BUILDING ON A **PROVEN** PLATFORM

Crombie REIT

FIRST QUARTER REPORT THREE MONTHS ENDED MARCH 31, 2008.

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 113 commercial properties in six provinces, comprising approximately 11.3 million square feet of rentable space.

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

The REIT provided additional details concerning its first quarter results on a conference call held on Friday, May 9, 2008. Replay of the call is available on the Trust's website www.crombiereit.com.

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 Discussion and Analysis under "Risk Management" of the 2007 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

On May 8, 2008, Crombie reported its first quarter results for the quarter ending March 31, 2008. Funds from Operations ("FFO") for the first quarter increased by 4.0% to $13.6 million ($0.33 per unit) from $13.1 million ($0.31 per unit) in the first quarter of 2007. The improvement was due to increased same-asset net operating income (NOI) of 2.0% during the first quarter of 2008 and the net impact from the five property acquisitions since December 31, 2006.

Adjusted Funds from Operations ("AFFO") for the first quarter of 2008 was $7.9 million ($0.19 per unit) compared to $10.9 million ($0.26 per unit) for the first quarter of 2007. The reduction was due to higher tenant improvement costs of $3.8 million, partially due to early renegotiation of lease renewals coming due in 2009 that will have higher average net rent per square foot on an ongoing basis.

Net income for the first quarter of 2008 was $2.8 million ($0.13 per unit) compared to $3.3 million ($0.15 per unit) for the first quarter of 2007.

2008 First Quarter Highlights

- Crombie completed leasing activity on 28.4% of its 2008 expiring leases, increasing average net rent per square foot to $12.71 from the expiring rent per square foot of $11.06.
- Overall occupancy at March 31, 2008 decreased to 92.9% compared with December 31, 2007 at 93.6%.
- Property revenue for the quarter ended March 31, 2008 increased by $2,378, or 6.7%, to $38,058 compared to $35,680 for the quarter ended March 31, 2007. The improvement was due to increased same-asset property results and the five property acquisitions completed since December 31, 2006.
- Same-asset NOI of $20,732 increased by $410 or 2.0%, compared to $20,322 for the quarter ended March 31, 2007 due primarily to an increased average rent per square foot ($12.08 in 2008 versus $11.69 in 2007).
- The FFO payout ratio was 65.1% which was below the target annual payout ratio of 70% and slightly above the payout ratio of 64.6% for the first quarter of 2007.
- The AFFO payout ratio was 112.7% which was above the target annual AFFO payout ratio of 95% and the payout ratio for 2007 of 77.7%. The quarterly fluctuation was due to higher tenant improvement costs incurred in the quarter for leases that expire in future years.
- Debt to gross book value increased slightly to 48.3% at March 31, 2008 compared to 48.1% at December 31, 2007.
- Crombie's debt service coverage ratio in the first quarter of 2008 was 1.85 times EBITDA and interest service coverage ratio was 3.07 times EBITDA, compared to 1.98 times EBITDA and 3.21 times EBITDA, respectively, for the first quarter of 2007.

Financial Overview

As previously announced, on April 22, 2008, Crombie completed the acquisition of a portfolio of 61 retail properties from subsidiaries of Empire Company Limited. The properties represent approximately 3.3 million square feet of gross leaseable area and consist of 40 freestanding grocery stores carrying various Sobeys banners and 21 strip plazas all of which are also anchored by Sobeys bannered grocery stores.

Same-asset property revenue of $35.8 million for the quarter ended March 31, 2008 was 1.7% higher than the first quarter ended March 31, 2007 due primarily to the increased average rent per square foot ($12.08 in 2008 and $11.69 in 2007) and increased revenue from higher recoverable common area expenses.

Same-asset property expenses of $15.1 million for the quarter ended March 31, 2008 were 1.2% higher than first quarter ended March 31, 2007 due to increased recoverable common area expenses primarily from increased property taxes.

Same-asset NOI for the quarter ended March 31, 2008 grew by 2.0% over the quarter ended March 31, 2007.

Closing Remarks

Commenting on the first quarter results, J. Stuart Blair, President and Chief Executive Officer stated: "We are pleased to see continued growth in NOI for our same-asset properties. Our acquisition activity since the IPO has continued to give positive accretion to both AFFO and FFO while increased tenant improvement spending in the first quarter will enhance cash available for distribution over the terms of the leases that they relate to. Although our AFFO payout ratio exceeded our target, due to the enhanced tenant improvement spending, we still expect to achieve the reduced target ratio of 95% by the end of the fiscal year."

J. Stuart Blair
President & Chief Executive Officer

May 8, 2008

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

(In thousands of 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 ended March 31, 2008, with a comparison to the financial condition and results of operations for the comparable period in 2007.

This discussion and analysis should be read in conjunction with Crombie's consolidated financial statements and accompanying notes for the period ended March 31, 2007 and the related MD&A, and the audited consolidated financial statements and accompanying notes for the year ended December 31, 2007 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" of the 2007 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.

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 a development agreement, which development activities are undertaken by a related party 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) making improvements to the properties, which could be impacted by the availability of labour and capital resource allocation decisions;

(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 competitive supply of retail or office locations in proximity to Crombie locations;

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

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

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

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

(ix) anticipated accretion levels and debt to gross book value ratios relating to portfolio acquisitions, which are dependent on financing risks. The accretion levels as stated in the MD&A are based on the anticipated rates of permanent financing rather than the lower current interest rates being paid on in-place bridge financing; and

(x) anticipated permanent placement of debt financing relating to a portfolio acquisition which is dependent on financing risks.

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-GAAP FINANCIAL MEASURES

There are financial measures included in this MD&A that do not have a standardized meaning under Canadian generally accepted accounting principles ("GAAP") as prescribed by the Canadian Institute of Chartered Accountants. These measures are property net operating income ("NOI") (page 10), adjusted funds from operations ("AFFO") (page 13), debt to gross book value (page 17), funds from operations ("FFO") (page 14) and earnings before interest, taxes, depreciation and amortization ("EBITDA")(page 18). Management includes these measures because it believes certain investors use these measures as a means of assessing relative financial performance.

INTRODUCTION

Financial and Operational Summary

(in thousands of dollars, except per unit amounts and as otherwise noted)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007
Property revenue	$ 38,058	$ 35,680
Net income	$ 2,783	$ 3,300
Basic and diluted net income per Unit	$ 0.13	$ 0.15
FFO	$ 13,610	$ 13,082
FFO per unit(1)	$ 0.33	$ 0.31
FFO payout ratio (%)	65.1%	64.6%
AFFO	$ 7,867	$ 10,871
AFFO per unit(1)	$ 0.19	$ 0.26
AFFO payout ratio (%)	112.7%	77.7%
Debt to gross book value(2)	48.3%	47.0%
Total assets	$ 1,006,823	$ 972,737
Total commercial property debt and convertible debentures	$ 502,199	$ 459,704

(1) FFO and AFFO per unit are calculated by FFO or AFFO, as the case may be, divided by the diluted weighted average of the total Units and Special Voting Units outstanding of 41,728,561 for the quarter ended March 31, 2008 and 41,717,004 for the quarter ended March 31, 2007.
(2) See page 17 for detailed calculation.

Overview of the Business

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 units of Crombie trade on the Toronto Stock Exchange under the symbol CRR.UN.

Crombie completed its IPO of 20,485,224 units ("Units") on March 23, 2006 for gross proceeds of $204,852. Concurrent with the initial public offering ("IPO"), Crombie acquired 44 commercial properties in six provinces, totalling approximately 7,161,000 square feet (the "Business Acquisition") from certain affiliates of Empire Company Limited ("Empire Subsidiaries").

Crombie 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. At March 31, 2008, Crombie owned a portfolio of 52 commercial properties in six provinces, comprising approximately 7.9 million square feet of gross leaseable area ("GLA").

Business Strategy 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 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 on improving both the same-asset results while expanding the asset base with accretive acquisitions to grow the cash distributions to unitholders. As at March 31, 2008, after just over two years of operations, Crombie has been able to increase its distributions twice for a total increase of 6.25%. Crombie has achieved these distribution increases while maintaining the 100% annual AFFO payout ratio target for both 2006 and 2007. Subsequent to the end of the first quarter of 2008, the Board of Trustees of Crombie approved a further 4.7% increase to annual distribution payments as a result of the closing of the acquisition of 61 retail properties from Empire Subsidiaries.

<u>Enhance value of Crombie's assets:</u> In addition to the four commercial properties either redeveloped or in the process of redevelopment, for which the costs will be covered by the non-interest-bearing demand notes from ECL, 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, will assess ongoing opportunities within the portfolio.

<u>Expand asset base with accretive acquisitions:</u> All acquisitions completed or proposed to date have been purchased at costs which ensure they will be immediately accretive to cash available for distribution. While the investment market continues to remain competitive, Crombie intends to continue to pursue acquisitions which can be made at values which are accretive to Crombie.

Crombie's external growth strategy focuses primarily on accretive acquisitions of income-producing retail properties. Crombie pursues two sources of accretive acquisitions which include third party acquisitions and our relationship with ECL. Each of these two sources of acquisitions has provided four acquisitions to date. The relationship with ECL includes currently owned and future development properties, as well as opportunities through the rights of first refusal ("ROFR's") that one of Empire's subsidiaries have negotiated in many of their leases. Crombie will seek to identify future property acquisitions using investment criteria that focus on the strength of anchor tenancies, market demographics, terms of tenancies, proportion of revenue from national 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. In addition, Crombie will seek to leverage its close relationship with the Empire Subsidiaries to access acquisition opportunities that satisfy the foregoing criteria.

Crombie plans to work closely with the Empire Subsidiaries to identify development opportunities that further Crombie's external growth strategy. The relationship is governed by a development agreement described in the Material Contracts section of Crombie's Annual Information Form for the year ended December 31, 2007. Through this relationship, Crombie expects to have the benefits associated with development while limiting its exposure to the inherent risks, such as real estate market cycles, cost overruns, labour disputes, construction delays and unpredictable general economic conditions. The development agreement will also enable Crombie to avoid the uncertainties associated with property development, including 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 development agreement provides Crombie with a preferential right to acquire retail properties developed by ECL, subject to approval by the independent trustees. The history of the relationship between Crombie and Empire Subsidiaries continues to provide promising opportunities for growth through future development opportunities on both new and existing sites in Crombie's portfolio.

This relationship has allowed for both the completed and ongoing development of County Fair Mall in Summerside, Prince Edward Island, Fredericton Mall and Prospect Street Plaza in Fredericton, New Brunswick, Greenfield Park Centre in Longueuil, Quebec and Highland Square Mall in New Glasgow, Nova Scotia, along with providing two of the first eight acquisitions in Brampton and Oshawa, Ontario.

ECL currently owns approximately one million square feet of development property that can be offered to Crombie on a preferential right through the development agreement when the properties are sufficiently developed to meet Crombie's acquisition criteria. These properties are anticipated to be made available to Crombie over the next one to three years.

On February 25, 2008, Crombie announced that it has entered into agreements with Empire Subsidiaries to acquire a portfolio of 61 retail properties representing approximately 3.3 million square feet of GLA (the "Acquisition"). The cost of the Acquisition to Crombie was $428,500, excluding closing and transaction costs. The portfolio consists of 40 single-use freestanding Sobeys grocery stores of various Sobeys banners and 21 Sobeys anchored retail strip centres. The GLA of the portfolio is as follows: Atlantic Canada – 78%; Quebec – 7%; and Ontario – 15%.

In order to partially finance the Acquisition, on March 20, 2008, Crombie completed a public offering of 5,727,750 subscription receipts (including the over-allotment option) at a price of $11.00 per subscription receipt and $30,000 of convertible extendible unsecured subordinated debentures (the "Debentures") to a syndicate of underwriters led by CIBC World Markets Inc. and TD Securities Inc. for aggregate proceeds of $93,005.

Crombie received approval by a majority of its unitholders (excluding Empire Subsidiaries and certain of its affiliates and insiders) to proceed with the Acquisition at a meeting held on April 14, 2008.

On April 22, 2008, Crombie closed the Acquisition. Each subscription receipt converted into one unit of Crombie. The Debentures had an initial maturity date of May 16, 2008, which was extended to March 20, 2013 upon closing of the Acquisition. The Debentures have a coupon of 7.00% per annum and will pay interest semi-annually in arrears on June 30 and December 31 in each year commencing on June 30, 2008. Each $1,000 principal amount of Debenture is convertible into approximately 76.9 units of Crombie, at any time, at the option of the holder, representing a conversion price of $13.00 per unit.

Empire Subsidiaries have taken $55,000 of the purchase price in Class B LP Units of Crombie Limited Partnership at the $11.00 offering price. Following the closing of the Acquisition, Empire holds a 47.8% economic and voting interest in Crombie.

The remainder of the purchase price was satisfied with a $280,000, 18 month floating rate bridge financing ("Bridge Facility") from the Bank of Nova Scotia and a draw on Crombie's revolving credit facility. It is Crombie's intention to replace the Bridge Facility by suitable long-term debt financing following the closing of the Acquisition.

Crombie expects that the Acquisition will have a positive impact to AFFO per unit and FFO per unit will remain at a consistent level. Debt to gross book value is expected to increase from 48.1% as at December 31, 2007 to 54.3% excluding Debentures, which is within Crombie's target ratio of 50% to 55%, and 56.4% including Debentures. Both ratios remain under the maximum allowable ratio as per Crombie's Declaration of Trust.

