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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 year and quarter ended December 31, 2009, with a comparison to the financial condition and results of operations for the comparable period in 2008 and 2007.

This MD&A should be read in conjunction with Crombie's audited consolidated financial statements and accompanying notes for the years ended December 31, 2009, December 31, 2008 and December 31, 2007 and the related MD&A's for those periods. Information in this MD&A related to the years ended December 31, 2008 and December 31, 2007, and the quarterly information from those years has been restated to reflect the retrospective application of the change in accounting policy related to the accounting for recoverable capital expenditures. Information about Crombie can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

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

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

- (i) the development of new properties under 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) reinvesting to make improvements to existing 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 supply of competitive 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) the effect that any contingencies would have on Crombie's financial statements;
- (x) the continued investment in training and resources throughout the International Financial Reporting Standards ("IFRS") transition and the effect the adoption of IFRS may have on Crombie's future financial statements;
- (xi) the assumed estimated impact per unit upon future settlement of the interest rate swap agreements which may be impacted by changes in Canadian bond yields and swap spreads, as well as the timing and type of financing available and the related amortization period thereon;
- (xii) anticipated replacement of expiring tenancies, which could be impacted by the effects of general economic conditions and the supply of competitive locations; and

(xiii) the acquisitions of the remaining properties in the portfolio acquisition announced on November 5, 2009, which is subject to the conditions of closing.

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"), adjusted funds from operations ("AFFO"), debt to gross book value, funds from operations ("FFO") and earnings before interest, taxes, depreciation and amortization ("EBITDA"). Management includes these measures because it believes certain investors use these measures as a means of assessing relative financial performance.

INTRODUCTION

Financial and Operational Summary

Comparative figures have been restated for retrospective application of the change in accounting policy related to the accounting for recoverable capital expenditures. Comparative AFFO information has been restated to reflect the retrospective application of the settlement of effective interest rate swap agreements.

<i>(in thousands of dollars, except per unit amounts and as otherwise noted)</i>	Year Ended Dec. 31, 2009	Year Ended Dec. 31, 2008	Quarter Ended Dec. 31, 2009	Quarter Ended Dec. 31, 2008
Property revenue	\$207,254	\$188,142	\$52,378	\$52,522
Net income	\$10,748	\$14,588	\$3,523	\$5,403
Basic and diluted net income per unit	\$0.36	\$0.57	\$0.11	\$0.20
FFO	\$66,510	\$70,784	\$18,106	\$18,933
FFO per unit ⁽¹⁾	\$1.17	\$1.44	\$0.30	\$0.36
FFO payout ratio (%)	76.8%	62.2%	74.9%	61.5%
AFFO	\$18,260	\$43,552	\$(7,511)	\$13,521
AFFO per unit ⁽¹⁾	\$0.32	\$0.89	\$(0.12)	\$0.26
AFFO payout ratio (%)	279.7%	101.1%	N/A%	86.2%

(1) FFO and AFFO per unit are calculated as FFO or AFFO, as the case may be, divided by the diluted weighted average of the total Units and Special Voting Units outstanding of 56,846,648 for the year ended December 31, 2009 and 49,172,845 for the year ended December 31, 2008, 60,970,029 for the quarter ended December 31, 2009 and 52,351,464 for the quarter ended December 31, 2008.

Overview of the Business and Recent Developments

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

Crombie invests in income-producing retail, office and mixed-use properties in Canada, with a future growth strategy focused primarily on the acquisition of retail properties. At December 31, 2009, Crombie owned a portfolio of 113 commercial properties in seven provinces, comprising approximately 11.2 million square feet of gross leaseable area ("GLA"). Empire Company Limited ("Empire"), through ECL, holds a 47.4% economic and voting interest in Crombie at December 31, 2009.

The most significant acquisition completed by Crombie since the initial public offering ("IPO") was a 61 retail property portfolio (the "Portfolio Acquisition") on April 22, 2008. This transaction represented approximately 3.3 million square feet of GLA acquired from certain affiliates of Empire Company Limited ("Empire Subsidiaries"). The cost of the Portfolio Acquisition was \$428,500, excluding closing and transaction costs. The portfolio consisted of 40 single-use freestanding Sobeys grocery stores of various Sobeys banners, 20 Sobeys anchored retail plazas and one Sobeys anchored partially enclosed centre.

The Portfolio Acquisition was financed by:

- A public offering of 5,727,750 subscription receipts, including the over-allotment option, at a price of \$11.00 per subscription receipt (each subscription receipt converted into one Unit of Crombie upon closing) for gross proceeds of \$63,005;
- The issuance of unsecured convertible debentures (the "Series A Debentures") for gross proceeds of \$30,000;
- The issuance of 5,000,000 Class B LP Units of Crombie Limited Partnership ("Class B LP Units") to Empire Subsidiaries at the \$11.00 offering price for gross proceeds of \$55,000;
- A draw on Crombie's revolving credit facility; and
- A \$280,000, 18 month floating rate term facility ("Term Facility").

The Term Facility has since been repaid as follows:

- \$191,000 of mortgage financing completed between September 30, 2008 and November 27, 2009;
- \$85,000 gross proceeds from the issuance of unsecured convertible debentures (the "Series B Debentures") on September 30, 2009; and
- A draw on Crombie's revolving credit facility.

On October 24, 2008, Crombie completed the sale of West End Mall in Halifax, Nova Scotia. Under GAAP, the financial position and operating results were reclassified on the financial statements for Crombie as assets and liabilities related to discontinued operations on a retrospective basis. The leasing and operating results tables in this MD&A also exclude the results of this property in the comparative information.

Significant developments during 2009 include:

- The closing of a public offering of 4,725,000 Units, including the underwriter's over-allotment option, at a price of \$7.80 per Unit for gross proceeds of \$36,855 on June 25, 2009;
- Concurrent with the above public offering, in satisfaction of its pre-emptive right, the purchase by ECL of 3,846,154 of Class B LP Units and the attached Special Voting Units, on a private-placement basis, at the \$7.80 offering price for gross proceeds of \$30,000;
- The closing of the \$85,000 Series B Debenture issue; and
- The agreement to acquire eight retail properties, representing approximately 336,000 square feet of GLA from ECL for a purchase price of approximately \$59,500, including closing and transaction cost (see "Subsequent Events").

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.

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

Enhance value of Crombie's assets: 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.

Expand asset base with accretive acquisitions: Crombie's external growth strategy focuses primarily on acquisitions of income-producing, grocery-anchored retail properties. Crombie pursues two sources of acquisitions which are third party acquisitions and the relationship with ECL. The relationship with ECL includes currently owned and future development properties, as well as opportunities through the rights of first refusal ("ROFR") that one of Empire's subsidiaries has negotiated in 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.

Crombie continues to work closely with ECL 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. Through this relationship, Crombie expects to have the benefits associated with development while limiting its exposure to the inherent risks of development, such as real estate market cycles, cost overruns, labour disputes, construction delays and unpredictable general economic conditions. The development agreement also enables 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. This relationship between Crombie and ECL continues to provide promising opportunities for growth through future developments on both new and existing sites in Crombie's portfolio. The following table outlines the acquisitions completed since the IPO which highlight the growth opportunities provided through the Empire Subsidiaries / ECL relationship. On November 5, 2009 Crombie entered into an agreement to acquire eight additional properties from Empire Subsidiaries which is expected to close in the first quarter of 2010 (see Subsequent Events):

Property	Date Acquired	Property Type	GLA (sq. ft.)	Acquisition Cost ⁽¹⁾	Vendor
Brampton Plaza, Brampton, Ontario	Oct. 2, 2006	Retail - Plaza	66,000	\$13,160	Empire Subsidiaries
Taunton & Wilson Plaza, Oshawa, Ontario	Oct. 2, 2006	Retail - Plaza	83,000	\$18,725	Empire Subsidiaries
Burlington Plaza, Burlington, Ontario	Dec. 20, 2006	Retail - Plaza	56,000	\$14,200	3 rd party
The Mews of Carleton Place, Carleton Place, Ontario	Jan. 17, 2007	Retail - Plaza	80,000	\$11,800	3 rd party
Perth Mews Shopping Mall, Perth, Ontario	Mar. 7, 2007	Retail - Plaza	103,000	\$17,900	3 rd party
International Gateway Centre, Fort Erie, Ontario	Jul. 26, 2007	Retail - Plaza	93,000	\$19,200	ROFR
Brossard-Longueuil, Brossard, Quebec	Aug. 24, 2007	Retail - Freestanding	39,000	\$7,300	ROFR
Town Centre, LaSalle, Ontario	Oct. 15, 2007	Retail - Plaza	88,000	\$12,700	3 rd party
Portfolio Acquisition (61 properties)	Apr. 22, 2008	Retail – Freestanding	1,589,000	\$428,500	Empire Subsidiaries
		Retail – Plaza	1,571,000		
		Retail – Enclosed	128,000		
River City Centre, Saskatoon, Saskatchewan	Jun. 12, 2008	Retail – Plaza	160,000	\$27,200	3 rd party
Total			4,056,000	\$570,685	

(1) Excluding closing and transaction costs.

ECL currently owns approximately 1.8 million square feet in 20 development properties 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. The properties are primarily retail plazas and approximately 50% of the GLA of the 20 properties is located outside of Atlantic Canada. These properties are anticipated to be made available to Crombie over the next five years.

Business Environment

The global economic recession and credit crisis had a significant impact on the real estate industry in the second half of 2008 and continued for much of 2009. During this period, credit markets experienced a dramatic reduction in liquidity as both the ability and willingness of financial institutions to lend money was greatly reduced and financial institutions became increasingly risk adverse. During this time, Crombie took a cautious approach with respect to liquidity and use of available capital resources. While the credit environment is improving, the possibility of tightening credit availability and terms continue to be a major risk to the capital intensive real estate investment trust ("REIT") business environment. Crombie has been able to successfully raise equity and unsecured convertible debenture financing to further strengthen its available capital resources.

The turmoil in the financial markets also caused bond yields to materially decline and dramatically reduced interest rate swap spreads. This resulted in a significant deterioration of the values for the interest rate swap agreements Crombie had entered into to hedge its exposure to potential increases in Canadian bond yields associated with variable rate debt and future debt issuances. The impact is more fully explained under the "Risk Management" section of this MD&A.

In light of the economic recession and credit crisis, capitalization rates began to expand in early 2009. While higher capitalization rates normally make acquisition opportunities more affordable, the higher cost of capital caused by the tightening credit markets and the higher yield on Crombie's equity made it very challenging to find and fund accretive acquisitions. The recent improvement in both the credit and equity markets have improved Crombie's cost of capital to the level where accretive acquisitions could be considered. As a result, Crombie was able to enter into an agreement in late 2009 to acquire eight retail properties from ECL. Crombie will only pursue acquisitions that provide an acceptable return, including any acquisitions that may result from the relationship between Crombie and ECL.

In terms of occupancy rates, both the retail and office markets where Crombie has a prominent presence remain relatively stable. The overall business environment outlook is cautiously optimistic, influenced by the early recovery noted in the U.S. and Canadian economies however there remains a lack of clarity as to the sustainability of the recovery. One offsetting factor is that many of Crombie's retail locations are anchored by food stores, which typically are less affected by swings in consumer spending.

2009 HIGHLIGHTS

- Crombie completed an equity offering of 4,725,000 Units and 3,846,154 Class B LP Units for gross proceeds of \$66,855 on June 25, 2009.
- Crombie completed an offering of Series B Debentures for gross proceeds of \$85,000 on September 30, 2009.
- Crombie completed the replacement of the Term Facility in November of 2009.
- Debt to gross book value was 52.4% at December 31, 2009 compared to 54.4% at December 31, 2008.
- Property revenue for the year ended December 31, 2009 of \$207,254 represented an increase of \$19,112 compared to \$188,142 for the year ended December 31, 2008.
- Same-asset NOI for the year ended December 31, 2009 of \$87,740 decreased by \$857, or less than 1%, compared to \$88,597 for the year ended December 31, 2008.
- Crombie completed leasing activity on 729,000 square feet of GLA during 2009, which represents approximately 103.7% of its 2009 expiring leases.
- Average net rent per square foot from the leasing activity increased to \$13.73 from the expiring rent per square foot of \$13.58, an increase of 1.1%.
- Occupancy for the properties was 94.7% at December 31, 2009 compared with 94.2% at September 30, 2009 and 94.9% at December 31, 2008.
- The FFO payout ratio for the year ended December 31, 2009 was 76.8% which was unfavourable to the target annual payout ratio of 70% and unfavourable to the payout ratio of 62.2% for the same period in 2008. Excluding the impact of the ineffective swap settlement amount, this FFO payout ratio would have been 68.4% in 2009.
- The AFFO payout ratio for the year ended December 31, 2009 was 279.7% which was unfavourable to the target annual AFFO payout ratio of 95% and was unfavourable to the payout ratio of 101.1% for the same period in 2008. Excluding the impact of the swaps settled, this AFFO payout ratio would have been 96.7% in 2009 and 93.4% in 2008.
- Crombie's interest service coverage for the year ended December 31, 2009 was 2.80 times EBITDA and debt service coverage was 1.94 times EBITDA, compared to 2.78 times EBITDA and 2.02 times EBITDA, respectively, for the same period in 2008.
- On August 6, 2009, Crombie appointed Donald E. Clow, FCA, as its new President and Chief Executive Officer to replace the retiring J. Stuart Blair.

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Profile

At December 31, 2009 the property portfolio consisted of 113 commercial properties that contain approximately 11.2 million square feet of GLA. The properties are located in seven provinces: Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Ontario, Quebec and Saskatchewan.

As at December 31, 2009, 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	41	5,065,000	45.2%	41.0%	95.1%
Ontario	22	1,646,000	14.7%	16.9%	95.9%
New Brunswick	20	1,634,000	14.6%	12.3%	89.9%
Newfoundland and Labrador	13	1,490,000	13.3%	17.5%	94.7%
Quebec	13	825,000	7.4%	7.7%	98.4%
Prince Edward Island	3	385,000	3.4%	3.1%	94.3%
Saskatchewan	1	160,000	1.4%	1.5%	97.8%
Total	113	11,205,000	100.0%	100.0%	94.7%

(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.

Overall occupancy has increased from 94.2% at September 30, 2009 to 94.7% at December 31, 2009 primarily due to the 47,000 square feet of committed renewals and 16,000 square feet of new leasing activity in the quarter.

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

From time to time, Crombie will commence redevelopment work on a property to enhance the economic viability of a location when the environment in which it operates warrants. Crombie currently has five properties that are under redevelopment. Fort Edward Mall in Windsor, Nova Scotia is nearing completion of converting from a retail enclosed property to a retail plaza. The property was reconfigured to replace the previous SAAN location and several small tenants with new Hart and Dollarama locations. Valley Mall in Corner Brook, Newfoundland and Labrador is being reconfigured to replace an existing food court with a new Hart store. Fairvale Plaza in New Brunswick is being redeveloped to facilitate the renovation and expansion of an existing Sobeys store and additional customer parking. Charlotte Mall, St. Stephen, New Brunswick is being converted from an enclosed mall to a retail plaza. Finally, Aberdeen Shopping Centre in New Glasgow, Nova Scotia is being expanded to accommodate the needs of Pictou County Health Authority. Costs for properties under redevelopment are classified as productive capacity enhancements to the extent that Crombie determines they are financeable costs by virtue of increasing a property's NOI and appraised value by a minimum threshold (see "Tenant Improvements and Capital Expenditures").

