CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Financial Statements
March 31, 2010

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

	March 31, 2010	December 31, 2009
Assets		
Commercial properties (Note 4)	$1,362,734	$1,314,611
Intangible assets (Note 5)	109,001	103,357
Notes receivable (Note 6)	7,661	8,169
Other assets (Note 7)	23,507	24,100
Cash and cash equivalents	2,861	-
Assets related to discontinued operations (Note 21)	6,912	6,929
	$1,512,676	**$1,457,166**
Liabilities and Unitholders' Equity		
Commercial property debt (Note 8)	$722,017	$706,369
Convertible debentures (Note 9)	153,839	110,858
Payables and accruals (Note 10)	43,051	39,223
Intangible liabilities (Note 11)	31,053	31,558
Employee future benefits obligation (Note 23)	6,349	6,260
Distributions payable	4,523	4,522
Future income tax liability (Note 16)	78,600	79,700
Liabilities related to discontinued operations (Note 21)	6,294	6,334
	1,045,726	984,824
Non-controlling interest (Note 12)	222,734	225,367
Unitholders' equity	244,216	246,975
	$1,512,676	**$1,457,166**

Commitments and contingencies (Note 18)

Subsequent events (Note 24)

See accompanying notes to the interim consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Income
(In thousands of dollars, except per unit amounts)
(Unaudited)

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Revenues		
Property revenue (Note 14)	$53,221	$52,992
Lease terminations	-	92
	53,221	53,084
Expenses		
Property expenses	20,008	19,971
General and administrative expenses	2,523	1,644
Interest expense (Note 15)	13,634	10,730
Depreciation of commercial properties	4,830	4,544
Depreciation of recoverable capital expenditures	289	256
Amortization of tenant improvements/lease costs	1,234	1,131
Amortization of intangible assets	4,926	6,560
	47,444	44,836
Income before income taxes and non-controlling interest	5,777	8,248
Income tax expense (recovery) - Future (Note 16)	(1,100)	200
Income before non-controlling interest	6,877	8,048
Non-controlling interest	3,262	3,856
Net income	**$3,615**	**$4,192**
Basic and diluted net income per unit (Note 13)	**$0.11**	**$0.15**
Weighted average number of units outstanding		
Basic	**31,881,071**	**27,147,380**
Diluted	**32,048,302**	**27,271,888**

See accompanying notes to the interim consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Comprehensive Income
(In thousands of dollars)
(Unaudited)

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Net income	$3,615	$4,192
Losses on derivatives designated as cash flow hedges transferred to net income in the current period	435	108
Net change in derivatives designated as cash flow hedges	165	(459)
Other comprehensive income (loss)	600	(351)
Comprehensive income	**$4,215**	**$3,841**

See accompanying notes to the interim consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Unitholders' Equity
(In thousands of dollars)
(Unaudited)

	REIT Units	Net Income	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Distributions	Total
	(Note 13)					
Unitholders' equity, January 1, 2010	$300,348	$45,378	$73	$(17,433)	$(81,391)	$246,975
Units released under EUPP	8	-	(8)	-	-	-
Units issued under EUPP	190	-	-	-	-	190
Loans receivable under EUPP	(190)	-	-	-	-	(190)
EUPP compensation	-	-	12	-	-	12
Repayment of EUPP loans receivable	145	-	-	-	-	145
Net income	-	3,615	-	-	-	3,615
Distributions	-	-	-	-	(7,131)	(7,131)
Other comprehensive income	-	-	-	600	-	600
Unitholders' equity, March 31, 2010	**$300,501**	**$48,993**	**$77**	**$(16,833)**	**$(88,522)**	**$244,216**
Unitholders' equity, January 1, 2009	$265,096	$34,630	$34	$(29,567)	$(54,635)	$215,558
EUPP compensation	-	-	11	-	-	11
Repayment of EUPP loans receivable	9	-	-	-	-	9
Net income	-	4,192	-	-	-	4,192
Distributions	-	-	-	-	(6,068)	(6,068)
Other comprehensive loss	-	-	-	(351)	-	(351)
Unitholders' equity, March 31, 2009	**$265,105**	**$38,822**	**$45**	**$(29,918)**	**$(60,703)**	**$213,351**

See accompanying notes to the interim consolidated financial statements.