The following table summarizes the key performance measures and balance sheet changes as a result of the Acquisition:

	Crombie for the year ended December 31, 2007	Annualized Pro Forma Effect of Acquisition[1]	Crombie Pro Forma Annualized for Aquisition
Commercial properties	$ 909,095	$ 411,262	$ 1,320,357
Commercial property debt	$ 500,578	$ 291,775	$ 792,353
Property revenue	$ 143,606	$ 51,274	$ 194,880
Property NOI	$ 84,261	$ 34,848	$ 119,109
Units outstanding	21,648,985	5,727,750	27,367,735
Class B LP units outstanding	20,079,576	5,000,000	25,079,576
FFO	$ 50,809	$ 13,413	$ 64,222
FFO/unit	$ 1.22	$ 1.25	$ 1.22
AFFO	$ 34,842	$ 12,329	$ 47,171
AFFO/unit	$ 0.84	$ 1.15	$ 0.90
Debt to gross book value	48.1%	-	54.3%

(1) Results adjusted for impact of over-allotment option

Business Environment

During the first quarter of 2008, reducing credit availability continued to be a major risk to the interest-rate sensitive Real Estate Investment Trust ("REIT") business environment. Widening credit spreads due to higher risk premiums resulting from lenders apprehension of their exposure to real estate, largely resulting from the issues faced in the residential sub-prime mortgage market in the United States, have more than offset the decline in Canadian bond yields. This risk aversion has resulted in reduced credit availability as some avenues of debt financing, such as CMBS financing, are difficult to access while other lenders have become more restrictive with capital, applying more stringent due diligence and loan covenant requirements. This trend has negatively impacted the unit prices of most REIT's as well as begun to reduce the acquisition prices the real estate market is willing to pay for assets due to the higher cost of capital.

While it is impossible to predict when the current risk aversion concerns may pass, Crombie believes that it is in a strong position to withstand the current conditions:

- Crombie has only 3.0% ($14,539) of its debt (excluding convertible debentures) maturing in 2008 with four mortgages requiring to be refinanced. In 2009, Crombie currently has no debt maturing;

- Crombie is reducing its payout ratio targets to 70% of FFO and 95% of AFFO to remain conservative;

- Crombie's debt service coverage ratio ("DSCR") and interest service coverage ratio ("ISCR") are strong at 1.85 times EBITDA and 3.07 times EBITDA respectively; and

- Weighted average mortgage maturity term of 7.1 years provides long-term stability.

The real estate investment market continues to remain competitive. However, as previously discussed, there now appears to be signs that yields have begun to modestly increase in light of the widening credit spread environment. In addition, investor interest in real estate has moderated from early 2007, which has resulted in an expansion in capitalization rates. Crombie intends to continue to pursue acquisitions that can be made at values which are accretive and provide an acceptable return. It is anticipated that a number of these acquisitions may result from the relationship between Crombie and the Empire Subsidiaries.

In terms of occupancy rates, while both the retail and office markets where Crombie has a prominent presence remain relatively stable, the business environment has begun to weaken slightly, partially influenced by the more pronounced slowdown in the U.S. economy. Canadian retail sales declined slightly in February 2008 which was the first decrease in five months. In addition, the Bank of Canada reduced its forecast for Canada's economic growth in 2008 at 1.4%. One offsetting factor to the economic slowdown is that many of Crombie's retail locations are anchored by food stores, which typically are less affected by swings in consumer spending.

2008 FIRST QUARTER HIGHLIGHTS

- Crombie completed leasing activity on 28.4% of its 2008 expiring leases, increasing average net rent per square foot to $12.71 from the expiring rent per square foot of $11.06.

- Overall occupancy at March 31, 2008 decreased to 92.9% compared with December 31, 2007 at 93.6%.

- Property revenue for the quarter ended March 31, 2008 increased by $2,378, or 6.7%, to $38,058 compared to $35,680 for the quarter ended March 31, 2007. The improvement was due to increased same-asset property results and the five property acquisitions completed since December 31, 2006.

- Same-asset NOI of $20,732 increased by $410 or 2.0%, compared to $20,322 for the quarter ended March 31, 2007 due primarily to an increased average rent per square foot ($12.08 in 2008 versus $11.69 in 2007).

- The FFO payout ratio was 65.1% which was below the target annual payout ratio of 70% and slightly above the payout ratio of 64.6% for the first quarter of 2007.

- The AFFO payout ratio was 112.7% which was above the target annual AFFO payout ratio of 95% and the payout ratio for 2007 of 77.7%. The quarterly fluctuation was due to higher tenant improvement costs incurred in the quarter for leases that expire in future years.

- Debt to gross book value increased slightly to 48.3% at March 31, 2008 compared to 48.1% at December 31, 2007.

- Crombie's debt service coverage ratio in the first quarter of 2008 was 1.85 times EBITDA and interest service coverage ratio was 3.07 times EBITDA, compared to 1.98 times EBITDA and 3.21 times EBITDA, respectively, for the first quarter of 2007.

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Profile

The net book value of the property portfolio represents 90% of the total assets as at March 31, 2008. At March 31, 2008 the property portfolio consisted of 52 commercial properties that contain approximately 7.9 million square feet of GLA. The properties are located in six provinces: Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Ontario and Quebec.

As at March 31, 2008, 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	21	4,069,000	51.6%	45.0%	94.1%
Ontario	16	1,306,000	16.5%	19.5%	94.3%
New Brunswick	8	1,141,000	14.4%	11.4%	90.1%
Newfoundland and Labrador	4	885,000	11.2%	17.4%	86.2%
Prince Edward Island	1	305,000	3.9%	3.5%	97.5%
Quebec	2	192,000	2.4%	3.2%	96.4%
Total	52	7,898,000	100.0%	100.0%	92.9%

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

The sale of the former Wal-Mart location at the Highland Square Mall in Nova Scotia to Canadian Tire for the construction of a new shadow anchor store, caused a net 62 thousand square foot reduction in the property but solidified the long-term cash flow.

The slight reduction in the occupancy of the portfolio was due primarily to the lease expiry of Wal-Mart in Random Square, Newfoundland and Labrador and the closure of an ICT location in Downsview, Nova Scotia. A large section of the Wal-Mart location was re-leased during the first quarter of 2008 which is anticipated to be occupied during the third quarter of 2008.

Crombie continues to diversify its geographic composition through growth opportunities, as indicated by the seven acquisitions in Ontario and one acquisition in Quebec since the IPO. As well, the properties are located in rural and urban locations, which Crombie believes adds stability and future growth potential, while reducing vulnerability to economic fluctuations that may affect any particular region.

Largest Tenants

The following table illustrates the 10 largest tenants in Crombie's portfolio of income-producing properties as measured by their percentage contribution to total annual minimum base rent as at March 31, 2008.

Tenant	% of Annual Minimum Rent	Total Area Leased (sq. ft.)	Number of Locations [1]
Sobeys[2]	16.0%	1,225,000	28
Shoppers Drug Mart	3.2%	160,000	13
Empire Theatres	3.0%	242,000	8
Zellers	3.0%	569,000	6
Nova Scotia Power/Emera	2.8%	188,000	2
CIBC	2.2%	162,000	13
Province of Nova Scotia	2.2%	141,000	11
Bell (Aliant)	2.2%	153,000	14
Public Works Canada	1.8%	72,000	6
Best Buy Canada Ltd.	1.6%	89,000	3
Total	38.0%	3,001,000	104

(1) Each location is represented by a separate lease.
(2) Excludes Lawtons.

Crombie's portfolio is leased to a wide variety of tenants. Other than Sobeys, which accounts for 16.0% of the annual minimum rent, no other tenant accounts for more than 3.2% of Crombie's minimum rent.

On January 15, 2008, SAAN Stores Ltd. obtained protection under the Companies' Creditors Arrangement Act ("CCAA") to implement a restructuring plan. As at that date, Crombie had four locations leased to SAAN totalling 116,156 square feet of GLA, representing 1.5% of Crombie's total GLA as at March 31, 2008. Subsequent to the quarter ended March 31, 2008, one SAAN location with 30,500 square feet of GLA representing $49 of annual rental revenue ($1.60 per square foot) has ceased operations. Total annual rental revenue from the remaining three locations is approximately $136, representing less than 0.1% of Crombie's total property revenue ($1.47 net rent per square foot). Should the remaining SAAN locations not emerge as a viable entity from CCAA, Crombie will seek to lease the GLA at more favourable per square foot rents.

Lease Maturities

The following table sets out as of March 31, 2008 the number of leases relating to the properties subject to lease maturities 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 net rent per square foot at the time of expiry. The weighted average remaining term of all leases is approximately 7.6 years.

Year	Number of Leases	Renewal Area (sq. ft.)	% of Total GLA	Average Net Rent per Sq. Ft. at Expiry ($)
2008	172	624,000	7.9%	$ 11.21
2009	185	808,000	10.2%	$ 13.20
2010	173	720,000	9.2%	$ 12.09
2011	181	998,000	12.6%	$ 13.44
2012	133	774,000	9.8%	$ 11.50
Thereafter	256	3,412,000	43.2%	$ 12.63
Total	1,100	7,336,000	92.9%	$ 12.51

2008 Portfolio Lease Expiries and Leasing Activity

As at March 31, 2008, portfolio lease expiries and leasing activity for the year ending December 31, 2008 were as follows:

	Retail	Office	Mixed-use	Total
Expiries (sq. ft.)	351,000	136,000	284,000	771,000
Average net rent per sq. ft.	$ 12.53	$ 10.92	$ 9.31	$ 11.06
Committed renewals (sq. ft.)	60,000	17,000	9,000	86,000
Average net rent per sq. ft.	$ 11.77	$ 10.54	$ 17.14	$ 12.20
New leasing (sq. ft.)	98,000	25,000	10,000	133,000
Average net rent per sq. ft.	$ 11.43	$ 18.44	$ 14.20	$ 12.95
Total renewals and new leasing (sq. ft.)	158,000	42,000	19,000	219,000
Total average net rent per sq. ft.	$ 11.52	$ 15.24	$ 15.60	$ 12.71

During the quarter ended March 31, 2008, Crombie had renewals or entered into new leases in respect of approximately 219,000 square feet at an average net rent of $12.71 per square foot, compared with expiries for 2008 of approximately 771,000 square feet at an average net rent of $11.06 per square foot. Of the 771,000 square feet of expiries, approximately 250,000 square feet involve tenants that are still paying property revenues on a holdover basis. Rent per square foot for the completed leasing activity in the retail properties is below the average net rent per square foot of total expiries in 2008 due to a renewal of an anchor tenant with previously agreed lease terms that were favourable to the tenant and a new lease signed at Random Square with an anchor tenant to replace much of the Wal-Mart area.

Sector Information

As at March 31, 2008, 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	38	4,940,000	62.6%	65.9%	92.8%
Office	5	1,029,000	13.0%	12.8%	90.8%
Mixed-Use	9	1,929,000	24.4%	21.3%	94.1%
Total	52	7,898,000	100.0%	100.0%	92.9%

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

The following table sets out as of March 31, 2008, the square feet under lease subject to lease maturities during the periods indicated.

Year	Retail		Office		Mixed-Use		Total	
	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
2008	249,000	5.0%	111,000	10.8%	264,000	13.7%	624,000	7.9%
2009	351,000	7.1%	123,000	12.0%	334,000	17.3%	808,000	10.2%
2010	277,000	5.6%	74,000	7.2%	369,000	19.1%	720,000	9.2%
2011	318,000	6.4%	365,000	35.5%	315,000	16.4%	998,000	12.6%
2012	373,000	7.5%	110,000	10.7%	291,000	15.1%	774,000	9.8%
Thereafter	3,019,000	61.2%	151,000	14.6%	242,000	12.5%	3,412,000	43.2%
Total	4,587,000	92.8%	934,000	90.8%	1,815,000	94.1%	7,336,000	92.9%

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

Year	Retail	Office	Mixed-Use
2008	$ 13.40	$ 11.40	$ 9.07
2009	$ 14.76	$ 11.39	$ 12.23
2010	$ 15.69	$ 11.65	$ 9.47
2011	$ 17.28	$ 13.62	$ 9.37
2012	$ 13.76	$ 9.70	$ 9.30
Thereafter	$ 12.62	$ 11.48	$ 13.55
Total	$ 13.44	$ 12.10	$ 10.42

2008 RESULTS OF OPERATIONS

Acquisitions

The following table outlines the acquisitions made which affected the results of operations when compared to the previous year's results.

Property	Property Type	Date Acquired	GLA (sq. ft.)	Acquisition Cost[1]	Ownership Interest
The Mews of Carleton Place, Carleton Place, Ontario	Retail - Strip	January 17, 2007	80,000	$ 11,800	100%
Perth Mews Shopping Mall, Perth, Ontario	Retail - Strip	March 7, 2007	103,000	$ 17,900	100%
International Gateway Centre, Fort Erie, Ontario	Retail - Strip	July 26, 2007	93,000	$ 19,200	100%
Brossard-Lonqueuil, Brossard, Quebec	Freestanding store	August 24, 2007	39,000	$ 7,300	100%
Town Centre, LaSalle, Ontario	Retail - Strip	October 15, 2007	88,000	$ 12,700	100%
Total			403,000	$ 68,900	

(1) Excluding closing and transaction costs.