The following table outlines properties under redevelopment:

Province	Property	GLA	Redevelopment	Estimated Cost	Incurred To Date	Estimated Completion
Nova Scotia	Fort Edward Mall	140,000	Convert from retail enclosed to retail plaza	\$1,400	\$1,064	June 2010
Nova Scotia	Aberdeen Centre	392,000	Expansion for Pictou County Health	\$4,300	\$513	July 2010
Newfoundland & Labrador	Valley Mall	166,000	Replace food court with Hart Store	\$1,900	\$812	April 2010
New Brunswick	Fairvale Plaza	52,000	Expand Sobeys and add additional parking	\$800	\$340	May 2010
New Brunswick	Charlotte Mall	113,000	Convert from retail enclosed to retail plaza Phase I	\$1,800	\$667	June 2010

Largest Tenants

The following table illustrates the ten largest tenants in Crombie's portfolio of income-producing properties as measured by their percentage contribution to total annual minimum base rent as at December 31, 2009.

Tenant	% of Annual Minimum Rent	Average Remaining Lease Term
Sobeys ⁽¹⁾	32.7%	16.1 years
Empire Theatres	2.2%	8.3 years
Zellers	2.2%	8.0 years
Shoppers Drug Mart	2.0%	7.0 years
Nova Scotia Power Inc	1.9%	1.3 years
CIBC	1.6%	17.2 years
Province of Nova Scotia	1.4%	6.0 years
Bell (Aliant)	1.4%	8.7 Years
Public Works Canada	1.3%	1.7 Years
Good Life Fitness	1.3%	7.5 Years
Total	48.0%	

(1) Excludes Lawtons and Fast Fuel locations.

Crombie's portfolio is leased to a wide variety of tenants. Other than Sobeys, that accounts for 32.7% of the annual minimum rent, no other tenant accounts for more than 2.2% of Crombie's minimum rent. Nova Scotia Power Inc. ("NSPI") occupies 184,500 square feet in Barrington Tower, Halifax, Nova Scotia, under a lease that expires April 2011. NSPI has indicated that they will not be renewing their lease, which at the end of the term has rent per square foot of \$13.00. Of this space, approximately 56,800 square feet are already under sub-lease by NSPI to other tenants. Crombie has begun negotiations with the existing sub-leased tenants in addition to potential new tenants for the remaining space. While Crombie anticipates periods of vacancy once NSPI vacates, Crombie is confident of being able to replace NSPI with new tenancies. Public Works Canada occupies 74,563 square feet in six properties with an average remaining lease term of 1.7 years. Crombie anticipates that 68,848 square feet of that space will be renewed at market rates.

Lease Maturities

The following table sets out as of December 31, 2009 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 10.1 years.

Year	Number of			Average Net Rent per Sq. Ft. at Expiry (\$)
	Leases	Renewal Area (sq. ft.)	% of Total GLA	
2010	255	774,000	6.9%	\$13.44
2011	222	1,028,000	9.2%	\$14.43
2012	172	901,000	8.1%	\$11.99
2013	160	879,000	7.8%	\$11.92
2014	157	503,000	4.5%	\$17.56
Thereafter	368	6,520,000	58.2%	\$12.57
Total	1,334	10,605,000	94.7%	\$12.97

2009 Portfolio Lease Expiries and Leasing Activity

The portfolio lease expiries and leasing activity for the year ending December 31, 2009 were as follows:

	Retail - Freestanding	Retail - Plazas	Retail - Enclosed	Office	Mixed-use	Total
Expiries (sq. ft.)	--	160,000	220,000	103,000	220,000	703,000
Average net rent per sq. ft.	\$--	\$16.28	\$13.97	\$12.66	\$11.64	\$13.58
Committed renewals (sq. ft.)	--	94,000	116,000	52,000	127,000	389,000
Average net rent per sq. ft.	\$--	\$16.34	\$16.57	\$12.98	\$11.27	\$14.30
New leasing (sq. ft.)	4,000	66,000	168,000	47,000	55,000	340,000
Average net rent per sq. ft.	\$23.00	\$15.68	\$10.55	\$14.70	\$15.55	\$13.09
Total renewals/new leasing (sq. ft.)	4,000	160,000	284,000	99,000	182,000	729,000
Total average net rent per sq. ft.	\$23.00	\$16.06	\$13.01	\$13.80	\$12.56	\$13.73

During the year ended December 31, 2009, Crombie had renewals or entered into new leases in respect of approximately 729,000 square feet at an average net rent of \$13.73 per square foot, compared with expiries for 2009 of approximately 703,000 square feet at an

average net rent of \$13.58 per square foot. Of the 703,000 square feet of expiries, approximately 135,000 square feet involve tenants that are still paying property revenues on a holdover basis. Rent per square foot for the completed new leasing activity in the retail enclosed properties is below the average net rent per square foot of total expiries in 2009 due primarily to one relatively large lease in a small rural location to replace the last vacant SAAN store that went into bankruptcy in 2008, plus two new anchor leases to complete the Highland Square renovation in New Glasgow, Nova Scotia. Overall, committed renewals and new leasing activity have resulted in an increase in average net rent per square foot of 1.1%. Excluding the impact of the three specific retail enclosed lease deals, average net rent per square foot has increased 5.8% over 2009 expired rents.

Sector Information

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

As at December 31, 2009, the portfolio distribution of the GLA by asset type was as follows:

Asset Type	Number of Properties	GLA (sq. ft.)	% of GLA	% of Annual Minimum Rent	Occupancy ⁽¹⁾
Retail – Freestanding	42	1,699,000	15.2%	15.6%	100.0%
Retail – Plazas	44	3,969,000	35.4%	36.8%	96.3%
Retail – Enclosed	14	2,782,000	24.8%	25.3%	91.9%
Office	5	1,048,000	9.4%	9.0%	88.0%
Mixed-Use	8	1,707,000	15.2%	13.3%	94.1%
Total	113	11,205,000	100.0%	100.0%	94.7%

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

As at December 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 - Freestanding	42	1,696,000	15.2%	15.7%	100.0%
Retail – Plazas	44	3,974,000	35.5%	37.2%	96.7%
Retail - Enclosed	14	2,756,000	24.6%	24.5%	90.4%
Office	5	1,048,000	9.4%	9.0%	89.7%
Mixed-Use	8	1,706,000	15.3%	13.6%	96.1%
Total	113	11,180,000	100.0%	100.0%	94.9%

(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 December 31, 2009, the square feet under lease subject to lease maturities during the periods indicated.

Year	Retail – Freestanding		Retail - Plazas		Retail – Enclosed	
	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
2010	--	--%	274,000	6.9%	217,000	7.8%
2011	1,000	0.1%	304,000	7.7%	141,000	5.1%
2012	5,000	0.3%	304,000	7.7%	137,000	4.9%
2013	--	--%	389,000	9.8%	216,000	7.8%
2014	3,000	0.2%	194,000	4.9%	184,000	6.6%
Thereafter	1,690,000	99.4%	2,356,000	59.3%	1,662,000	59.7%
Total	1,699,000	100.0%	3,821,000	96.3%	2,557,000	91.9%

Year	Office		Mixed – Use		Total	
	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
2010	89,000	8.5%	194,000	11.4%	774,000	6.9%
2011	364,000	34.7%	218,000	12.8%	1,028,000	9.2%
2012	118,000	11.3%	337,000	19.7%	901,000	8.1%
2013	106,000	10.1%	168,000	9.8%	879,000	7.8%
2014	91,000	8.7%	31,000	1.9%	503,000	4.5%
Thereafter	155,000	14.7%	657,000	38.5%	6,520,000	58.2%
Total	923,000	88.0%	1,605,000	94.1%	10,605,000	94.7%

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

Year	Retail - Freestanding	Retail - Plazas	Retail - Enclosed	Office	Mixed - Use
2010	\$--	\$14.26	\$14.91	\$12.18	\$11.21
2011	\$37.50	\$14.47	\$19.95	\$14.23	\$11.03
2012	\$25.00	\$13.16	\$19.83	\$9.70	\$8.33
2013	\$--	\$9.76	\$14.25	\$13.50	\$12.91
2014	\$7.41	\$15.24	\$22.06	\$12.54	\$20.73
Thereafter	\$13.30	\$13.60	\$10.89	\$11.51	\$11.92
Total	\$13.35	\$13.37	\$13.31	\$12.74	\$11.24
2008 Total	\$13.38	\$13.34	\$13.38	\$12.59	\$10.95

FINANCIAL RESULTS

Comparison to Previous Years

Comparative figures have been restated for retrospective application of the change in accounting policy related to the accounting for recoverable capital expenditures. Comparative AFFO information has been restated to reflect the retrospective application of the impact of settlement of effective interest rate swap agreements.

	As at December 31,		
	2009	2008	2007
Total assets	\$1,457,166	\$1,483,219	\$1,013,982
Total commercial property debt and convertible debentures	\$817,227	\$837,939	\$493,945
Debt to gross book value ⁽¹⁾	52.4%	54.4%	48.0%

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

<i>(In thousands of dollars, except where otherwise noted)</i>	Year Ended		
	December 31, 2009	December 31, 2008	December 31, 2007
Property revenue	\$207,254	\$188,142	\$141,235
Property expenses	75,762	70,370	57,267
Property NOI	131,492	117,772	83,968
NOI margin percentage	63.4%	62.6%	59.5%
Expenses:			
General and administrative	9,274	8,636	8,177
Interest	46,319	39,232	24,913
Depreciation and amortization	46,031	43,786	29,692
	101,624	91,654	62,782
Income from continuing operations before other items, income taxes and non-controlling interest	29,868	26,118	21,186
Other income (expenses)	(9,389)	179	--
Income from continuing operations before income taxes and non-controlling interest	20,479	26,297	21,186
Income taxes expense (recovery) - Future	(100)	(1,490)	1,030
Income from continuing operations before non-controlling interest	20,579	27,787	20,156
Write down of assets held for sale	--	(408)	--
Income from discontinued operations	--	649	394
Income before non-controlling interest	20,579	28,028	20,550
Non-controlling interest	9,831	13,440	9,891
Net income	\$10,748	\$14,588	\$10,659
Income from continuing operations per unit, Basic and Diluted	\$0.36	\$0.56	\$0.47
Net Income per Unit, Basic and Diluted	\$0.36	\$0.57	\$0.49
Basic weighted average Units outstanding (in 000's)	29,612	25,478	21,535
Diluted weighted average Units outstanding (in 000's)	29,765	25,596	21,646
Distributions per unit to unitholders	\$0.89	\$0.87	\$0.83

Net income for the year ended December 31, 2009 of \$10,748 decreased by \$3,840 from \$14,588 for the year ended December 31, 2008. The decrease was primarily due to:

- expense on settlement of an ineffective interest rate swap agreement and the associated write off of deferred financing charges; offset in part by;
- higher property NOI from the Saskatoon and Portfolio Acquisitions; less the higher interest and depreciation and amortization charges applicable to those acquisitions.

Property Revenue and Property Expenses

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008	
Same-asset property revenue	\$149,189	\$149,376	\$(187)
Acquisition property revenue	58,065	38,766	19,299
Property revenue	\$207,254	\$188,142	\$19,112

Same-asset property revenue of \$149,189 for the year ended December 31, 2009 was 0.1% lower than the year ended December 31, 2008 due to:

- a one-time head lease adjustment upon final release of the obligation governing the agreement between ECL and Crombie for County Fair Mall in Prince Edward Island and Uptown Centre in New Brunswick;
- reduced rental revenue and recoveries at the Terminal Centres office complex in New Brunswick;
- reduced revenue at the Scotia Square Parkade in Nova Scotia due to ongoing parking deck and structural repairs; and
- the expiring of Sobeys lease at Loch Lomond Mall in New Brunswick;
- partially offset by the increased average rent per square foot (\$12.42 in 2009 and \$12.26 in 2008)

Excluding the one time head lease adjustment, same-asset revenue would have been 0.2% higher in 2009 than in 2008. The adjustment was paid to ECL to reflect their overachievement in the leasing results for these two locations which will benefit Crombie in higher rental income on an ongoing basis.

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008 ⁽¹⁾	
Same-asset property expenses	\$61,449	\$60,779	\$(670)
Acquisition property expenses	14,313	9,591	(4,722)
Property expenses	\$75,762	\$70,370	\$(5,392)

(1) Comparative figures have been restated for retrospective changes in GAAP.

Same-asset property expenses of \$61,449 for the year ended December 31, 2009 were 1.1% higher than the year ended December 31, 2008 due primarily to increased recoverable property taxes and common area expenses.

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008	
Same-asset property NOI	\$87,740	\$88,597	\$(857)
Acquisition property NOI	43,752	29,175	14,577
Property NOI	\$131,492	\$117,772	\$13,720

Same-asset NOI for the year ended December 31, 2009 remained relatively stable as it decreased by just under 1.0% from the year ended December 31, 2008. Excluding the one-time head lease adjustment, the same-asset NOI would have increased by 0.2% over 2008.

Property NOI for the year ended December 31, 2009 by region was as follows:

<i>(In thousands of dollars)</i>	2009			2008		Variance
	Property Revenue	Property Expenses	Property NOI	NOI % of revenue	NOI % of revenue	
Nova Scotia	\$94,109	\$38,841	\$55,268	58.7%	58.4%	0.3%
Newfoundland and Labrador	32,903	9,658	23,245	70.6%	70.5%	0.1%
New Brunswick	24,721	10,437	14,284	57.8%	55.6%	2.2%
Ontario	32,830	10,612	22,218	67.7%	66.0%	1.7%
Prince Edward Island	4,849	1,280	3,569	73.6%	70.4%	3.2%
Quebec	14,998	4,140	10,858	72.4%	74.8%	(2.4)%
Saskatchewan	2,844	794	2,050	72.1%	75.3%	(3.2)%
Total	\$207,254	\$75,762	\$131,492	63.4%	62.6%	0.8%

The overall 0.8% increase in NOI as a percentage of revenue, as well as specific provincial increases in Nova Scotia, Newfoundland and Labrador, New Brunswick, Ontario and Prince Edward Island was primarily due to the Portfolio Acquisition. Quebec's decrease in NOI as a percentage of revenue is attributable to higher recoverable common area expenses. The decrease in NOI in Saskatchewan is due to higher annualized property expenses from this June 2008 acquired property. Nova Scotia and New Brunswick have lower NOI as a percentage of revenue results when compared to the other provinces as these provincial portfolios hold the office and mixed-use properties which typically have lower NOI percentage returns.

General and Administrative Expenses

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

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008	
Salaries and benefits	\$4,696	\$4,185	\$(511)
Professional fees	1,875	2,107	232
Public company costs	1,069	905	(164)
Rent and occupancy	747	687	(60)
Other	887	752	(135)
General and administrative expenses	\$9,274	\$8,636	\$(638)
As a percentage of property revenue	4.5%	4.6%	0.1%

General and administrative expenses, as a percentage of property revenue, decreased by 0.1% for the year ended December 31, 2009 when compared to the same period in 2008. Total general and administrative expenses increased to \$9,274 for the 2009 year ended compared to \$8,636 for the year ended December 31, 2008. The increase was primarily due to one-time costs associated with the retirement of Crombie's Chief Executive Officer on August 5, 2009, offset in part by reduced incentive payments.

Interest Expense

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008	
Same-asset interest expense	\$26,782	\$26,358	\$(424)
Acquisition interest expense	19,537	12,874	(6,663)
Interest expense	\$46,319	\$39,232	\$(7,087)

Same-asset interest expense of \$26,782 for the year ended December 31, 2009 increased by 1.6% when compared to the year ended December 31, 2008. The same-asset interest expense reflects increased costs due to the amortization of the effective, settled interest rate swap agreements offset in part by a decrease in the floating interest rate on the revolving credit facility.