CROMBIE REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Cash Flows
(In thousand of dollars)
(Unaudited)

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Cash flows provided by (used in)		
Operating Activities		
Net income	$3,615	$4,192
Items not affecting operating cash (Note 17)	13,041	14,988
	16,656	19,180
Additions to tenant improvements and lease costs	(713)	(1,240)
Change in other non-cash operating items (Note 17)	7,332	(7,276)
Cash provided by operating activities	**23,275**	**10,664**
Financing Activities		
Issue of commercial property debt	174,850	57,000
Increase in deferred financing charges	(1,470)	(557)
Issue of convertible debentures	45,000	-
Issue costs of convertible debentures	(2,287)	-
Settlement of interest rate swap agreements	-	(4,535)
Repayment of commercial property debt	(166,379)	(53,491)
Decrease in liabilities related to discontinued operations	(40)	(67)
Collection of notes receivable	508	786
Repayment of EUPP loan receivable	145	9
Payment of distributions	(13,568)	(11,649)
Cash provided by (used in) financing activities	**36,759**	**(12,504)**
Investing Activities		
Additions to commercial properties	(5,127)	(1,730)
Additions to recoverable capital expenditures	(453)	(312)
Decrease in assets related to discontinued operations	17	22
Acquisition of commercial properties (Note 4)	(51,610)	-
Cash used in investing activities	**(57,173)**	**(2,020)**
Increase (decrease) in cash and cash equivalents during the period	**2,861**	**(3,860)**
Cash and cash equivalents, beginning of period	**-**	**4,028**
Cash and cash equivalents, end of period	**$2,861**	**$168**

See accompanying notes to the interim consolidated financial statements.

1) CROMBIE REAL ESTATE INVESTMENT TRUST

Crombie Real Estate Investment Trust ("Crombie") is an unincorporated "open-ended" real estate investment trust created pursuant to the Declaration of Trust dated January 1, 2006, as amended. The units of Crombie are traded on the Toronto Stock Exchange ("TSX") under the symbol "CRR.UN".

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as prescribed by the Canadian Institute of Chartered Accountants ("CICA"). These interim consolidated financial statements do not include all of the disclosures included in Crombie's annual consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2009 as set out in the 2009 Annual Report.

The accounting policies used in preparation of these interim consolidated financial statements conform with those used in the 2009 annual consolidated financial statements.

(b) Property acquisitions

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

Crombie allocates the purchase price based on the following:

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 estimated tenant inducements, leasing commissions and tenant and lease coordination costs.

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 are determined based on the differential between contractual and market interest rates on long term liabilities assumed at acquisition.

(c) Revenue recognition

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

(d) Income taxes

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

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

(e) Employee future benefits obligation

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

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

(f) 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.

(g) Payment of distributions

The determination to declare and make payable distributions from Crombie is at the discretion of the Board of Trustees of Crombie and, until declared payable by the Board of Trustees of Crombie, Crombie has no contractual requirement to pay cash distributions to Unitholders' of Crombie. During the period ended March 31, 2010 $13,568 (period ended March 31, 2009 - $11,649) in cash distributions were declared payable by the Board of Trustees to Crombie Unitholders and Crombie Limited Partnership Unitholders (the "Class B LP Units").

(h) Convertible debentures

Debentures with conversion features are assessed at inception as to the value of both their equity component and their debt component. Based on the assessment, Crombie has determined to date that no amount should be attributed to equity and thus its convertible debentures have been classified as liabilities. Distributions to debenture holders are presented as interest expense. Issue costs are netted against the convertible debentures and amortized over the original life of the convertible debentures using the effective interest method.

(i) Hedges

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

Crombie has a fixed interest rate swap and a delayed interest rate swap designated as cash flow hedges. Crombie has identified these hedges against increases in benchmark interest rates and has formally documented all relationships between these derivative financial

instruments and hedged items, as well as the risk management strategy and objectives. Crombie assesses on an ongoing basis whether the derivative financial instrument continues to be effective in offsetting changes in interest rates on the hedged items.

(j) Comprehensive income

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

(k) Discontinued operations

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

(l) 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.

3) CHANGES IN ACCOUNTING POLICIES

Effect of new accounting standards not yet implemented

International Financial Reporting Standards

On February 13, 2008, the Accounting Standards Board of Canada announced that GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS"). IFRS must be adopted 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 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 financial statements. 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, 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.

