages	$786,188	$755,665	$733,520	$604,992
Convertible debentures	127,668	153,248	158,469	115,000
Revolving credit facility	99,716	50,000	52,000	106,160
Total debt outstanding	1,013,572	958,913	943,989	826,152
Less: Applicable fair value debt adjustment	(5,121)	(6,106)	(6,472)	(7,733)
Debt	$1,008,451	$952,807	$937,517	$818,419
Investment properties, cost	$1,670,531	$1,583,210	$1,547,618	$1,399,752
Intangible assets, cost	58,438	55,776	54,709	50,355
Notes receivable	3,585	4,343	4,623	5,921
Other assets, cost (see below)	85,513	72,153	71,056	64,106
Cash and cash equivalents	-	5,170	18,539	-
Deferred financing charges	10,045	11,353	11,806	8,925
Interest rate subsidy	(5,121)	(6,106)	(6,472)	(7,733)
Fair value adjustment to deferred taxes	(39,245)	(39,245)	(39,245)	(39,245)
	$1,783,746	$1,686,654	$1,662,634	$1,482,081
Debt to gross book value	56.5%	56.5%	56.4%	55.2%

Other assets are calculated as follows:

	Sep. 30, 2011	**Dec. 31, 2010**	**Sep. 30, 2010**	**Jan. 1, 2010**
Other assets per Note 5	$68,328	$58,803	$59,129	$54,145
Add back:				
Tenant incentive accumulated amortization	17,185	13,350	11,927	9,961
Other assets, cost	**$85,513**	**$72,153**	**$71,056**	**$64,106**

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 fair market value over first mortgage financing of assets subject to a second security position or a negative pledge. The terms of the revolving credit facility also require that Crombie must maintain certain covenants:

- annualized net operating income for the prescribed properties must be a minimum of 1.4 times the coverage of the related annualized debt service requirements;
- annualized net operating income on all properties must be a minimum of 1.4 times the coverage of all annualized debt service requirements;
- access to the revolving credit facility is limited by the amount utilized under the facility, the amount of any outstanding letters of credit, and any negative mark-to-market position on any interest rate swap agreements, not to exceed the security provided by Crombie; and
- distributions to Unitholders are limited to 100% of Distributable Income as defined in the revolving credit facility.

As at September 30, 2011, 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 entered into a management cost sharing agreement with a subsidiary of Empire Company Limited. Details of this agreement are disclosed in "Related Party Transactions" (Note 19).

Crombie obtains letters of credit to support its obligations with respect to construction work on its Investment properties, defeasing Investment property debt and satisfying mortgage financing requirements. Crombie has $408 in standby letters of credit for construction work that is being performed on its Investment properties. In connection with the defeasance of the discontinued operations Investment property debt, Crombie has issued a standby letter of credit in the amount of $1,715 in favour of the mortgage lender. In addition, to satisfy the requirements of mortgage financings, Crombie has issued standby letters of credit in the amount of $7,200 in favour of mortgage lenders. Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

Land leases have varying terms ranging from 14 to 73 years including renewal options. For the three and nine months ended September 30, 2011, Crombie paid $294 and $882 in land lease payments to third party landlords (three months and nine months ended September 30, 2010 - $243 and $730 respectively). Crombie's commitments under the land leases are disclosed in Note 14.

As at September 30, 2011, Crombie has signed construction contracts totaling $6,113 of which $4,418 has been paid.

23) SUBSEQUENT EVENTS

(a) On October 20, 2011, Crombie closed a public offering, on a bought deal basis, of 3,510,000 Units, at a price of $12.85 per Unit for gross proceeds of $45,104. Concurrently with the issuance of the Units, in satisfaction of its pre-emptive right, ECL Developments Limited subscribed for 2,334,630 Class B LP Units and the attached Special Voting Units at a price of $12.85 per Class B LP Unit for gross proceeds of $30,000 on a private placement basis.

(b) On October 20, 2011, Crombie declared distributions of 7.417 cents per unit, for the period from October 1, 2011 to, and including, October 31, 2011. The distribution of $5,509 will be payable on November 15, 2011 to Unitholders of record as at October 31, 2011.