Comparison to Previous Year

(In thousands of dollars, except where otherwise noted)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007	Variance
Property revenue	$ 38,058	$ 35,680	$ 2,378
Property expenses	15,907	15,046	(861)
Property NOI	22,151	20,634	1,517
NOI margin percentage	58.2%	57.8%	0.4%
Expenses:			
General and administrative	1,952	1,618	(334)
Interest	6,589	5,934	(655)
Depreciation and amortization	7,844	6,392	(1,452)
	16,385	13,944	(2,441)
Income before income taxes and non-controlling interest	5,766	6,690	(924)
Income taxes expense – Future	400	328	72
Income before non-controlling interest	5,366	6,362	(996)
Non-controlling interest	2,583	3,062	479
Net income	$ 2,783	$ 3,300	$ (517)
Basic and diluted net income per Unit	$ 0.13	$ 0.15	
Basic weighted average Units outstanding (in 000's)	21,544	21,514	
Diluted weighted average Units outstanding (in 000's)	21,649	21,637	

Net income for the quarter ended March 31, 2008 of $2,783 decreased by $517 from $3,300 for the quarter ended March 31, 2007. The decrease was primarily due to:

- higher interest and depreciation charges, due primarily to the five property acquisitions since December 31, 2006; offset in part by

- higher property NOI from the increased average rent per square foot of the same-asset properties as well as the impact from the five property acquisitions since December 31, 2006.

Property Revenue and Property Expenses

(In thousands of dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007	Variance
Same-asset property revenue	$ 35,826	$ 35,237	$ 589
Acquisition property revenue	2,232	443	1,789
Property revenue	$ 38,058	$ 35,680	$ 2,378

Same-asset property revenue of $35,826 for the quarter ended March 31, 2008 was 1.7% higher than the first quarter ended March 31, 2007 due primarily to the increased average rent per square foot ($12.08 in 2008 and $11.69 in 2007) and increased revenue from higher recoverable common area expenses.

(In thousands of dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007	Variance
Same-asset property expenses	$ 15,094	$ 14,915	$ 179
Acquisition property expenses	813	131	682
Property expenses	$ 15,907	$ 15,046	$ 861

Same-asset property expenses of $15,094 for the quarter ended March 31, 2008 were 1.2% higher than first quarter ended March 31, 2007 due to increased recoverable common area expenses primarily from increased property taxes.

(In thousands of dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007	Variance
Same-asset property NOI	$ 20,732	$ 20,322	$ 410
Acquisition property NOI	1,419	312	1,107
Property NOI	$ 22,151	$ 20,634	$ 1,517

Same-asset NOI for the quarter ended March 31, 2008 grew by 2.0% over the quarter ended March 31, 2007.

Property NOI for the quarter ended March 31, 2008 by region was as follows:

	2008				2007	
(In thousands of dollars)	Property Revenue	Property Expenses	Property NOI	NOI % of revenue	NOI % of revenue	Variance
Nova Scotia	$ 18,676	$ 8,401	$ 10,275	55.0%	55.2%	(0.2)%
Newfoundland and Labrador	6,054	2,213	3,841	63.4%	62.1%	1.3%
New Brunswick	4,467	2,279	2,188	49.0%	51.5%	(2.5)%
Ontario	6,767	2,430	4,337	64.1%	62.2%	1.9%
Prince Edward Island	1,076	305	771	71.7%	72.6%	(0.9)%
Quebec	1,018	279	739	72.6%	73.2%	(0.6)%
Total	$ 38,058	$ 15,907	$ 22,151	58.2%	57.8%	0.4%

Ontario's growth in NOI % of revenue is attributable to the acquisition activity in that province in 2007. The decrease in NOI % of revenue for New Brunswick is due primarily to ongoing vacancy issues at Terminal Centres in Moncton. The increase in NOI % of revenue for Newfoundland and Labrador was due primarily to the continuing strong results at Avalon Mall.

General and Administrative Expenses

General and administrative expenses increased by 20.6% for the quarter ended March 31, 2008 to $1,952 compared to $1,618 for the quarter ended March 31, 2007. The increase in expenses was mainly due to additional staff hired after the first quarter of 2007 for ongoing acquisition activity and head office support functions, and increased travel costs related to potential acquisition properties and leasing activity. The following table outlines the major categories of expenses.

(In thousands of dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007	Variance
Salaries and benefits	$ 898	$ 723	$ 175
Professional fees	339	348	(9)
Public company costs	252	150	102
Rent and occupancy	183	241	(58)
Other	280	156	124
General and administrative costs	$ 1,952	$ 1,618	$ 334
As a percentage of revenue	5.1%	4.5%	

Interest Expense

(In thousands of dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007	Variance
Same-asset interest expense	$ 5,594	$ 5,870	$ (276)
Acquisition interest expense	995	64	931
Interest expense	$ 6,589	$ 5,934	$ 655

Same-asset interest expense of $5,594 for the quarter ended March 31, 2008 decreased by 4.7% when compared to the quarter ended March 31, 2007 due to the declining interest portion of debt repayments for the same-assets combined with effects of reduced interest rates on the some fixed rate mortgages that have been renegotiated since March 31, 2007.

There is an agreement between ECL and Crombie whereby ECL provides a monthly interest rate subsidy to Crombie to reduce the effective interest rates to 5.54% on certain mortgages that were assumed on closing of the Business Acquisition for their remaining term. Over the term of this agreement, management expects this subsidy to aggregate to the amount of approximately $20,564. The amount of the interest rate subsidy recorded during the quarter ended March 31, 2008 was $866 (quarter ended March 31, 2007 - $906). The interest rate subsidy is received by Crombie through monthly repayments by ECL of amounts due under one of the demand notes issued by ECL to Crombie Developments Limited ("CDL") prior to the Business Acquisition.

Depreciation and Amortization

	Quarter Ended		
(In thousands of dollars)	March 31, 2008	March 31, 2007	Variance
Same-asset depreciation and amortization	$ 6,842	$ 6,392	$ 450
Acquisition depreciation and amortization	1,002	--	1,002
Depreciation and amortization	$ 7,844	$ 6,392	$ 1,452

Same-asset depreciation and amortization of $6,842 for the quarter ended March 31, 2008 was 7.0% higher than the quarter ended March 31, 2007 due primarily to amortization of tenant improvements and lease costs incurred since March 31, 2007. Depreciation and amortization consists of:

	Quarter Ended		
(In thousands of dollars)	March 31, 2008	March 31, 2007	Variance
Depreciation of commercial properties	$ 3,209	$ 2,975	$ 234
Amortization of tenant improvements/lease costs	782	365	417
Amortization of intangible assets	3,853	3,052	801
Depreciation and amortization	$ 7,844	$ 6,392	$ 1,452

Future 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 or be subject to the restrictions on its growth that would apply to trusts classified as specified investment flow-through entities ("SIFTs").

Crombie believes it has organized its assets and operations to permit Crombie to satisfy the criteria contained in the Income Tax Act (Canada) in regard to the definition of a REIT. 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.

During 2007 Crombie's management and their advisors underwent an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it meets the REIT criteria at January 1, 2008.

In addition, the issuance of proposed technical amendments on December 20, 2007 provided further clarity to the tax rules and criteria that were part of Bill C-52 and applicable to Crombie. These technical amendments provided more certainty that Crombie qualifies as a REIT.

The future income tax expenses represent the future tax provision of the wholly-owned corporate subsidiary which is subject to income taxes.

Sector Information

Retail Properties

(In thousands of dollars,	Quarter ended March 31, 2008			Quarter ended March 31, 2007		
except as otherwise noted)	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	$ 20,701	$ 2,232	$ 22,933	$ 20,912	$ 443	$ 21,355
Property expenses	7,284	813	8,097	7,779	131	7,910
Property NOI	$ 13,417	$ 1,419	$ 14,836	$ 13,133	$ 312	$ 13,445
NOI Margin %	64.8%	63.6%	64.7%	62.8%	70.4%	63.0%
Occupancy %	92.6%	95.7%	92.8%	93.5%	95.2%	93.5%

The improvement in the retail property NOI was caused by the higher revenue due to the improved average net rent per square foot figures achieved in the previously completed renewal and new leasing activity offset in part by the decrease in retail occupancy levels in the same-asset retail properties from 93.5% in 2007 to 92.6% in 2008.

Office Properties

(In thousands of dollars,	Quarter ended March 31, 2008			Quarter ended March 31, 2007		
except as otherwise noted)	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	$ 5,516	$ --	$ 5,516	$ 5,417	$ --	$ 5,417
Property expenses	3,192	--	3,192	2,908	--	2,908
Property NOI	$ 2,324	$ --	$ 2,324	$ 2,509	$ --	$ 2,509
NOI Margin %	42.1%	--%	42.1%	46.3%	--%	46.3%
Occupancy %	90.8%	--%	90.8%	94.2%	--%	94.2%

The improved occupancy levels and net rent per square foot at the Halifax Developments properties in Halifax were more than offset by decreased occupancy in Terminal Centres in Moncton, New Brunswick. These factors resulted in the lower property NOI and NOI margin percent for the properties in the first quarter 2008 compared to the first quarter of 2007.

MIXED-USE PROPERTIES

(In thousands of dollars, except as otherwise noted)	Quarter ended March 31, 2008			Quarter ended March 31, 2007		
	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	$ 9,609	$ --	$ 9,609	$ 8,908	$ --	$ 8,908
Property expenses	4,618	--	4,618	4,228	--	4,228
Property NOI	$ 4,991	$ --	$ 4,991	$ 4,680	$ --	$ 4,680
NOI Margin %	51.9%	--%	51.9%	52.5%	--%	52.5%
Occupancy %	94.1%	--%	94.1%	95.5%	--%	95.5%

The slight decline in mixed-use occupancy levels from 95.5% in 2007 to 94.1% in 2008 was offset by improved average net rent per square foot from leasing activity, resulting in the improved NOI results for the first quarter of 2008 when compared to the first quarter of 2007 results.

OTHER 2008 PERFORMANCE MEASURES

AFFO and FFO are not measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. As such, these non-GAAP financial measures should not be considered as an alternative to net income, cash flow from operations or any other measure prescribed under GAAP. AFFO is presented in this MD&A because management of Crombie believes this non-GAAP measure is relevant to the ability of Crombie to earn and distribute returns to unitholders. FFO represents a supplemental non-GAAP industry-wide financial measure of a real estate organization's operating performance. AFFO and FFO 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.

Adjusted Funds from Operations

Crombie considers AFFO to be a measure of its distribution-generating ability. AFFO reflects cash available for distribution after the provision for maintenance capital expenditures and additions to tenant improvements ("TI") and lease costs. The calculation of AFFO for the quarters ended March 31, 2008 and 2007 is as follows:

(In thousands of dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007	Variance
Net income	$ 2,783	$ 3,300	$ (517)
Add back:			
Non-controlling interest	2,583	3,062	(479)
Depreciation and amortization	7,844	6,392	1,452
Future income tax	400	328	72
Above-market lease amortization	770	697	73
Less:			
Below-market lease amortization	(1,190)	(987)	(203)
Straight-line rent adjustment	(318)	(307)	(11)
Maintenance capital expenditures (net of amounts recoverable from ECL)	(1,184)	(748)	(436)
Additions to TI and lease costs (net of amounts recoverable from ECL)	(3,821)	(866)	(2,955)
AFFO	$ 7,867	$ 10,871	$ (3,004)

As maintenance capital expenditures and TI costs are not incurred evenly throughout the fiscal year, there can be volatility in AFFO on a quarterly basis. The higher TI expenditures during the first quarter was due to early renegotiation of lease renewals coming due in 2009 that will have higher average net rents per square foot on an ongoing basis.

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 GAAP measure, which is interpreted to be the cash flow from operating activities rather than net income. The reconciliation is as follows:

(In thousands of dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007	Variance
Cash provided by operating activities	$ 4,983	$ 2,282	$ 2,701
Add back (deduct):			
Recoverable/productive capacity enhancing TIs	736	215	521
Change in non-cash operating items	3,495	9,223	(5,728)
Unit-based compensation expense	(9)	(9)	--
Amortization of deferred financing charges	(154)	(92)	(62)
Maintenance capital expenditures (net of amounts recoverable from ECL)	(1,184)	(748)	(436)
AFFO	$ 7,867	$ 10,871	$ (3,004)

Funds from Operations

FFO represents a supplemental non-GAAP industry-wide financial measure of a real estate organization's operating performance. Crombie has calculated FFO in accordance with the recommendations of the Real Property Association of Canada ("RealPAC") which defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciable real estate and extraordinary items, plus depreciation and amortization expense, plus future income taxes, and after adjustments for equity-accounted entities and non-controlling interests. 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 quarters ended March 31, 2008 and 2007 is as follows:

(In thousands of dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007	Variance
Net income	$ 2,783	$ 3,300	$ (517)
Add back:			
Non-controlling interest	2,583	3,062	(479)
Depreciation and amortization	7,844	6,392	1,452
Future income taxes	400	328	72
FFO	$ 13,610	$ 13,082	$ 528

The improvement in FFO for the first quarter of 2008 was primarily due to higher property NOI as a result of the acquisitions offset in part by the increased interest expense related to the acquisitions.