4) COMMERCIAL PROPERTIES

	March 31, 2010		
	Cost	Accumulated Depreciation	Net Book Value
Land	$296,432	$Nil	$296,432
Buildings	1,089,885	60,871	1,029,014
Recoverable capital expenditures	7,766	3,295	4,471
Tenant improvements and leasing costs	43,345	10,528	32,817
	$1,437,428	**$74,694**	**$1,362,734**

	December 31, 2009		
	Cost	Accumulated Depreciation	Net Book Value
Land	$286,491	$Nil	$ 286,491
Buildings	1,048,112	56,041	992,071
Recoverable capital expenditures	6,853	3,006	3,847
Tenant improvements and leasing costs	43,107	10,905	32,202
	$1,384,563	**$69,952**	**$1,314,611**

Property Acquisitions and Disposals

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

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 was $31,530, excluding closing and transaction costs. The purchase price was financed through $8,358 of assumed mortgages and the balance from Crombie's floating rate revolving credit facility.

On March 24, 2010, Crombie completed the acquisition of three retail properties, representing approximately 147,000 square feet of gross leaseable area, from subsidiaries of Empire Company Limited. The purchase price of the properties was $27,746, excluding closing and transaction costs. The purchase price was financed through Crombie's floating rate revolving credit facility. Commitments for mortgage financing for the properties of approximately $19,000 have been assigned to Crombie and are anticipated to close during the second quarter of 2010 (Note 24).

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

Commercial property acquired, net:	**Three months Ended March 31, 2010**	**Three months Ended March 31, 2009**
Land	$9,920	$
Buildings	39,811	-
Intangible assets:		
Lease origination costs	4,855	-
Tenant relationships	1,789	-
In-place leases	4,707	-
Intangible liabilities:		
Below-market leases	(1,114)	-
Net purchase price	59,968	-
Assumed mortgages	(8,358)	-
	$51,610	$-
Consideration funded by:		
Cash from revolving credit facility	$51,610	$-

5) INTANGIBLE ASSETS

	March 31, 2010		
	Cost	Accumulated Amortization	Net Book Value
Origination costs for existing leases	$49,765	$10,418	$39,347
In-place leases	46,900	13,666	33,234
Tenant relationships	58,323	26,028	32,295
Above-market existing leases	16,015	11,890	4,125
	$171,003	**$62,002**	**$109,001**

	December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Origination costs for existing leases	$52,866	$ 17,228	$35,638
In-place leases	56,493	26,516	29,977
Tenant relationships	56,534	23,698	32,836
Above-market existing leases	16,015	11,109	4,906
	$181,908	**$78,551**	**$103,357**

6) NOTES RECEIVABLE

	March 31, 2010	December 31, 2009
Capital expenditure program	$436	$436
Interest rate subsidy	7,225	7,733
	$7,661	**$8,169**

7) OTHER ASSETS

	March 31, 2010	December 31, 2009
Gross accounts receivable	$6,882	$7,732
Provision for doubtful accounts	(413)	(326)
Net accounts receivable	6,469	7,406
Accrued straight-line rent receivable	11,906	10,948
Prepaid expenses	4,889	5,531
Restricted cash	243	215
	$23,507	**$24,100**

8) COMMERCIAL PROPERTY DEBT

	Range	Weighted average contractual interest rate	Weighted average term to maturity	March 31, 2010
Fixed rate mortgages	4.82-7.30%	5.86%	7.5 years	$673,481
Floating rate revolving credit facility		1.57%	1.3 years	54,500
Deferred financing charges				(5,964)
				$722,017

	Range	Weighted average contractual interest rate	Weighted average term to maturity	December 31,2009
Fixed rate mortgages	4.82-8.00%	5.66%	5.8 years	$604,992
Floating rate revolving credit facility		1.53%	1.5 years	106,160
Deferred financing charges				(4,783)
				$706,369

As March 31, 2010, debt retirements for the next five years are:

	Fixed Rate Principal Payments	Fixed Rate Maturities	Floating Rate Maturities	Total
Remaining 2010	$14,725	$-	$-	$14,725
2011	20,164	26,786	54,500	101,450
2012	21,050	-	-	21,050
2013	22,185	30,042	-	52,227
2014	19,826	69,797	-	89,623
Thereafter	87,857	353,726	-	441,583
	$185,807	$480,351	$54,500	720,658
Deferred financing charges				(5,964)
Fair value debt adjustment				7,323
				$722,017

On February 1, 2010, Crombie completed 2 first mortgage refinancings to replace the maturing mortgages of approximately $106,079 for the office and retail portfolio known as Halifax Developments. The initial mortgage financing has a $25,000 principal, a 25 year amortization, a fixed interest rate of 6.52% with a maturity date of February 2020. The additional mortgage has a $116,000 principal, a 25 year amortization, a fixed interest rate of 6.47% with a maturity date of February 2020.

On February 22, 2010, Crombie assumed two mortgages totalling $8,358 as part of the financing for a five retail property acquisition. The mortgages have a weighted average term of 8.6 years, a 25 year amortization period and a weighted average interest rate of 6.26%. In addition, Crombie repaid $3,471 to ECL General Partner Limited, to retire a loan used to finance an acquisition at Avalon Mall in 2009, as required under the terms of the agreement.

On February 26, 2010, Crombie completed 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 floating rate revolving credit facility has a maximum principal amount of $150,000 and is used by Crombie for working capital purposes. It is secured by a pool of first and second mortgages and negative pledges on certain properties. The floating interest rate is based on specific margins over prime rate or bankers acceptance rates. The specified margin increases as Crombie's overall debt leverage increases.

The revolving credit facility also contains a covenant that ECL Developments Limited must maintain a minimum 40% voting interest in Crombie. If ECL Developments Limited 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 Developments Limited will be required to give Crombie at least six months' prior written notice of its intention to reduce its voting interest below 40%.

9) CONVERTIBLE DEBENTURES

	Conversion Price	Maturity date	Interest rate	March 31, 2010	December 31, 2009
Series A (CRR.DB)	$13.00	March 20, 2013	7.00%	$30,000	$30,000
Series B (CRR.DB.B)	$11.00	June 30, 2015	6.25%	85,000	85,000
Series C (CRR.DB.C)	$15.30	June 30, 2017	5.75%	45,000	-
Deferred financing charges				(6,161)	(4,142)
				$153,839	**$110,858**

On February 8, 2010, Crombie issued $45,000 in convertible unsecured subordinate debentures (the "Series C Convertible Debentures"). The proceeds were used to reduce the revolving credit facility.

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

The Debentures are 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 one thousand principal amount of Series A Convertible Debentures, 90.9091 Units per one thousand principal amount of Series B Convertible Debentures and 65.3595 Units per one thousand principal amount of Series C Convertible Debentures. If all conversion rights attaching to the Series A Convertible Debentures, the Series B Convertible Debentures and the Series C Convertible Debentures are exercised, Crombie would be required to issue approximately 2,307,693 Units, 7,727,272 Units, and 2,941,176 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 TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice on redemption is given exceeds 125% of the conversion price. After the end of the fourth period, 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.

10) PAYABLES AND ACCRUALS

	March 31, 2010	December 31, 2009
Tenant improvements and capital expenditures	$18,661	$20,209
Property operating costs	13,460	10,575
Advance rents	2,363	2,069
Interest on commercial property debt and debentures	5,348	2,836
Fair value of interest rate swap agreements	3,219	3,534
	$43,051	**$39,223**

11) INTANGIBLE LIABILITIES

	March 31, 2010		
	Cost	Accumulated Amortization	Net Book Value
Below-market leases	**$55,511**	**$24,458**	**$31,053**

	December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Below-market leases	**$54,397**	**$22,839**	**$31,558**

12) NON-CONTROLLING INTEREST

	Class B LP Units	Net Income	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Distributions	Total
Balance, January 1, 2010	$274,260	$41,929	$Nil	$(16,302)	$(74,520)	$225,367
Net income	-	3,262	-	-	-	3,262
Distributions	-	-	-	-	(6,437)	(6,437)
Other comprehensive income	-	-	-	542	-	542
Balance, March 31, 2010	**$274,260**	**$45,191**	**$Nil**	**$(15,760)**	**$(80,957)**	**$222,734**