(c) On October 31, 2011, Crombie completed the disposition of a 49,300 square foot freestanding retail property in Riverview, New Brunswick, to a subsidiary of Empire Company Limited, a related party. The disposition price was $7,000, which approximated the carrying value of the property. Crombie paid out the first mortgage on the property of $2,449 and the second mortgage of $513 on disposition. The second mortgage was held by a subsidiary of Empire Company Limited. Crombie also paid out another $5,109 in additional second mortgage financings with a weighted average interest rate of 5.38% held by a subsidiary of Empire Company Limited.

(d) Crombie has entered into asset purchase agreements related to the acquisition of three retail properties from subsidiaries of Empire Company Limited, a related party. The properties contain approximately 260,000 square feet and two are located in Nova Scotia and one in Ontario. The total price of the three acquisitions is approximately $67,278, excluding closing and transaction costs, and represents an effective capitalization rate of 7.1%. Crombie expects the transactions to close in the fourth quarter of 2011, subject to normal due diligence.

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.

25) INDEMNITIES

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

26) EXPLANATION OF TRANSITION TO IFRS

The 2011 fiscal year represents the first year that Crombie is issuing its financial statements under IFRS. These financial statements have been presented as if Crombie had always reported under IFRS. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the nine months ended September 30, 2011; the comparative information presented in these financial statements for the nine months ended September 30, 2010; the opening IFRS Balance Sheet as at January 1, 2010 (Crombie's date of transition to IFRS), and the comparative balance sheets as at September 30, 2010 and December 31, 2010. An explanation of how the transition from Canadian GAAP to IFRS has affected Crombie's balance sheet as at September 30, 2010, financial performance and cash flows for the three months and nine months ended September 30, 2010 is set out in the following tables and the accompanying notes.

An explanation of how the transition from Canadian GAAP to IFRS has affected Crombie's balance sheets as at December 31, 2010 and January 1, 2010 (Crombie's date of transition to IFRS), as well as its financial performance and cash flows for the year ended December 31, 2010 was provided in the interim consolidated financial statement for March 31, 2011.

IFRS 1 First-time Adoption of IFRS

IFRS 1 applies when an entity first adopts IFRS. The general provisions in IFRS 1 require retrospective application of IFRS to the first reporting period. However, the standard provides certain mandatory exceptions and allows specific exemptions from this general retrospective application.

The significant options selected by Crombie are as follows:

1. Investment properties – Crombie has chosen to apply the fair value as deemed cost exemption as at the transaction date and the cost model for subsequent accounting for its investment properties. Crombie has determined the fair value of its investment properties, on a property-by-property basis, as at the transition date, and has elected to adjust the carrying value of certain specific properties, or components thereof, to this fair value as the deemed cost at transition. Any adjustment to the carrying value at the transition date is reflected as an increase or decrease in investment properties, and an offsetting increase or decrease in net assets attributable to Unitholders at that date. The impact of this election was to increase the carrying value of certain specific properties by approximately $87,500, and to decrease the carrying value of other specific properties by approximately $87,500; for a net overall impact on net assets attributable to Unitholders of $NIL.

2. Business combinations – Crombie has elected to apply the business combination accounting standard prospectively to all subsequent business acquisitions.

3. Leases – Crombie has elected to use facts and circumstances existing at the date of transition to determine whether an arrangement contains a lease.

4. Employee benefits – Crombie has elected to recognize all cumulative actuarial gains and losses for its defined benefit plans at the date of transition. Crombie has elected to use the exemption not to disclose defined benefit plan surplus/deficit and experience adjustments before the date of transition.

5. Borrowing costs – Crombie has elected to apply the revisions in 2007 for IAS 23 Borrowing Costs prospectively to borrowing costs that occurred before the date of transition.

6. Estimates – Crombie has used estimates under IFRS that are consistent with those applied under Canadian GAAP, with adjustment for accounting policy differences.