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 interest on debt, fund general and administrative expenses, reinvest into 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 $150,000 revolving credit facility, of which $48,038 was drawn at March 31, 2008, and the issue of new equity and mortgage debt, pursuant to the Declaration of Trust.

(In thousands of dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007	Variance
Cash provided by (used in):			
- Operating activities	$ 4,983	$ 2,282	$ 2,701
- Financing activities	$ (5,979)	$ 28,422	$ (34,401)
- Investing activities	$ (1,712)	$ (31,884)	$ 30,172

<u>Operating Activities</u>

(In thousands of dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007	Variance
Cash provided by (used in):			
Net income and non-cash items	$ 13,035	$ 12,586	$ 449
Tenant improvements and leasing costs	(4,557)	(1,081)	(3,476)
Non-cash working capital	(3,495)	(9,223)	5,728
Cash provided by operating activities	$ 4,983	$ 2,282	$ 2,701

Fluctuations in cash provided by operating activities is largely influenced by the quarterly change in non-cash working capital which can be affected by the timing of receipts and payments. Of the TI and leasing costs in 2008, $285 was covered by the non-interest bearing demand notes from ECL ($215 in 2007). The increase in the TI and leasing costs in the first quarter of 2008 was a result of renewal leases negotiated with tenants whose leases were not due to expire until 2009.

<u>Financing Activities</u>

(In thousands of dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007	Variance
Cash provided by (used in):			
Net issue of commercial property debt	$ --	$ 31,853	$ (31,853)
Net issue of convertible debentures	28,624	--	28,624
Repayment of commercial property debt	(27,157)	(3,626)	(23,531)
Collection of ECL notes receivable	1,414	8,355	(6,941)
Payment of distributions	(8,867)	(8,347)	(520)
Other items (net)	7	187	(180)
Cash provided by (used in) financing activities	$ (5,979)	$ 28,422	$ (34,401)

Cash provided by (used in) financing activities for the quarter ended March 31, 2008 was $34,041 lower than the quarter ended March 31, 2007 primarily due to repayments made on the revolving credit facility in 2008 upon receipt of the net $28,624 of Debentures issued as part of the Acquisition.

Investing Activities

Cash used in investing activities of $1,712 for the quarter ended March 31, 2008 was used for additions to commercial properties. Of the cash used in additions to commercial properties, $305 was for the eight commercial properties covered by non-interest bearing demand notes from ECL. The cash used in investing activities for the quarter ended March 31, 2007 included $1,667 in additions made to commercial properties as well as the acquisition of two properties in the first quarter of 2007 for $30,217. Of the additions made to commercial properties in 2007, $919 was covered by the non-interest bearing demand notes from ECL.

Tenant Improvement and Capital Expenditures

There are two types of capital expenditures:

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

Maintenance capital expenditures are reinvestments into the portfolio to maintain the productive capacity of the existing assets. These costs are capitalized and depreciated over their useful lives and deducted when calculating AFFO.

Productive capacity enhancement expenditures are costs incurred that increase the property level NOI by a minimum threshold and thus enhance the property's overall value. These costs are capitalized and depreciated over their useful lives, but not deducted when calculating AFFO as they are considered financeable rather than having to be funded from operations.

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 dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007
Total additions to commercial properties	$ 1,712	$ 1,667
Less: amounts recoverable from ECL	(305)	(919)
Net additions to commercial properties	1,407	748
Less: productive capacity enhancements	(223)	--
Maintenance capital expenditures	$ 1,184	$ 748

(In thousands of dollars)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007
Total additions to TI and leasing costs	$ 4,557	$ 1,081
Less: amounts recoverable from ECL	(285)	(215)
Net additions to TI and leasing costs	4,272	866
Less: productive capacity enhancements	(451)	--
Maintenance TI and leasing costs	$ 3,821	$ 866

The higher TI expenditures during the first quarter was due to early renegotiation of lease renewals coming due in 2009 that will have higher average net rents per square foot on an ongoing basis.

Capital Structure

(In thousands of dollars)	Mar. 31, 2008	Dec. 31, 2007	Sep. 30, 2007	Jun. 30, 2007	Mar. 31, 2007
Commercial property debt	$ 473,575	$ 500,578	$ 493,232	$ 465,868	$ 459,704
Convertible debentures	$ 28,624	$ --	$ --	$ --	$ --
Non-controlling interest	$ 172,249	$ 177,919	$ 179,457	$ 183,051	$ 186,550
Unitholders' equity	$ 184,740	$ 190,834	$ 192,477	$ 196,332	$ 199,903

Commercial Property Debt

As of March 31, 2008, Crombie had fixed rate mortgages outstanding of $414,033 ($427,611 after including the marked-to-market adjustment of $13,578), carrying a weighted average interest rate of 5.46% (after giving effect to a monthly interest rate subsidy from ECL under an omnibus subsidy agreement) and a weighted average term to maturity of 7.1 years.

Crombie has in place an authorized floating rate revolving credit facility of $150,000, $48,038 of which was drawn upon as at March 31, 2008. The revolving credit facility is secured by a pool of first and second mortgages and negative pledges on certain assets.

To reduce exposure to floating interest rates on the revolving credit facility, Crombie has entered into a fixed interest rate swap agreement which expires on July 2, 2010. Interest on $50,000 is paid at a fixed rate of 5.54%, after including the applicable stamping fee of 1.125%, and is received at a floating rate based on the 90-day bankers' acceptance rate. For the quarter ended March 31, 2008 the effect of the mark to market adjustment for the swap resulted in a loss of $1,222 which was recognized in the other comprehensive income of Crombie's financial statements. Principal repayments of the debt are scheduled as follows:

Year	Payments of Principal	Dept Maturing During Year	Revolving Credit Facility	Total Maturity	% of Total
Twelve months ending March 31, 2009	$ 13,772	$ 14,539	$ --	$ 28,311	6.1%
Twelve months ending March 31, 2010	13,727	106,079	--	119,806	25.9%
Twelve months ending March 31, 2011	10,392	--	48,038	58,430	12.7%
Twelve months ending March 31, 2012	10,678	11,502	--	22,180	4.8%
Twelve months ending March 31, 2013	11,273	--	--	11,273	2.4%
Thereafter	60,610	161,461	--	222,071	48.1%
Total(1)	$ 120,452	$ 293,581	$ 48,038	$ 462,071	100.0%

(1) Excludes marked-to-market adjustment due to interest rate subsidy and fair value debt adjustment of $13,578 and the deferred financing costs of $2,074.

Convertible debentures

On March 20, 2008, Crombie issued $30,000 in unsecured convertible debentures related to the agreements to acquire a portfolio of 61 retail properties from the Empire Subsidiaries.

Each convertible debenture will be convertible into units of Crombie at the option of the debenture holder up to the maturity date of March 20, 2013 at a conversion price of $13 per unit.

The convertible debentures bear interest at an annual fixed rate of 7%, payable semi-annually on June 30, and December 31 in each year commencing on June 30, 2008. The convertible debentures are not redeemable prior to March 20, 2011. From March 20, 2011 to March 20, 2012, the convertible debentures may be redeemed, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Units on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date one which notice on redemption is giving exceeds 125% of the conversion price. After March 20, 2012, and prior to March 20, 2013, the convertible debentures may be redeemed, in whole or in part, at anytime at the redemption price equal to the principal amount thereof plus accrued and unpaid interest. 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 convertible debentures at maturity or upon redemption, in whole or in part, by issuing the number of units equal to the principal amount of the convertible debentures then outstanding divided by 95% of the volume-weighted average trading price of the 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 convertible debentures to Crombie at a price equal to 101% of the principal amount plus accrued and unpaid interest.

Crombie will also have an option to pay interest on any interest payment date by selling units and applying the proceeds to satisfy its interest obligation.

Transaction costs related to the convertible debentures have been deferred and are being amortized into interest expense over the term of the convertible debentures using the effective interest rate method.

Unitholders' Equity

In April 2008 there were 34,053 Units awarded as part of the Employee Unit Purchase Plan (March 2007 – 15,760). Also, as a result of the successful completion of the Acquisition on April 22, 2008, 5,727,750 subscription receipts were converted into Crombie units (including the over-allotment), as well as 5,000,000 Special Voting Units were issued to Empire Subsidiaries. Total units outstanding at April 30, 2008 were as follows:

Units	27,410,788
Special Voting Units (1)	25,079,576

(1) Crombie Limited Partnership, a subsidiary of Crombie, has also issued 25,079,576 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.

Borrowing Capacity and Debt Covenants

Crombie has in place an authorized revolving credit facility of $150,000. The revolving credit facility is secured by a pool of first and second mortgages and negative pledges on certain assets.

Under the terms governing the revolving credit facility Crombie is entitled to borrow a maximum of 60% of the fair market value of assets subject to a first security position and 50% of the fair market value of assets subject to a second security position or a negative pledge, subject to the limitations on the ability of Crombie to incur indebtedness contained in the Declaration of Trust. The revolving credit facility provides Crombie with flexibility to add or remove properties from the security pool, subject to compliance with certain conditions. As part of the debt covenants attached to the revolving credit facility, in addition to the maximum borrowing above, Crombie must maintain certain debt ratios above prescribed levels:

- Annualized NOI for the prescribed properties must be a minimum of 1.6 times the coverage of the related annualized debt service requirements; and
- Annualized NOI on all properties must be a minimum of 1.5 times the coverage of all annualized debt service requirements,

The revolving credit facility also contains a covenant of Crombie that ECL must maintain a minimum 40% voting interest in Crombie. If ECL reduces its voting interest below this level, Crombie will be required to renegotiate the revolving credit facility or obtain alternative financing. Pursuant to an exchange agreement and while such covenant remains in place, ECL will be required to give Crombie at least six months' prior written notice of its intention to reduce its voting interest below 40%. Crombie remains in compliance with all debt covenant measures.

The following is the remaining availability of the revolving credit facility:

(In thousands of dollars)	Mar. 31, 2008	Dec. 31, 2007	Sep. 30, 2007	Jun. 30, 2007	Mar. 31, 2007
Available for drawdown	$ 116,433	$ 118,923	$ 138,148	$ 136,810	$ 137,337
Amount utilized	48,038	70,900	114,504	100,900	114,818
Remaining availability	$ 68,395	$ 48,023	$ 23,644	$ 35,910	$ 22,519

When calculating debt to gross book value, debt is defined as bank loans plus commercial property debt. 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 future 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 ratio was 48.3% at March 31, 2008 compared to 48.1% at December 31, 2007. This leverage ratio is still substantially 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 in the range of 50% to 55% of gross book value, depending upon Crombie's future acquisitions and financing opportunities.

(In thousands of dollars, except as otherwise noted)	As at Mar. 31, 2008	As at Dec. 31, 2007	As at Sep. 30, 2007	As at Jun. 30, 2007	As at Mar. 31, 2007
Mortgages payable	$ 427,611	$ 431,906	$ 380,420	$ 366,731	$ 346,437
Convertible debentures	30,000	--	--	--	--
Revolving credit facility payable	48,038	70,900	114,504	100,900	114,818
Total debt outstanding	505,649	502,806	494,924	467,631	461,255
Less: Fair value debt adjustment	(13,578)	(14,456)	(15,025)	(15,913)	(16,811)
Debt	$ 492,071	$ 488,350	$ 479,899	$ 451,718	$ 444,444
Total assets	$ 1,006,823	$ 1,013,982	$ 1,007,337	$ 976,699	$ 972,737
Add:					
Deferred financing charges	3,450	2,228	1,692	1,763	1,551
Accumulated depreciation of commercial properties	28,298	24,307	20,057	16,120	12,401
Accumulated amortization of intangible assets	32,425	27,802	23,043	18,775	14,586
Less:					
Fair value debt adjustment	(13,578)	(14,456)	(15,025)	(15,913)	(16,811)
Fair value adjustment to future taxes	(39,519)	(39,519)	(39,519)	(39,519)	(39,519)
Gross book value	$ 1,017,899	$ 1,014,344	$ 997,585	$ 957,925	$ 944,945
Debt to gross book value	48.3%	48.1%	48.1%	47.2%	47.0%
Maximum borrowing capacity(1)	65%	60%	60%	60%	60%

(1) Maximum permitted by the Declaration of Trust

Debt and Interest Service Coverage Ratios

Crombie's interest and debt service coverage ratios for the quarter ended March 31, 2008 were 3.07 times EBITDA and 1.85 times EBITDA. This compares to 3.21 times EBITDA and 1.98 times EBITDA respectively for the quarter ended March 31, 2007. EBITDA should not be considered an alternative to net income, cash flow from operations or any other measure of operations or liquidity as prescribed by Canadian GAAP. EBITDA is not a GAAP 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.