	Class B LP Units	Net Income	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Distributions	Total
Balance, January 1, 2009	$244,520	$32,098	$Nil	$(27,254)	$(50,201)	$199,163
Net income	-	3,856	-	-	-	3,856
Distributions	-	-	-	-	(5,581)	(5,581)
Other comprehensive loss	-	-	-	(323)	-	(323)
Balance, March 31, 2009	**$244,520**	**$35,954**	**$Nil**	**$(27,577)**	**$(55,782)**	**$197,115**

13) UNITS OUTSTANDING

	Crombie REIT Units		Crombie REIT Special Voting Units and Class B LP Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2010	32,044,299	$300,348	28,925,730	$274,260	60,970,029	$574,608
Units issued under EUPP	17,157	190	-	-	17,157	190
Units released under EUPP	-	8	-	-	-	8
Net change in EUPP loans receivable	-	(45)	-	-	-	(45)
Balance, March 31, 2010	**32,061,456**	**$300,501**	**28,925,730**	**$274,260**	**60,987,186**	**$574,761**

	Crombie REIT Units		Crombie REIT Special Voting Units and Class B LP Units		Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
Balance, January 1, 2009	27,271,888	$265,096	25,079,576	$244,520	52,351,464	$509,616
Net change in EUPP loans receivable	-	9	-	-	-	9
Balance, March 31, 2009	**27,271,888**	**$265,105**	**25,079,576**	**$244,520**	**52,351,464**	**$509,625**

Crombie REIT Units

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

On March 23, 2010, Crombie announced a normal course issuer bid ("NCIB") where Crombie may purchase for cancellation up to 100,000 of its units, which represents approximately 0.31% of the outstanding units, during the period March 26, 2010 to March 25, 2011. The purchases will be made through the facilities of the TSX. The price that Crombie will pay for any such units will be the market price at the time of acquisition. Under the TSX policies, Crombie is entitled to purchase a maximum of 14,143 units per trading day. As at March 31, 2010, Crombie has not purchased any units under the NCIB.

Crombie REIT Special Voting Units and Class B LP Units

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

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

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

The Class B LP Units are accounted for as non-controlling interest.

Employee Unit Purchase Plan ("EUPP")

Crombie provides for unit purchase entitlements under the EUPP for certain senior executives. Awards made under the EUPP will allow executives to purchase units from treasury at the average daily high and low board lot trading prices per unit on the TSX for the five trading days preceding the issuance. Executives are provided non-recourse loans at 3% annual interest by Crombie for the purpose of acquiring Units from treasury and the Units purchased are held as collateral for the loan. The loan is repaid through the application of the after-tax amounts of all distributions received on the Units, as well as the after-tax portion of any Long-Term Incentive Plan cash awards received, as payments on interest and principal. As at March 31, 2010, there are loans receivable from executives of $1,491 under Crombie's EUPP, representing 168,776 Units, which are classified as a reduction of Unitholders' Equity. Loan repayments will result in a corresponding increase in Unitholders' Equity. Market value of the Units at March 31, 2010 was $2,025.

The compensation expense related to the EUPP during the period ended March 31, 2010 was $12 (period ended March 31, 2009 - $11).

Income per Unit Computations

Basic net income per Unit is computed by dividing net income by the weighted average number of Units outstanding during the year. Diluted net income per Unit is calculated on the assumption that all EUPP loans were repaid at the beginning of the year. For all years, the assumed exchange of all Class B LP Units would not be dilutive. The convertible debentures are anti-dilutive and have not been included in diluted net income per unit or diluted weighted average number of units outstanding. As at March 31, 2010, there are no other dilutive items.

14) PROPERTY REVENUE

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Rental revenue contractually due from tenants	$51,425	$50,735
Straight-line rent recognition	958	883
Below-market lease amortization	1,619	2,145
Above-market lease amortization	(781)	(771)
	$53,221	**$52,992**

15) INTEREST

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Fixed rate mortgages	$10,616	$8,152
Floating rate term, revolving and demand facilities	822	2,060
Convertible debentures	2,196	518
Interest expense	**13,634**	**10,730**
Change in fair value debt adjustment	508	786
Change in accrued interest	(2,512)	(643)
Amortization of effective swap agreements	(827)	(207)
Amortization of deferred financing charges	(557)	(480)
Interest paid	**$10,246**	**$10,186**