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 at Crombie's IPO for their remaining term. The remaining mortgage terms mature between February 2010 and April 2022, and management expects to realize a further \$7,733 over that period. The amount of the interest rate subsidy received during the year ended December 31, 2009 was \$3,085 (year ended December 31, 2008 - \$3,333). 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").

Depreciation and Amortization

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008 ⁽¹⁾	
Same-asset depreciation and amortization	\$28,305	\$31,676	\$3,371
Acquisition depreciation and amortization	17,726	12,110	(5,616)
Depreciation and amortization	\$46,031	\$43,786	\$(2,245)

(1) Comparative figures have been restated for retrospective changes in GAAP

Same-asset depreciation and amortization of \$28,305 for the year ended December 31, 2009 was 10.6% lower than the year ended December 31, 2008 due primarily to the intangible assets related to the origination costs and the in-place leases associated with the properties purchased at the date of IPO being fully amortized, offset in part by depreciation on fixed asset additions and amortization on tenant improvements and lease costs incurred since December 31, 2008. Depreciation and amortization consists of:

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008 ⁽¹⁾	
Depreciation of commercial properties	\$18,765	\$16,398	\$(2,367)
Depreciation of recoverable capital expenditures	1,050	929	(121)
Amortization of tenant improvements/lease costs	4,272	3,488	(784)
Amortization of intangible assets	21,944	22,971	1,027
Depreciation and amortization	\$46,031	\$43,786	\$(2,245)

(1) Comparative figures have been restated for retrospective changes in GAAP

Other Income (Expenses)

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008	
Expense related to settlement of an ineffective swap	\$(8,139)	\$--	\$(8,139)
Write off of deferred financing charges	(1,860)	--	(1,860)
Other income items	610	179	431
	\$(9,389)	\$179	\$(9,568)

On September 14, 2009 in connection with the September 30, 2009 Series B Debenture issue, Crombie settled an interest rate swap agreement of a notional amount of \$84,000 for a settlement amount of \$8,139. The delayed interest rate swap hedge had been designated to mitigate exposure to interest rate increases prior to replacing the Term Facility with long-term financing. Due to the conversion option in the Series B Debenture issue, the associated interest rate swap agreement was no longer deemed to be an effective hedge. As a result, Crombie recognized an expense in net income for the year ended December 31, 2009 for the settlement amount. In addition, Crombie wrote off the deferred financing charges related to the repaid component of the Term Facility.

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 otherwise apply to trusts classified as specified investment flow-through entities ("SIFTS").

Crombie 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. Crombie's management and its advisors have completed an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it met the REIT criteria throughout the 2008 and 2009 fiscal years. The relevant tests apply throughout the taxation year of Crombie and, as such the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

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

Sector Information

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

Retail Freestanding Properties

<i>(In thousands of dollars, except as otherwise noted)</i>	Year Ended December 31, 2009			Year Ended December 31, 2008		
	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	\$1,702	\$26,085	\$27,787	\$1,521	\$17,706	\$19,227
Property expenses	424	5,187	5,611	260	4,291	4,551
Property NOI	\$1,278	\$20,898	\$22,176	\$1,261	\$13,415	\$14,676
NOI Margin %	75.1%	80.1%	79.8%	82.9%	75.8%	76.3%
Occupancy %	100%	100%	100%	100.0%	100.0%	100.0%

The improvement in the retail freestanding property NOI was caused by the Portfolio Acquisition. The same-asset property NOI remained virtually unchanged, while the same-asset NOI margin % is lower as a result of increases in recoverable expenses for landscaping, paving, and taxes.

Retail Plaza Properties

<i>(In thousands of dollars, except as otherwise noted)</i>	Year Ended December 31, 2009			Year Ended December 31, 2008		
	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	\$41,204	\$30,162	\$71,366	\$41,082	\$19,865	\$60,947
Property expenses	13,508	8,529	22,037	13,679	4,971	18,650
Property NOI	\$27,696	\$21,633	\$49,329	\$27,403	\$14,894	\$42,297
NOI Margin %	67.2%	71.7%	69.1%	66.7%	75.0%	69.4%
Occupancy %	94.9%	98.1%	96.3%	95.5%	97.7%	96.7%

The increase in the retail plaza property NOI was primarily caused by the Portfolio Acquisition. NOI margin % is lower for the acquisition properties due to increased recoverable expenses for taxes and snow clearing.

Retail Enclosed Properties

<i>(In thousands of dollars, except as otherwise noted)</i>	Year Ended December 31, 2009			Year Ended December 31, 2008		
	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	\$48,029	\$1,818	\$49,847	\$47,511	\$1,195	\$48,706
Property expenses	17,406	597	18,003	17,349	329	17,678
Property NOI	\$30,623	\$1,221	\$31,844	\$30,162	\$866	\$31,028
NOI Margin %	63.8%	67.2%	63.9%	63.5%	72.5%	63.7%
Occupancy %	92.1%	87.9%	91.9%	90.2%	94.0%	90.4%

The improvement in retail enclosed property NOI was primarily caused by the improved results at Avalon Mall in St. John's, Newfoundland and Labrador and the Portfolio Acquisition, partially offset by the one-time head lease adjustment as previously discussed. The acquisition property is represented by Fundy Trail Mall, Truro, Nova Scotia. NOI margin % and occupancy declined in this property compared to 2008 due primarily to the loss of one large tenant.

Office Properties

<i>(In thousands of dollars, except as otherwise noted)</i>	Year Ended December 31, 2009			Year Ended December 31, 2008		
	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	\$23,117	\$--	\$23,117	\$23,550	\$--	\$23,550
Property expenses	12,580	--	12,580	12,425	--	12,425
Property NOI	\$10,537	\$--	\$10,537	\$11,125	\$--	\$11,125
NOI Margin %	45.6%	--%	45.6%	47.2%	--%	47.2%
Occupancy %	88.0%	--%	88.0%	89.7%	--%	89.7%

Occupancy levels have decreased slightly at the Halifax Developments Properties when compared to the prior year, while occupancy remained steady at Terminal Centres in Moncton, New Brunswick. Higher net rent per square foot at the Halifax Developments Properties was offset by lower rent at Terminal Centres due to a decline in the rent per square foot leasing results. Halifax Developments also incurred higher common area expenses resulting in overall lower property NOI and NOI margin % for the office properties in 2009 compared to 2008.

Mixed-Use Properties

<i>(In thousands of dollars, except as otherwise noted)</i>	Year Ended December 31, 2009			Year Ended December 31, 2008		
	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	\$35,137	\$--	\$35,137	\$35,712	\$--	\$35,712
Property expenses	17,531	--	17,531	17,066	--	17,066
Property NOI	\$17,606	\$--	\$17,606	\$18,646	\$--	\$18,646
NOI Margin %	50.1%	--%	50.1%	52.2%	--%	52.2%
Occupancy %	94.1%	--%	94.1%	96.1%	--%	96.1%

The decrease in mixed-use occupancy levels from 96.1% in 2008 to 94.1% in 2009 was a result of the decline in occupancy in Aberdeen Business Centre, New Glasgow, Nova Scotia due to ongoing redevelopment work. Property revenue was primarily reduced as a result of ongoing parking deck and structural repairs at Scotia Square parkade while property expenses were primarily increased due to higher property taxes at this same location.

OTHER 2009 PERFORMANCE MEASURES

FFO and AFFO 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 provided by operating activities or any other measure prescribed under GAAP. FFO represents a supplemental non-GAAP industry-wide financial measure of a real estate organization's operating performance. AFFO is presented in this MD&A because management believes this non-GAAP measure is relevant to the ability of Crombie to earn and distribute returns to unitholders. Due to the accounting changes related to the capitalization of items previously classified as deferred tenant charges, and Crombie adjusting the treatment of swap settlements for AFFO purposes, FFO and AFFO for prior periods have been restated. FFO and AFFO as computed by Crombie may differ from similar computations as reported by other REIT's and, accordingly, may not be comparable to other such issuers.

Funds from Operations

FFO 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 year ended December 31, 2009 and 2008 is as follows:

<i>(In thousands of dollars)</i>	Year Ended		
	December 31, 2009	December 31, 2008	Variance
		(as restated)	
Net income	\$10,748	\$14,588	\$(3,840)
Add (deduct):			
Non-controlling interest	9,831	13,440	(3,609)
Depreciation of commercial properties	18,765	16,398	2,367
Depreciation of recoverable capital expenditures	1,050	929	121
Amortization of tenant improvements/lease costs	4,272	3,488	784
Amortization of intangible assets	21,944	22,971	(1,027)
Depreciation and amortization on discontinued operations	--	129	(129)
Future income taxes recovery	(100)	(1,490)	1,390
Write down of asset held for sale	--	408	(408)
Loss (gain) on disposal of assets	--	(77)	77
FFO	\$66,510	\$70,784	\$(4,274)

The reduction in FFO for the year ended December 31, 2009 was primarily due to the impact of the settlement of the ineffective interest rate swap agreement, partially offset by the higher net acquisition property results as previously discussed.

Adjusted Funds from Operations

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

During the third quarter of 2009 Crombie amended its calculation of AFFO. The amendment reflects the fact that, in accordance with GAAP, Crombie's financial statements reflect two distinct accounting treatments for the settlement of interest rate swap agreements. Settlement amounts related to interest rate swap agreements deemed ineffective hedges during the year have been expensed in full, while settlement amounts related to interest rate swap agreements deemed effective hedges continue to be deferred and amortized. Having two distinct accounting treatments complicates the evaluation of the economic recurring performance of Crombie's operating activities. Thus, management has decided to amend its calculation of AFFO to deduct both effective and ineffective swap settlement costs. Management believes that this presentation better reflects the true economic costs of the swap settlement in the period settled and eliminates the distortion to future AFFO calculations of any non-cash swap amortization. Crombie has restated comparative AFFO calculations to reflect this change retrospectively. The calculation of AFFO for the year ended December 31, 2009 and 2008 is as follows:

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008 (as restated)	
FFO	\$66,510	\$70,784	\$(4,274)
Add:			
Amortization of effective swap agreements	1,641	184	1,457
Above-market lease amortization	3,102	3,058	44
Non-cash revenue impacts on discontinued operations	--	12	(12)
Less:			
Below-market lease amortization	(8,197)	(7,290)	(907)
Straight-line rent adjustment	(3,162)	(1,932)	(1,230)
Maintenance capital expenditures	(6,126)	(8,647)	2,521
Maintenance TI and leasing costs	(7,443)	(8,835)	1,392
Settlement of effective interest rate swap agreements	(28,065)	(3,782)	(24,283)
AFFO	\$18,260	\$43,552	\$(25,292)

The AFFO result for the year ended December 31, 2009 was affected by the increased settlement costs on effective interest rate swaps and the decrease in FFO for the period, offset in part by lower maintenance capital and TI and leasing expenditures. Details of the maintenance capital and TI and leasing expenditures are outlined in the "Tenant Improvement and Capital Expenditures" section of the MD&A.

As discussed in the "Risk Management" section of this MD&A, recent turmoil in the financial markets caused bond yields to materially decline and dramatically reduced interest rate swap spreads. This resulted in a significant deterioration of the values for the interest rate swap agreements Crombie had entered into to hedge its exposure to potential increases in Canadian bond yields associated with variable rate debt and future debt issuances. During 2009, as Crombie cash settled these interest rate swap agreements, the non-recurring impact of the settlements has had a material effect on the AFFO and AFFO payout ratio. Excluding the impact of the swaps settled (both effective and ineffective) during the year ended December 31, 2009, AFFO would have been \$52,823 and the AFFO payout ratio would have been 96.7% (year ended December 31, 2008 - \$47,150 and 93.4% respectively).

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:

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008 (as restated)	
Cash provided by operating activities	\$53,988	\$60,874	\$(6,886)
Add back (deduct):			
Recoverable/productive capacity enhancing TIs	190	2,584	(2,394)
Change in non-cash operating items	11,134	(6,086)	17,220
Unit-based compensation expense	(47)	(42)	(5)
Amortization of deferred financing charges	(2,815)	(1,349)	(1,466)
Write down of deferred financing charges	(1,860)	--	(1,860)
Settlement of ineffective interest rate swap agreement	(8,139)	--	(8,139)
Settlement of effective interest rate swap agreements	(28,065)	(3,782)	(24,283)
Maintenance capital expenditures	(6,126)	(8,647)	2,521
AFFO	\$18,260	\$43,552	\$(25,292)

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 revolving credit facility of up to \$150,000, of which \$106,160 was drawn at December 31, 2009, and the issue of new equity, mortgage debt, and unsecured convertible debentures pursuant to the Declaration of Trust.

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008	
Cash provided by (used in):			
Operating activities	\$53,988	\$60,874	\$(6,886)
Financing activities	\$(47,599)	\$346,752	\$(394,351)
Investing activities	\$(10,417)	\$(406,306)	\$395,889

Operating Activities

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008	
Cash provided by (used in):			
Net income and non-cash items	\$72,755	\$66,207	\$6,548
TI and leasing costs	(7,633)	(11,419)	3,786
Non-cash working capital	(11,134)	6,086	(17,220)
Cash provided by operating activities	\$53,988	\$60,874	\$(6,886)

Fluctuations in cash provided by operating activities are largely influenced by the change in non-cash working capital which can be affected by the timing of receipts and payments. The details of the TI and leasing costs during the year ended 2009 are outlined in the “Tenant Improvements and Capital Expenditures” section of the MD&A.

Financing Activities

<i>(In thousands of dollars)</i>	Year Ended		Variance
	December 31, 2009	December 31, 2008	
Cash provided by (used in):			
Net issue of convertible debentures	\$81,613	\$28,786	\$52,827
Net issue of units	64,801	59,215	5,586
Settlement of interest rate swap agreements	(36,204)	(3,961)	(32,243)
Net issue (repayment) of commercial property debt	(110,527)	297,403	(407,930)
Payment of distributions	(50,436)	(43,117)	(7,319)
Other items (net)	3,154	8,426	(5,272)
Cash provided by (used in) financing activities	\$(47,599)	\$346,752	\$(394,351)

In 2009, net financing proceeds of \$81,613 from the issuance of Series B Debentures and \$64,801 from the issuance of Units and Class B LP Units, along with \$91,000 of gross mortgage financing proceeds, were more than offset by the repayment of the \$178,824 Term Facility, the \$36,204 cash settlement of the interest rate swap agreements, the \$50,436 in distribution payments and the \$18,415 in mortgage principal repayments. During 2008, Crombie received gross proceeds related to the debt and equity financing of the Portfolio Acquisition (the acquisition cost of which is reflected in the Investing Activities).

Investing Activities

Cash used in investing activities for the year ended December 31, 2009 was \$10,417. Of this, \$9,967 was used for additions to commercial properties. Cash used in investing activities for the year ended December 31, 2008 of \$406,306 was primarily due to the cost of the Portfolio Acquisition on April 22, 2008.

Tenant Improvement and Capital Expenditures

There are two types of TI and capital expenditures:

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

Maintenance TI and capital expenditures are reinvestments in 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, or expand the GLA of a property, by a minimum threshold and thus enhance the property's overall value. These costs are then evaluated to ensure they are fully financeable. Productive capacity enhancement expenditures 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.