	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007
Property revenue	$ 38,058	$ 35,680
Amortization of above-market leases	770	697
Amortization of below-market leases	(1,190)	(987)
Adjusted property revenue	37,638	35,390
Property expenses	(15,907)	(15,046)
General and administrative expenses	(1,952)	(1,618)
EBITDA (1)	$ 19,779	$ 18,726
Interest expense	$ 6,589	$ 5,934
Amortization of deferred financing charges	(154)	(92)
Adjusted interest expense (2)	$ 6,435	$ 5,842
Debt repayments	$ 27,157	$ 3,626
Amortization of fair value debt premium	(20)	--
Payments on revolving credit facility	(22,862)	--
Adjusted debt repayments (3)	$ 4,275	$ 3,626
Interest service coverage ratio {(1)/(2)}	3.07	3.21
Debt service coverage ratio {(1)/(2)+(3)}	1.85	1.98

Distributions and Distribution Payout Ratios

Distribution Policy

Pursuant to Crombie's Declaration of Trust, it is required, at a minimum, to make distributions to Unitholders equal to the amount of net income, net realizable capital gains and net recapture income of Crombie as is necessary to ensure that Crombie will not be liable for income taxes. Within these guidelines, Crombie has reduced its annual target payout ratios and intends to make monthly cash distributions to Unitholders equal to approximately 70% of its FFO and 95% of its AFFO on an annual basis. This reduction from a 100% AFFO target payout ratio is to provide increased stability to Crombie's distributions.

Details of distributions to Unitholders are as follows:

(In thousands of dollars, except per unit amounts and as otherwise noted)	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007
Distributions to Unitholders	$ 4,599	$ 4,384
Distributions to Special Voting Unitholders	4,268	4,067
Total distributions	$ 8,867	$ 8,451
Number of diluted Units	21,648,985	21,637,428
Number of diluted Special Voting Units	20,079,576	20,079,576
Total diluted weighted average Units	41,728,561	41,717,004
Distribution per unit	$ 0.21	$ 0.20
FFO payment ratio (target ratio = 70%)	65.1%	64.6%
AFFO payout ratio (target ratio = 95%)	112.7%	77.7%

As previously disclosed, there can be volatility in the AFFO payout ratio on a quarterly basis. Crombie anticipates that the annual AFFO payout ratio will approximate the target payout ratio by the end of fiscal 2008.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008 Crombie adopted two new accounting standards that were issued by the CICA in 2006. These accounting policy changes were adopted on a retroactive basis with no restatement of prior period financial statements.

The new standards and accounting policy changes are as follows:

Capital Disclosures

Effective January 1, 2008, the CICA's new accounting standard "Handbook Section 1535, Capital Disclosures" was adopted, which requires the disclosure of both qualitative and quantitative information to enable users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. The new standard did not have any impact on the financial position or earnings of the Trust.

Financial Instruments Disclosures and Presentation

Effective January 1, 2008, the accounting and disclosure requirements of the CICA's two new accounting standards were adopted: "Handbook Section 3862, Financial Instruments – Disclosures" and "Handbook Section 3863, Financial Instruments – Presentation." The new standards did not have any impact on the financial position or earnings of the Trust.

EFFECT OF NEW ACCOUNTING POLICIES NOT YET IMPLEMENTED

Goodwill and Intangible Assets

In February 2008, the CICA issued a new Section 3064 "Goodwill and Intangible Assets" replacing Section 3062 "Goodwill and Other Intangible Assets" as well as Section 3450 "Research and Development Costs". The new Section 3064 states that upon their initial identification, intangible assets are to be recognized as assets only if they meet the definition of an intangible asset and the recognition criteria. Section 3064 also provides further information on the recognition of internally generated intangible assets (including research and development costs). As for subsequent measurement of intangible assets, goodwill, and disclosure, Section 3064 carries forward the requirements of the old Section 3062. The new Section applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. Crombie is currently evaluating the effect of these new standards on its results, financial position and cash flows.

International Financial Reporting Standards

On February 13, 2008, the Accounting Standards Board confirmed the date of changeover from GAAP to International Financial Reporting Standards ("IFRS"). Canadian publicly accountable enterprises must adopt IFRS for their interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Crombie is currently developing its IFRS conversion plan and evaluating the effect of the new standards on its consolidated financial statements.

RELATED PARTY TRANSACTIONS

As at March 31, 2008, Empire Company Limited, through its wholly-owned indirect subsidiary ECL, holds a 48.1% indirect interest in Crombie.

For a period of five years commencing March 23, 2006, certain executive management individuals and other employees of Crombie will provide general management, financial, leasing, administrative, and other administration support services to certain real estate subsidiaries of Empire Company Limited on a cost recovery basis. The expense recoveries during quarter ended March 31, 2008 were $455 (quarter ended March 31, 2007 - $302) and were netted against general and administrative expenses.

For a period of five years, certain on-site maintenance and management employees of Crombie will provide property management services to certain real estate subsidiaries of Empire Company Limited on a cost recovery basis. In addition, for various periods, ECL has an obligation to provide rental income and interest rate subsidies. The cost recoveries during the quarter ended March 31, 2008 were $689 (quarter ended March 31, 2007 - $694) and were netted against property expenses. The rental income subsidy during the quarter ended March 31, 2008 was $Nil (quarter ended March 31, 2007 - $8) and the head lease subsidy during the quarter ended March 31, 2008 was $398 (quarter ended March 31, 2007 - $255).

Crombie also earned property revenue of $6,362 for the quarter ended March 31, 2008 (quarter ended March 31, 2007 - $5,771) from Sobeys Inc., Empire Theatres Limited and ASC Commercial Leasing Limited. These companies are all subsidiaries of Empire Company Limited.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates are discussed under the section "Critical Accounting Estimates" in the 2007 Annual Report.

CONTINGENCIES

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

Crombie has agreed to indemnify, in certain circumstances, the Trustees and officers of Crombie.

RISK MANAGEMENT

Risks and uncertainties related to economic and industry factors and Crombie's management of this risk are discussed under "Risk Management" section of the MD&A for the year ended December 31, 2007.

Crombie has entered into a fixed interest rate swap to fix the amount of interest to be paid on $50,000 of the revolving credit facility. The fair value of the fixed interest rate swap at March 31, 2008, had an unfavourable difference of $1,222 (December 31, 2007 – unfavourable $173) compared to its face value. The change in this amount has been recognized in other comprehensive income at March 31, 2008.

In addition to the fixed interest rate swap, Crombie has entered into a number of delayed interest rate swap agreements of a notional amount of $118,689 with an effective date between June 1, 2008 and June 1, 2011, maturing between June 1, 2018 and July 2, 2021 to mitigate the exposure to interest rate increases for mortgages maturing between 2008 and 2011. The fair value of these delayed interest rate swap agreements had an unfavourable difference of $8,401 compared to the face value on March 31, 2008. The change in these amounts has been recognized in other comprehensive income at March 31, 2008.

In relation to the Acquisition, Crombie has entered into a number of delayed interest rate swap agreements of a notional amount of $280,000 to mitigate the exposure to interest rate increases prior to replacing the Bridge Facility with long-term financing. In addition, Crombie has entered into a fixed interest rate swap agreement of a notional amount of $50,000 to fix a portion of the interest on the Bridge Facility. The fair value of these agreements had an unfavourable difference of $4,439 compared to their face value on March 31, 2008. The change in these amounts has been recognized in other comprehensive income at March 31, 2008.

In reference to the agreements relating to the Acquisition, Crombie believes that it will be able to obtain permanent financing as contemplated in the table outlining accretion levels to FFO and AFFO.

SUBSEQUENT EVENTS

On March 20, 2008, Crombie declared distributions of 7.083 cents per unit for the period from March 1, 2008 to, and including, March 31, 2008. The distribution will be payable on April 15, 2008 to Unitholders of record as at March 31, 2008.

On April 14, 2008, the Acquisition was approved by the affirmation vote of a majority of Unitholders (excluding Empire Company Limited and certain of its affiliates and insiders). The cost of the Acquisition to Crombie was $428,500 excluding closing and transaction costs.

On April 22, 2008 the Acquisition closed. Financing for the Acquisition included the $280,000 Bridge Facility, the issuance of $30,000 convertible unsecured subordinated debentures, the issuance of $55,000 of Class B LP units of Crombie Limited Partnership to subsidiaries of Empire, the issuance of $63,005 subscription receipts at a price of $11.00 per subscription receipt and a draw on Crombie's revolving credit facility. On closing of the Acquisition, each subscription receipt converted into one unit of Crombie representing 5,727,750 Units.

In addition, in connection with the closing of the Acquisition, the Board of Trustees of Crombie approved a 4.7% increase to annual distribution payments from $0.85 cents per unit to $0.89 per unit effective for the May distribution to Unitholders of record on May 30, 2008, payable June 16, 2008.

On April 16, 2008, Crombie received an executed notice to redeem 138,900 Units as per the terms of Crombie's Declaration of Trust.

On April 21, 2008, Crombie declared distributions of 7.083 cents per unit for the period from April 1, 2008 to, and including, April 30, 2008. The distribution will be payable on May 15, 2008 to Unitholders of record as at April 30, 2008.

On April 28, 2008, Crombie paid distributions of 7.083 cents per unit for the holders of subscription receipts on record as at April 22, 2008.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Chief Executive Officer and the Chief Financial Officer have evaluated whether there were changes to internal control over financial reporting for the quarter ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. No such changes were identified through their evaluation.

QUARTERLY INFORMATION

The following table shows information for revenues, net income, AFFO, FFO, distributions and per unit amounts for the eight most recently completed quarters.

	Quarter Ended							
(In thousands of dollars, except per unit amounts)	Mar. 31, 2008	Dec. 31, 2007	Sep. 30, 2007	Jun. 30, 2007	Mar. 31, 2007	Dec. 31, 2006	Sep. 30, 2006	Jun. 30, 2006
Property revenue	$ 38,058	$ 37,059	$ 35,619	$ 35,248	$ 35,680	$ 33,717	$ 31,201	$ 31,758
Property expenses	15,907	14,843	15,156	14,300	15,046	15,091	13,053	12,626
Property net operating income	22,151	22,216	20,463	20,948	20,634	18,626	18,148	19,132
Expenses:								
General and administrative	1,952	2,492	1,843	2,224	1,618	2,293	1,612	1,687
Interest	6,589	6,667	6,503	6,171	5,934	5,523	5,165	5,274
Depreciation and amortization	7,844	8,227	7,454	7,156	6,392	6,270	5,635	5,631
	16,385	17,386	15,800	15,551	13,944	14,086	12,412	12,592
Income before income taxes and non-controlling interest	5,766	4,830	4,663	5,397	6,690	4,540	5,736	6,540
Income taxes:								
Current	--	--	--	--	--	--	--	(9)
Future	400	(2,994)	718	2,978	328	(1,663)	450	410
	400	(2,994)	718	2,978	328	(1,663)	450	401
Income before non-controlling interest	5,366	7,824	3,945	2,419	6,362	6,203	5,286	6,139
Non-controlling interest	2,583	3,766	1,899	1,164	3,062	2,986	2,550	2,972
Net income	$ 2,783	$ 4,058	$ 2,046	$ 1,255	$ 3,300	$ 3,217	$ 2,736	$ 3,167
Basic and diluted net income per unit	$ 0.13	$ 0.19	$ 0.10	$ 0.06	$ 0.15	$ 0.15	$ 0.13	$ 0.15

	Quarter Ended							
(In thousands of dollars, except per unit amounts)	Mar. 31, 2008	Dec. 31, 2007	Sep. 30, 2007	Jun. 30, 2007	Mar. 31, 2007	Dec. 31, 2006	Sep. 30, 2006	Jun. 30, 2006
AFFO	$ 7,867	$ 7,561	$ 6,080	$ 10,330	$ 10,871	$ 8,263	$ 6,662	$ 9,903
FFO	$ 13,610	$ 13,057	$ 12,117	$ 12,553	$ 13,082	$ 10,699	$ 11,293	$ 12,106
Distributions	$ 8,867	$ 8,867	$ 8,867	$ 8,798	$ 8,451	$ 8,346	$ 8,338	$ 8,322
AFFO per unit (1)	$ 0.19	$ 0.18	$ 0.15	$ 0.25	$ 0.26	$ 0.20	$ 0.16	$ 0.24
FFO per unit (1)	$ 0.33	$ 0.31	$ 0.29	$ 0.30	$ 0.31	$ 0.26	$ 0.27	$ 0.29
Distributions per unit (1)	$ 0.21	$ 0.21	$ 0.21	$ 0.21	$ 0.20	$ 0.20	$ 0.20	$ 0.20

(1) Distributable income, FFO, AFFO and distributions per unit are calculated by FFO, AFFO or distributions, as the case may be, divided by the diluted weighted average of the total Units and Special Voting Units outstanding of 41,728,561 for the quarter ended March 31, 2008, 41,728,561 for the quarter ended December 31, 2007, 41,728,561 for the quarter ended September 30, 2007, 41,728,561 for the quarter ended June 30, 2007, 41,717,004 for the quarter ended March 31, 2007, 41,589,061 for the quarter ended December 31, 2006, 41,589,061 for the quarter ended September 30, 2006 and 41,487,760 for the quarter ended June 30, 2006.