16) FUTURE INCOME TAXES

On September 22, 2007, tax legislation Bill C-52, the Budget Implementation Act, 2007 (the "Act") was passed into law. The Act related to the federal income taxation of publicly traded income trusts and partnerships. The Act subjects all existing income trusts, or specified investment flow-through entities ("SIFTs"), to corporate tax rates beginning in 2011, subject to an exemption for real estate investment trusts ("REITs"). A trust that satisfies the criteria of a REIT throughout its taxation year will not be subject to income tax in respect of distributions to its unitholders or be subject to the restrictions on its growth that would apply to SIFTs.

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 meets the REIT technical tests contained in the Act. The relevant tests apply throughout the taxation year of Crombie and, as such, the actual status of Crombie for any particular taxation year can only be ascertained at the end of the year.

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

	March 31, 2010	December 31, 2009
Tax liabilities relating to difference in tax and book value	$86,571	$87,389
Tax asset relating to non-capital loss carry-forward	(7,971)	(7,689)
Future income tax liability	**$78,600**	**$79,700**

The future income tax recovery consists of the following:

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Provision for income taxes at the expected rate	$1,726	$2,812
Tax effect of income attribution to Crombie's unitholders	(1,126)	(2,612)
Decreased income tax resulting from a change in expected rate	(1,700)	-
Income tax expense (recovery)	**$(1,100)**	**$200**

17) SUPPLEMENTARY CASH FLOW INFORMATION

a) Items not affecting operating cash

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Items not affecting operating cash:		
Non-controlling interest	$3,262	$3,856
Depreciation of commercial properties	4,830	4,544
Depreciation of recoverable capital expenditures	289	256
Amortization of tenant improvements/lease costs	1,234	1,131
Amortization of deferred financing charges	557	480
Amortization of effective swap agreements	827	207
Amortization of intangible assets	4,926	6,560
Amortization of above-market leases (Note 14)	781	771
Amortization of below-market leases (Note 14)	(1,619)	(2,145)
Accrued rental revenue	(958)	(883)
Unit based compensation	12	11
Future income tax expense (recovery)	(1,100)	200
	$13,041	**$14,988**

b) Change in other non-cash operating items

	Three months Ended March 31, 2010	Three months Ended March 31, 2009
Cash provided by (used in):		
Receivables	$937	$777
Prepaid expenses and other assets	614	2,633
Payables and other liabilities	5,781	(10,686)
	$7,332	**$(7,276)**

18) 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 Company Limited. Details of this agreement are described in "Related Party Transactions" (Note 19).

Crombie has land leases on certain properties. These leases have payments of $969 per year over the next five years. The land leases have terms of between 15.1 and 74.8 years remaining, including renewal options.

Crombie obtains letters of credit to support its obligations with respect to construction work on its commercial properties, defeasing commercial property debt and satisfying mortgage financing requirements. Crombie has $223 in standby letters of credit for construction work that is being performed on its commercial properties. 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, to satisfy the requirements of mortgage financings, Crombie has issued standby letters of credit in the amount of $8,100 in favour of the mortgage lender. Crombie does not believe that any of these standby letters of credit are likely to be drawn upon.

19) RELATED PARTY TRANSACTIONS

As at March 31, 2010, Empire Company Limited, through its wholly-owned subsidiary ECL Developments Limited, holds a 47.4% (fully diluted 40.3%) 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 Company Limited on a cost sharing basis, pursuant to a Management Cost Sharing Agreement dated March 23, 2006 between Crombie Developments Limited, a subsidiary of Crombie, and ECL Developments Limited, a subsidiary of Empire Company Limited ("Management Cost Sharing Agreement"). The costs assumed by Empire Company Limited pursuant to the agreement during the three months ended March 31, 2010 were $277 (three months ended March 31, 2009 - $297) and were netted against general and administrative expenses owing by Crombie to Empire Company Limited.