(In thousands of CAD dollars)

(a) Reconciliation of Consolidated Balance Sheet at September 30, 2010

	Note	Canadian GAAP	Effect of changes to Opening Balance Sheet	Impact of transition to IFRS	IFRS
Investment properties	(i)	$1,440,415	$14,585	$3,845	$1,458,845
Intangible assets	(i)	99,316	(76,190)	3,464	26,590
Other assets	(i)	28,803	30,045	281	59,129
Notes receivable	(ii)	6,577	(2,248)	294	4,623
Asset related to discontinued operations		6,784	-	-	6,784
Cash and cash equivalents		18,539	-	-	18,539
Total assets		**1,600,434**	**(33,808)**	**7,884**	**1,574,510**
Investment property debt		779,288	-	-	779,288
Convertible debentures		152,895	-	-	152,895
Deferred income tax	(iii)	78,000	4,000	1,000	83,000
Trade and other payables		40,381	4,522	707	45,610
Intangible liabilities	(i)	28,004	(31,558)	3,554	-
Employee future benefits obligation		6,569	(266)	-	6,303
Liabilities related to discontinued operations		6,212	-	-	6,212
Distributions payable		4,871	(4,522)	(349)	-
Total liabilities excluding net assets attributable to Unitholders		**1,096,220**	**(27,824)**	**4,912**	**1,073,308**
Non-controlling interest	(iv)	237,060	(237,060)	-	-
Unitholders' equity	(iv)	267,154	(267,154)	-	-
		504,214	**(504,214)**	**-**	**-**
Total liabilities, non-controlling interest and Unitholders' equity		**$1,600,434**			
Net assets attributable to Unitholders	(iv)		**$498,230**	**$2,972**	**$501,202**
Net assets attributable to Unitholders represented by					
Crombie REIT Unitholders	(iv)		$264,025	$1,563	$265,588
SVUs and Class B LP Unitholders	(iv)		234,205	1,409	235,614
			$498,230	**$2,972**	**$501,202**

(i) Investment properties, Intangible assets, Other assets and Intangible liabilities – The impact of transition to IFRS on Investment properties as at September 30, 2010 has been the change in depreciation expense recognized resulting from the changed cost base and the reclassification of additions during the nine months ended 2010 which were included in Intangible assets and Intangible liabilities under Canadian GAAP. The impact on both Intangible assets and Intangible liabilities as at September 30, 2010 has been the reclassification of additions during the nine months ended 2010 to Investment properties. Other assets have been impacted by the reclassification of Tenant incentives to a receivable asset.

(ii) Notes receivable – Long-term Notes receivable, which were present valued on transition to IFRS, are being accreted.

(iii) Deferred income tax – The determination of the liability is impacted by the changes made to the carrying value of specific Investment properties and components of those properties on transition to IFRS.

(iv) Non-controlling interest and Unitholders' equity – Crombie's SVUs and Class B LP Units, accounted for as Non-controlling interest and Unitholders' equity respectively under Canadian GAAP, are accounted for as financial liabilities under IFRS. These financial liabilities are presented as net assets attributable to Unitholders.

(In thousands of CAD dollars)

(b) Reconciliation of Consolidated Statement of Comprehensive Income (Loss) for the three months ended September 30, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Property revenue	(i)	$53,418	$(1,968)	$51,450
Property operating expenses		18,936	-	18,936
Net property income		**34,482**	**(1,968)**	**32,514**
Lease terminations		162	-	162
Depreciation of investment properties	(ii)	(5,083)	(909)	(5,992)
Amortization of intangible assets	(ii)	(3,827)	2,383	(1,444)
Amortization of deferred leasing costs	(iii)	(1,310)	1,210	(100)
Depreciation of recoverable capital expenditures	(ii)	(343)	343	-
General and administrative costs		(2,627)	-	(2,627)
Operating income before finance costs and income taxes		**21,454**	**1,059**	**22,513**
Finance costs - operations		(14,801)	95	(14,706)
Operating income before income taxes		**6,653**	**1,154**	**7,807**
Income taxes - deferred		200	100	300
Operating income attributable to Unitholders		**6,853**	**1,254**	**8,107**
Finance costs – distributions to Unitholders	(iv)	-	(14,251)	(14,251)
Increase (decrease) in net assets attributable to Unitholders (Canadian GAAP – Income before non-controlling interest)		**6,853**	**(12,997)**	**(6,144)**
Costs incurred on derivatives designated as cash flow hedges transferred to finance costs-operations		1,069	-	1,069
Net change in derivatives designated as cash flow hedges		(16)	-	(16)
Other comprehensive income	(v)	**1,053**	**-**	**1,053**
Comprehensive income (loss)		**$7,906**	**$(12,997)**	**$(5,091)**

(i) Property revenue – Property revenue is impacted by the removal of amortization of above-market and below-market leases as well as the reclassification of amortization of tenant incentives to Property revenue.