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

Dated: May 8, 2008

Stellarton, Nova Scotia, Canada

CROMBIE REAL ESTATE INVESTMENT TRUST
CONSOLIDATED BALANCE SHEETS
(In thousands of dollars)

	March 31, 2008 (unaudited)	December 31, 2007 (audited)
Assets		
Commercial properties (Note 4)	$ 911,373	$ 909,095
Intangible assets (Note 5)	55,857	60,480
Notes receivable (Note 6)	19,554	20,968
Other assets (Note 7)	20,039	20,731
Cash and cash equivalents	-	2,708
	$ 1,006,823	**$ 1,013,982**
Liabilities and Unitholders' Equity		
Commercial property debt (Note 8)	$ 473,575	$ 500,578
Convertible debentures (Note 9)	28,624	--
Payables and accruals (Note 10)	42,852	39,174
Intangible liabilities (Note 11)	15,372	16,562
Employee future benefits obligation	4,554	4,458
Distributions payable	2,956	2,956
Future income tax liability (Note 15)	81,901	81,501
	649,834	645,229
Non-controlling interest (Notre 12)	172,249	177,919
Unitholders' equity	184,740	190,834
	$ 1,006,823	**$ 1,013,982**

Commitments and contingencies (Note 17)

See accompanying notes to the interim consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF INCOME
(In thousands of dollars, except per unit amounts)
(Unaudited)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Revenues		
Property revenue (Note 14)	$ 38,058	$ 35,680
Expenses		
Property expenses	15,907	15,046
General and administrative expenses	1,952	1,618
Interest expense	6,589	5,934
Depreciation of commercial properties	3,209	2,975
Amortization of tenant improvements/lease costs	782	365
Amortization of intangible assets	3,853	3,052
	32,292	28,990
Income before income taxes and non-controlling interest	5,766	6,690
Income tax expense - Future (Note 15)	400	328
Income before non-controlling interest	5,366	6,362
Non-controlling interest	2,583	3,062
Net income	**$ 2,783**	**$ 3,300**
Basic and diluted net income per unit	**$ 0.13**	**$ 0.15**
Weighted average number of units outstanding		
Basic	**21,543,940**	**21,514,209**
Diluted	**21,648,985**	**21,637,428**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(In thousands of dollars)
(Unaudited)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Net income	$ 2,783	$ 3,300
Net change in derivatives designated as cash flow hedges	(4,294)	59
Other comprehensive (loss) income	(4,294)	59
Comprehensive (loss) income	**$ (1,511)**	**$ 3,359**

See accompanying notes to the interim consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY
(In thousands of dollars)
(Unaudited)

	REIT Units (Note 13)	Net Income	Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Distributions	Total
Unitholders' equity, January 1, 2008	$ 205,273	$ 20,064	$ 12	$ (3,000)	$ (31,515)	$ 190,834
EUPP compensation	-	-	9	-	-	9
Repayment of EUPP loans receivable	7	-	-	-	-	7
Net income	-	2,783	-	-	-	2,783
Distributions	-	-	-	-	(4,599)	(4,599)
Other comprehensive loss	-	-	-	(4,294)	-	(4,294)
Unitholders' equity, March 31, 2008	$ 205,280	$ 22,847	$ 21	$ (7,294)	$ (36,114)	$ 184,740
Unitholders' equity, January 1, 2007	$ 204,831	$ 9,405	$ 27	$ Nil	$ (13,369)	$ 200,894
Transition adjustment	-	-	-	(162)	-	(162)
Units released under EUPP	27	-	(27)	-	-	-
Units issued under EUPP	215	-	-	-	-	215
Loans receivable under EUPP	(215)	-	-	-	-	(215)
EUPP compensation	-	-	9	-	-	9
Repayment of EUPP loans receivable	187	-	-	-	-	187
Net income	-	3,300	-	-	-	3,300
Distributions	-	-	-	-	(4,384)	(4,384)
Other comprehensive income	-	-	-	59	-	59
Unitholders' equity, March 31, 2007	$ 205,045	$ 12,705	$ 9	$ (103)	$ (17,753)	$ 199,903

See accompanying notes to the interim consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of dollars)
(Unaudited)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Cash flows provided by (used in)		
Operating Activities		
Net income	$ 2,783	$ 3,300
Items not affecting cash		
Non-controlling interest	2,583	3,062
Depreciation of commercial properties	3,209	2,975
Amortization of tenant improvements/lease costs	782	365
Amortization of deferred financing costs	154	92
Amortization of intangible assets	3,853	3,052
Amortization of above market leases	770	697
Amortization of below market leases	(1,190)	(987)
Accrued rental revenue	(318)	(307)
Unit based compensation	9	9
Future income taxes	400	328
	13,035	12,586
Additions to tenant improvements and lease costs	(4,557)	(1,081)
Change in other non-cash operating items (Note 16)	(3,495)	(9,223)
Cash provided by operating activities	**4,983**	**2,282**
Financing Activities		
Issue of commercial property debt	-	31,918
Issue costs of commercial property debt	-	(65)
Issue of convertible debentures	30,000	-
Issue costs of convertible debentures	(1,376)	-
Repayment of commercial property debt	(27,157)	(3,626)
Collection of notes receivable	1,414	8,355
Repayment of EUPP loan receivable	7	187
Payment of distributions	(8,867)	(8,347)
Cash (used in) provided by financing activities	**(5,979)**	**28,422**
Investing Activities		
Additions to commercial properties	(1,712)	(1,667)
Acquisition of commercial properties (Note 4)	-	(30,217)
Cash used in investing activities	**(1,712)**	**(31,884)**
Decrease in cash and cash equivalents during the period	**(2,708)**	**(1,180)**
Cash and cash equivalents, beginning of period	**2,708**	**1,180**
Cash and cash equivalents, end of period	**$ Nil**	**$ Nil**

See accompanying notes to the interim consolidated financial statements.

1) CROMBIE REAL ESTATE INVESTMENT TRUST

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 units of Crombie are traded on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These interim consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") as prescribed by the Canadian Institute of Chartered Accountants ("CICA"). These interim consolidated financial statements do not include all of the disclosures included in Crombie's annual consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2007 as set out in the 2007 Annual Report.

The accounting policies used in preparation of these interim consolidated financial statements conform with those used in the 2007 annual consolidated financial statements, except as described in Note 3.

(b) Property Acquisitions

Upon acquisition of commercial properties, Crombie performs an assessment of the fair value of the properties' related tangible and intangible assets and liabilities (including land, buildings, origination costs, in-place leases, above and below-market leases, and any other assumed assets and liabilities), and allocates the purchase price to the acquired assets and liabilities. Crombie assesses and considers fair value based on cash flow projections that take into account relevant discount and capitalization rates and any other relevant sources of market information available. Estimates of future cash flow are based on factors that include historical operating results, if available, and anticipated trends, local markets and underlying economic conditions.

Crombie allocates the purchase price based on the following:

<u>Land</u> - The amount allocated to land is based on an appraisal estimate of its fair value.

<u>Buildings</u> - Buildings are recorded at the fair value of the building on an "as-if-vacant" basis, which is based on the present value of the anticipated net cash flow of the building from vacant start up to full occupancy.

<u>Origination costs for existing leases</u> - Origination costs are determined based on estimates of the costs that would be incurred to put the existing leases in place under the same terms and conditions. These costs include leasing commissions as well as foregone rent and operating cost recoveries during an assumed lease-up period.

<u>In-place leases</u> - In-place lease values are determined based on estimated costs required for each lease that represents the net operating income lost during an estimated lease-up period that would be required to replace the existing leases at the time of purchase.

<u>Tenant relationships</u> - Tenant relationship values are determined based on costs avoided if the respective tenants were to renew their leases at the end of the existing term, adjusted for the estimated probability that the tenants will renew.

<u>Above and below market existing leases</u> - Values ascribed to above and below market existing leases are determined based on the present value of the difference between the rents payable under the terms of the respective leases and estimated future market rents.

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

(c) 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 these leases on a straight-line basis over the term of the lease. Accordingly, an accrued rent receivable/payable is recorded for the difference between the straight-line rent recorded as property revenue and the rent that is contractually due from the tenants. Percentage rents are recognized when tenants are obligated to pay such rent under the terms of the related lease agreements. The value of the differential between original and market rents for existing leases is amortized using the straight-line method over the terms of the tenant lease agreements. Realty tax and other operating cost recoveries, and other incidental income, are recognized on an accrual basis.

(d) Income taxes

Crombie is taxed as a "mutual fund trust" for income tax purposes. Pursuant to the terms of the Declaration of Trust, Crombie must 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.

Future income tax 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, future income taxes are recognized for the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future 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.

(e) Employee future benefits obligation

The cost of pension benefits for defined contribution plans are expensed as contributions are paid. The cost of defined benefit pension plans and other benefit plans is accrued based on actuarial valuations, which are determined using the projected benefit method pro-rated on service and management's best estimate of the expected long-term rate of return on plan assets, salary escalation, retirement ages and expected growth rate of health care costs. The defined benefit plans are unfunded.

The impact of changes in plan amendments is amortized on a straight-line basis over the expected average remaining service life ("EARSL") of active members. For the supplementary executive retirement plan, the impacts of changes in the plan provisions are amortized over five years.

During the first quarter fiscal 2008, the net defined benefit pension plans and other benefit plans expense was $96 (2007 $115).

(f) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The significant areas of estimation and assumption include:

- Impairment of assets;
- Depreciation and amortization;
- Allocation of purchase price on property acquisitions; and
- Fair value of mortgages.

(g) Cash flow statements

The determination to declare and make payable distributions from Crombie are at the discretion of the Board of Trustees of Crombie and, until declared payable by the Board of Trustees of Crombie, Crombie has no contractual requirement to pay cash distributions to Unitholders' of Crombie. During the three month period ended March 31, 2008, $8,867 (three month period ended March 31, 2007 - $8,451) in cash distributions were declared payable by the Board of Trustees to Crombie Unitholders and Crombie Limited Partnership Unitholders (the "Class B LP Units").

(h) Convertible debentures

Debentures with conversion features are assessed at inception as to the value of both their equity component and their debt component. Based on the assessment, Crombie has determined no amount should be attributed to equity and thus it's convertible debentures have been classified as liabilities. Distributions to debenture holders are presented as interest expense. 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 rate method.

3) CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008 Crombie has adopted three new accounting standards that were issued by the CICA in 2006. These accounting policy changes have been adopted on a prospective basis.

The new standards and accounting policy changes are as follows:

Capital Disclosures

Effective January 1, 2008, the CICA's new accounting standard "Handbook Section 1535, Capital Disclosures" was adopted, which requires the disclosure of both qualitative and quantitative information to enable users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. The new standard did not have any impact on the financial position or earnings of the Trust. Refer to Note 20.

Financial Instruments Disclosures and Presentation

Effective January 1, 2008, the accounting and disclosure requirements of the CICA's two new accounting standards were adopted: "Handbook Section 3862, Financial Instruments – Disclosures" and "Handbook Section 3863, Financial Instruments – Presentation." The new standards did not have any impact on the financial position or earnings of the Trust. Refer to Note 19.

(In thousands of dollars, except per unit amounts)

Effect of New Accounting Standards not yet Implemented

Goodwill and Intangible Assets

In February 2008, the CICA issued a new Section 3064 "Goodwill and Intangible Assets" replacing Section 3062 "Goodwill and Other Intangible Assets" as well as Section 3450 "Research and Development Costs". The new Section 3064 states that upon their initial identification, intangible assets are to be recognized as assets only if they meet the definition of an intangible asset and the recognition criteria. Section 3064 also provides further information on the recognition of internally generated intangible assets (including research and development costs). As for subsequent measurement of intangible assets, goodwill, and disclosure, Section 3064 carries forward the requirements of the old Section 3062. The new Section applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. Crombie is currently evaluating the effect of these new standards on its results, financial position and cash flows.

International Financial Reporting Standards

On February 13, 2008, the Accounting Standards Board confirmed the date of changeover from GAAP to International Financial Reporting Standards ("IFRS"). Canadian publicly accountable enterprises must adopt IFRS for their interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Crombie is currently developing its IFRS conversion plan and evaluating the effect of the new standards on its consolidated financial statements.

4) COMMERCIAL PROPERTIES

	March 31, 2008		
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 183,304	$ Nil	$ 183,304
Buildings	733,285	24,328	708,957
Tenant improvements and leasing costs	23,082	3,970	19,112
	$ 939,671	**$ 28,298**	**$ 911,373**

	December 31, 2007		
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 183,407	$ Nil	$ 183,407
Buildings	731,470	21,119	710,351
Tenant improvements and leasing costs	18,525	3,188	15,337
	$ 933,402	**$ 24,307**	**$ 909,095**

Property Acquisitions

2007

On January 17, 2007, Crombie acquired a property in Carleton Place, Ontario, representing a 79,700 square foot increase to the portfolio, for $11,800 plus additional closing costs, from an unrelated third party. The acquisition was initially financed through Crombie's floating rate revolving credit facility. On April 27, 2007, a mortgage of $7,850 at a fixed rate of 5.18% and a term of 12 years was established for the property.

On March 7, 2007, Crombie acquired a property in Perth, Ontario representing a 102,500 square foot increase to the portfolio, for $17,900 plus additional closing costs, from an unrelated third party. The acquisition was initially financed through Crombie's floating rate revolving credit facility. On April 20, 2007, a mortgage of $12,600 at a fixed rate of 5.43% and a term of 15 years was established for the property.

(In thousands of dollars, except per unit amounts)

The allocation of the total cost of the acquisitions is as follows.