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 Company Limited on a cost sharing basis pursuant to the Management Cost Sharing Agreement. In addition, for various periods, ECL Developments Limited has an obligation to provide rental income and interest rate subsidies pursuant to an Omnibus Subsidy Agreement dated March 23, 2006 between Crombie Developments Limited, Crombie Limited Partnership and ECL Developments Limited. The costs assumed by Empire Company Limited pursuant to the Management Cost Sharing Agreement during the three months ended March 31, 2010 were $283 (three months ended March 31, 2009 - $376) and were netted against property expenses owing by Crombie to Empire Company Limited. The head lease subsidy during the three months ended March 31, 2010 was $186 (three months ended March 31, 2009 - $250).

Crombie also earned rental revenue of $15,009 for the three months ended March 31, 2010 (three months ended March 31, 2009 - $14,560) from Sobeys Inc. and Empire Theatres, subsidiaries of Empire Company Limited.

On February 22, 2010, Crombie acquired five properties (Note 4) and assumed two mortgages $8,358 from subsidiaries of Empire Company Limited. In addition, Crombie repaid $3,471 to ECL General Partner Limited to retire a loan as required under the terms of the agreement.

On March 24, 2010, Crombie acquired three properties from subsidiaries of Empire Company Limited (Note 4).

20) FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

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

Crombie has classified its financial instruments in the following categories:

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

ii. Held to maturity investments – Assets related to discontinued operations

iii. Loans and receivables - Notes receivable and accounts receivable

iv. Other financial liabilities - Commercial property debt, liabilities related to discontinued operations, convertible debentures, tenant improvements and capital expenditures payable, property operating costs payable and interest payable

The book value 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.

	March 31, 2010		**December 31, 2009**	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets related to discontinued operations	$6,912	$7,015	$6,929	$7,066
Commercial property debt	$727,981	$725,476	$711,152	$708,401
Convertible debentures	$160,000	$170,115	$115,000	$120,200
Liabilities related to discontinued operations	$6,294	$6,222	$6,334	$6,270

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

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.

b) Risk management

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

Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. Crombie's credit risk is limited to the recorded amount of tenant receivables. A provision for doubtful accounts is taken for all anticipated problem accounts (Note 7).

Crombie mitigates credit risk by geographical diversification, utilizing staggered lease maturities, diversifying both its tenant mix and asset mix and conducting credit assessments for new and renewing tenants. As at March 31, 2010:

- Excluding Sobeys (which accounts for 32.6% 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 9.0% of the gross leaseable area of Crombie will expire in any one year.

As outlined in Note 19, Crombie earned rental revenue of $15,009 for the three months ended March 31, 2010 (three months ended March 31, 2009 - $14,560) from subsidiaries of Empire Company Limited.

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 March 31, 2010:

- Crombie's weighted average term to maturity of the fixed rate mortgages was 7.5 years; and
- Crombie's exposure to floating rate debt, including the impact of the fixed rate swap agreements discussed below, was 0.6% 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. The breakdown of the swaps in place at March 31, 2010 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 March 31, 2010, had an unfavourable mark-to-market exposure of $2,398 (March 31, 2009 – unfavourable $4,231) 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 (March 31, 2009 - $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 at March 31, 2010, had an unfavourable mark-to-market exposure of $821 (March 31, 2009 – unfavourable $21,330) compared to its face value. The change in this amount has been recognized in other comprehensive income (loss).

Crombie estimates that $3,206 of other comprehensive income (loss) will be reclassified to interest expense during the remaining three quarters of 2010 based on interest rate swap agreements settled to March 31, 2010.

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:

	March 31, 2010		March 31, 2009	
	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	$(33)	$33	$(270)	$270

	March 31, 2010		March 31, 2009	
	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	$631	$(653)	$10,024	$(9,577)

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 (Note 8). 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. As discussed in Note 22, Crombie mitigates its exposure to liquidity risk utilizing a conservative approach to capital management.

The estimated maturities of non-derivative financial liabilities are as follows:

	Contractual Cash Flows[1]	Remaining 2010	2011	2012	2013	2014	Thereafter
Fixed rate mortgages[2]	$920,274	$43,315	$83,291	$55,563	$85,314	$115,289	$537,502
Convertible debentures	212,950	7,500	10,000	10,000	38,425	7,900	139,125
	1,133,224	50,815	93,291	65,563	123,739	123,189	676,627
Floating rate revolving credit facility	55,570	642	54,928	-	-	-	-
Total	**$1,188,794**	**$51,457**	**$148,219**	**$65,563**	**$123,739**	**$123,189**	**$676,627**