(ii) Depreciation and amortization – As previously discussed, on transition to IFRS, various properties and components of properties were reclassified and adjusted to fair value as deemed cost, impacting the previously reported amounts of depreciation and amortization.

(iii) Amortization of deferred leasing costs – This expense included amortization of tenant incentives, which is now included as an offset to Property revenue.

(iv) Finance costs – distributions to Unitholders – With the reclassification of Crombie's REIT Units and Class B LP Units to financial liabilities, the distributions payable on those units is treated as a finance cost under IFRS.

(v) Other comprehensive income – The amounts shown above under Canadian GAAP have been adjusted to include the amounts previously shown as part of Non-controlling interest.

(In thousands of CAD dollars)

(c) Reconciliation of Consolidated Statement of Comprehensive Income (Loss) for the nine months ended September 30, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Property revenue	(i)	$159,450	$(5,706)	$153,744
Property operating expenses		57,630	-	57,630
Net property income		**101,820**	**(5,706)**	**96,114**
Lease terminations		347	-	347
Depreciation of investment properties	(ii)	(14,887)	(3,193)	(18,080)
Amortization of intangible assets	(ii)	(13,068)	8,137	(4,931)
Amortization of deferred leasing costs	(iii)	(3,794)	3,508	(286)
Depreciation of recoverable capital expenditures	(ii)	(931)	931	-
General and administrative costs		(8,153)	-	(8,153)
Operating income before finance costs and income taxes		**61,334**	**3,677**	**65,011**
Finance costs - operations		(43,173)	295	(42,878)
Operating income before income taxes		**18,161**	**3,972**	**22,133**
Income taxes - deferred		1,700	(1,000)	700
Operating income attributable to Unitholders		**19,861**	**2,972**	**22,833**
Finance costs – distributions to Unitholders	(iv)	-	(41,388)	(41,388)
Increase (decrease) in net assets attributable to Unitholders (Canadian GAAP – Income before non-controlling interest)	(v)	**19,861**	**(38,416)**	**(18,555)**
Costs incurred on derivatives designated as cash flow hedges transferred to finance costs-operations		2,972	-	2,972
Net change in derivatives designated as cash flow hedges		311	-	311
Other comprehensive income	(vi)	**3,283**	**-**	**3,283**
Comprehensive income (loss)		**$23,144**	**$(38,416)**	**$(15,272)**

(i) Property revenue – Property revenue is impacted by the removal of amortization of above-market and below-market leases as well as the reclassification of amortization of tenant incentives to Property revenue.

(ii) Depreciation and amortization – As previously discussed, on transition to IFRS, various properties and components of properties were reclassified and adjusted to fair value as deemed cost, impacting the previously reported amounts of depreciation and amortization.

(iii) Amortization of deferred leasing costs – This expense included amortization of tenant incentives, which is now included as an offset to Property revenue.

(iv) Finance costs – distributions to Unitholders – With the reclassification of Crombie's REIT Units and Class B LP Units to financial liabilities, the distributions payable on those units is treated as a finance cost under IFRS.

(v) Increase (decrease) in net assets attributable to Unitholders

Effect of transition to IFRS per above	$(38,416)
Finance Costs – distribution to Unitholders per above	41,388
Impact of transition to IFRS on September 30, 2010 Consolidated Balance Sheet	$2,972

The reclassification of distributions to Unitholders as a finance cost under IFRS does not impact the consolidated Balance Sheet on transition to IFRS as these distributions directly impacted non-controlling interest and Unitholders equity under Canadian GAAP.

(vi) Other comprehensive income – The amounts shown above under Canadian GAAP have been adjusted to include the amounts previously shown as part of Non-controlling interest.

(d) Impact on Statements of Cash Flows

As a result of the transition to IFRS, certain items on the statements of cash flows have been impacted as follows:

- Distributions to Unitholders previously recognized in financing activities are now recognized as finance costs on the statements of comprehensive income (loss) and flow through operating activities.
- Additions to tenant incentives and deferred leasing costs previously recognized in operating activities are now recognized in investing activities.