<i>(In thousands of dollars)</i>	Year Ended	
	December 31, 2009	December 31, 2008
Total additions to commercial properties	\$9,967	\$19,075
Less: amounts recoverable from ECL	--	(3,796)
Net additions to commercial properties	9,967	15,279
Less: productive capacity enhancements	(3,841)	(6,632)
Maintenance capital expenditures	\$6,126	\$8,647

<i>(In thousands of dollars)</i>	Year Ended	
	December 31, 2009	December 31, 2008
Total additions to TI and leasing costs	\$7,633	\$11,419
Less: amounts recoverable from ECL	(159)	(2,133)
Net additions to TI and leasing costs	7,474	9,286
Less: productive capacity enhancements	(31)	(451)
Maintenance TI and leasing costs	\$7,443	\$8,835

The lower maintenance capital expenditures for the year are primarily as a result of the cautious outlook on capital intensive projects during the economic environment experienced in the first half of 2009.

The lower maintenance TI expenditures during the year ended 2009, when compared to the same period in 2008, was primarily due to early renegotiation in the first quarter of 2008 of lease renewals that were scheduled to expire in 2009 at a cost of \$2,823.

Productive capacity enhancements during the year consisted of redevelopment work on Valley Mall in Corner Brook, Newfoundland and Labrador, work on the conversion of Fort Edward Mall in Windsor, Nova Scotia and on Charlotte Mall in St. Stephen, New Brunswick from retail enclosed properties to retail plazas and construction of an expanded area at Aberdeen Shopping Centre in New Glasgow, Nova Scotia to accommodate the needs of Pictou County Health Authority.

Capital Structure

<i>(In thousands of dollars)</i>	Dec. 31, 2009	Sep. 30, 2009	Jun. 30, 2009	Mar. 31, 2009	Dec. 31, 2008
Commercial property debt	\$706,369	\$682,551	\$759,223	\$812,342	\$808,971
Convertible debentures	\$110,858	\$110,593	\$29,090	\$29,029	\$28,968
Non-controlling interest	\$225,367	\$227,948	\$233,292	\$197,115	\$199,163
Unitholders' equity	\$246,975	\$249,646	\$255,475	\$213,351	\$215,558

Bank Credit Facilities and Commercial Property Debt

Crombie has in place an authorized floating rate revolving credit facility of up to \$150,000 (the "Revolving Credit Facility"), \$106,160 of which was drawn as at December 31, 2009. The Revolving Credit Facility is secured by a pool of first and second mortgages and negative pledges on certain properties. The floating interest rate is based on specified margins over prime rate or bankers acceptance rates. The specified margin increases as Crombie's overall debt leverage increases. Funds available for drawdown, pursuant to the Revolving Credit Facility, are determined with reference to the value of the Borrowing Base (as defined under "Borrowing Capacity and Debt Covenants") relative to certain financial covenants of Crombie. As at December 31, 2009, Crombie had sufficient Borrowing Base to permit \$150,000 of funds to be drawn down pursuant to the Revolving Credit Facility, subject to certain other financial covenants. See "Borrowing Capacity and Debt Covenants".

As of December 31, 2009, Crombie had fixed rate mortgages outstanding of \$597,161 (\$604,992 after including the marked-to-market adjustment of \$7,831), carrying a weighted average interest rate of 5.66% (after giving effect to the interest rate subsidy from ECL under an omnibus subsidy agreement) and a weighted average term to maturity of 5.8 years.

In April of 2008, Crombie entered into an 18 month floating rate Term Facility of \$280,000 to partially finance the Portfolio Acquisition. The balance of this Term Facility as of December 31, 2008 was \$178,824 and has since been repaid during 2009 by:

- \$91,000 of mortgage financing;
- \$85,000 gross proceeds from the issuance of unsecured convertible debentures (the "Series B Debentures") on September 30, 2009; and
- A draw on Crombie's Revolving Credit Facility.

Crombie had secured a \$13,800 floating rate demand credit facility with Empire on substantially the same terms and conditions that govern the Revolving Credit Facility. This facility was put in place to ensure that Crombie maintained adequate liquidity in order to fund its daily operating activities while volatility in the financial markets continued. As at December 31, 2008, Crombie had \$10,000 drawn against this facility which was repaid during the first quarter of 2009. During the third quarter of 2009, as a result of the improved financial market conditions, this facility was cancelled.

From time to time, Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount (see "Risk Management").

Principal repayments of the debt are scheduled as follows:

Year	Payments of Principal	Fixed Rate Debt Maturing during Year	Floating Rate Debt	Total Maturity	% of Total
2010	\$16,741	\$106,079	\$--	\$122,820	17.5%
2011	16,735	26,786	106,160	149,681	21.3%
2012	17,393	--	--	17,393	2.4%
2013	18,297	30,042	--	48,339	6.9%
2014	15,692	67,658	--	83,350	11.9%
Thereafter	67,952	213,786	--	281,738	40.0%
Total ⁽¹⁾	\$152,810	\$444,351	\$106,160	\$703,321	100.0%

(1) Excludes fair value debt adjustment of \$7,831 and the deferred financing costs of \$4,783

Subsequent to year end, Crombie completed refinancing related to the \$106,079 of maturing 2010 debt as further explained in the "Subsequent Events" section of the MD&A.

Convertible debentures

	Series A	Series B
Issue value	\$30,000	\$85,000
Interest rate (payable semi-annually)	7.00%	6.25%
Conversion price per unit	\$13	\$11
Issue date	March 20, 2008	September 30, 2009
Maturity date	March 20, 2013	June 30, 2015
Trading symbol	CRR.DB	CRR.DB.B

The Series A Debentures were issued in relation to the Portfolio Acquisition and the Series B Debentures were issued to repay the Term Facility.

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

Each Series A Debenture and Series B Debenture is convertible into Units at the option of the debenture holder at any time up to the maturity date, at the conversion price indicated in the table above, being a conversion rate of approximately 76.9231 Units per \$1,000 principal amount of Series A Debentures and 90.9091 Units per \$1,000 principal amount of Series B Debentures. If all conversion rights attaching to the Series A Debentures and the Series B Debentures are exercised, Crombie would be required to issue approximately 2,307,693 Units and 7,727,272 Units, respectively, subject to anti-dilution adjustments.

For the first three years from the date of issue, there is no ability to redeem the Debentures, after which, each series of Debentures has a period, lasting one year, during which the Debentures may be redeemed, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Units on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice on redemption is given exceeds 125% of the conversion price. After the end of the fourth year, and to the maturity date, the Debentures may be redeemed, in whole or in part, at anytime at the redemption price equal to the principal amount thereof plus accrued and unpaid interest. Provided that there is not a current event of default, Crombie will have the option to satisfy its obligation to pay the principal amount of the Debentures at maturity or upon redemption, in whole or in part, by issuing the number of units equal to the principal amount of the 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 Debentures to Crombie at a price equal to 101% of the principal amount plus accrued and unpaid interest.

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

Subsequent to year end, Crombie issued \$45,000 of Series C convertible debentures as further explained in the “Subsequent Events” section of this MD&A.

Unitholders’ Equity

In April 2009 there were 43,408 Units awarded as part of the Employee Unit Purchase Plan with an additional 4,003 issued in September 2009 (April 2008 – 34,053). On June 25, 2009, there were 4,725,000 Units issued, including the underwriters’ over-allotment Units, through a public offering. Concurrent with the public offering of Units, in satisfaction of its pre-emptive right, ECL purchased 3,846,154 Class B LP Units and the attached Special Voting Units on a private placement basis. Total units outstanding at February 25, 2010 were as follows:

Units	32,044,299
Special Voting Units ⁽¹⁾	28,925,730

(1) Crombie Limited Partnership, a subsidiary of Crombie, has also issued 28,925,730 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.

Taxation of Distributions

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

The following table summarizes the history of the taxation of distributions from Crombie:

Taxation Year	Return of Capital	Investment Income	Capital Gains
2006 per \$ of distribution	40.0%	60.0%	--
2007 per \$ of distribution	25.5%	74.4%	0.1%
2008 per \$ of distribution	27.2%	72.7%	0.1%

Borrowing Capacity and Debt Covenants

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

- annualized NOI for the prescribed properties must be a minimum of 1.4 times the coverage of the related annualized debt service requirements; and
- annualized NOI on all properties must be a minimum of 1.4 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%.

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

At December 31, 2009, the amount available under the Revolving Credit Facility was \$43,840 and was not limited by the Aggregate Coverage Amount.

At December 31, 2009, Crombie remained in compliance with all debt covenants.

Debt to Gross Book Value

When calculating debt to gross book value, debt is defined under the terms of the Declaration of Trust as bank loans plus commercial property debt and convertible debentures. Gross book value means, at any time, the book value of the assets of Crombie and its consolidated subsidiaries plus deferred financing charges, accumulated depreciation and amortization in respect of Crombie's properties (and related intangible assets) less (i) the amount of any receivable reflecting interest rate subsidies on any debt assumed by Crombie and (ii) the amount of 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 was 52.4% at December 31, 2009 compared to 54.4% at December 31, 2008. This leverage ratio is below the maximum 60%, or 65% including convertible debentures, as outlined by Crombie's Declaration of Trust. On a long-term basis, Crombie intends to maintain overall indebtedness, including convertible debentures, in the range of 50% to 60% of gross book value, depending upon Crombie's future acquisitions and financing opportunities.

<i>(In thousands of dollars, except as otherwise noted)</i>	As at Dec. 31, 2009	As at Sep. 30, 2009	As at Jun. 30, 2009	As at Mar. 31, 2009	As at Dec. 31, 2008
Mortgages payable	\$604,992	\$573,615	\$564,101	\$565,980	\$531,970
Convertible debentures	115,000	115,000	30,000	30,000	30,000
Term facility	--	41,378	139,000	140,323	178,824
Revolving credit facility payable	106,160	72,217	62,812	111,400	93,400
Demand credit facility payable	--	--	--	--	10,000
Total debt outstanding	826,152	802,210	795,913	847,703	844,194
Less: Applicable fair value debt adjustment	(7,733)	(8,489)	(9,256)	(10,032)	(10,818)
Debt	\$818,419	\$793,721	\$786,657	\$837,671	\$833,376
Total assets	\$1,457,166	\$1,465,591	\$1,470,474	\$1,466,045	\$1,483,219
Add:					
Deferred financing charges	8,925	9,066	7,600	6,332	6,255
Accumulated depreciation of commercial properties	69,952	63,865	57,715	51,796	45,865
Accumulated amortization of intangible assets	78,551	72,147	66,492	60,836	53,505
Less:					
Assets related to discontinued operations	(6,929)	(7,038)	(7,054)	(7,162)	(7,184)
Interest rate subsidy	(7,733)	(8,489)	(9,256)	(10,032)	(10,818)
Fair value adjustment to future taxes	(39,245)	(39,245)	(39,245)	(39,245)	(39,245)
Gross book value	\$1,560,687	\$1,555,897	\$1,546,726	\$1,528,570	\$1,531,597
Debt to gross book value	52.4%	51.0%	50.9%	54.8%	54.4%
Maximum borrowing capacity ⁽¹⁾	65%	65%	65%	65%	65%

(1) Maximum permitted by the Declaration of Trust

Debt and Interest Service Coverage

Crombie's interest and debt service coverage for the year ended December 31, 2009 were 2.80 times EBITDA and 1.94 times EBITDA. This compares to 2.78 times EBITDA and 2.02 times EBITDA respectively for the year ended December 31, 2008. EBITDA should not be considered an alternative to net income, cash provided by operating activities or any other measure of operations 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.

<i>(In thousands of dollars)</i>	Year Ended	
	December 31, 2009	December 31, 2008 (as restated)
Property revenue	\$207,254	\$188,142
Amortization of above-market leases	3,102	3,058
Amortization of below-market leases	(8,197)	(7,290)
Adjusted property revenue	202,159	183,910
Property expenses	(75,762)	(70,370)
General and administrative expenses	(9,274)	(8,636)
EBITDA (1)	\$117,123	\$104,904
Interest expense	\$46,319	\$39,232
Amortization of deferred financing charges	(2,815)	(1,349)
Amortization of effective swap agreements	(1,641)	(184)
Adjusted interest expense (2)	\$41,863	\$37,699
Debt repayments	\$261,351	\$191,505
Debt repayments on discontinued operations	--	(121)
Amortization of fair value debt premium	(5)	(21)
Payments relating to interest rate subsidy	(3,085)	(3,333)
Payments relating to Term Facility	(178,824)	(101,176)
Payments relating to Revolving Credit Facility	(51,022)	(58,185)
Payments relating to demand credit facility	(10,000)	--
Balloon payments on mortgages	--	(14,447)
Adjusted debt repayments (3)	\$18,415	\$14,222
Interest service coverage ratio $\{(1)/(2)\}$	2.80	2.78
Debt service coverage ratio $\{(1)/((2)+(3))\}$	1.94	2.02

Distributions and Distribution Payout Ratios

Distribution Policy

Pursuant to Crombie's Declaration of Trust, cash distributions are to be determined by the trustees in their discretion. Crombie intends, subject to approval of the Board of Trustees, to make distributions to Unitholders not less than the amount equal to the net income and net realized capital gains of Crombie, to ensure that Crombie will not be liable for income taxes. Crombie, subject to the discretion of the Board of Trustees, targets to make annual cash distributions to Unitholders equal to approximately 70% of its FFO and 95% of its AFFO on an annual basis.

Details of distributions to Unitholders are as follows:

<i>(Distribution amounts represented in thousands of dollars)</i>	Year Ended	
	December 31, 2009	December 31, 2008
Distributions to Unitholders	\$26,756	\$23,120
Distributions to Special Voting Unitholders	24,319	20,924
Total distributions	\$51,075	\$44,044
FFO payout ratio (target ratio = 70%)	76.8%	62.2%
AFFO payout ratio (target ratio = 95%)	279.7%	101.1%

The FFO payout ratio of 76.8% was unfavourable to the target ratio as the FFO was impacted by the settlement of an ineffective interest rate swap agreement and the write off of deferred financing charges. Excluding the impact of the ineffective swap settlement amount, this FFO payout ratio would have been 68.4% in 2009. The AFFO payout ratio of 279.7% was unfavourable to the target ratio as a result of the reduced FFO and the adjustment for the settlement of effective interest rate swap agreements.

As discussed in the "Risk Management" section of this MD&A, recent turmoil in the financial markets caused bond yields to materially decline and dramatically reduce interest rate swap spreads. This resulted in a significant deterioration of the values for the interest rate swap agreements Crombie had entered into to hedge its exposure to potential increases in Canadian bond yields associated with variable rate debt and future debt issuances. During 2009, as Crombie cash settled these interest rate swap agreements, the non-recurring impact of the settlements has had a material effect on the AFFO and AFFO payout ratio. Excluding the impact of the swaps settled (both effective and ineffective) during the year ended December 31, 2009, AFFO would have been \$52,823 and the AFFO payout ratio would have been 96.7% (year ended December 31, 2008 - \$47,150 and 93.4% respectively).

FOURTH QUARTER RESULTS

Comparison to Previous Year

Comparative figures have been restated for retrospective application of the change in accounting policy related to the accounting for recoverable capital expenditures. Comparative AFFO information has been restated to reflect the retrospective application of the impact of settlement of effective interest rate swap agreements.