(1) Contractual cash flows include principal and interest and ignore extension options
(2) Reduced by the interest rate subsidy payment received from ECL

The estimated maturities of derivative financial liabilities are as follows:

	Total	Remaining 2010	2011	2012	2013	2014	Thereafter
Swap agreement	$3,219	$1,418	$1,801	$-	$-	$-	$-

21) ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS

During the fourth quarter of 2008, Crombie defeased the mortgage associated with the discontinued operations. The transaction did not qualify for defeasance accounting, therefore the defeased loan and related asset have not been removed from the balance sheet. The defeased loan is payable in monthly payments of $42 and bears interest at 5.46%, was originally amortized over 25 years and is due April 1, 2014. Crombie purchased Government of Canada bonds and treasury bills and Canada mortgage bonds and pledged them as security to the mortgage company. The bonds have maturity dates to September 15, 2013, have a weighted average interest rate of 3.63% and have been placed in escrow. The assets and liabilities related to discontinued operations are measured at amortized cost using the effective interest method, until April 1, 2014 at which time the debt will be extinguished.

22) CAPITAL MANAGEMENT

Crombie's objective when managing capital on a long-term basis is to maintain overall indebtedness, including convertible debentures, in the range of 50% to 60% of gross book value (as defined in the credit facility agreement), utilize staggered debt maturities, minimize long-term exposure to floating rate debt and maintain conservative payout ratios. Crombie's capital structure consists of the following:

	March 31, 2010	December 31, 2009
Commercial property debt	$722,017	$706,369
Convertible debentures	153,839	110,858
Non-controlling interest	222,734	225,367
Unitholders' equity	244,216	246,975
	$1,342,806	$1,289,569

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

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

Crombie's debt to gross book value as defined in Crombie's Declaration of Trust is as follows:

	March 31, 2010	December 31, 2009
Mortgages payable	$673,481	$604,992
Convertible debentures	160,000	115,000
Revolving credit facility	54,500	106,160
Total debt outstanding	887,981	826,152
Less: Applicable fair value debt adjustment	(7,225)	(7,733)
Debt	$880,756	$818,419
Total assets	$1,512,676	$1,457,166
Add:		
Deferred financing charges	12,125	8,925
Accumulated depreciation of commercial properties	74,694	69,952
Accumulated amortization of intangible assets	62,002	78,551
Less:		
Assets held related to discontinued operations	(6,912)	(6,929)
Interest rate subsidy	(7,225)	(7,733)
Fair value adjustment to future taxes	(39,245)	(39,245)
Gross book value	$1,608,115	$1,560,687
Debt to gross book value	54.8%	52.4%

Under the amended terms governing the revolving credit facility, Crombie is entitled to borrow a maximum of 70% of the fair market value of assets subject to a first security position and 60% of the excess fair market value over first mortgage financing of assets subject to a second security position or a negative pledge. The terms of the revolving credit facility also require that Crombie must maintain certain covenants:

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

The revolving credit facility also contains a covenant that ECL Developments Limited must maintain a minimum 40% voting interest in Crombie. If ECL Developments Limited 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 Developments Limited will be required to give Crombie at least six months' prior written notice of its intention to reduce its voting interest below 40%.

As at March 31, 2010, Crombie is in compliance with all externally imposed capital requirements and all covenants relating to its debt facilities.

23) EMPLOYEE FUTURE BENEFITS

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

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

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

The total defined benefit cost related to pension plans and post retirement benefit plans for the three months ended March 31, 2010 was $141 (three months ended March 31, 2009 - $75).

24) SUBSEQUENT EVENTS

a) On April 22, 2010, Crombie declared distributions of 7.417 cents per unit for the period from April 1, 2010 to and including, April 30, 2010. The distribution will be payable on May 17, 2010 to Unitholders of record as at April 30, 2010.

b) On April 22, 2010, Crombie completed the first tranche of financing for the Mountain Locks Plaza in St. Catharines, Ontario. The mortgage of $10,500 has a ten year term, a 25 year amortization period and a fixed interest rate of 5.88%. The second tranche of financing of $2,500 is anticipated to close prior to the end of the second quarter of 2010, subject to meeting final closing conditions.

25) SEGMENT DISCLOSURE

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

26) COMPARATIVE FIGURES

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