Commercial property acquired, net:	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Land	$ Nil	$ 5,636
Buildings	-	19,441
Intangible assets:		
Lease origination costs	-	1,119
Tenant relationships	-	2,443
Above market leases	-	960
In-place leases	-	2,237
Intangible liabilities		
Below market leases	-	(1,619)
Net purchase price	-	30,217
Assumed mortgages	-	-
	$ Nil	$ 30,217

Consideration paid, funded by:		
Floating rate revolving credit facility	$ Nil	$ 29,467
Application of deposit	-	750
	$ Nil	$ 30,217

5) INTANGIBLE ASSETS

	March 31, 2008		
	Cost	Accumulated Amortization	Net Book Value
Origination costs for existing leases	$ 14,354	$ 6,506	$ 7,848
In-place leases	21,992	11,239	10,753
Tenant relationships	35,945	8,838	27,107
Above market existing leases	15,991	5,842	10,149
	$ 88,282	**$ 32,425**	**$ 55,857**

	December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value
Origination costs for existing leases	$ 14,354	$ 5,567	$ 8,787
In-place leases	21,992	9,628	12,364
Tenant relationships	35,945	7,535	28,410
Above market existing leases	15,991	5,072	10,919
	$ 88,282	**$ 27,802**	**$ 60,480**

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 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 over the period from 2006 to 2010. 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 an average term to maturity of approximately 4.25 years.

The balance of each note is as follows:

	March 31, 2008	December 31, 2007
Capital expenditure program	$ 6,269	$ 6,817
Interest rate subsidy	13,285	14,151
	$ 19,554	**$ 20,968**

(In thousands of dollars, except per unit amounts)

7) OTHER ASSETS

	March 31, 2008	December 31, 2007
Accounts receivable	$ 5,136	$ 5,463
Deposit on property	200	-
Accrued straight-line rent receivable	6,162	5,844
Prepaid expenses	7,715	8,634
Restricted cash	826	790
	$ 20,039	**$ 20,731**

8) COMMERCIAL PROPERTY DEBT

	Range	Weighted average interest rate	Weighted average term to maturity	March 31, 2008
Fixed rate mortgages	5.15-6.44%	5.46%	7.1 years	$ 427,611
Deferred financing charges				(2,074)
Floating rate revolving credit facility	5.50%	5.50%	2.3 years	48,038
				$ 473,575

	Range	Weighted average interest rate	Weighted average term to maturity	December 31, 2007
Fixed rate mortgages	5.15-6.44%	5.46%	7.4 years	$ 431,906
Deferred financing charges				(2,228)
Floating rate revolving credit facility	5.50%	5.50%	2.6 years	70,900
				$ 500,578

As of March 31, 2008, debt retirements for the next 5 years are:

	Fixed Rate	Floating Rate	Financing Costs	Total
Twelve months ended March 31, 2009	$ 28,311	$ Nil	$ Nil	$ 28,311
Twelve months ended March 31, 2010	119,806	-	-	119,806
Twelve months ended March 31, 2011	10,392	48,038	-	58,430
Twelve months ended March 31, 2012	22,180	-	-	22,180
Twelve months ended March 31, 2013	11,273	-	-	11,273
Thereafter	222,071	-	-	222,071
	414,033	48,038	-	462,071
Deferred financing charges	-	-	(2,074)	(2,074)
Fair value debt adjustment	13,578	-	-	13,578
	$ 427,611	$ 48,038	$ (2,074)	$ 473,575

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 and negative pledges on certain properties. As at March 31, 2008, based on the security granted by Crombie, approximately $116,433 is available for draw down, of which $48,038 is drawn down on the facility.

9) CONVERTIBLE DEBENTURES

Convertible debenture	Maturity date	Interest rate	Principal	Transaction costs	March 31, 2008
Series A	March 20, 2013	7%	$30,000	$(1,376)	$28,624

Series A convertible debentures
On March 20, 2008, Crombie issued $30,000 in unsecured convertible debentures related to the agreements to acquire a portfolio of 61 retail properties from subsidiaries of Empire Company Limited ("Empire").

Each convertible debenture will be convertible into units of Crombie at the option of the debenture holder up to the maturity date of March 20, 2013 at a conversion price of $13 per unit.

The convertible debentures bear interest at an annual fixed rate of 7%, payable semi-annually on June 30, and December 31 in each year commencing on June 30, 2008. The convertible debentures are not redeemable prior to March 20, 2011. From March 20, 2011 to March 20, 2012, the convertible debentures may be redeemed, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Units on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date one which notice on redemption is giving exceeds 125% of the conversion price. After March 20, 2012, and prior to March 20, 2013, the convertible debentures may be redeemed, in whole or in part, at anytime at the redemption price equal to the principal amount thereof plus accrued and unpaid interest. 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 convertible debentures at maturity or upon redemption, in whole or in part, by issuing the number of units equal to the principal amount of the convertible debentures then outstanding divided by 95% of the volume-weighted average trading price of the 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 convertible debentures to Crombie at a price equal to 101% of the principal amount plus accrued and unpaid interest.

(In thousands of dollars, except per unit amounts)

Crombie will also have an option to pay interest on any interest payment date by selling units and applying the proceeds to satisfy its interest obligation.

Transaction costs related to the convertible debentures have been deferred and are being amortized into interest expense over the term of the convertible debentures using the effective interest rate method.

10) PAYABLES AND ACCRUALS

	March 31, 2008	December 31, 2007
Tenant improvements and capital expenditures	$ 11,054	$ 9,828
Property operating costs	15,754	21,801
Interest on commercial property debt and debentures	1,981	1,761
Fair value of interest rate swap agreements	14,063	5,784
	$ 42,852	**$ 39,174**

11) INTANGIBLE LIABILITIES

	March 31, 2008		
	Cost	Accumulated Amortization	Net Book Value
Below-market existing leases	**$ 23,947**	**$ 8,575**	**$ 15,372**

	December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value
Below-market existing leases	**$ 23,947**	**$ 7,385**	**$ 16,562**

12) NON-CONTROLLING INTEREST

	Class B LP Units	Net Income	Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Distributions	Total
Balance, January 1, 2008	$ 191,302	$ 18,678	$ Nil	$ (2,784)	$ (29,277)	$ 177,919
Net income	-	2,583	-	-	-	2,583
Distributions	-	-	-	-	(4,268)	(4,268)
Other comprehensive loss	-	-	-	(3,985)	-	(3,985)
Balance, March 31, 2008	**$ 191,302**	**$ 21,261**	**$ Nil**	**$ (6,769)**	**$ (33,545)**	**$ 172,249**

	Class B LP Units	Net Income	Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Distributions	Total
Balance, January 1, 2007	$ Nil	$ 8,787	$ Nil	$ Nil	$ (12,440)	$ 187,649
Transition adjustment	191,302	-	-	(148)	-	(148)
Net income	-	3,062	-	-	-	3,062
Distributions	-	-	-	-	(4,067)	(4,067)
Other comprehensive income	-	-	-	54	-	54
Balance, March 31, 2007	**$ 191,302**	**$ 11,849**	**$ Nil**	**$ (94)**	**$ (16,507)**	**$ 186,550**

(In thousands of dollars, except per unit amounts)

13) UNITS OUTSTANDING

	Crombie REIT Units		Crombie REIT Special Voting Units and Class B LP Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2008	21,648,985	$ 205,273	20,079,576	$ 191,302	41,728,561	$ 396,575
Net change in EUPP loans receivable	-	7	-	-	-	7
Balance, March 31, 2008	**21,648,985**	**$ 205,280**	**20,079,576**	**$ 191,302**	**41,728,561**	**$ 396,582**

	Crombie REIT Units		Crombie REIT Special Voting Units and Class B LP Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2007	21,633,225	$ 204,831	20,079,576	$ 191,302	41,712,801	$ 396,133
Units issued under EUPP	15,760	215	-	-	15,760	215
Units released under EUPP	-	27	-	-	-	27
Net change in EUPP loans receivable	-	(28)	-	-	-	(28)
Balance, March 31, 2007	**21,648,985**	**$ 205,045**	**20,079,576**	**$ 191,302**	**41,728,561**	**$ 396,347**

Crombie REIT Units

Crombie is authorized to issue an unlimited number of units ("Units") and an unlimited number of Special Voting Units. Issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without the approval of the Unitholders. Units are redeemable at any time on demand by the holders at a price per Unit equal to the lesser of: (i) 90% of the weighted average price per Crombie Unit during the period of the last 10 days during which Crombie's Units traded; and (ii) an amount equal to the price of Crombie's Units on the date of redemption, as defined in the Declaration of Trust (see Note 21c).

The aggregate redemption price payable by Crombie in respect of any 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 Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitation that:

i. the total amount payable by Crombie in respect of such Units and all other 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 Units are tendered for redemption, the outstanding 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 Units;

iii. the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or if not listed on a stock exchange, in any market where the 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.

Crombie REIT Special Voting Units and Class B LP Units

The Declaration of Trust and the Exchange Agreement provide for the issuance of voting non-participating Units (the "Special Voting Units") to the holders of Class B LP Units used solely for providing voting rights proportionate to the votes of Crombie's Units. The Special Voting Units 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 purchased in accordance with the Exchange Agreement, a like number of Special Voting Units will be redeemed and cancelled for no consideration by Crombie.

The Class B LP Units issued by a subsidiary of Crombie to ECL have economic and voting rights equivalent, in all material aspects, to Crombie's Units. They are indirectly exchangeable on a one-for-one basis for Crombie's Units at the option of the holder, under the terms of the Exchange Agreement.

Each Class B LP Unit entitles the holder to receive distributions from Crombie, pro rata with distributions made by Crombie on Units.
The Class B LP Units are accounted for as non-controlling interest.

(In thousands of dollars, except per unit amounts)

Employee Unit Purchase Plan ("EUPP")

Crombie provides for unit purchase entitlements under the EUPP for certain senior executives. Awards made under the EUPP will allow executives to purchase units from treasury at the average daily high and low board lot trading prices per unit on the Toronto Stock Exchange 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 Units from treasury and the 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 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 March 31, 2008, there are loans receivable from executives of $1,080 under Crombie's EUPP, representing 105,045 Units, which are classified as a reduction of Unitholders' Equity. Loan repayments will result in a corresponding increase in Unit Capital. Market value of the Units at March 31, 2008 was $1,150.

The compensation expense related to the EUPP during the three months ended March 31, 2008 was $9 (three months ended March 31, 2007 - $9).

Earnings per Unit Computations

Basic net earnings per Unit is computed by dividing net earnings by the weighted average number of Units outstanding during the period. Diluted earnings per Unit is calculated on the assumption that all EUPP loans were repaid at the beginning of the period. For all periods, the assumed exchange of all Class B LP Units would not be dilutive. The convertible debentures are anti-dilutive and have not been included in diluted net earnings per unit or diluted weighted average number of units outstanding. As at March 31, 2008, there are no other dilutive items.

14) PROPERTY REVENUE

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Rental revenue contractually due from tenants	$ 37,320	$ 35,083
Straight-line rent recognition	318	307
Below-market lease amortization	1,190	987
Above-market lease amortization	(770)	(697)
	$ 38,058	**$ 35,680**

15) FUTURE INCOME TAXES

On June 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 rates 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.

During 2007, Crombie's management and their advisors underwent an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that, at January 1, 2008, 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.

On December 20, 2007, the Department of Finance (Canada) issued proposed amendments to provide further clarity to these technical tests. While Crombie did not rely on these proposed amendments, they do provide further certainty that Crombie qualifies as a REIT.

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

	March 31, 2008	December 31, 2007
Tax liabilities relating to difference in tax and book value	$ 87,751	$ 86,655
Tax asset relating to non-capital loss carry-forward	(5,850)	(5,154)
Future income tax liability	**$ 81,901**	**$ 81,501**

The future income tax expense consists of the following:

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Provision for income taxes at the expected rate	$ 1,960	$ 2,342
Tax effect of income attribution to Crombie's unitholders	(1,560)	(2,014)
Income tax expense	**$ 400**	**$ 328**

(In thousands of dollars, except per unit amounts)

16) SUPPLEMENTAL CASH FLOW INFORMATION

(a) Change in other non-cash operating items

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Cash provided by (used in):		
Receivables	$ 327	$ 4,447
Prepaid expenses and other assets	683	3,381
Payables and other liabilities	(4,505)	(17,051)
	$ (3,495)	**$ (9,223)**

(b) Interest

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Interest paid	**$ 7,081**	**$ 6,648**

17) COMMITMENTS AND CONTINGENCIES

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

Crombie has agreed to indemnify, in certain circumstances, the trustees and officers of Crombie.

Crombie has entered into a management cost sharing agreement with a subsidiary of Empire Company Limited. Details of this agreement are described in Note 18.

Crombie has land leases on certain properties. These leases have annual payments of $503 per year over the next five years.

18) RELATED PARTY TRANSACTIONS

As at March 31, 2008, Empire Company Limited, through its wholly-owned subsidiary ECL, holds a 48.1% indirect interest in Crombie.

For a period of five years commencing March 23, 2006, certain executive management individuals and other employees of Crombie will provide general management, financial, leasing, administrative, and other administration support services to certain real estate subsidiaries of Empire Company Limited on a cost recovery basis. The expense recoveries during the three months ended March 31, 2008 was $455 (three months ended March 31, 2007 - $302) and were netted against general and administrative expenses.

For a period of five years, certain on-site maintenance and management employees of Crombie will provide property management services to certain real estate subsidiaries of Empire on a cost recovery basis. In addition, for various periods, ECL has an obligation to provide rental income and interest rate subsidies. The cost recoveries during the three months ended March 31, 2008 was $689 (three months ended March 31, 2007 - $694) and was netted against property expenses. The rental income subsidy during the three months ended March 31, 2008 was $Nil (three months ended March 31, 2007 - $8) and the head lease subsidy during the three months ended March 31, 2008 was $398 (three months ended March 31, 2007 - $255).