<i>(In thousands of dollars, except where otherwise noted)</i>	Quarter Ended		
	December 31, 2009	December 31, 2008	Variance
Property revenue	\$52,378	\$52,522	\$(144)
Property expenses	19,948	19,649	(299)
Property NOI	32,430	32,873	(443)
NOI margin percentage	61.9%	62.6%	(0.7)%
Expenses:			
General and administrative	2,102	2,701	599
Interest	12,722	11,318	(1,404)
Depreciation and amortization	11,705	12,499	794
	26,529	26,518	(11)
Income from continuing operations before other items, income taxes and non-controlling interest	5,901	6,355	(454)
Other income	500	55	445
Income from continuing operations before income taxes and non-controlling interest	6,401	6,410	(9)
Income taxes expense (recovery) – Future	(300)	(3,450)	(3,150)
Income from continuing operations before non-controlling interest	6,701	9,860	(3,159)
Gain on sale of discontinued operations	--	487	(487)
Income from discontinued operations	--	24	(24)
Income before non-controlling interest	6,701	10,371	(3,670)
Non-controlling interest	3,178	4,968	1,790
Net income	\$3,523	\$5,403	\$(1,880)
Basic and diluted net income per Unit	\$0.11	\$0.20	\$(0.09)
Basic weighted average Units outstanding (in 000's)	31,879	27,147	
Diluted weighted average Units outstanding (in 000's)	32,044	27,272	

Net income for the quarter ended December 31, 2009 of \$3,523 decreased by \$1,880 from the net income of \$5,403 for the quarter ended December 31, 2008. The decrease was primarily due to:

- lower income tax recovery and higher interest costs, offset in part by;
- lower amortization charges on intangible assets as some intangibles have become fully amortized, and reduced general and administrative expenses during the quarter.

For the quarter ended December 31, 2009, all previous acquisitions are included in same-asset property revenue on a comparative basis.

Property Revenue and Property Expenses

<i>(In thousands of dollars)</i>	Quarter Ended		
	December 31, 2009	December 31, 2008 ⁽¹⁾	Variance
Same-asset property revenue	\$52,378	\$52,522	\$(144)
Acquisition property revenue	--	--	--
Property revenue	\$52,378	\$52,522	\$(144)

(1) Comparative figures have been restated for retrospective changes in GAAP.

Property revenue for the quarter is lower by 0.3% than the same period in 2008 due to a reduction in the amortization of below-market lease intangibles, offset in part by increases in contractually due rent and straight-line rent recognition. Contractually due rental

revenue increased from \$50,976 in the fourth quarter of 2008 to \$51,014 in the fourth quarter of 2009 as a result of increased average rent per square foot (\$12.83 in 2009 and \$12.16 in 2008) partially offset by the slight decrease in occupancy.

<i>(In thousands of dollars)</i>	Quarter Ended		Variance
	December 31, 2009	December 31, 2008	
Same-asset property expenses	\$19,948	\$19,649	\$(299)
Acquisition property expenses	--	--	--
Property expenses	\$19,948	\$19,649	\$(299)

Property expenses for the quarter have increased by 1.5% compared to the same period in 2008 due to slight increases in various recoverable expenses, primarily property taxes, and slight increases in non-recoverable expenses.

<i>(In thousands of dollars)</i>	Quarter Ended		Variance
	December 31, 2009	December 31, 2008	
Same-asset property NOI	\$32,430	\$32,873	\$(443)
Acquisition property NOI	--	--	--
Property NOI	\$32,430	\$32,873	\$(443)

Same-asset NOI decreased during the fourth quarter of 2009 by 1.3% compared to the same period in 2008.

Property NOI for the quarter ended December 31, 2009 by region was as follows:

<i>(In thousands of dollars)</i>	2009				2008		Variance
	Property Revenue	Property Expenses	Property NOI	NOI % of revenue	NOI % of revenue		
Nova Scotia	\$23,885	\$10,741	\$13,144	55.0%	57.4%	(2.4)%	
Newfoundland and Labrador	8,527	2,482	6,045	70.9%	74.6%	(3.7)%	
New Brunswick	6,251	2,649	3,602	57.6%	54.8%	2.8%	
Ontario	8,003	2,504	5,499	68.7%	63.7%	5.0%	
Prince Edward Island	1,294	301	993	76.7%	65.6%	11.1%	
Quebec	3,692	1,069	2,623	71.0%	73.1%	(2.1)%	
Saskatchewan	726	202	524	72.2%	75.0%	(2.8)%	
Total	\$52,378	\$19,948	\$32,430	61.9%	62.6%	(0.7)%	

Overall, NOI as a percentage of revenue decreased slightly when compared with the same quarter in 2008. NOI % has increased in Prince Edward Island due partially to the successful redevelopment of County Fair Mall. Ontario's NOI as a percentage of revenue increased due to a decrease in recoverable expenses in numerous locations. NOI as a percentage of revenue has decreased in Nova Scotia due to an increase in property tax expenses and non-recoverable costs including the Scotia Square parkade. Newfoundland and Labrador's NOI as a percentage of revenue declined due to decreased property revenue as a result of ongoing redevelopment work at Valley Mall.

General and Administrative Expenses

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

<i>(In thousands of dollars)</i>	Quarter Ended		Variance
	December 31, 2009	December 31, 2008	
Salaries and benefits	\$771	\$1,294	\$523
Professional fees	548	927	379
Public company costs	309	109	(200)
Rent and occupancy	174	173	(1)
Other	300	198	(102)
General and administrative expenses	\$2,102	\$2,701	\$599
As a percentage of property revenue	4.0%	5.1%	1.1%

General and administrative expenses, as a percentage of property revenue, decreased by 1.1% for the quarter ended December 31, 2009 when compared to the same period in 2008. Total general and administrative expenses decreased to \$2,102 for the fourth quarter of 2009 compared to \$2,701 for the fourth quarter of 2008. The decrease in expenses was primarily due to lower incentive bonuses and a decrease in consulting fees.

Interest Expense

<i>(In thousands of dollars)</i>	Quarter Ended		Variance
	December 31, 2009	December 31, 2008	
Same-asset interest expense	\$12,722	\$11,318	\$(1,404)
Acquisition interest expense	--	--	--
Interest expense	\$12,722	\$11,318	\$(1,404)

Same-asset interest expense of \$12,722 for the quarter ended December 31, 2009 increased by 12.4% when compared to the quarter ended December 31, 2008 due to the increase in the amortization of effective settled interest rate swap agreements of \$345, the write off of the remaining \$501 of deferred financing charges related to the Term Facility, and increased interest expenses on the fixed mortgage financings used to repay the floating interest Term Facility.

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 at Crombie's IPO 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 received during the quarter ended December 31, 2009 was \$756 (quarter ended December 31, 2008 - \$797). 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 CDL.

Depreciation and Amortization

<i>(In thousands of dollars)</i>	Quarter Ended		Variance
	December 31, 2009	December 31, 2008 ⁽¹⁾	
Same-asset depreciation and amortization	\$11,705	\$12,499	\$794
Acquisition depreciation and amortization	--	--	--
Depreciation and amortization	\$11,705	\$12,499	\$794

(1) Comparative figures have been restated for retrospective changes in GAAP.

Same-asset depreciation and amortization of \$11,705 for the quarter ended December 31, 2009 was 6.4% lower than the quarter ended December 31, 2008 due primarily to the intangible assets related to the origination costs, the in-place leases and tenant relationships associated with the properties purchased at the date of the IPO being fully amortized, offset in part by depreciation on fixed asset additions and amortization on tenant improvements and lease costs incurred since December 31, 2008. Depreciation and amortization consists of:

<i>(In thousands of dollars)</i>	Quarter Ended		Variance
	December 31, 2009	December 31, 2008 ⁽¹⁾	
Depreciation of commercial properties	\$4,743	\$4,495	\$(248)
Depreciation of recoverable capital expenditures	256	234	(22)
Amortization of tenant improvements/lease costs	1,088	1,031	(57)
Amortization of intangible assets	5,618	6,739	1,121
Depreciation and amortization	\$11,705	\$12,499	\$794

(1) Comparative figures have been restated for retrospective changes in GAAP.

Sector Information

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

Retail Freestanding Properties

<i>(In thousands of dollars, except as otherwise noted)</i>	Quarter ended December 31, 2009			Quarter ended December 31, 2008		
	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	\$6,830	\$--	\$6,830	\$6,748	\$--	\$6,748
Property expenses	1,401	--	1,401	1,665	--	1,665
Property NOI	\$5,429	\$--	\$5,429	\$5,083	\$--	\$5,083
NOI Margin %	79.5%	--%	79.5%	75.3%	--%	75.3%
Occupancy %	100.0%	--%	100.0%	100.0%	--%	100.0%

The improvement in the retail freestanding property NOI and NOI % margin is a result of increased revenue due to the expansion of Sobeys in Spryfield, Nova Scotia and a decrease in recoverable costs, primarily property taxes.

Retail Plaza Properties

<i>(In thousands of dollars, except as otherwise noted)</i>	Quarter ended December 31, 2009			Quarter ended December 31, 2008		
	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	\$18,060	\$--	\$18,060	\$17,524	\$--	\$17,524
Property expenses	5,985	--	5,985	5,805	--	5,805
Property NOI	\$12,075	\$--	\$12,075	\$11,719	\$--	\$11,719
NOI Margin %	66.9%	--%	66.9%	66.9%	--%	66.9%
Occupancy %	96.3%	--%	96.3%	96.7%	--%	96.7%

The retail plaza property revenue for the fourth quarter of 2009 increased over the fourth quarter of 2008 due to the successful redevelopment of Uptown Centre in New Brunswick.

Retail Enclosed Properties

<i>(In thousands of dollars, except as otherwise noted)</i>	Quarter ended December 31, 2009			Quarter ended December 31, 2008		
	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	\$12,659	\$--	\$12,659	\$13,042	\$--	\$13,042
Property expenses	4,336	--	4,336	4,638	--	4,638
Property NOI	\$8,323	\$--	\$8,323	\$8,404	\$--	\$8,404
NOI Margin %	65.7%	--%	65.7%	64.4%	--%	64.4%
Occupancy %	91.9%	--%	91.9%	90.4%	--%	90.4%

The improved NOI margin % in retail enclosed properties is due to an offsetting decrease in property tax expenses and recoveries at the Port Colborne property in Ontario and Sydney Shopping Centre in Nova Scotia.

Office Properties

<i>(In thousands of dollars, except as otherwise noted)</i>	Quarter ended December 31, 2009			Quarter ended December 31, 2008		
	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	\$5,992	\$--	\$5,992	\$6,046	\$--	\$6,046
Property expenses	3,485	--	3,485	3,418	--	3,418
Property NOI	\$2,507	\$--	\$2,507	\$2,628	\$--	\$2,628
NOI Margin %	41.8%	--%	41.8%	43.5%	--%	43.5%
Occupancy %	88.0%	--%	88.0%	89.7%	--%	89.7%

Property NOI and NOI margin % have decreased in the fourth quarter of 2009 when compared the same period in 2008 as a result of a decrease in occupancy and property revenue at CIBC Building in the Halifax Development properties in Nova Scotia.

Mixed-Use Properties

<i>(In thousands of dollars, except as otherwise noted)</i>	Quarter ended December 31, 2009			Quarter ended December 31, 2008		
	Same-Asset	Acquisitions	Total	Same-Asset	Acquisitions	Total
Property revenue	\$8,837	\$--	\$8,837	\$9,162	\$--	\$9,162
Property expenses	4,741	--	4,741	4,123	--	4,123
Property NOI	\$4,096	\$--	\$4,096	\$5,039	\$--	\$5,039
NOI Margin %	46.4%	--%	46.4%	55.0%	--%	55.0%
Occupancy %	94.1%	--%	94.1%	96.1%	--%	96.1%

The decrease in mixed-use occupancy levels from 96.1% in 2008 to 94.1% in 2009 was due primarily to the decrease in occupancy in Aberdeen Business Centre, Nova Scotia, as a result of the ongoing redevelopment work. Property revenue was reduced at Scotia Square parkade, in Nova Scotia due to ongoing parking deck and structural repairs, and slightly reduced recoveries at Scotia Square mall in

Nova Scotia. The NOI margin % has decreased as a result of these reduced recoveries combined with increased property taxes at the Scotia Square Parkade and increased recoverable and non-recoverable expenses at Barrington Place and Brunswick Place in the Halifax Developments properties in Nova Scotia.

OTHER FOURTH QUARTER PERFORMANCE MEASURES

Funds from Operations

A calculation of FFO for the quarters ended December 31, 2009 and 2008 is as follows:

<i>(In thousands of dollars)</i>	Quarter Ended		Variance
	December 31, 2009	December 31, 2008	
Net income	\$3,523	\$5,403	\$(1,880)
Add (deduct):			
Non-controlling interest	3,178	4,968	(1,790)
Depreciation of commercial properties	4,743	4,495	248
Depreciation of recoverable capital expenditures	256	234	22
Amortization of tenant improvements/lease costs	1,088	1,031	57
Amortization of intangible assets	5,618	6,739	(1,121)
Future income taxes	(300)	(3,450)	3,150
Gain on sale of discontinued operations	--	(487)	487
FFO	\$18,106	\$18,933	\$(827)

The decrease in FFO for the quarter ended December 31, 2009 was primarily due to the impact of the increased interest expense and same-asset NOI decline, partially offset by the reduced general and administrative expenses as previously discussed.

Adjusted Funds from Operations

The calculation of AFFO for the quarters ended December 31, 2009 and 2008 is as follows:

<i>(In thousands of dollars)</i>	Quarter Ended		Variance
	December 31, 2009	December 31, 2008 (as restated)	
FFO	\$18,106	\$18,933	\$(827)
Add:			
Amortization of effective swap agreements	529	184	345
Above-market lease amortization	786	772	14
Deduct:			
Below-market lease amortization	(1,762)	(2,145)	383
Straight-line rent adjustment	(388)	(173)	(215)
Maintenance capital expenditures	(3,053)	(1,581)	(1,472)
Maintenance TI and leasing costs	(1,006)	(1,123)	117
Settlement of effective interest rate swap agreements	(20,723)	(1,344)	(19,379)
Non-cash revenue impacts on discontinued operations	--	(2)	2
AFFO	\$(7,511)	\$13,521	\$(21,032)

The AFFO result for the quarter ended December 31, 2009 was primarily affected by the settlement of effective interest rate swap agreements in the quarter and the reduced FFO. Details of the maintenance TI and capital expenditures are outlined in the "Tenant Improvement and Capital Expenditures" section of the MD&A.

As discussed in the "Risk Management" section of this MD&A, recent turmoil in the financial markets has caused bond yields to materially decline and dramatically reduced interest rate swap spreads. This resulted in a significant deterioration of the values for the interest rate swap agreements Crombie had entered into to hedge its exposure to potential increases in Canadian bond yields associated with variable rate debt and future debt issuances. During 2009, as Crombie cash settled these interest rate swap agreements, the non-recurring impact of the swap settlements has had a material effect on the AFFO and AFFO payout ratio. Excluding the impact of

the swaps settled during the quarter ended December 31, 2009, AFFO would have been \$12,683 and the AFFO payout ratio would have been 107.0% (quarter ended December 31, 2008 - \$14,681 and 79.4% respectively).