Notes to the reconciliations:

a) Investment properties
Assets previously disclosed as commercial properties under Canadian GAAP have been disclosed as investment properties under IFRS. All of Crombie's properties qualify as investment properties. Crombie has adopted the cost model for investment properties, meaning that the properties are carried at cost and are subject to depreciation and amortization charges over their estimated useful lives less any residual values. IFRS 1 allows for properties and components of properties to be re-measured to fair value at the transition date, with this re-measured value to represent the deemed cost of the property at the date of transition. Crombie has applied this election on a property-by-property basis as at January 1, 2010. As a result, some of the carrying values of specific properties have adjusted upward and/or downward; as have specific components of individual properties. There were also changes in the carrying value of intangible assets and intangible liabilities, and classification of amounts from intangible assets and intangible liabilities to investment properties. There was no overall net change in the total carrying value on the transition date.

b) Intangible assets and intangible liabilities
Under IFRS, the only separately recognized intangible for Crombie is for tenant relationships. Other previously recognized intangibles may be included as a component of investment properties and depreciated as part of depreciation of investment properties.

c) Deferred tax assets and liabilities
Under Canadian GAAP, all future tax assets (liabilities) were classified based on the asset (liability) to which it is related to. Under IAS 12, *Income Taxes*, these are referred to as deferred tax assets (liabilities) and are always classified as non-current.

d) Depreciation and amortization expenses
(i) As a result of the reclassification of above-market and below-market leases to components of Investments properties, these amounts are no longer amortized into property revenue but are depreciated, and the depreciation is included in Depreciation of investment properties.
(ii) Amortization of tenant incentives, previously reported as a separate expense on the statements of income under Canadian GAAP, is now included in the calculation of property revenue under IFRS.
(iii) Recoverable capital expenditures were previously recognized as a separate item of commercial properties under Canadian GAAP. These amounts are now included as part of the buildings component of investment properties under IFRS. As a result, the related Depreciation is included in depreciation of investment properties.

e) Employer future benefits obligation
Under Canadian GAAP, actuarial gains and losses were amortized on a straight-line basis over the expected average remaining service lifetime of the active members ("EARSL"). Upon adoption of IFRS, Crombie has elected to record the unamortized actuarial gains and losses in accumulated other comprehensive income (loss) upon transition to IFRS.

UNITHOLDERS' INFORMATION

OFFICERS

Frank C. Sobey
Chairman

Donald E. Clow
President and Chief Executive Officer

Glenn R. Hynes
Chief Financial Officer and Secretary

Patrick G. Martin
Regional Vice President Atlantic

Gary Finkelstein
Regional Vice President Central & Western Canada

Scott R. MacLean
Senior Vice President Operations Atlantic

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UNIT SYMBOL

REIT Trust Units – CRR.UN

STOCK EXCHANGE LISTING

Toronto Stock Exchange

DISTRIBUTION RECORD AND PAYMENT DATES FOR FISCAL 2011

Record Date	Payment Date
January 31, 2011	February 15, 2011
February 28, 2011	March 15, 2011
March 31, 2011	April 15, 2011
April 30, 2011	May 16, 2011
May 31, 2011	June 15, 2011
June 30, 2011	July 15, 2011
July 31, 2011	August 15, 2011
August 31, 2011	September 15, 2011
September 30, 2011	October 17, 2011
October 31, 2011	November 15, 2011

COUNSEL

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Halifax, Nova Scotia

AUDITORS

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INVESTOR RELATIONS AND INQUIRIES

Unitholders, analysts, and investors should direct their financial inquiries or request to:
Glenn R. Hynes, C.A.
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, CIBC Mellon Trust Company.

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MULTIPLE MAILINGS

If you have more than one account, you may receive a separate mailing for each. If this occurs, please contact CIBC Mellon Trust Company at (800) 387-0825 to eliminate multiple mailings.

Crombie REIT

EVERYDAY ADVANTAGES

☑ Proven assets

Crombie is the largest owner and manager of commercial real estate in Atlantic Canada, with a growing network of grocery-anchored plazas and stand-alone stores across the country.

☑ High-quality cash flow

More than half of Crombie's minimum annual rents are derived from investment grade tenants; almost 90 percent are derived from national and regional companies.

☑ A solid financial foundation

We are built for sustainable growth with a conservative financial structure, moderate leverage and ample liquidity.

☑ A winning growth strategy

Our unique relationship with Empire and Sobeys is expected to fuel baseline annual revenue growth of six percent.

www.crombiereit.com