Crombie also earned property revenue of $6,362 for the three months ended March 31, 2008 (three months ended March 31, 2007 - $5,771) from Sobeys Inc., Empire Theatres Limited and ASC Commercial Leasing Limited. These companies are all subsidiaries of Empire Company Limited.

19) FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

The book value of cash and cash equivalents, restricted cash, receivables, payables and accruals approximate fair values due to their short term maturity. The total fair value of commercial property debt is estimated to be $483,814 and the total fair value of the convertible debentures is estimated to be $31,820.

(In thousands of dollars, except per unit amounts)

Crombie has classified its financial instruments in the following categories:

i. Held for trading -Restricted cash and cash and cash equivalents

ii. Loans and receivables - Notes receivable and accounts receivable

iii. Other financial liabilities - Commercial property debt, convertible debentures, tenant improvements and capital expenditures payable, property operating costs payable and interest payable

b) Risk management

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

Credit risk

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

Crombie mitigates credit risk by geographical diversification, utilizing staggered lease maturities and diversifying both the tenant mix and asset mix. As at March 31, 2008;

- Excluding Sobeys, no other tenant accounts for more than 3.2% of Crombie's minimum rent, and

- Over the next five years, no more than 12.6% of the gross leaseable area of Crombie will expire in any one year.

Interest rate risk

From time to time, Crombie may enter into interest rate swap transactions to modify the interest rate profile of its current or future debts without an exchange of the underlying principal amount.

As part of this interest rate management program, Crombie has entered into a fixed interest rate swap to fix the amount of interest to be paid on $50,000 of the revolving credit facility. The fair value of the fixed interest rate swap at March 31, 2008, had an unfavourable difference of $1,222 (December 31, 2007 – unfavourable $173) compared to its face value. The change in this amount has been recognized in other comprehensive (loss) income at March 31, 2008.

In addition to the fixed interest rate swap, Crombie has entered into a number of delayed interest rate swap agreements of a notional amount of $118,689 with an effective date between June 1, 2008 and June 1, 2011, maturing between June 1, 2018 and July 2, 2021 to mitigate the exposure to interest rate increases for mortgages maturing between 2008 and 2011. The fair value of these delayed interest rate swap agreements had an unfavourable difference of $8,401 compared to the face value on March 31, 2008. The change in these amounts has been recognized in other comprehensive (loss) income at March 31, 2008.

In relation to the acquisition of a portfolio of 61 retail properties from subsidiaries of Empire, Crombie has entered into a number of delayed interest rate swap agreements of a notional amount of $280,000 to mitigate the exposure to interest rate increases prior to replacing the 18 month floating credit facility ("Bridge Facility") with long-term financing. In addition, Crombie has entered into a fixed interest rate swap agreement of a notional amount of $50,000 to fix a portion of the interest on the Bridge Facility. The fair value of these agreements had an unfavourable difference of $4,439 compared to their face value on March 31, 2008. The change in these amounts has been recognized in other comprehensive (loss) income at March 31, 2008.

A fluctuation in interest rates would have an impact on Crombie's net earnings and other comprehensive income items. 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 for the quarters ended March 31:

	2008		2007	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on net income of interest rate changes the floating rate revolving credit facility	(25)	25	(74)	74
Impact on other comprehensive income and non-controlling interest items due to changes in fair value of derivatives as a cash flow hedge	18,360	(19,166)	632	(632)

(In thousands of dollars, except per unit amounts)

20) CAPITAL MANAGEMENT

Crombie's objective when managing capital on a long-term basis is to maintain overall indebtedness in the range of 50% to 55% of gross book value, utilize staggered debt maturities, minimize exposure to floating rate debt, maintain conservative payout ratios and maximize long-term unit value. Crombie's capital structure consists of the following:

	March 31, 2008	December 31, 2007
Commercial property debt	$ 473,575	$ 500,578
Convertible debentures	28,624	-
Non-controlling interest	172,249	177,919
Unitholders' equity	184,740	190,834
	$ 859,188	**$ 869,331**

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

- A limitation 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 limitation that Crombie shall not incur indebtedness of more than 60% of Gross Book Value (65% including any convertible debentures)

Crombie's debt to gross book ratio is as follows:

	March 31, 2008	December 31, 2007
Mortgages payable	$ 427,611	$ 431,906
Convertible debentures	30,000	-
Revolving credit facility payable	48,038	70,900
Total debt outstanding	505,649	502,806
Less: Fair value debt adjustment	(13,578)	(14,456)
Debt	$ 492,071	$ 488,350
Total assets	$ 1,006,823	$ 1,013,982
Add:		
Deferred financing charges	3,450	2,228
Accumulated depreciation of commercial properties	28,298	24,307
Accumulated amortization of intangible assets	32,425	27,802
Less:		
Fair value debt adjustment	(13,578)	(14,456)
Fair value adjustment to future taxes	(39,519)	(39,519)
Gross book value	$ 1,017,899	$ 1,014,344
Debt to gross book value	48.3%	48.1%

Under the terms governing the revolving credit facility Crombie is entitled to borrow a maximum of 60% of the fair market value of assets subject to a first security position and 50% of the fair market value of assets subject to a second security position or a negative pledge, subject to the limitations on the ability of Crombie to incur indebtedness contained in the Declaration of Trust. As part of the debt covenants attached to the revolving credit facility, in addition to the maximum borrowing above, Crombie must maintain certain debt ratios above prescribed levels:

- Annualized NOI for the prescribed properties must be a minimum of 1.6 times the coverage of the related annualized debt service requirements; and

- Annualized NOI on all properties must be a minimum of 1.5 times the coverage of all annualized debt service requirements,

The revolving credit facility also contains a covenant of Crombie that ECL must maintain a minimum 40% voting interest in Crombie. If ECL reduces its voting interest below this level, Crombie will be required to renegotiate the revolving credit facility or obtain alternative financing. Pursuant to an exchange agreement and while such covenant remains in place, ECL will be required to give Crombie at least six months' prior written notice of its intention to reduce its voting interest below 40%.

During the three months ended March 31, 2008, Crombie complied with all externally imposed capital requirements and all covenants relating to its debt facilities.

21) SUBSEQUENT EVENTS

a) On March 20, 2008, Crombie declared distributions of 7.083 cents per unit for the period from March 1, 2008 to, and including, March 31, 2008. The distribution will be payable on April 15, 2008 to Unitholders of record as at March 31, 2008.

b) On April 14, 2008, the agreements with subsidiaries of Empire to acquire a portfolio of 61 retail properties (the "Acquisition") representing approximately 3.3 million square feet of gross leaseable area was approved by the affirmation vote of a majority of Unitholders (excluding Empire Company Limited and certain of its affiliates and insiders). The cost of the Acquisition to Crombie was $428,500 excluding closing and transaction costs.

On April 22, 2008 the Acquisition closed. Financing for the Acquisition included the $280,000 Bridge Financing, the issuance of $30,000 convertible debentures, the issuance of $55,000 of Class B LP units of Crombie Limited Partnership to affiliates of Empire, the issuance of $63,005 subscription receipts at a price of $11.00 per subscription receipt and a draw on Crombie's revolving credit facility. On closing of the Acquisition, each subscription receipt converted into one Unit of Crombie.

In addition, in connection with the closing of the Acquisition, the Board of Trustees of Crombie approved a 4.7% increase to annual distribution payments from $0.85 cents per unit to $0.89 per unit effective for the May distribution to Unitholders of record on May 30, 2008, payable June 16, 2008.

c) On April 16, 2008, Crombie received an executed notice to redeem 138,900 Units as per the terms of Crombie's Declaration of Trust.

d) On April 21, 2008, Crombie declared distributions of 7.083 cents per unit for the period from April 1, 2008 to, and including, April 30, 2008. The distribution will be payable on May 15, 2008 to Unitholders of record as at April 30, 2008.

e) On April 28, 2008, Crombie paid distributions of 7.083 cents per unit for the holders of subscription receipts of record as at April 22, 2008.

22) COMPARATIVE FIGURES

Comparative figures have been reclassified, where necessary, to reflect the current period's presentation.

Corporate and Unitholder Information

OFFICERS
J. Stuart Blair
President and Chief Executive Officer
Scott M. Ball
Vice President, Chief Financial Officer and Secretary
Scott R. MacLean
Vice President Operations
Patrick G. Martin
Vice President Leasing

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INVESTOR RELATIONS AND INQUIRIES

Unitholders, analysts, and investors should direct their financial inquiries or requests to:
Scott M. Ball, CA
Vice President, Chief Financial Officer and Secretary
Email: investing@crombie.ca

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

STOCK EXCHANGE LISTING
Toronto Stock Exchange

UNIT SYMBOL
REIT Trust Units - CRR.UN

DISTRIBUTION RECORD AND PAYMENT DATES FOR FISCAL 2007

Record Date	Payment Date
Jan. 31, 2008	Feb. 15, 2008
Feb. 28, 2008	Mar. 17, 2008
Mar. 31, 2008	Apr. 15. 2008
Apr. 30, 2008	May 15, 2008

TRANSFER AGENT

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Investor Correspondence
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COUNSEL
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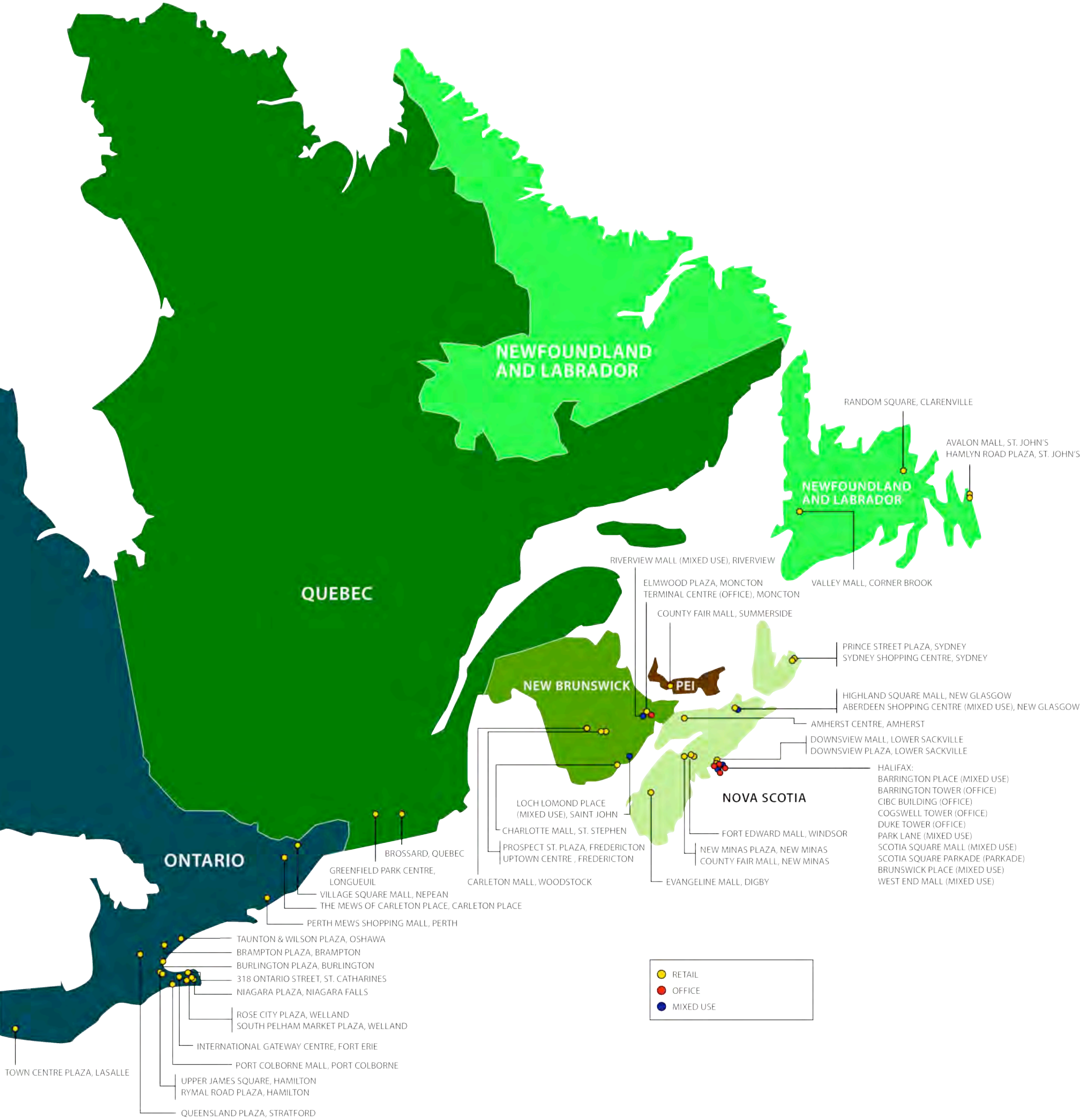
Halifax, Nova Scotia

AUDITORS
Grant Thornton, LLP
New Glasgow, Nova Scotia

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 the multiple mailings.



Crombie REIT