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:

<i>(In thousands of dollars)</i>	Quarter Ended		Variance
	December 31, 2009	December 31, 2008 (as restated)	
Cash provided by operating activities	\$13,329	\$24,863	\$(11,534)
Add back (deduct):			
Recoverable/productive capacity enhancing TIs	--	638	(638)
Change in non-cash operating items	4,050	(8,521)	12,571
Unit-based compensation expense	(12)	(11)	(1)
Amortization of deferred financing charges	(1,102)	(523)	(579)
Settlement of effective interest rate swap agreements	(20,723)	(1,344)	(19,379)
Maintenance capital expenditures	(3,053)	(1,581)	(1,472)
AFFO	\$(7,511)	\$13,521	\$(21,032)

Cash Flow

<i>(In thousands of dollars)</i>	Quarter Ended		Variance
	December 31, 2009	December 31, 2008	
Cash provided by (used in):			
Operating activities	\$13,329	\$24,863	\$(11,534)
Financing activities	\$(10,351)	\$(21,086)	\$10,735
Investing activities	\$(2,978)	\$251	\$(3,229)

Operating Activities

<i>(In thousands of dollars)</i>	Quarter Ended		Variance
	December 31, 2009	December 31, 2008	
Cash provided by (used in):			
Net income and non-cash items	\$18,385	\$18,103	\$282
TI and leasing costs	(1,006)	(1,761)	755
Non-cash working capital	(4,050)	8,521	(12,571)
Cash provided by operating activities	\$13,329	\$24,863	\$(11,534)

Fluctuations in cash provided by operating activities are largely influenced by the change in non-cash working capital which can be affected by the timing of receipts and payments. The details of the TI and leasing costs during the fourth quarter of 2009 are outlined in the “Tenant Improvements and Capital Expenditures” section of the MD&A.

Financing Activities

<i>(In thousands of dollars)</i>	Quarter Ended		Variance
	December 31, 2009	December 31, 2008	
Cash provided by (used in):			
Settlement of interest rate swap agreements	\$(20,723)	\$(1,523)	\$(19,200)
Net issue (repayment) of commercial property debt	22,811	(12,310)	35,121
Payment of distributions	(13,567)	(11,649)	(1,918)
Other items (net)	1,128	4,396	(3,268)
Cash used in financing activities	\$(10,351)	\$(21,086)	\$10,735

Cash used in financing activities during the fourth quarter of 2009 included proceeds from a mortgage financing used to repay the remaining Term Facility, as well as the settlement of the interest rate swap agreements and payment of distributions. Cash used on the fourth quarter of 2008 was due primarily to the principal payments on commercial property debt and distributions.

Investing Activities

Cash used in investing activities during the fourth quarter of 2009 for the quarter ended December 31, 2009 was \$2,978, represented primarily by the \$3,080 of additions to commercial properties. Cash provided from investing activities for the quarter ended December 31, 2008 of \$251 was primarily due to the receipt of proceeds from the sale of West End Mall in Halifax, Nova Scotia during the quarter, partially offset by additions to commercial properties.

Tenant Improvements and Capital Expenditures

<i>(In thousands of dollars)</i>	Quarter Ended	
	December 31, 2009	December 31, 2008
Total additions to commercial properties	\$3,080	\$2,461
Less: amounts recoverable from ECL	--	145
Net additions to commercial properties	3,080	2,606
Less: productive capacity enhancements	(27)	(1,025)
Maintenance capital expenditures	\$3,053	\$1,581

<i>(In thousands of dollars)</i>	Quarter Ended	
	December 31, 2009	December 31, 2008
Total additions to TI and leasing costs	\$1,006	\$1,761
Less: amounts recoverable from ECL	--	(638)
Net additions to TI and leasing costs	1,006	1,123
Less: productive capacity enhancements	--	--
Maintenance TI and leasing costs	\$1,006	\$1,123

The increase in maintenance capital expenditures during the fourth quarter of 2009 was due primarily to work undertaken at Park Lane in Nova Scotia, Brampton Plaza in Ontario, Uptown Centre in New Brunswick and Brunswick Place in Nova Scotia. The reduced productive capacity enhancement expenditures during the quarter are a result of the timing of payments.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2009 Crombie adopted two new accounting standards that were issued by the CICA in 2008 and one Emerging Issues Committee Abstract issued by the CICA in January 2009. These accounting policy changes have been adopted in accordance with the transitional provisions.

The new standards and accounting policy changes are as follows:

Goodwill and Intangible Assets

Effective January 1, 2009, the accounting and disclosure requirements of the CICA's new accounting standard: "Handbook Section 3064, Goodwill and Intangible Assets" was adopted.

This standard is effective for annual and interim financial statements related to fiscal years beginning on or after October 1, 2008 and was applicable for Crombie's first quarter of fiscal 2009. Section 3064 states that intangible assets may be recognized as assets only if they meet the definition of an intangible asset. Section 3064 also provides further information on the recognition of internally generated intangible assets, (including research and development).

This standard has been applied retrospectively with restatement of prior periods. The adoption of this new standard resulted in an increase of \$929 to depreciation of commercial properties and a decrease of \$929 to property expenses in the consolidated Statements of Income for the year ended December 31, 2008. In the consolidated Balance Sheets, there was an increase of \$3,946 to commercial properties, an increase of \$38 to receivables, a decrease of \$4,246 to prepaid expenses, and a decrease of \$220 to payables and accruals at December 31, 2008, and a decrease of \$20 to non-controlling interest and a decrease of \$22 to unitholders' equity at January 1, 2008.

Financial instruments - recognition and measurement

In January 2009, the CICA issued Emerging Issues Committee Abstract 173 ("EIC 173"), "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". EIC 173 requires that a company take into account its own credit risk and the credit risk of its counterparty in determining the fair value of financial assets and financial liabilities. This Abstract must be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of EIC 173 did not have a significant impact on Crombie's financial results, position or disclosures.

Financial Instrument Disclosures

In June 2009, the CICA issued amendments to the existing Section 3862, "Financial Instruments - Disclosures", to more closely align the section with those required under International Financial Reporting Standards ("IFRS"). The amendments include enhanced disclosure requirements relating to fair value measurements of financial instruments and liquidity risks. These amendments apply for annual financial statements with fiscal years ending after September 30, 2009. The adoption of the amendments to Section 3862 did not have a material impact on the disclosures of Crombie.

EFFECT OF NEW ACCOUNTING POLICIES NOT YET IMPLEMENTED

International Financial Reporting Standards

The Accounting Standards Board of Canada ("AcSB") has announced that publicly accountable enterprises must adopt IFRS for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011, with retrospective adoption and restatement of the comparative fiscal year ended December 31, 2010. Accordingly, the conversion from current Canadian GAAP to IFRS will be applicable to Crombie's reporting for the first quarter of fiscal 2011 for which the current and comparative information will be prepared under IFRS.

Crombie, with the assistance of its external advisors, has launched an internal initiative to govern the conversion process and is currently evaluating the potential impact of the conversion to IFRS on its consolidated financial statements. This will be an ongoing process as new standards are issued by the AcSB and International Accounting Standards Board ("IASB"). At this time, the impact on Crombie's future financial position and results of operations is not reasonably determinable or estimatable. Crombie expects the transition to IFRS to impact accounting, financial reporting, internal control over financial reporting, information systems and business processes.

Crombie has developed a formal project governance structure, and is providing regular progress reports to senior management and the audit committee. Crombie has also completed a diagnostic impact assessment, which involved a high level review of the major differences between current GAAP and IFRS, as well as establishing an implementation guideline. In accordance with this guideline Crombie has established a staff training program and is in the process of completing analysis of the key decision areas, including analyzing the appropriate accounting policy selections from available IFRS options, assessing exemptions and exceptions available on first-time adoptions of IFRS and making recommendations on the same.

Crombie will continue to assess the impact of the transition to IFRS and to review all of the proposed and ongoing projects of the International Accounting Standards Board to determine their impact on Crombie. Additionally, Crombie will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

In order to assist Crombie with its transition to IFRS, the Unitholders approved amendments to Crombie's Declaration of Trust, at Crombie's Annual General and Special Meeting held on May 7, 2009, to allow the Trustees to make future amendments to the Declaration of Trust without the requirement to obtain Unitholder approval. These changes are in the same manner as the Declaration of Trust currently permits Trustees to act as it relates to the changes in taxation laws.

The amendments will not result in any material change to the Unitholders, but rather were contemplated in order to assist Crombie to implement changes that will assist in its transition to IFRS. Trustees will be obligated to determine whether any such change is necessary or desirable in the circumstances, and all other matters that are currently required to be approved by Unitholders pursuant to the Declaration of Trust will remain unchanged.

Crombie's IFRS changeover plan is summarized below which details Crombie's progress towards completion of selected key activities.

	KEY ACTIVITIES	MILESTONES/DEADLINES	PROGRESS TO DATE
Financial statement presentation and disclosure	Review differences in Canadian GAAP/IFRS accounting policies	Audit Committee sign off for all key IFRS accounting policy choices.	Completed diagnostic impact assessment during 2009, which involved a high level review of major differences between IFRS and Canadian GAAP. Presented position papers on significant IFRS accounting policy choices, exemptions and exceptions and received Board approval
	Evaluate and select IFRS policies & IFRS 1 choices		
	Develop financial statement format and disclosure	Draft skeleton IFRS annual and interim financial statements by Q3 fiscal 2009	Draft skeleton IFRS financial statements have been developed and continue to be tested with current financial data
	Quantify effects of transition to IFRS.	Final quantification of conversion effects by Q2 fiscal 2010	IFRS 1 exemptions applicable to the entity have been identified; assessment of alternatives is ongoing
	Develop a fair value process for investment properties for transition and continual disclosure	Completion of fair value process by Q4 of fiscal 2009, including accumulation of all fair value data for opening balance sheet. Determinations of final transition date fair values by Q2 of fiscal 2010	All data has been accumulated for the transition date fair value determination. The final determination of transition date fair value is expected to be completed in Q2 of fiscal 2010.

Training and communication	Educate the Board of Trustees, Audit Committee, management, key employees, and other stakeholders	Ongoing training provided to all groups to align with changeover Additional training will occur as needed during the changeover year	All key employees have undertaken advanced levels of IFRS training, including attendance at courses, seminars and conferences. Additional IFRS-knowledgeable staff has been hired. Completed training for general awareness of IFRS to broad group of finance employees, Board of Trustees, and Audit Committee
	Communicate progress of changeover plan to internal and external stakeholders	Communicate project status updates regularly until completion of IFRS implementation	Frequent project status communications have been provided to internal and external stakeholders
	Monitor ongoing IFRS accounting standards developments	Ongoing monitoring of standards, exposure drafts, interpretations and pronouncements	Frequent attendance at relevant seminars, participation in industry groups events, web site monitoring
Information systems	Determine if business processes require change to be IFRS compliant	IT implementation plan completed	Assessment of business processes is underway in conjunction with work on accounting policies
	Determine if software requires upgrades, changes, or additions to support IFRS reporting requirements	Changes to systems and dual record-keeping process to be completed during Q1 of fiscal 2010	System impacts for IFRS differences are being assessed, including an assessment of dual record-keeping
Contractual arrangements and compensation	Assess the affect of IFRS on: Financial covenants Compensation arrangements Budgeting and planning	Complete necessary covenant negotiations during fiscal 2010	Preliminary analysis is underway in conjunction with work on accounting policies, and also as part of the key performance indicators ("KPI") and budgeting IFRS project groups
	Make any required changes to plans and arrangements	Complete review of compensation arrangements during fiscal 2010 Complete budgeting plan during fiscal 2010	

Control environment	Assess and design internal controls over financial reporting (“ICFR”) for all accounting policy changes	Changes to ICFR and DC&P to be completed by Q1 2010 Test and evaluate revised controls throughout fiscal	Analysis of control issues is underway in conjunction with the review of IFRS accounting issues and policies
	Assess and design disclosure controls and procedures (“DC&P”) for all identified accounting policy changes	Update Chief Executive Officer/Chief Financial Officer certification process by fiscal 2010	MD&A disclosures are regularly reviewed and updated IFRS communications committee, which includes Investor Relations, has been assembled and is engaged

IMPACT OF TRANSITION TO IFRS

On conversion to International Financial Reporting Standards, the financial statements are to be presented as if Crombie had always reported under IFRS; thus any comparative information must be restated. There are transitional provisions that assist with this first-time adoption, primarily to assist with the possible need to restate historical information by allowing for prospective, rather than retroactive, treatment as prescribed by IFRS 1, First-time Adoption of IFRS.

IFRS 1 First-time Adoption of IFRS

IFRS 1 applies to the conversion to IFRS when an entity first adopts IFRS. The general provisions of IFRS 1 require retrospective application of IFRS to the first reporting period. However the standard provides certain mandatory exceptions and allows specific exemptions from this general retrospective application. The most significant available options to Crombie are discussed below.

Fair Value as Deemed Cost

IFRS 1 permits an entity to measure a component of an investment property at fair value upon transition, and to adopt this fair value as deemed cost. Crombie’s Board of Trustees has approved the adoption of the cost model for investment property, and to adjust selected property components using fair value as deemed cost. This may result in a one-time adjustment to the opening balance sheet, including opening Investment Properties, Unitholders’ Equity and Non-controlling Interest as at January 1, 2010.

In addition, currently reported separated intangibles may be included in the reported value of investment properties.

Subsequent to the application of fair value as the deemed cost, Crombie does not intend to revalue its investment properties, unless impaired; but will disclose the fair value of its investment properties in the notes to the financial statements.

Crombie currently does not anticipate a material change in the carrying value of its assets in total.

Business Combinations

IFRS 1 permits the business accounting standard to be applied retrospectively (entirely or from a specific date) or prospectively. Retrospective application would require restatement of all previous acquisitions that meet the definition of a business under IFRS. Crombie intends to elect to apply this standard prospectively.

IFRS Accounting Standards

While IFRS is based on a similar conceptual framework to that of Canadian GAAP, there are significant differences in certain aspects of recognition, measurement and disclosure. The significant IFRS differences identified by Crombie to Canadian GAAP that may potentially have a material impact on Crombie’s financial statements include the following:

Investment Property

All of Crombie’s commercial properties qualify as investment property, which is defined as property held to earn rentals or for capital appreciation, or both. Investment property must be initially measured at cost, however subsequent to initial recognition, IFRS allows an entity to choose either the cost or fair value model. If the fair value model is selected, income properties will be carried on the balance sheet at their current fair values, no depreciation or amortization is recorded on the investment properties and the changes in fair values each period would be recorded in the statement of income. If the historical cost model is selected then the asset values, subject to IFRS 1 revaluation, are left unchanged (except for impairment), depreciation and amortization continue to be recorded on the investment properties and the fair value of the investment properties must be disclosed in the notes to the financial statements.

As discussed above, Crombie's Board of Trustees have approved the adoption of the cost model for investment property, and to adjust selected property components using fair value as deemed cost under IFRS 1. This may result in a one-time adjustment to the opening balance sheet, including opening investment properties, unitholders equity and non-controlling interest as at January 1, 2010. Crombie currently does not anticipate a material change in the carrying value of its assets in total.

Impairment

Under Canadian GAAP, impairment is recognized for non-financial assets when the undiscounted future cash flows from an asset exceed the carrying value and any subsequent improvement in value cannot be recorded. Under IFRS, impairment is recognized when the discounted present value of future cash flows from an asset exceed the carrying value however IFRS requires the reversal of an impairment loss to be recorded (limited to the depreciated value had impairment not occurred). Management cannot estimate the impact, if any, of any impairment adjustments at this time.

Leases

Under Canadian GAAP, tenant improvements and certain other leasing costs are capitalized and amortized through amortization expense. Under IFRS, a portion of such costs are likely to be considered to be leasing incentives and will need to be amortized as a reduction in property revenue. Management anticipates a reduction in property revenue as a result of IFRS adoption, however it cannot estimate the impact of the adjustment at this time.

Classification of Unitholders' Equity and Non-controlling Interest

Crombie is assessing the impact of IAS 32 Financial Instruments: Presentation. This standard has language that differs from CICA Handbook section 3863 Financial Instruments- Presentation. The potential impact of application of these language differences could result in balance sheet classification changes for Unitholders' Equity and/or Non-controlling Interest and financial statement changes for the presentation of distributions paid on Unitholders' Equity and/or Non-controlling Interest, as well as measurement of these amounts in the financial statements. Management is in the process of assessing the implication of the IFRS standard.

The above items reflect the current IFRS standards expected to be adopted by Crombie upon conversion. Changes to the IFRS standards, if any, may result in changes in the impacts to the financial statements upon adoption. In addition, the IASB is in the process of reviewing and possibly amending a number of the IFRS standards that may be applicable to Crombie.

RELATED PARTY TRANSACTIONS

As at December 31, 2009, Empire, through its wholly-owned subsidiary ECL, holds a 47.4% (fully diluted 42.0%) indirect interest in Crombie. Crombie uses the exchange amount as the measurement basis for the related party transactions.

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 on a cost sharing basis, pursuant to a Management Cost Sharing Agreement dated March 23, 2006 between Crombie Developments Limited, a subsidiary of Crombie, and ECL Properties Limited, a subsidiary of Empire ("Management Cost Sharing Agreement"). The costs assumed by Empire pursuant to the agreement during the year ended December 31, 2009 were \$1,055 (year ended December 31, 2008 - \$1,393) and were netted against general and administrative expenses owing by Crombie to Empire.

For a period of five years, commencing March 23, 2006, certain on-site maintenance and management employees of Crombie will provide property management services to certain real estate subsidiaries of Empire on a cost sharing basis pursuant to the Management Cost Sharing Agreement. In addition, for various periods, ECL has an obligation to provide rental income and interest rate subsidies pursuant to an Omnibus Subsidy Agreement dated March 23, 2006 between Crombie Developments Limited, Crombie Limited Partnership and ECL. The cost assumed by Empire pursuant to the Management Cost Sharing Agreement during the year ended December 31, 2009 were \$1,148 (year ended December 31, 2008 - \$2,013) and were netted against property expenses owing by Crombie to Empire. The head lease subsidy during the year ended December 31, 2009 was \$854 (year ended December 31 2008 - \$897).

Crombie also earned rental revenue of \$62,634 for the year ended December 31, 2009 (year ended December 31, 2008 - \$50,483) from Sobeyes Inc., Empire Theatres and ASC Commercial Leasing Limited ("ASC"). These companies were all subsidiaries of Empire Company Limited until September 8, 2008 when ASC was sold. Property revenue from ASC is included in this note disclosure until the sale date.

Crombie had secured a \$13,800 floating rate demand credit facility with Empire on substantially the same terms and conditions that govern the Revolving Credit Facility. This facility was put in place to ensure that Crombie maintained adequate liquidity in order to fund its daily operating activities while volatility in the financial markets continued. As at December 31, 2008, Crombie had \$10,000 drawn against this facility which was repaid during the first quarter of 2009. During the third quarter of 2009, as a result of the improved financial market conditions, this facility was cancelled.

On February 12, 2009, Crombie completed fixed rate second mortgage financings of \$6,200. The mortgages were provided by Empire Company Limited and have a weighted average interest rate of 5.38% and a maturity date of March 2014.

On June 1, 2009, Crombie acquired 1.1 acres of land adjacent to the Avalon Mall, Newfoundland and Labrador, for \$3,527 plus additional closing costs from ECL General Partner Limited, an affiliate of Empire Company Limited. ECL General Partner Limited provided debt of \$3,527 at a fixed rate of 8.00% and a term of 20 years.

On June 25, 2009, concurrent with the public offering, in satisfaction of its pre-emptive rights, ECL Developments Limited purchased \$30,000 of Class B LP Units and the attached Special Voting Units, on a private-placement basis.

On September 30, 2009, as part of a prospectus offering, in satisfaction of its pre-emptive rights, ECL Developments Limited purchased \$10,000 of Series B Convertible Debentures.

Crombie has agreed to acquire a portfolio of eight retail properties from subsidiaries of Empire Company Limited. The purchase price in respect of the eight properties is approximately \$59,500, excluding closing and transaction costs, and represents an effective capitalization rate of 8.16%. The properties to be acquired comprise approximately 336,000 square feet of gross leaseable area, consisting of three freestanding tenants and five retail plazas.

CRITICAL ACCOUNTING ESTIMATES

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:

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

Buildings - 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.

Origination costs for existing leases - 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.

In-place leases - 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.

Tenant relationships - 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.

Above and below market existing leases - 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.

Fair value of debt - 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.

Commercial properties

Commercial properties include land, buildings and tenant improvements. Commercial properties are carried at cost less accumulated depreciation and are reviewed periodically for impairment.

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

Amortization of tenant improvements is determined using the straight-line method over the terms of the tenant lease agreements and renewal periods where applicable.

Improvements that are not recoverable from tenants are either expensed as incurred or, in the case of a major item, capitalized to commercial properties and amortized on a straight-line basis over the expected useful life of the improvement.

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.

Use of estimates

The preparation of consolidated financial statements in conformity with 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;
- Employee future benefits obligation;
- Future income taxes;
- Allocation of purchase price on property acquisitions; and
- Fair value of commercial property debt, convertible debentures and assets and liabilities related to discontinued operations.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment annually or whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable.

If it is determined that the net recoverable value of a long-lived asset is less than its carrying value, the long-lived asset is written down to its fair value. Net recoverable amount represents the undiscounted estimated future cash flow expected to be received from the long-lived asset. Assets reviewed under this policy include commercial properties and intangible assets.

Financial Instruments

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

Crombie has classified its financial instruments in the following categories:

- Held for trading - Restricted cash and cash and cash equivalents
- Held to maturity investments – assets related to discontinued operations
- Loans and receivables - Notes receivable and accounts receivable
- Other financial liabilities - Commercial property debt, liability related to discontinued operations, convertible debentures, tenant improvements and capital expenditures payable, property operating costs payable and interest payable

The book values of cash and cash equivalents, restricted cash, receivables, payables and accruals approximate fair values at the balance sheet date. The fair value of other financial instruments is based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts Crombie might pay or receive in actual market transactions.

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

	December 31, 2009		December 31, 2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets related to discontinued operations	\$6,929	\$7,066	\$7,184	\$7,477
Commercial property debt	\$711,152	\$708,401	\$814,194	\$812,488
Convertible debentures	\$115,000	\$120,200	\$30,000	\$25,950
Liability related to discontinued operations	\$6,334	\$6,270	\$6,487	\$6,599

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

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

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

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

COMMITMENTS AND CONTINGENCIES

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

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

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

Crombie has land leases on certain properties. These leases have annual payments of \$969 per year over the next five years. The land leases have terms of between 15.3 and 75.7 years remaining, including renewal options.

Crombie obtains letters of credit to support its obligations with respect to construction work on its commercial properties and defeasing commercial property debt. In connection with the defeasance of the discontinued operations commercial property debt, Crombie has issued a standby letter of credit in the amount of \$1,715 in favour of the mortgage lender. In addition, Crombie has \$296 in standby letters of credit for construction work that is being performed on its commercial properties. Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

Crombie has agreed to acquire a portfolio of eight retail properties from subsidiaries of Empire Company Limited. The purchase price in respect of the eight properties is approximately \$59,500 excluding closing and transaction costs, and represents an effective capitalization rate of 8.16%. The properties to be acquired comprise approximately 336,000 square feet of gross leaseable area, consisting of three freestanding tenants and five retail plazas.

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:

Risk Factors Related to the Real Estate Industry

Real Property Ownership and Tenant Risks

All real property investments are subject to elements of risk. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of the properties. In addition, certain significant expenditures,

including property taxes, ground rent, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. Cash available for distribution will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the properties becomes vacant and cannot be leased on economically favourable lease terms.

Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to Crombie than those of an existing lease. The ability to rent unleased space in the properties in which Crombie has an interest will be affected by many factors, including general economic conditions, local real estate markets, changing demographics, supply and demand for leased premises, competition from other available premises and various other factors. Management utilizes staggered lease maturities so that Crombie is not required to lease unusually large amounts of space in any given year. In addition, the diversification of our property portfolio by geographic location, tenant mix and asset type also help to mitigate this risk.

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, diversifying both its tenant mix and asset mix and conducting credit assessments for new and renewing tenants. As at December 31, 2009;

- Excluding Sobeys (which accounts for 32.7% of Crombie's minimum rent), no other tenant accounts for more than 2.2% of Crombie's minimum rent, and
- Over the next five years, no more than 9.4% of the gross leaseable area of Crombie will expire in any one year.

Crombie earned rental revenue of \$62,634 for year ended December 31, 2009 (year ended December 31, 2008 - \$50,483) from subsidiaries of Empire.

Competition

The real estate business is competitive. Numerous other developers, managers and owners of properties compete with Crombie in seeking tenants. Some of the properties located in the same markets as Crombie's properties are newer, better located, less levered or have stronger anchor tenants than Crombie's properties. Some property owners with properties located in the same markets as Crombie's properties may be better capitalized and may be stronger financially and hence better able to withstand an economic downturn. Competitive pressures in such markets could have a negative effect on Crombie's ability to lease space in its properties and on the rents charged or concessions granted.

Risk Factors Related to the Business of Crombie

Significant Relationship

Crombie's anchor tenants are concentrated in a relatively small number of retail operators. Specifically, 32.7% of the annual minimum rent generated from Crombie's properties is derived from anchor tenants that are owned and/or operated by Sobeys. Therefore, Crombie is reliant on the sustainable operation by Sobeys in these locations.

Retail and Geographic Concentration

Crombie's portfolio of properties is heavily weighted in retail properties. Consequently, changes in the retail environment and general consumer spending could adversely impact Crombie's financial condition. Crombie's portfolio of properties is also heavily concentrated in Atlantic Canada. An economic downturn concentrated in the Atlantic Canada region could also adversely impact Crombie's financial condition. The geographic breakdown of properties and percentage of annual minimum rent of Crombie's properties for 2009 are as follows: 41 properties in Nova Scotia comprising 41.0%; 22 properties in Ontario comprising 16.9%; 20 properties in New Brunswick comprising 12.3%; 13 properties in Newfoundland and Labrador comprising 17.5%; three properties in Prince Edward Island comprising 3.1%; 13 properties in Quebec comprising 7.7%; and one property in Saskatchewan comprising 1.5%. Crombie's growth strategy of expansion outside of Atlantic Canada is predicated on reducing the geographic concentration risk.

Interest rate risk

Interest rate risk is the potential for financial loss arising from increases in interest rates. Crombie mitigates interest rate risk by utilizing staggered debt maturities, limiting the use of permanent floating rate debt and utilizing interest rate swap agreements. As at December 31, 2009:

- Crombie's weighted average term to maturity of the fixed rate mortgages was 5.8 years; and
- Crombie's exposure to floating rate debt, including the impact of the fixed rate swap agreements discussed below, was 8.0% of the total commercial property debt.

Crombie has entered into interest rate swap agreements to manage the interest rate profile of its current or future debts without an exchange of the underlying principal amount. Turmoil in the financial markets materially affected interest swap rates. The interest swap rates are based on Canadian bond yields, plus a premium, called the swap spread, which reflects the risk of trading with a private counterparty as opposed to the Canadian government. Swap spreads fell far below historical average values and the effect of the abnormally low swap spreads, combined with the decline in the Canadian bond yields, resulted in a significant deterioration of the mark-to-market values for the interest rate swap agreements. A summary of the interest rate swaps settled during the year ended December 31, 2009 is as follows:

Settlement Date	Hedged Item	Notional Amount	Settlement Amount
February 2, 2009	Term Facility	\$42,000	\$4,535
August 27, 2009	Term Facility	\$16,000	2,807
September 14, 2009	Term Facility	\$84,000	8,139
October 15, 2009	Term Facility	\$38,000	6,116
November 23, 2009	HDL Properties Mortgage	\$91,980	14,607
			<u>\$36,204</u>

Swap settlement amounts on February 2, 2009, August 27, 2009, October 15, 2009 and November 23, 2009 have been recognized in other comprehensive income (loss) since the inception of the interest rate swap agreements as the swaps were all designated and effective hedges. These amounts will be reclassified to interest expense using the effective interest method over the terms of the mortgages. The swap settlement amount on September 14, 2009 has been expensed in net income during the third quarter of 2009 as it was determined to be an ineffective hedge.

The breakdown of the swaps in place at December 31, 2009 as part of the interest rate management program, and their associated mark-to-market amounts are as follows:

- 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 December 31, 2009, had an unfavourable mark-to-market exposure of \$2,896 (December 31, 2008 – unfavourable \$4,024) compared to its face value. The change in this amount has been recognized in other comprehensive income (loss). The mark-to-market amount of fixed interest rate swaps reduce to \$Nil upon maturity of the swaps.
- Crombie has entered into a delayed interest rate swap agreement of a notional amount of \$8,204 (December 31, 2008 - \$100,334) with a settlement date of July 2, 2011 and maturing July 2, 2021 to mitigate exposure to interest rate increases for a mortgage maturing in 2011. The fair value of this delayed interest rate swap agreement had an unfavourable mark-to-market exposure of \$638 compared to the face value December 31, 2009 (December 31, 2008 – unfavourable \$20,901). The change in this amount has been recognized in other comprehensive income (loss).

Crombie estimates that \$4,025 of other comprehensive income (loss) will be reclassified to interest expense during the year ending December 31, 2010 based on interest rate swap agreements settled to December 31, 2009.

A fluctuation in interest rates would have had an impact on Crombie's net income and other comprehensive income (loss) 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:

	December 31, 2009		December 31, 2008	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on net income of interest rate changes on the floating rate revolving credit facility	\$(794)	\$794	\$(1,231)	\$1,231

	December 31, 2009		December 31, 2008	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on other comprehensive income and non-controlling interest items due to changes in fair value of derivatives designated as a cash flow hedge	\$687	\$(710)	\$10,678	\$(11,288)

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

Liquidity risk

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

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

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

Access to the Revolving Credit Facility is also limited to the amount utilized under the facility, plus any negative mark-to-market position on the interest rate swap agreements not exceeding the Aggregate Coverage Amount. At December 31, 2009, the amount available under the Revolving Credit Facility was \$43,840 and was not limited by the Aggregate Coverage Amount.

Crombie was able to access the equity capital markets in June 2009 for gross proceeds of \$66,855 and the debt capital markets in September 2009 for gross proceeds of \$85,000.

Crombie has \$106,079 of fixed rate mortgage debts maturing in the first quarter of 2010. On February 1, 2010, this amount was refinanced as described in Subsequent Events section of this MD&A.

Crombie was also able to access the debt capital markets in February 2010 for gross proceeds of \$45,000 as described in the Subsequent Events section of this MD&A.

Environmental Matters

Environmental legislation and regulations have become increasingly important in recent years. As an owner of interests in real property in Canada, Crombie is subject to various Canadian federal, provincial and municipal laws relating to environmental matters.

Such laws provide that Crombie could become liable for environmental harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties. The failure to remove or otherwise address such substances or properties, if any, may adversely affect Crombie's ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in claims against Crombie by public or private parties by way of civil action.

Crombie's operating policy is to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have Phase II environmental site assessment work completed where recommended in a Phase I environmental site assessment.

Crombie is not aware of any material non-compliance with environmental laws at any of its properties, and is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties. Crombie has implemented policies and procedures to assess, manage and monitor environmental conditions at its properties to manage exposure to liability.

Potential Conflicts of Interest

The trustees will, from time to time, in their individual capacities, deal with parties with whom Crombie may be dealing, or may be seeking investments similar to those desired by Crombie. The interests of these persons could conflict with those of Crombie. The Declaration of Trust contains conflict of interest provisions requiring the trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. In addition, certain decisions regarding matters that may give rise to a conflict of interest must be made by a majority of independent trustees only.

Conflicts may exist due to the fact that certain trustees, senior officers and employees of Crombie are directors and/or senior officers of ECL and/or its affiliates or will provide management or other services to ECL and its affiliates. ECL and its affiliates are engaged in a wide variety of real estate and other business activities. Crombie may become involved in transactions that conflict with the interests of the foregoing. The interests of these persons could conflict with those of Crombie. To mitigate these potential conflicts, Crombie and ECL have entered into a number of agreements to outline how potential conflicts of interest will be dealt with including a Non-Competition Agreement, Management Cost Sharing Agreement and Development Agreement. As well, the Declaration of Trust contains a number of provisions to manage potential conflicts of interest including setting limits to the number of ECL appointees to the Board, "conflict of interest" guidelines, as well as outlining which matters require the approval of a majority of the independent trustees such as any property acquisitions or dispositions between Crombie and ECL or another related party.

Reliance on Key Personnel

The management of Crombie depends on the services of certain key personnel. The loss of the services of any key personnel could have an adverse effect on Crombie and adversely impact Crombie's financial condition. Crombie does not have key-man insurance on any of its key employees.

Reliance on ECL and Other Empire Affiliates

ECL has agreed to support Crombie under an omnibus subsidy agreement and to pay ongoing rent pursuant to a head lease and a ground lease. In addition, Crombie's ability to acquire new development properties is dependent upon ECL and the successful operation of the Development Agreement. Also, a significant portion of Crombie's rental income will be received from tenants that are affiliates of Empire. Finally, ECL has obligations to indemnify Crombie in respect to the cost of environmental remediation of certain properties acquired by Crombie from ECL to a maximum permitted amount. There is no certainty that ECL will be able to perform its obligations to Crombie in connection with these agreements. ECL has not provided any security to guarantee these obligations. If ECL, Empire or such affiliates are unable or otherwise fail to fulfill their obligations to Crombie, such failure could adversely impact Crombie's financial condition.

Prior Commercial Operations

Crombie Limited Partnership ("Crombie LP") acquired from ECL all of the outstanding shares of CDL. CDL is the company resulting from the amalgamation of predecessor companies which began their operations in 1964 and have since been involved in various commercial activities in the real estate sector. In addition, the share capital of CDL and its predecessors has been subject to various transfers, redemptions and other modifications. Pursuant to the Business Acquisition, ECL made certain representations and warranties to Crombie with respect to CDL, including with respect to the structure of its share capital and the scope and amount of its existing and contingent liabilities. ECL also provided an indemnity to Crombie under the Business Acquisition which provides, subject to certain conditions and thresholds, that ECL will indemnify Crombie for breaches of such representations and warranties. There can be no assurance that Crombie will be fully protected in the event of a breach of such representations and warranties or that ECL will be in a position to indemnify Crombie if any such breach occurs. ECL has not provided any security for its obligations and is not required to maintain any cash within ECL for this purpose.

Crombie LP acquired from ECL directly and indirectly 61 properties as discussed in “Overview of the Business and Recent Developments”. Pursuant to the Portfolio Acquisition, ECL made certain representations and warranties to Crombie with respect to the properties, including with respect to the scope and amount of its existing and contingent liabilities. ECL also provided an indemnity to Crombie under the Portfolio Acquisition which provides, subject to certain conditions and thresholds, that ECL will indemnify Crombie for breaches of such representations and warranties. There can be no assurance that Crombie will be fully protected in the event of a breach of such representations and warranties or that ECL will be in a position to indemnify Crombie if any such breach occurs. ECL has not provided any security for its obligations and is not required to maintain any cash within ECL for this purpose.

Risk Factors Related to the Units

Cash Distributions Are Not Guaranteed

There can be no assurance regarding the amount of income to be generated by Crombie’s properties. The ability of Crombie to make cash distributions and the actual amount distributed are entirely dependent on the operations and assets of Crombie and its subsidiaries, and are subject to various factors including financial performance, obligations under applicable credit facilities, the sustainability of income derived from anchor tenants and capital expenditure requirements. Cash available to Crombie to fund distributions may be limited from time to time because of items such as principal repayments, tenant allowances, leasing commissions, capital expenditures and redemptions of Units, if any. Crombie may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. The market value of the Units will deteriorate if Crombie is unable to maintain its distribution in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

Restrictions on Redemptions

It is anticipated that the redemption of Units will not be the primary mechanism for holders of Units to liquidate their investments. The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (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 a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; and (iii) the 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, on any market on which the Units are quoted for trading) on the redemption date for more than five trading days during the 10-day trading period commencing immediately after the redemption date.

Potential Volatility of Unit Prices

One of the factors that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could adversely affect the market price of the Units. In addition, the market price of the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of Crombie.

Tax-Related Risk Factors

Crombie intends to make distributions not less than the amount necessary to eliminate Crombie’s liability for tax under Part I of the Income Tax Act (Canada). Where the amount of net income and net realized capital gains of Crombie in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, notwithstanding that they do not directly receive a cash distribution.

Income fund or REIT structures in which there is a significant corporate subsidiary such as CDL generally involve a significant amount of inter-company or similar debt, generating substantial interest expense, which reduces earnings and therefore income tax payable. Management believes that the interest expense inherent in the structure of Crombie is supportable and reasonable in the circumstances; however, there can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted on the debt owing by CDL to Crombie LP. If such a challenge were to succeed, it could adversely affect the amount of cash available for distribution.

Certain properties have been acquired by Crombie Limited Partnership on a tax deferred basis, whereby the tax cost of these properties is less than their fair market value. Accordingly if one or more of such properties are disposed of, the gain for tax purposes recognized

by Crombie Limited Partnership will be in excess of that which it would have been if it had acquired the properties at a tax cost equal to their fair market values.

The cost amount for taxation purposes of various properties of CDL will be lower than their fair market value, generally resulting in correspondingly lower deductions for taxation purposes and higher recapture of depreciation or capital gains on their disposition. In addition, CDL (unlike Crombie) may not reduce its taxable income through cash distributions. If CDL should become subject to corporate income tax, the cash available for distribution to Unitholders would likely be reduced.

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"). The exemption for REITs was provided to "recognize the unique history and role of collective real estate investment vehicles," which are well-established structures throughout the world. 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.

While REITs were exempted from the SIFT taxation, the Act proposed a number of technical tests to determine which entities would qualify as a REIT. These technical tests did not fully accommodate the business structures used by many Canadian REITs.

Crombie and its advisors underwent an extensive review of Crombie's organizational structure and operations to support Crombie's assertion that it meets the REIT technical tests contained in the Act throughout the 2008 and 2009 fiscal years. The relevant tests apply throughout the taxation year of Crombie and, as such, the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

Notwithstanding that Crombie may meet the criteria for a REIT under the Act and thus be exempt from the distribution tax, there can be no assurance that the Department of Finance (Canada) or other governmental authority will not undertake initiatives which have an adverse impact on Crombie or its unitholders.

Indirect Ownership of Units by Empire

ECL holds a 47.4% economic interest in Crombie through the ownership of Class B LP Units. Pursuant to the Exchange Agreement, each Class B LP Unit will be exchangeable at the option of the holder for one Unit of Crombie and will be attached to a Special Voting Unit of Crombie, providing for voting rights in Crombie. Furthermore, pursuant to the Declaration of Trust, ECL is entitled to appoint a certain number of Trustees based on the percentage of Units held by it. Thus, Empire is in a position to exercise a certain influence with respect to the affairs of Crombie. If Empire sells substantial amounts of its Class B LP Units or exchanges such units for Units and sells these Units in the public market, the market price of the Units could fall. The perception among the public that these sales will occur could also produce such effect.

Ownership of Debentures

The Debentures may trade at lower than issued prices depending on many factors, including liquidity of the Debentures, prevailing interest rates and the markets for similar securities, the market price of the Units, general economic conditions and Crombie's financial condition, historic financial performance and future prospects.

SUBSEQUENT EVENTS

On January 21, 2010, Crombie declared distributions of 7.417 cents per unit for the period from January 1, 2010 to and including, January 31, 2010. The distribution was paid on February 15, 2010 to Unitholders of record as at January 31, 2010.

On February 1, 2010, Crombie completed the refinancing for the office and retail portfolio known as Halifax Developments ("HDL"). The principal amount of the maturing HDL mortgages is approximately \$106,079 with a weighted average interest rate of 5.43%. The new HDL mortgages are for a total of \$141,000. The first mortgage financing has a \$25,000 principal, a ten year term and a 25 year amortization with a fixed interest of 6.52%. The second refinancing is for \$116,000 in principal, a ten year term and an amortization period of 25 years with a fixed interest rate of 6.47%.

On February 8, 2010, Crombie issued \$45,000 in Series C Convertible unsecured subordinate Debentures (the "Series C Debentures") to reduce the revolving credit facility. The Series C Debentures pay interest at a rate of 5.75% per annum, paid semi-annually on June 30 and December 31 of each year and Crombie has the option to pay interest on any interest payment date by selling Units and applying

the proceeds to satisfy its interest obligation. Each Series C Debenture is convertible into Units at the option of the debenture holder at any time up to the maturity date, at a conversion price of \$15.30, being a conversion rate of approximately 65.3595 Units per \$1,000 principal. The Series C Debentures have a maturity date of June 30, 2017.

On February 10, 2010, Crombie executed commitments for first mortgage financing on five properties. The mortgages are for a total of \$33,850 in principal with an eight year term, a fixed interest rate of 5.70% and a weighted average amortization period of 21.6 years. The mortgages are anticipated to close on February 26, 2010.

On February 18, 2010, Crombie declared distributions of 7.417 cents per unit for the period from February 1, 2010 to and including, February 28, 2010. The distribution will be payable on March 15, 2010 to Unitholders of record as at February 28, 2010.

On February 22, 2010, Crombie completed the acquisition of five retail properties, representing approximately 186,000 square feet of gross leaseable area, from subsidiaries of Empire Company Limited. The purchase price of the properties is approximately \$31,530, excluding closing and transaction costs. The purchase price was funded through \$8,400 of assumed mortgages and the balance from Crombie's Revolving Credit Facility. This is the first stage of the acquisitions announced on November 5, 2009. The acquisition of the remaining three retail properties for approximately \$28,000, with approximately 150,000 square feet of gross leaseable area is expected to close during the first quarter of 2010.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The control framework Management used to design ICFR is COSO, which is the Committee of Sponsoring Organizations of the Treadway Commission. The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of Crombie's ICFR and have concluded as at December 31, 2009 that Crombie's ICFR were designed and operated effectively, and that there are no material weaknesses relating to the design or operation of Crombie's ICFR. There were no changes to Crombie's ICFR for the year ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect Crombie's ICFR.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") to provide reasonable assurance that material information relating to Crombie is made known to Management by others, particularly during the period in which the annual filings are being prepared, and that information required to be disclosed by Crombie in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of Crombie's DC&P and have concluded as at December 31, 2009 that these DC&P were designed and operated effectively, and that there are no material weaknesses relating to the design or operation of Crombie's DC&P.

QUARTERLY INFORMATION

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

<i>(In thousands of dollars, except per unit amounts)</i>	Quarter Ended (as restated)							
	Dec. 31, 2009	Sep. 30, 2009	Jun. 30, 2009	Mar. 31, 2009	Dec. 31, 2008	Sep. 30, 2008	Jun. 30, 2008	Mar. 31, 2008
Property revenue	\$52,378	\$50,991	\$50,893	\$52,992	\$52,522	\$51,044	\$47,314	\$37,262
Property expenses	19,948	18,585	17,258	19,971	19,649	18,634	16,775	15,312
Property net operating income	32,430	32,406	33,635	33,021	32,873	32,410	30,539	21,950
Expenses:								
General and administrative	2,102	1,882	3,646	1,644	2,701	2,004	1,979	1,952
Interest	12,722	11,595	11,272	10,730	11,318	11,449	9,965	6,500
Depreciation and amortization	11,705	11,032	10,803	12,491	12,499	12,535	10,757	7,995
	26,529	24,509	25,721	24,865	26,518	25,988	22,701	16,447
Income from continuing operations before other items, income taxes and non-controlling interest	5,901	7,897	7,914	8,156	6,355	6,422	7,838	5,503
Other income (expense) items	500	(9,981)	--	92	55	27	97	--
Income (loss) from continuing operations before income taxes and non-controlling interest	6,401	(2,084)	7,914	8,248	6,410	6,449	7,935	5,503
Income tax expense (recovery) - Future	(300)	--	--	200	(3,450)	859	701	400
Income (loss) from continuing operations before non-controlling interest	6,701	(2,084)	7,914	8,048	9,860	5,590	7,234	5,103
Gain/(loss) on sale of discontinued operations	--	--	--	--	487	(895)	--	--
Income from discontinued operations	--	--	--	--	24	226	136	263
Income (loss) before non-controlling interest	6,701	(2,084)	7,914	8,048	10,371	4,921	7,370	5,366
Non-controlling interest	3,178	(989)	3,786	3,856	4,968	2,358	3,531	2,583
Net income (loss)	\$3,523	\$(1,095)	\$4,128	\$4,192	\$5,403	\$2,563	\$3,839	\$2,783
Basic and diluted net income (loss) per unit	\$0.11	\$(0.03)	\$0.15	\$0.15	\$0.20	\$0.09	\$0.15	\$0.13

<i>(In thousands of dollars, except per unit amounts)</i>	Quarter Ended (as restated)							
	Dec. 31, 2009	Sep. 30, 2009	Jun. 30, 2009	Mar. 31, 2009	Dec. 31, 2008	Sep. 30, 2008	Jun. 30, 2008	Mar. 31, 2008
AFFO	\$(7,511)	\$(451)	\$14,524	\$11,698	\$13,521	\$10,019	\$11,916	\$8,096
FFO	\$18,106	\$8,948	\$18,717	\$20,739	\$18,933	\$19,200	\$18,812	\$13,839
Distributions	\$13,567	\$13,566	\$12,294	\$11,649	\$11,649	\$11,649	\$11,879	\$8,867
AFFO per unit ⁽¹⁾	\$(0.12)	\$(0.01)	\$0.27	\$0.22	\$0.26	\$0.19	\$0.24	\$0.19
FFO per unit ⁽¹⁾	\$0.30	\$0.15	\$0.35	\$0.40	\$0.36	\$0.37	\$0.38	\$0.33
Distributions per unit ⁽¹⁾	\$0.22	\$0.22	\$0.23	\$0.22	\$0.22	\$0.22	\$0.23	\$0.21

(1) AFFO, FFO and distributions per unit are calculated by AFFO, FFO or distributions, as the case maybe, divided by the diluted weighted average of the total Units and Special Voting Units outstanding of 60,970,029 for the quarter ended December 31, 2009, 60,804,544 for the quarter ended September 30, 2009, 52,959,049 for the quarter ended June 30, 2009, 52,351,464 for the quarter ended March 31, 2009, 52,351,464 for the quarter ended December 31, 2008, 52,351,464 for the quarter ended September 30, 2008, 49,954,256 for the quarter ended June 30, 2008, 41,728,561 for the quarter ended March 31, 2008. The quarterly results of these calculations may not add to the annual calculations due to rounding.

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: February 25, 2010

Stellarton, Nova Scotia, Canada